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zabka
café

zabka group

Ultimate
Convenience Ecosystem

2024

Annual Report



About this Report

Zabka Group SA (the 'Company') is a public limited liability company incorporated and existing under the laws of the Grand Duchy of Luxembourg, with 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 under number B263068.

This Annual Report outlines the practices undertaken by the Żabka Group (the 'Group') as part of its operational activities for the year 2024 includes the consolidated financial data and a sustainability statement which voluntarily includes the European Sustainability Reporting Standards (ESRS).

The organisational structure of the Żabka Group comprises the following: Zabka Group SA as the holding company, Żabka Polska sp. z o.o. and its subsidiaries all of which are registered under Polish legislation, and Zabka International S.à r.l. registered under Luxembourg law and holding participations in Romanian and foreign companies.

The Żabka Group is the Ultimate Convenience Ecosystem with a mission to create value by simplifying people's everyday lives. The Group serves a growing number of consumers who are looking for convenience and promotes a responsible approach towards products, packaging, customers, franchisees, suppliers and the broader environment.

The ecosystem includes Poland's leading convenience retailer with over 11,000 physical stores operated under a franchise model and supplemented by 24/7 autonomous unmanned Żabka Nano Stores. The Group also offers an advanced, continually evolving digital customer offering. Its Maczfit operation delivers restaurant-quality prepared meals to consumers seeking convenient and healthy food, while Dietly is a leading online Direct to Customer (D2C) meal solutions marketplace.

The Group's eGrocery business is operated under two brands: Jush and delio. Recently, the Group entered the highly attractive Romanian market through the acquisition of DRIM.

The Żabka Group's business in Poland is supported by a highly efficient logistics platform, which includes eight distribution centres, 19 cross-docking facilities, and dedicated dark store and dark kitchen

infrastructure to support the digital offering. A detailed description of the Żabka Group's activities can be found on the corporate website at www.zabkagroup.com.

Since 17 October 2024 the Company's shares have been listed on the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie, WSE). As of the date of this Report the largest shareholder in the Company's share capital was Heket Topco S.à r.l., which is controlled by CVC Capital Partners, and holds a 45.14% stake.

This Report may contain forward-looking statements which are inherently associated with risks and are uncertain. These statements can often be identified by the words or phrases such as 'anticipate', 'believe', 'estimate', 'expect', 'plan', 'potential', although it is not an exhaustive list of examples. Żabka Group does not make any representation that factors anticipated in the forward-looking statements will materialize. Therefore such forward-looking statements represent, in each case, only one of many possible scenarios and no reliance should be placed on them.

Forward-looking statements included in this Report have been prepared based on circumstances, assumptions and expectations relevant as of the publication date of this Report and we do not commit to updating these statements after the Report's publication.

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[For 'Glossary' click here](#)

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A Introduction

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- 2. Who we are
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Highlights of 2024

➤ Sales to End Customers
PLN 27.3bn
+20% YoY

➤ Free Cash Flow
PLN 1.5bn
+1.1 bn YoY

➤ Like-for-Like sales growth
8.3%

➤ 3rd EcoVadis ESG Rating Platinum Medal
in **TOP 1%**
Globally

➤ Adjusted EBITDA
PLN 3.5bn
+23.7% YoY

➤ Adjusted EBITDA margin
12.8%
+0.4 pp YoY

➤ Store openings
1,166 in 2024
Total of 11,069

➤ Gallup Exceptional Workplace Award 2024
2nd time
Globally

➤ Adjusted Net Profit
PLN 714m
+66% YoY

➤ Net debt / Adj. EBITDA
1.5x
-0.8x YoY

➤ Initial Public Offering at Warsaw Stock Exchange
17 October 2024

➤ Sales value of own brand products supporting sustainable lifestyle
PLN 1.8bn
+29% YoY



Żabka is The Ultimate Convenience Ecosystem

Serving time-sensitive consumers across physical and digital channels...

...playing across three consumer megatrends

Leading convenience network of **>11,000** stores

~**17m** consumers within **500 metres** of stores

AI-powered technology backbone at the core of Żabka's success

Żappka consumer app - gateway to the Ultimate Convenience Ecosystem

Open every waking hour

~**4.1m** daily transactions



1. ULTIMATE CONVENIENCE

34% of consumers willing to pay more to save time¹

24% higher average weekly working hours vs. Western Europe²

2. DIGITAL ENGAGEMENT

68% of Polish population using retailer apps³

85% of Polish population using grocery loyalty schemes⁴

3. RESPONSIBLE CHOICES

66% believe companies should be more responsible⁵

58% consider packaging when choosing products⁶

Our ecosystem at a glance



Ultra-modern physical convenience stores opened every waking hour

zabka

zappka

Leading consumer app, serving as a digital gateway to our ecosystem



Wide range of ready-to-eat meal plans with D2C home delivery



Dietly

Online D2C meal marketplace

QMS, Coffee & Street Food Available On-The-Go

zabka café

Ultra-modern physical convenience stores opened every waking hour

froo



zabka jush!

E-grocery with rapid delivery of essential products

QMS, Coffee & Street Food Available On-The-Go

froo bistro

Full suite convenient in-store services

everyday services

Nano

Unmanned autonomous stores opened 24/7

delio

Same-day delivery of supermarket-style assortment

PHYSICAL CHANNELS

Brand awareness

90%

As at end of 2024

Store network

11,069

with Nano and Romania, as at end of 2024

Average daily transactions

4.1m

We expand our nationwide footprint by network roll-out and continuous format upgrades

DIGITAL CHANNELS

Digital Customer Offering user base

11.7m

Digital Customer Offering active shoppers

10.0m

Digital Customer Offering shoppers growth

32%

We expand our ecosystem with innovative solutions and touchpoints

Growth and innovation are embedded in our DNA

Old concept

Corner store

2000-2015

Selected Grocery

Selected Services

Format evolution

Modern Convenience

2016-2019

Adjusted Grocery

Expanded Services

Selected QMS

Tech-powered convenience platform

Ultimate Convenience Ecosystem

2020-2024

Adjusted Grocery

Expanded Services

Expanded QMS

Launched e-Grocery / D2C meals

Future

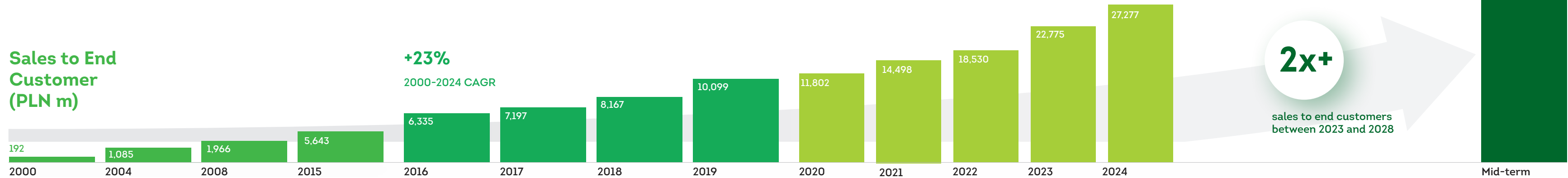
2025-2028

Expanded QMS (Żabka Café 2.0)

Expanded Digital Offering

International

Sales to End Customer (PLN m)



Early growth and development

Initially, the Group expanded as a network of corner stores offering groceries and beverages, with a focus on gradually increasing the number of locations while maintaining limited differentiation in store format.

New store format & remodelling

In 2016, the Group introduced a modern convenience store concept through a comprehensive redesign and rebranding. The new format featured in-store food courts with freshly ground coffee, hot dogs, and paninis, as well as an expanded range of convenience products and services.

Expanding into digital, further format evolution

After 2020, we completed the remodelling of our network from corner stores to modern convenience format. We expanded QMS and hot food to go, developed a leading consumer app, and ventured into eGrocery and D2C meal plans. In 2024, we began our international expansion with our first store in Romania.

Future plans

In the midterm, we will continue to innovate our store format, expand our digital offering supported by an upgraded Żabka app as the gateway to our ecosystem, and pursue our international expansion strategy.

A well defined business strategy with clear targets, focusing on profitable growth

By capitalising on consumer megatrends and benefiting from structural market tailwinds, we have developed a well-defined strategy for unlocking future value with a target to double the 2023 level of Sales to End Customers by 2028.

- >

This strategy is focused on three key pillars
- >

01 New store openings
- >

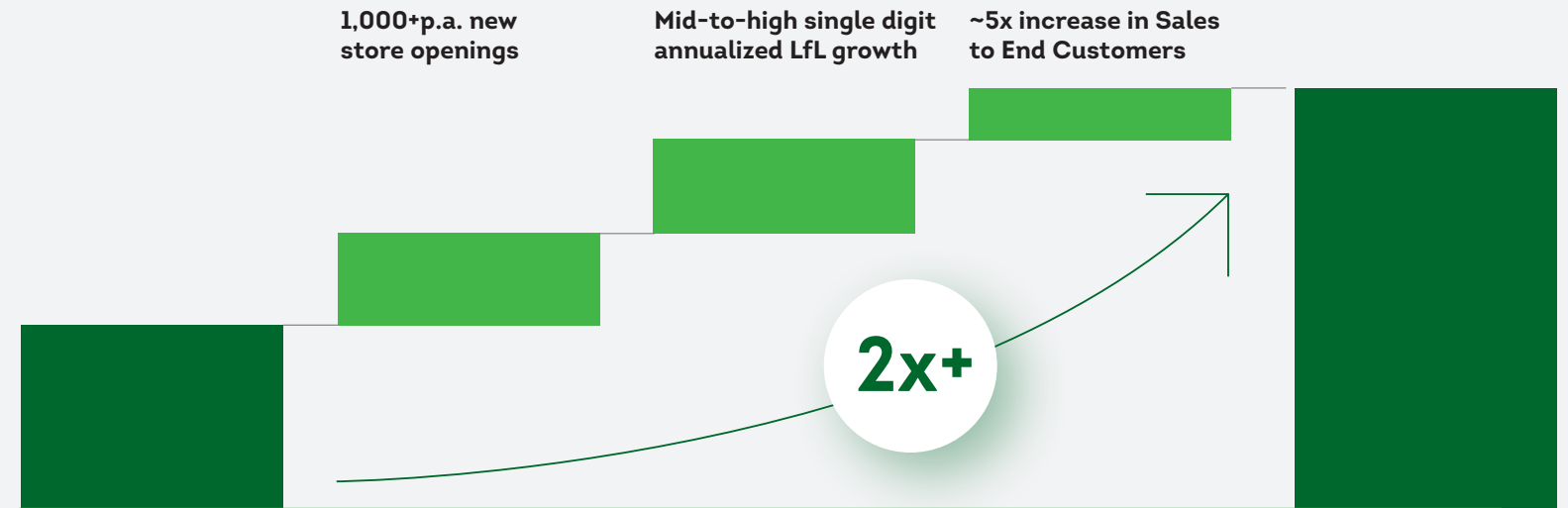
02 Like-for-Like growth
- >

03 Digital businesses growth



While delivering on our growth commitments we expect our adjusted EBITDA margins to approach the top end of the 12-13% range, with a view to reach approximately 4.5% adjusted net income margin in the medium term.

[For detailed information on our strategy execution see section B.1.3. of the 'Management report'.](#)



2023 Sales to End Customers

2028E Sales to End Customers

>	>	>	>	>
Key strategic pillars	01 New store openings	02 Like-for-Like growth	03 Digital businesses growth	
Strategic target	To open over 1,000 stores in total annually in Poland and Romania by 2028	To achieve mid-to high single-digit in the medium term	To increase 2023 Digital Customer Offering sales five-fold by 2028	
Key actions / focus areas	<ul style="list-style-type: none"> Continuing using our AI powered expansion model, to reduce store closures and ensure the quality of newly opened stores Continuing to expand across various catchments and city sizes Delivering best-in-class payback parameters for newly opened stores Completing the testing phase of Froot brand in the Romanian market with a tailored and scalable store model 	<ul style="list-style-type: none"> Rolling out Street Food offering across the entire network Expanding everyday services Focusing on product innovation, including the expansion of our own brands Implementing traffic and basket promotional initiatives Leveraging our Żappka app for targeted promotional activities and increase customer engagement 	<ul style="list-style-type: none"> Expanding Maczfit's brand into Żabka stores and launch white label production for Dietly Strengthening Dietly's B2C apps, and scale own label diets Expanding eGrocery delivery (Jush and delio) and dark store footprint Enhancing the Żappka app to leverage ecosystem synergies and drive brand loyalty 	

Our mission and values



OUR VISION

To become the preeminent Tech-powered Ultimate Convenience Ecosystem in physical and digital.

OUR MISSION

The mission of the Žabka Group is to create value by making people's lives easier.

OUR VALUES



Ambition

Driven by ambition, we continuously strive for improvement, setting and achieving challenging goals that propel us to new heights and ensure our sustained growth and development.



Openness

Our approach to openness encourages us to actively seek and embrace opportunities for innovation and change, enabling us to shape our environment and initiate trends rather than simply follow market shifts.



Responsibility

With a strong sense of responsibility, we ensure that our actions contribute positively to the development of an organisation that benefits all stakeholders and respects the environment.



Credibility

Our credibility stems from our integrity and ethical approach, fostering trust through open dialogue and a respectful attitude towards all business partners, that is crucial for our long-term success.

Message from the Board of Directors



Together with the entire Żabka Group team, I am delighted to present our latest annual report. Every day, we continue to expand our ultimate convenience ecosystem with a view to further simplifying people's lives. Our efforts allow customers to access what they need, exactly when and where they need it, freeing up their time.

At the core of our business is a retail network of more than 11,000 stores, making us Europe's largest convenience network. This scale has enabled us to take a major step forward – our expansion into Romania, which launched in 2024. I am proud that, in addition to the successful integration of DRIM, a local FMCG distributor we acquired, we opened dozens of new stores within just a few months. Looking ahead to 2025, we will continue to grow our Romanian business under the dedicated Froo brand. Crucially, we have seamlessly adapted the proven Żabka format to the preferences and expectations of Romanian consumers.

Another milestone for the Żabka Group in 2024 was our listing on the Warsaw Stock Exchange. I am confident that the high standards of business conduct we have upheld over the years, combined with our clear strategic vision, will continue to build investor trust and strengthen our presence in the capital markets. This achievement also reinforces our commitment to setting ambitious targets and executing them with discipline. Our medium-term goal is to double our Sales to End Customers by 2028 by continuing the roll-out of new store, driving Like-for-Like (LfL) sales, and further enhancing our Digital Customer Offering (DCO). In 2024, we successfully delivered on all our key objectives, moving us closer to reaching this strategic goal. Last year, we opened 1,166 new locations across Poland and Romania and achieved LfL sales growth of 8.3%, fuelled by both higher sales volumes per store and the positive impact of inflation. At the same time, we significantly expanded our product range, in particular in the street-food category, which by December 2024 was available in over 70% of our stores.

Delivering on ambitious targets in a rapidly changing market environment requires diversifying our growth engines and maintaining a sharp focus on digital channels and tools. That is why, within our DCO, we aim to increase Sales to End Customers fivefold by 2028. In 2024, we continued to invest significantly in this area, further cementing our leadership

Tomasz Suchański
Group Chief Executive Officer

in seamlessly integrating physical retail with digital capabilities. We further enhanced operations of Żabka Nano, our unmanned, autonomous store concept. We are also rapidly expanding across other key digital segments. Our largest business unit in DCO, Maczfit, caters to consumers seeking a healthy yet convenient diet, delivering restaurant-quality meals straight to their doorstep. Dietly is Poland's leading marketplace for direct-to-consumer (D2C) food service providers. Meanwhile, we continue to develop our e-grocery offering through Jush and delio. Our Żappka consumer app, with its evolving service range, is another key pillar of our digital strategy. All these initiatives are underpinned by ongoing investment in cutting-edge technologies across our entire value chain. In line with our strategic roadmap, our DCO has reached EBITDA breakeven in 2024, a milestone that underscores the long term value of our digital business.

A testament to the effectiveness of our strategy is the Żabka Group's consistent, strong revenue growth across all key business areas. Between 2000 and 2024, our compound annual growth rate (CAGR) in Sales to End Customers reached 23%, largely driven by the rapid new store roll-out and the strong performance of existing locations. In 2024, the Group's adjusted EBITDA margin stood at 12.8%, marking an improvement on 2023, supported by the stabilisation of energy costs and the benefits of scale efficiencies. Given this progress, we can reaffirm our previous forecast, anticipating that our margin will reach the upper end of our target range of 12-13% in the medium term.

The Żabka Group can proudly boast all the core strengths necessary to sustain our growth trajectory. As we move forward into 2025, we remain committed to advancing our ultimate tech-powered convenience ecosystem in line with our strategy, which is built on a diverse set of competitive advantages and focuses on three key growth drivers: new store openings, increasing LfL sales through higher footfall and basket value, and further enhancement of our DCO. By executing this strategy, we are well-positioned to increase our market share, drive Sales to End Customers, improve margins, and generate strong cash flows, with customer and investor satisfaction remaining the ultimate measure of our success.

In October 2024 the Company's shares have been listed on the main market of the Warsaw Stock Exchange. We are confident that becoming a public company will benefit all of our stakeholders, create value for shareholders and opportunities for our people, and support local communities and entrepreneurship by providing our franchisees with the tools and knowledge to run their own businesses.

Our transition to a public company has elevated our governance standards. Corporate governance is a critical component of the Żabka Group's business success. By establishing a robust governance framework, we ensure that the Żabka Group's leadership team focuses on achieving long-term goals through clearly defined responsibilities and accountability. In today's volatile business environment, good governance is essential for understanding and mitigating risks while aligning company strategy seamlessly with operations.

Becoming a public company has put further emphasis and importance on transparency and the structured delivery of key business information. The Żabka Group has adopted best-in-class governance mechanisms, including a comprehensive compliance framework, a code of ethics, and anti-corruption policies. We have also implemented structured risk management and internal audits to support these efforts. Our one-tier management system, which comprises of a Board of Directors and a Management Committee, facilitates both strategic oversight and daily operations.

Looking ahead, the Żabka Group will focus on executing the decision to align executive compensation with ESG goals, which was made with the introduction of the Long-Term Incentive Plan (LTIP), thereby integrating governance at the core of its strategic initiatives.

We are delighted to be taking this next step in the Żabka Group's journey, that is a direct result of the success of our franchisees, the hard work and passion of our people, and a long track record of consistent profitable growth.



Olga Grygier-Siddons
Independent Non-Executive Director,
Audit Committee Chairperson

Key events of 2024

➤ **Retailer of the Year Award, 6th time in a row**



➤ **Opening of the first Froo store in Romanian market**



➤ **The highest platinum award in the EcoVadis Sustainability Rating, for the 3rd time**



➤ **Our debut on the Warsaw Stock Exchange**



Q1

Q2

Q3

Q4



➤ **The acquisition of DRIM Daniel Distributie**



➤ **Gallup Exceptional Workplace Award 2024**



➤ **Launch of Street Food marketing campaign**



➤ **2nd place in the Top 100 Global Most Loved Workplaces 2024 list**



➤ **Strategic partnership with Microsoft in AI**



➤ **Launch of the new Zabka app**

B Management report

1. Strategy and business model

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- 1.2. Ultimate Convenience Ecosystem
- 1.3. Strategic aspirations and business model

2. Financial review

3. Corporate governance and leadership team

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4. Remuneration report

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Strategy and business model

Strategic vision for growth and leadership in convenience

I am pleased to present an overview of the Żabka Group's strategic direction and growth commitments as part of our annual report for the fiscal year 2024. Our focus remains steadfast on convenience – providing grocery products, quick meal solutions and services to our time-sensitive customers. We pride ourselves on serving a young, dynamic, and urban customer base, with most store visits centred around immediate consumption, a segment where we excel compared to the other retailers.

The total addressable market (TAM) is approximately PLN 615 billion, while our directly addressable market (DAM) in the convenience sector is approximately PLN 123 billion⁷. Within this market, we are the leader with a share exceeding 22%. Trends such as increasing affluence, delayed family formation, rising female workforce participation, and rapid urbanisation are expected to drive the DAM to grow at close to twice the rate of the TAM.

Our strategy is encapsulated in our store format, designed for convenience. By focusing on grocery items and quick meal solutions (QMS), as well as various services, our stores have become essential city infrastructure and an integral part of our customers' everyday life. Stores are designed for fast, on-the-go consumption, with an average selling area of 65 square meters, enabling quick in-and-out shopping times of around two minutes. Located near high-traffic areas or residential buildings, our stores offer a curated selection of 2,500 AI-selected products focused on immediate consumption, with only a 33% assortment overlap with discounters. In 2024, we entered the Street Food area by upgrading our stores with innovative equipment, positioning us as the largest player in this space and enhancing our quick meal solutions. Our suite of convenience services differentiates us, giving customers another reason to visit our stores.

Both our store format and assortment, as well as our commercial tactics, are customised to each store's location. This makes our format universal, effective in over 11,000 locations, whether in small or large cities, residential areas, or high-traffic zones, with consistent paybacks of just over one year. Our franchise model is central to our network's success. We support our franchisees every step of the way, and foster their entrepreneurship, engagement, and satisfaction – these are the building blocks of our joint success.

We believe data and technology provide us with a competitive edge. We leverage AI and technology to drive value in areas such as store location selection, hyper-local assortment and pricing, personalised promotions, digitised store management, and digitally enabled logistics. Our Digital Customer Offering (DCO) complements our physical network. With significant exposure to younger, urban consumers, we view these digital channels as incremental and synergistic to our physical business. Our fully integrated customer app enhances the customer experience through digital loyalty, personalised offers, and a full suite of digital convenience services, used by 1.2 million customers each day. While there is ample opportunity for sustainable growth in Poland, our business model has potential on a European scale. In 2024, we decided to expand internationally, with Romania as our first international market due to its favourable conditions and similarities to Poland, where we have enjoyed uninterrupted growth for over 20 years.

Our commitment to growth and innovation underpins our Value Creation Plan, which forms the basis of our IPO guidance. We aim to double the scale of our business within five years, from 2023 to 2028. The physical convenience channel in Poland will remain the key driver of our growth, supported by contributions from our digital convenience ecosystem and expansion into Romania.

Our strategic focus areas include three pillars: store expansion in Poland and Romania, driving Like-for-Like growth in traffic and basket size, and expanding our Digital Convenience Ecosystem to achieve a five-fold increase in sales by 2028 compared to 2023. We are excited about the future and confident in our ability to achieve our ambitious goals.



Tomasz Blicharski
Group Chief Strategy
& Development Officer



Markets and Opportunities

Our leading position on the market is strengthened by secular market tailwinds, underpinning the shift of consumer preferences towards modern convenience

Wealth increase
As disposable incomes rise among Polish and Romanian consumers, people are more willing than ever to spend on convenience.

Urbanisation
As urban populations grow, so does the number of time-constrained consumers looking for swift and convenient shopping experiences.

Lifestyle shift
Low unemployment, increased women's participation in the workforce and a rising number of single person households, are leading to higher frequency of shopping, smaller baskets and increased preference for convenience.

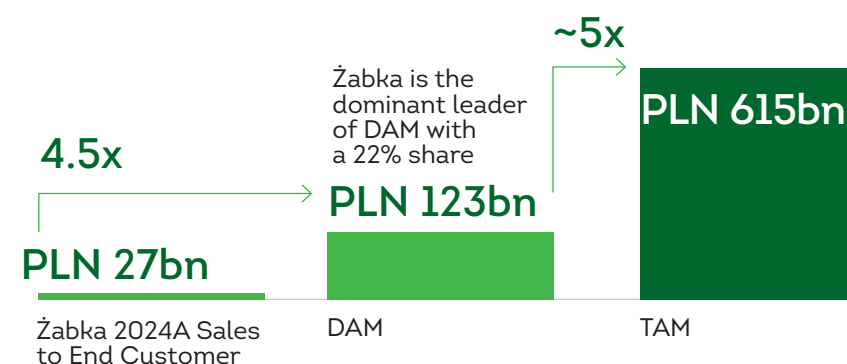
Shift to online
Consumers are rapidly becoming more tech-savvy. In Poland, for example, the percentage of the population using the internet daily surged by 23 pp from 2016 to 2023, from 57% to 80% of the total population.¹³

Food preferences
Demographic changes generate a shift in food preferences – moving away from traditional home-cooked meals in favour of ready-to-eat options that save both time and energy.

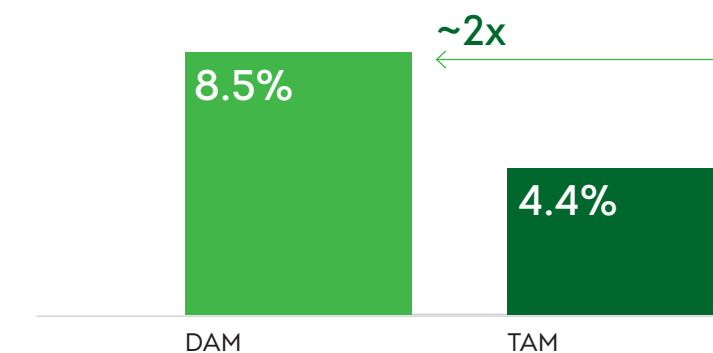
Opportunities for Modern Convenience

We operate in a high-growth market, with significant untapped potential still ahead

Żabka and Polish market size 2024 (PLN bn)



2024-2028F CAGR (%)



We have identified a large and fast-growing Total Addressable Market (TAM) of PLN 615 billion⁸, that includes Polish grocery, foodservice, digital grocery and meal solution sectors. Within this market, our focus is on Directly Addressable Market (DAM) of modern convenience, a subsegment of TAM, focusing on immediate or same day consumption.

Our DAM has been growing at a CAGR of 16.6% between 2016 and 2024⁹. This growth was driven primarily by strong underlying macroeconomic trends (such as growing GDP, low unemployment and increasing disposable income) and was additionally fuelled by smaller, albeit rapidly growing subsegments, especially eGrocery and D2C meal¹⁰.

Our DAM is projected to grow at a CAGR of 8.5% between 2024 and 2028¹¹, much faster than the wider TAM, which is expected to grow at 4.4%¹².

We are strategically focused on DAM, which exhibits robust growth dynamics, positioning us to capitalise on favourable market conditions. The substantial size of both TAM and DAM, as compared to our current business scale, ensures ample headroom for future growth.

DAM is forecasted to continue outpacing TAM, underpinned by secular trends that create a supportive environment for the modern convenience format.

We are the only format strategically focused on the immediate and on-the-go

Split of shopping missions, 2024¹⁴



The Żabka Group operates predominantly in the Same Day Market, which accounts for as much as 76% of purchases at Żabka stores, compared to the 40% average for discount stores.

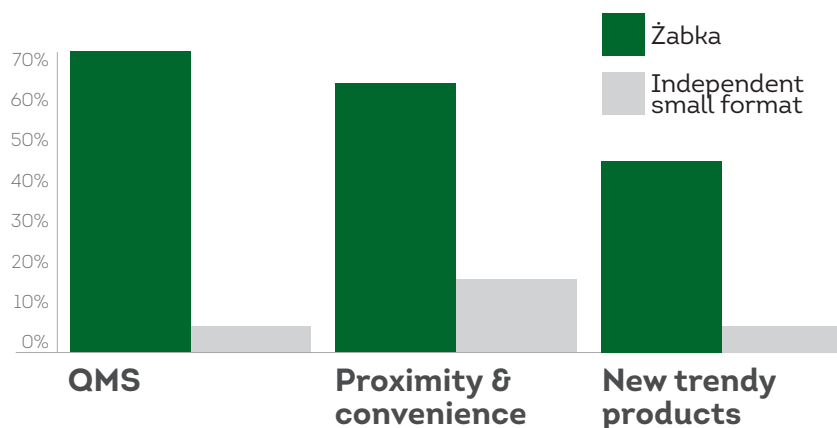
As our customers prioritise convenience, they value the efficient and expedited shopping experience offered by our stores.

This is the distinguishing factor of our customer proposition, as our stores are strategically designed and optimised to cater to impulse shopping needs.



Ease of shopping, convenience, and innovation remain key Żabka characteristics in consumers' eyes

% of consumers associating Żabka with selected aspects vs independent small stores¹⁵

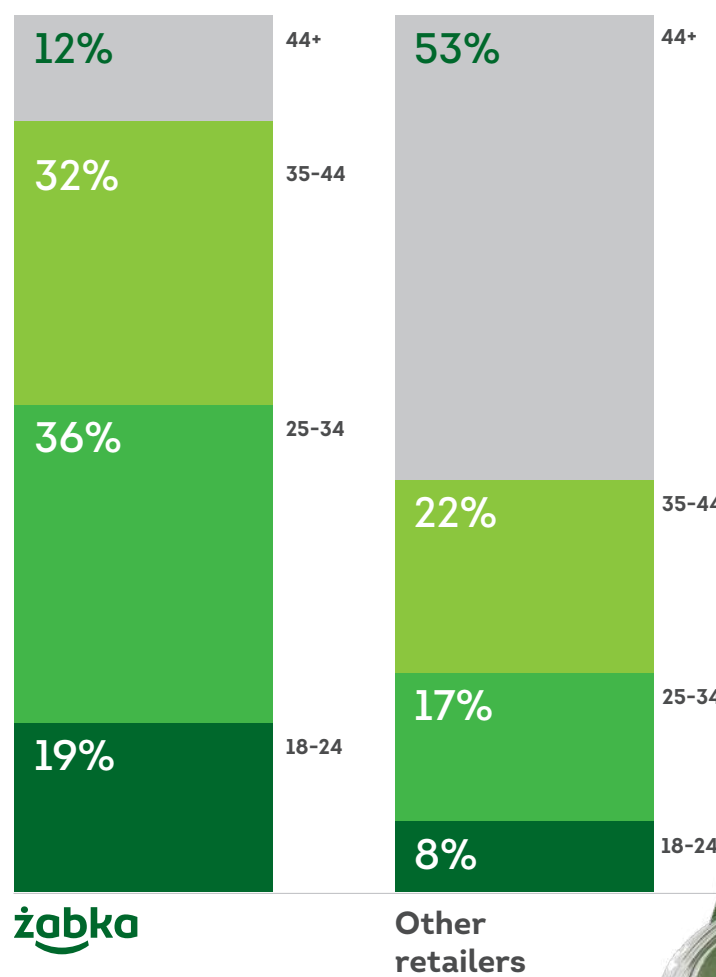


Thanks to our focus on same day consumption, Żabka remains top-of-mind for consumers in terms of shopping convenience. Nearly 70% of our customers appreciate our quick meal solutions, such as hot coffee, hot snacks-to-go, sandwiches, salads, and ready-to-heat meals, as well as the proximity and convenience that our format offers. Additionally, almost half of our customers recognise Żabka as a place known for its assortment of new, trendy products—a critical point of relevance for the younger demographics who constitute the core of our customer base. These differentiating factors set Żabka apart from other market players.



Our mission focus and location mix is a perfect fit for the younger generations

Shoppers by age group¹⁶



żabka

Other retailers



Our innovative approach resonates particularly well with younger consumer demographics.

More than half of our customers are below 35 years of age, which is a significantly higher percentage than the average for other retail players.

Our Digital Customer Offering businesses have a disproportionately high representation of younger customer groups compared to the average person's age in Poland (e.g. 48% of Lite e-Commerce customers are below the age of 29 as of June 2024).

We aim to maintain our leading market position by attracting customers from diverse age groups, while staying relevant for younger consumers.

Ultimate convenience ecosystem

Our Ecosystem engages consumers every waking hour and spans across physical and digital channels

Our ecosystem is the source of our competitive advantage. Today, Żabka is synonymous with modern convenience, featuring an ultra-modern store format at the core of its ecosystem, further expanded by its digital businesses and leading consumer app.

Physical channels

Our ecosystem comprises a wide range of 'Modern on-the-go convenience' solutions, integrated into the urban infrastructure and everyday activities of our customers. These include grocery shopping at Żabka stores or Żabka Nano, QMS, coffee and Street Food and a whole range of everyday services. Our stores in the Romanian market operate under the local brand Froo, replicating the success of the wining Żabka format in Poland. All our stores are operated by franchisees and agents in Poland and Romania.



Leading consumer app, serving as a digital gateway to our ecosystem

The Żabka Group is a unique Ultimate Convenience Ecosystem, delivering solutions designed for customers who value their time and comfort

Digital channels

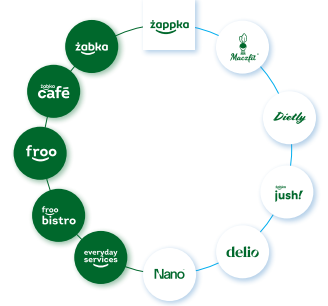
In addition, we offer digital solutions described as 'Modern anywhere convenience', that facilitate access to our services and products. With Maczfit, the leader in meal delivery services, and the Dietly.pl platform, customers can instantly order tailored meal plans with just a few clicks. With the Żabka Jush service, customers can receive fresh products delivered in less than an hour.

Unique own brands

We have developed our own unique product brands, which serves as a pillar of our differentiation strategy and a source of our competitive advantage. These products are available across both digital and physical channels. We continue to innovate, with our New Product Development team introducing 148 products in 2024 alone.

The Żabka app connects our physical and digital ecosystems providing users with access to all Żabka brands. It creates synergies among the Group's businesses and increases user engagement by adding new services and features.





Physical channels

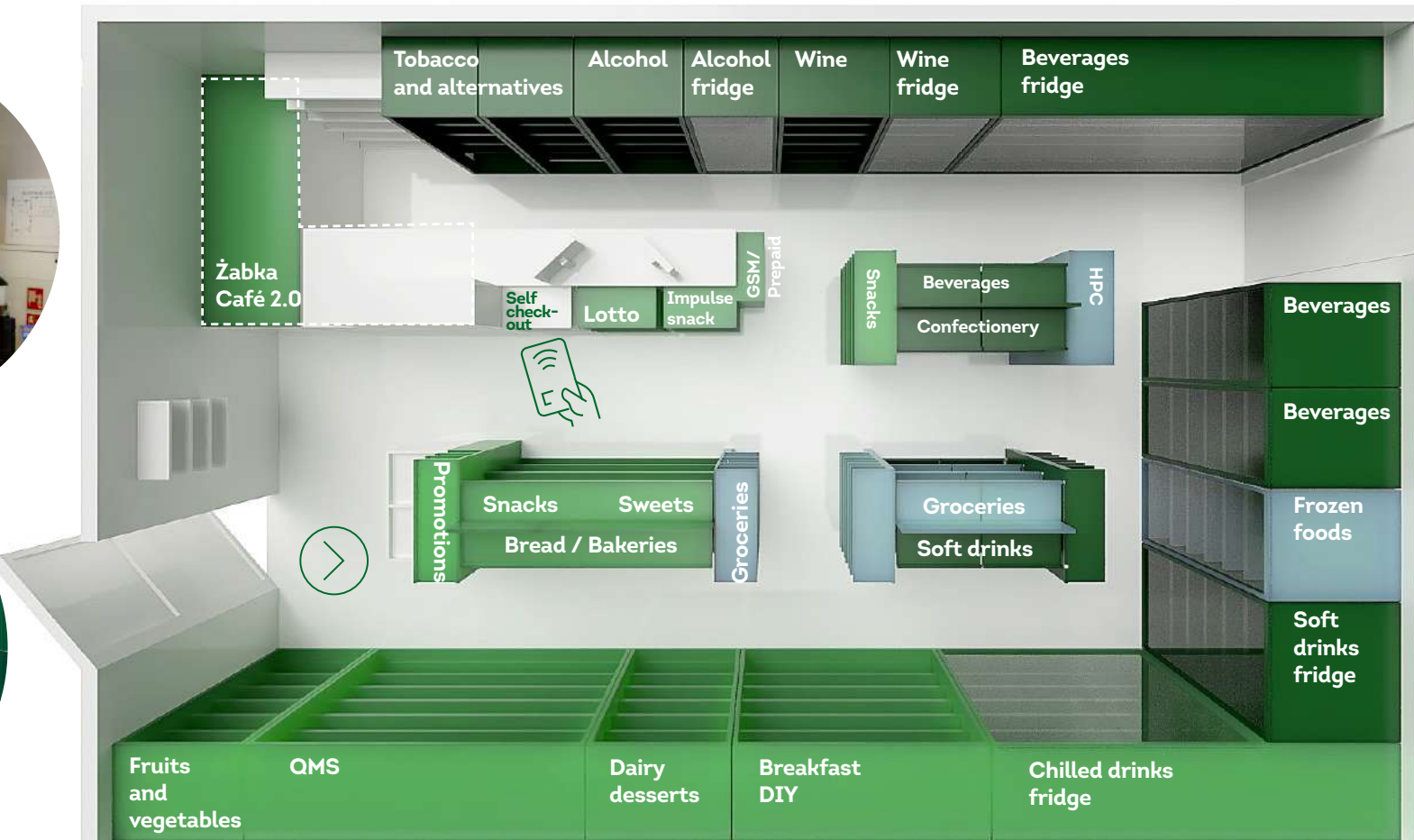
Our stores are tactically designed to promote on-the-go consumption



Żabka Café 2.0 & Street Food



Self checkout



For now
Up to 4-hours
For later



Snacks



Services



Quick Meal Solutions



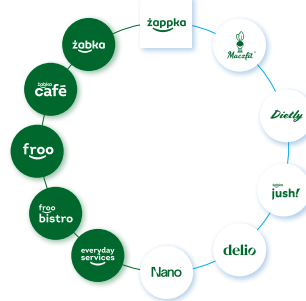
Chilled drinks



Soft drinks



- 2.5k SKUs and ~33% of branded products overlap with the discounter channel.
- 17% of transactions include a QMS product.
- Modular 'LEGO' store layout allowing for format versatility.
- Curated assortment based on seasonality and customer profiles.
- Standard ~65 sqm store.
- Around 2 minutes average store visit time.
- Mission-oriented layout promoting strategic categories.
- Automated product and pricing architecture, and store location selection.



Physical channels

With format innovation at heart, we have recently expanded our Street Food offering

Street Food is a natural extension of our convenience offering and represents a rapidly growing market segment, with foodservice anticipated to grow at 7.9% CAGR between 2023 and 2028¹⁷, twice the growth rate of physical grocery retail.

For the last few years we have been working on a QSR concept, with a successful implementation in our stores in 2024. Adding Street Food is the next milestone to further increase the share of QMS in our sales, a journey we started a decade ago.

By upgrading our stores with high-speed ovens, we have managed to introduce a new, incremental product category. The new offering added a significant volume of 28 million new products.

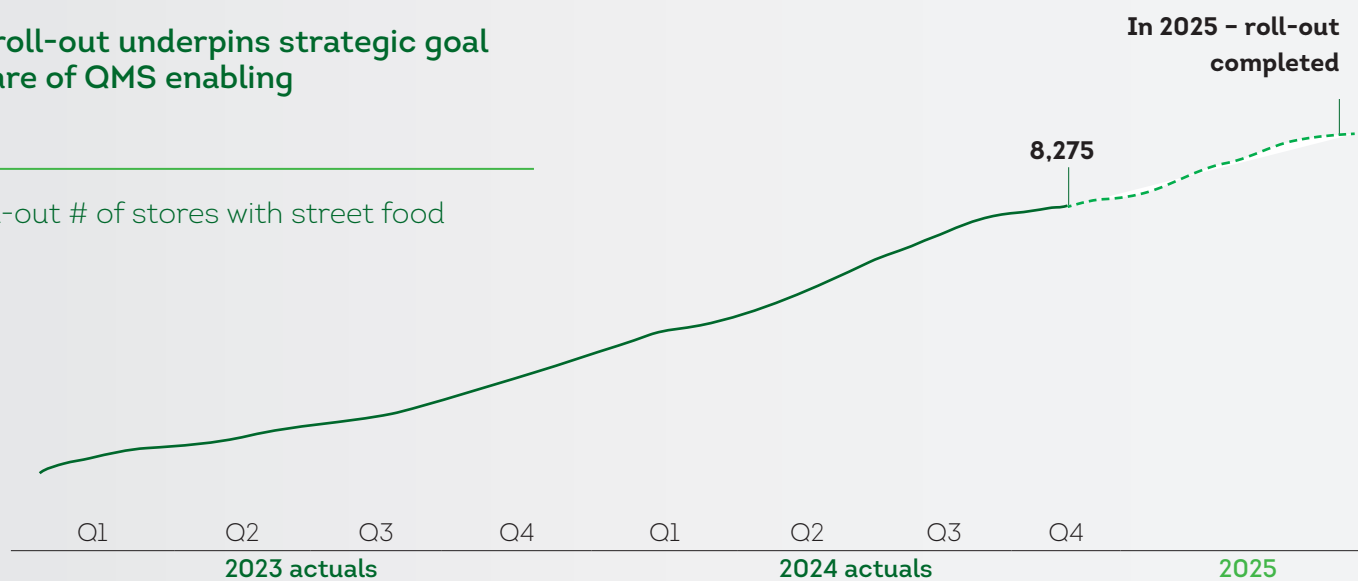
further strengthening our already dominant position in the hot food-to-go market. In 2024 alone, we sold an impressive 85 million hot dogs and 39 million hot coffees.

The scale of our network positions us as the largest Street Food chain in Poland, a position we plan to capitalise on for future growth. In 2023, we have launched a program to retrofit our stores with the convection-microwave ovens, operating in 8,275 of stores as of the end of 2024.

We project that mid-2025, 100% of our stores will be equipped with a Street Food offering, contributing to our leadership in the quick-service restaurants (QSR) segment.

Street food ovens roll-out underpins strategic goal of increasing % share of QMS enabling further LfL growth

Street Food offer roll-out # of stores with street food ovens, at quarter end



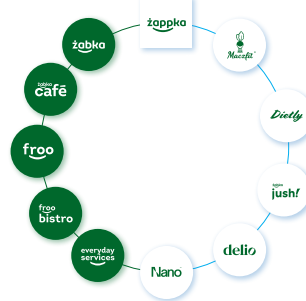
Stores with street food ovens
8,275
at the end of 2024

Zabka stores with street food ovens
75%
at the end of 2024

Our new Street Food offer included
23 SKUs*
at the end of 2024

* Unique products, excluding combo deals (e.g. Chrupbox variations).





Physical channels

Full suite of services extending our store format, enhancing customer loyalty and traffic

Services play a key role in distinguishing our stores and delivering on our promise of convenience. By strategically introducing new, innovative services that address customers' everyday needs, we attract more customers and remain top of mind.



everyday services

~20 Services offered across Zabka stores

+23% YoY growth in # of services transactions in 2024

Available 6-23, 7 days a week, 365 days a year

12% Share of services as % of 2024 store traffic

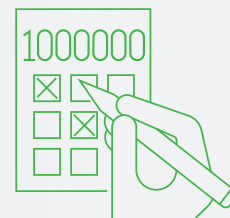
Parcel and postal services

46 m Parcels delivered and collected



Lottery services

105 m Number of lotto bets



Various payment options

8.8 m Cashback transactions



Bill payments

6.5 m Number of transactions



ATM services

#1 ATM services provider in Poland



Phone packs

14.6 m Phone packs sold in Poland



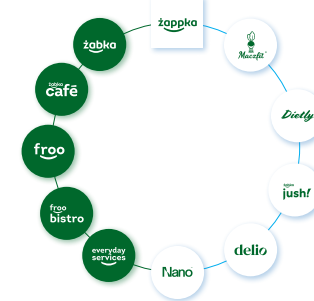
Other selected services

- Deposit to card service
- Paysafe cards and Paysafe cash
- Citycard top-up
- Phone repair services
- Gift, game cards
- Shoe cleaning & repair services

New and planned services

- Insurance
- Money Transfer
- Gaming





Physical channels

Our model empowers franchisees to concentrate on what truly matters – the customers

Zabka's responsibilities

- Store location selection
- Store design and equipment
- Central sourcing and delivery
- Lease ownership
- Training and support

Franchisees' responsibilities

- Store staff management
- Customer service
- Store management
- Inventory ownership



Benefits for Zabka

- Fast roll-out potential
- Price and margin management
- Coherent marketing initiatives
- Access to data

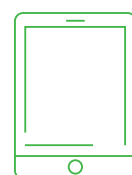
Benefits for franchisees

- Limited upfront costs
- Attractive compensation
- Purchasing scale benefits
- Simplicity
- Franchisee insurance
- Trainings and development

How we support franchisees in day-to-day store management



Cyberstore, an AI-driven app for franchisees allows for automated stock replenishment, features real-time logistics tracking and facilitates communication. It enables franchisees to manage assets, access performance data, and check stock availability.



Zabka Assistant, an AI-powered component of OptiPlan, optimises operations by providing real-time insights on stock and tasks via instore tablets.

Extensive training programs comprise 195 hours for each new franchisee.

Entrepreneurship academy – certified education program with external Partner helping franchisees develop their management and sales skills.



We collaborate with the Board of Franchisees, an advisory body consisting of elected representatives, to guide us towards high-impact solutions from the Franchisees perspective.

Jakub Sienkiewicz - Franchisee, Member of the Franchisee Council

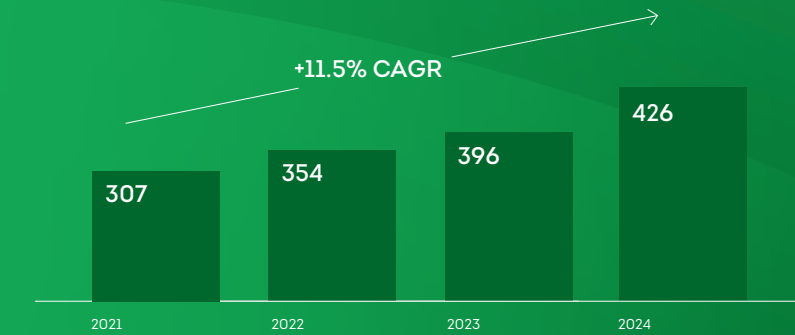


Franchisee NPS for Q4 2024

+11 pts

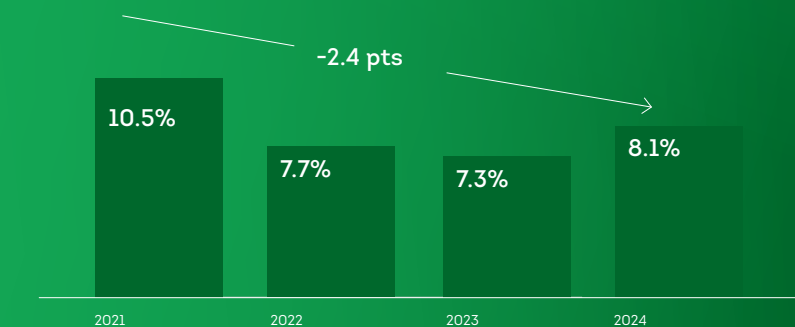
FY 2024 reading at + 7 pts

Franchisee margin per store (PLN k) and 2021-2024 CAGR



Franchisee voluntary churn rate remained in single digit territory in 2024.

Voluntary churn



Total number of franchisees

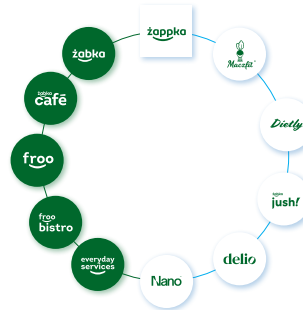
9,443

as of 31.12.2024



Number of franchisees recruited in 2024

2,402

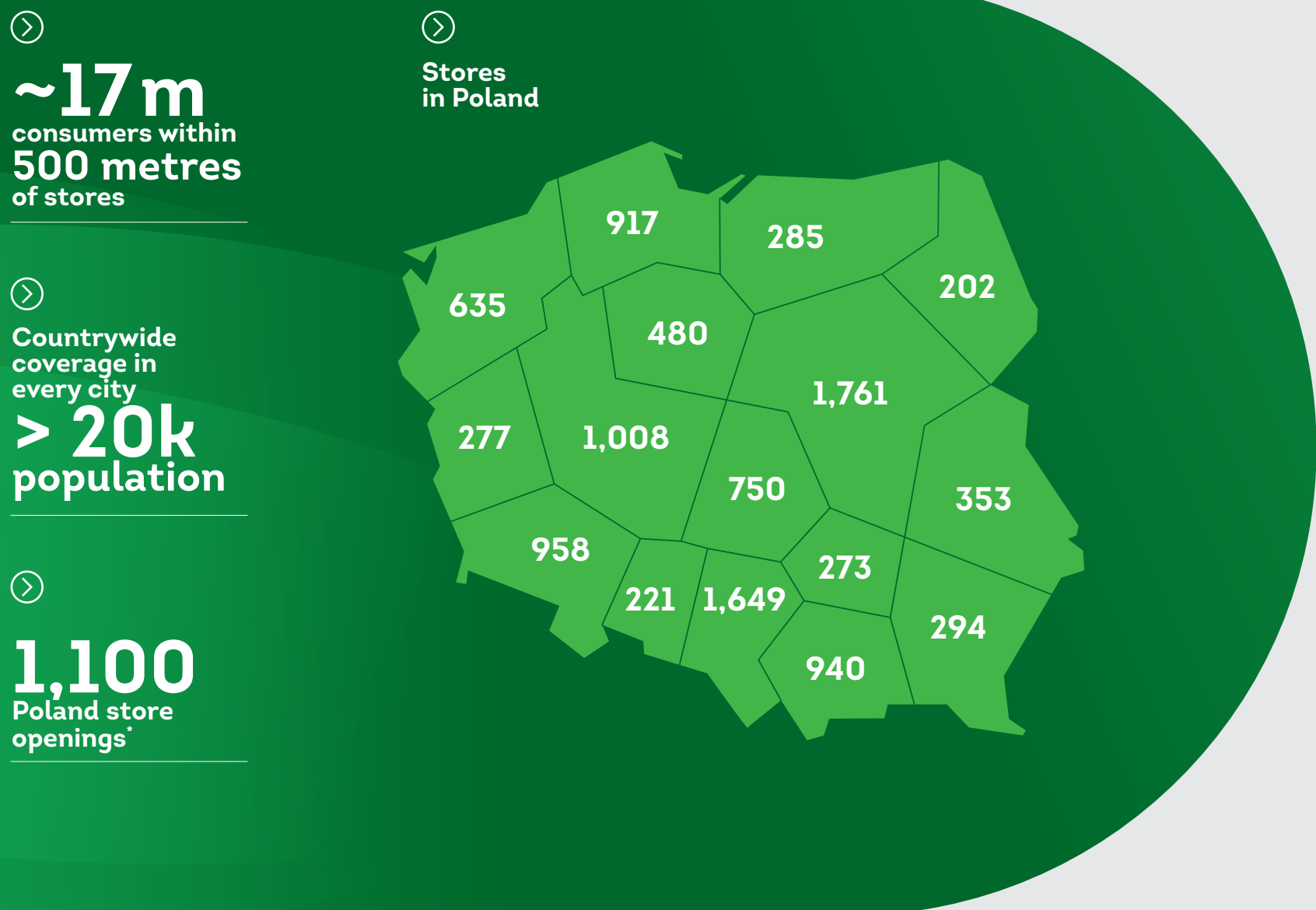


Physical channels

Every day, we engage over 4 million consumers nationwide across more than 11,000 stores

~11k stores – largest convenience network nationally

With relevant stores for a variety of catchments, enjoying consistent paybacks



We have the largest nationwide store network, with a presence in every region and every city with a population of over 20,000. Our extensive reach ensures accessibility to a vast number of customers across Poland.

Our stores are strategically located in high-traffic areas of Warsaw, small cities, villages, and even on beaches, catering to various catchment areas nationally. This diverse presence underscores our relevance and adaptability across different environments and customer bases.

The nationwide reach and our unique ability to establish stores in locations where others cannot, provide us with a significant advantage. This format flexibility allows us to address our customers' needs precisely and represents a sizeable runway for future growth. By targeting all catchment areas, we can continue to innovate and expand, creating an optimal launchpad for sustained growth and development.



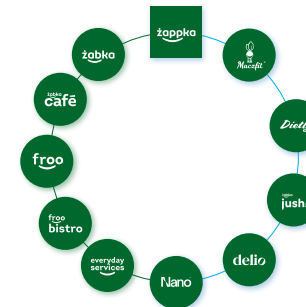
Average store payback period across different city sizes*



Best in class, consistent payback across store location types.

* Including Nano stores.

* Excludes CAPEX for street food ovens roll-out. Stores maturing in 2022 and 2023.



Technological competitive edge

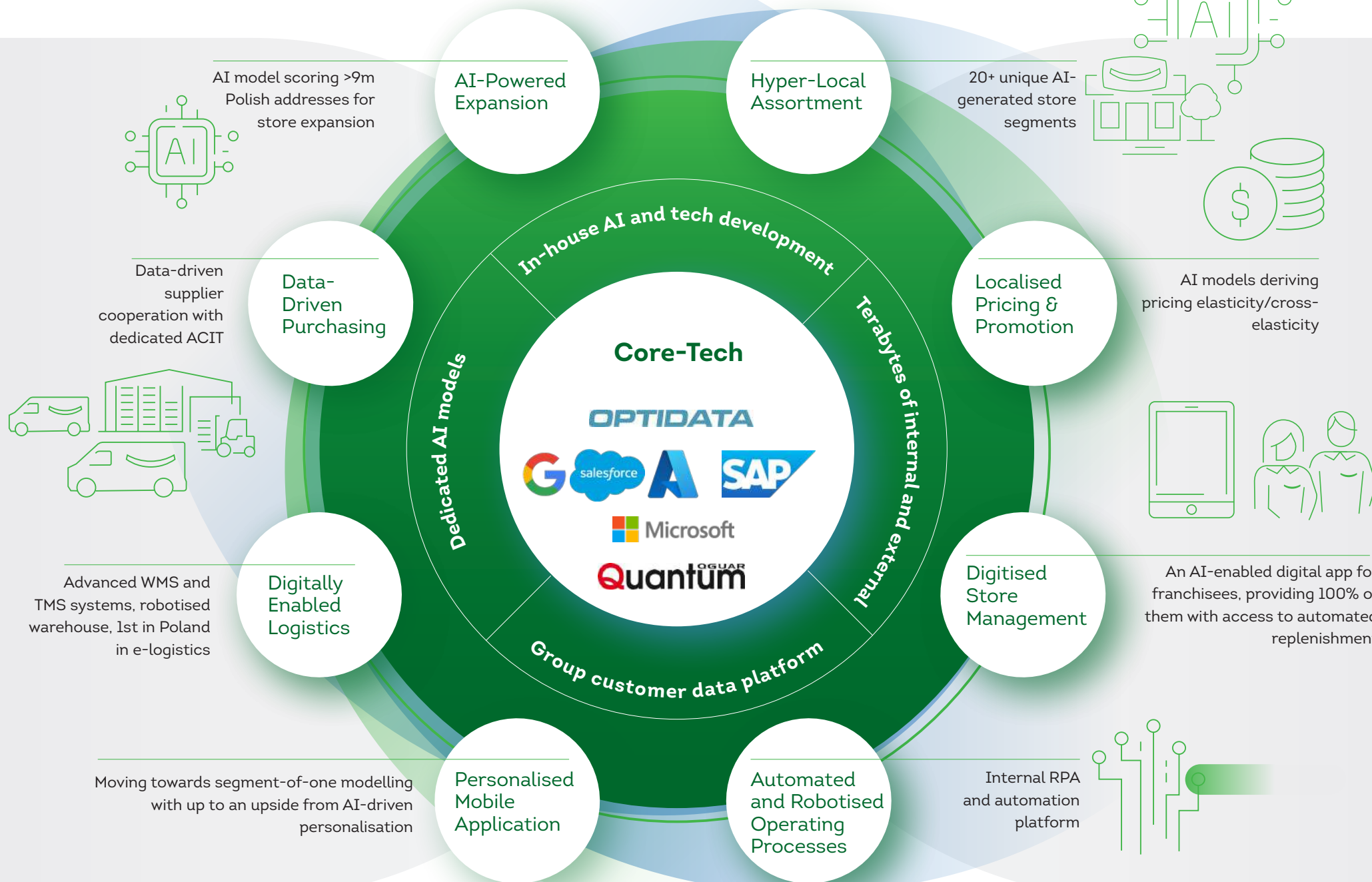
Technology informs everything we do, from store location selection algorithms, through AI-driven assortment and pricing, to customer insight tools

Technology and data are at the core of our operations. We operate similarly to digitally native companies, as we believe this approach yields tangible business impact and competitive advantage.

We have been early adopters of AI and data utilisation within the retail sector, maintaining teams of data scientists for over a decade.

All Group processes are supported by Core Tech software, which comprises a combination of various platforms tailored to our specific needs and powered by comprehensive data and AI algorithms.

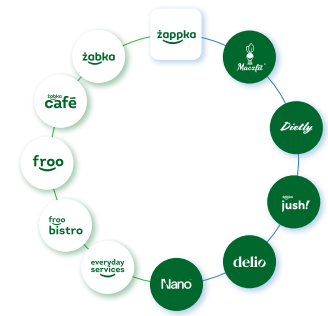
Our strategy extends beyond merely adopting new technologies; it involves integrating these solutions in a manner that enhances our operational efficiency and improves the customer experience, thereby positively impacting our results.



We leverage state-of-the-art data architecture and technology across our value chain:

- AI drives pricing strategies and manages product assortment.
- Our store expansion model, powered by advanced technology and AI, evaluates over 9 million addresses.
- We lead in e-commerce logistics in Poland, thanks to our nationwide modern logistics platform with industry-leading automation.
- We operate two production facilities near Warsaw, with a third in planning.
- Our dedicated procurement team maintains robust supplier relationships, achieving a 99% store service level.

We consistently implement efficiency initiatives across all functions. Our digital backbone creates synergies, scale benefits, and accelerates time-to-market for new propositions.



Digital channels

Our Digital Customer Offering businesses are highly synergistic and adjacent to our core convenience proposition

Meal providers delivering high-quality dishes to thousands of customers



Maczfit is a subscription-based D2C meal plans provider, with 35 million meals delivered annually. Maczfit offers a broad range of customised diets delivered daily to consumer's doorsteps in over 4,556 towns and cities across Poland.

Dietly is a leading software-as-a-service (SaaS) marketplace that provides customers convenient online access to meal plans from 315 brands representing approximately 60% of all providers throughout Poland.

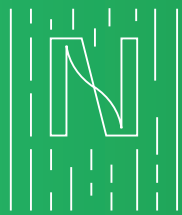
Rapid eGrocery delivery with wide assortment



Zabka Jush is a rapid eGrocery solution that complements our physical network. With dedicated dark stores, the service offers deliveries within one hour, and provides customers access to a curated selection of 4,000 products.

delio expands our eGrocery which offers same-day delivery and a full-basket range of approximately 6,000 products, including fresh and primarily local produce.

Technology advanced unmanned store network



Nano is an unmanned, autonomous store, open 24/7, that offers a seamless shopping experience. This innovative format allows for customisation to suit various catchments.



Revenue diversification

DCO guarantees exposure to a high-growth e-grocery segment.

Scalability

Each of the DCO components is well-positioned for rapid scale-up if the underlying trend accelerates (e.g. eGrocery penetration in Poland or unmanned retail as a cost-effective response to growing labour costs).

Technology leadership and innovation

With expansion of DCO, the Group showcases commitment to technology leadership and innovation that increasingly benefits its core convenience business.

Access to a younger demographic

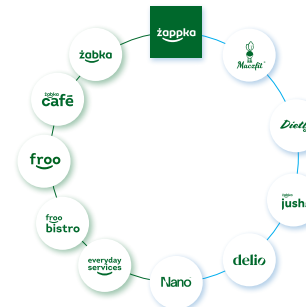
DCO businesses exhibit a significant presence and strong brand recognition within younger demographics. It is a tool to build lifetime value of this customer group.

Positive financial contribution

The Group aims to grow the DCO 2023 level of Sales to End Customers by 5x by 2028, making it one of the key components of New Growth Engines which has already achieved positive Adjusted EBITDA in 2024.

Competitive advantage and brand differentiation

DCO positions the Group as a unique player in the retail market. The innovative approach, integration of technology, and diverse offerings create a competitive advantage.



Żappka - the gateway to our convenience ecosystem

Żappka began as a loyalty app for store customers and has rapidly transformed into a comprehensive platform, delivering seamless access to a wide range of convenience services.

Today Żappka serves as a centralised gateway for all the Żabka Group services, bridging physical and digital businesses.

Simplify and centralize interactions with customers...

... combining unique benefits and synergies for the Group

Personalisation

AI-enabled app, which is aligned with customer's individual preferences, facilitates targeted cross-selling and personalised prices and promotions.

Data gathering

Through data collection and sharing platforms, the Group benefits from increased suppliers partnerships and data monetisation.

System-wide loyalty

The loyalty program is based on points called Żapps, and it facilitates easy conversions across the whole ecosystem, including third-party services.

Single sign-in

Integrating all services with a single login account, the application offers seamless access to all elements of our convenience ecosystem.

Żappka Pay

Simplifies transactions with easy ecosystem payments, user friendly in-app purchases and convenient Nano store access.

Cross-selling

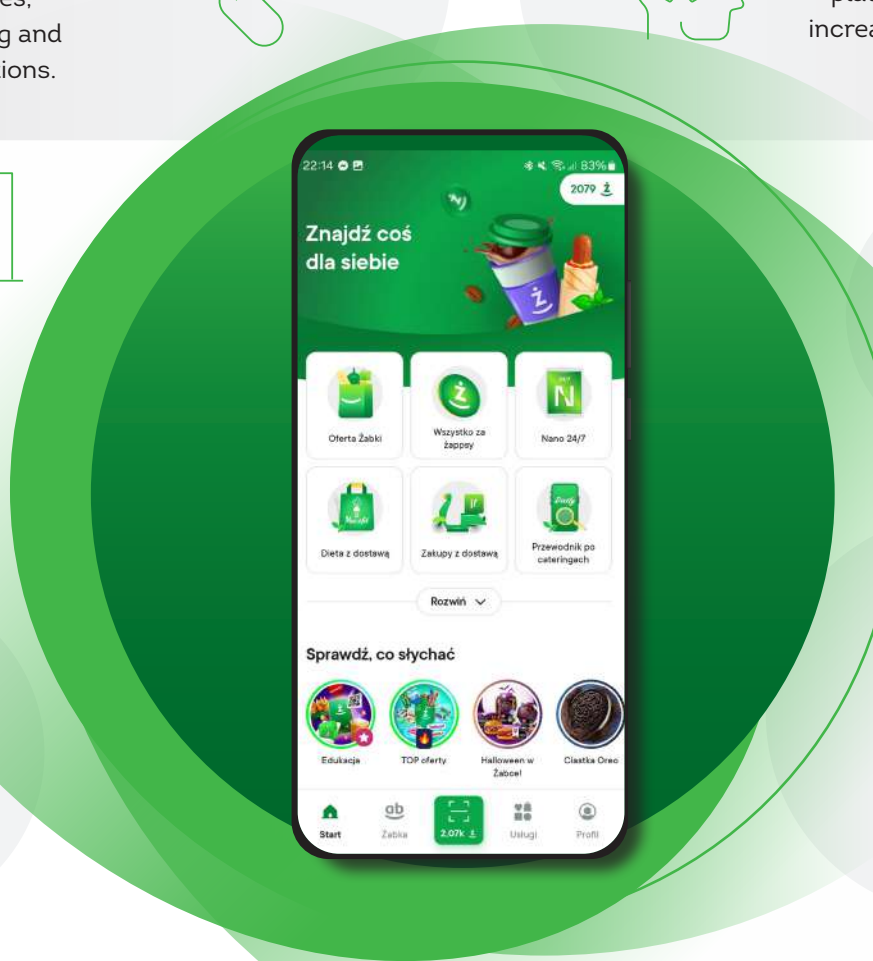
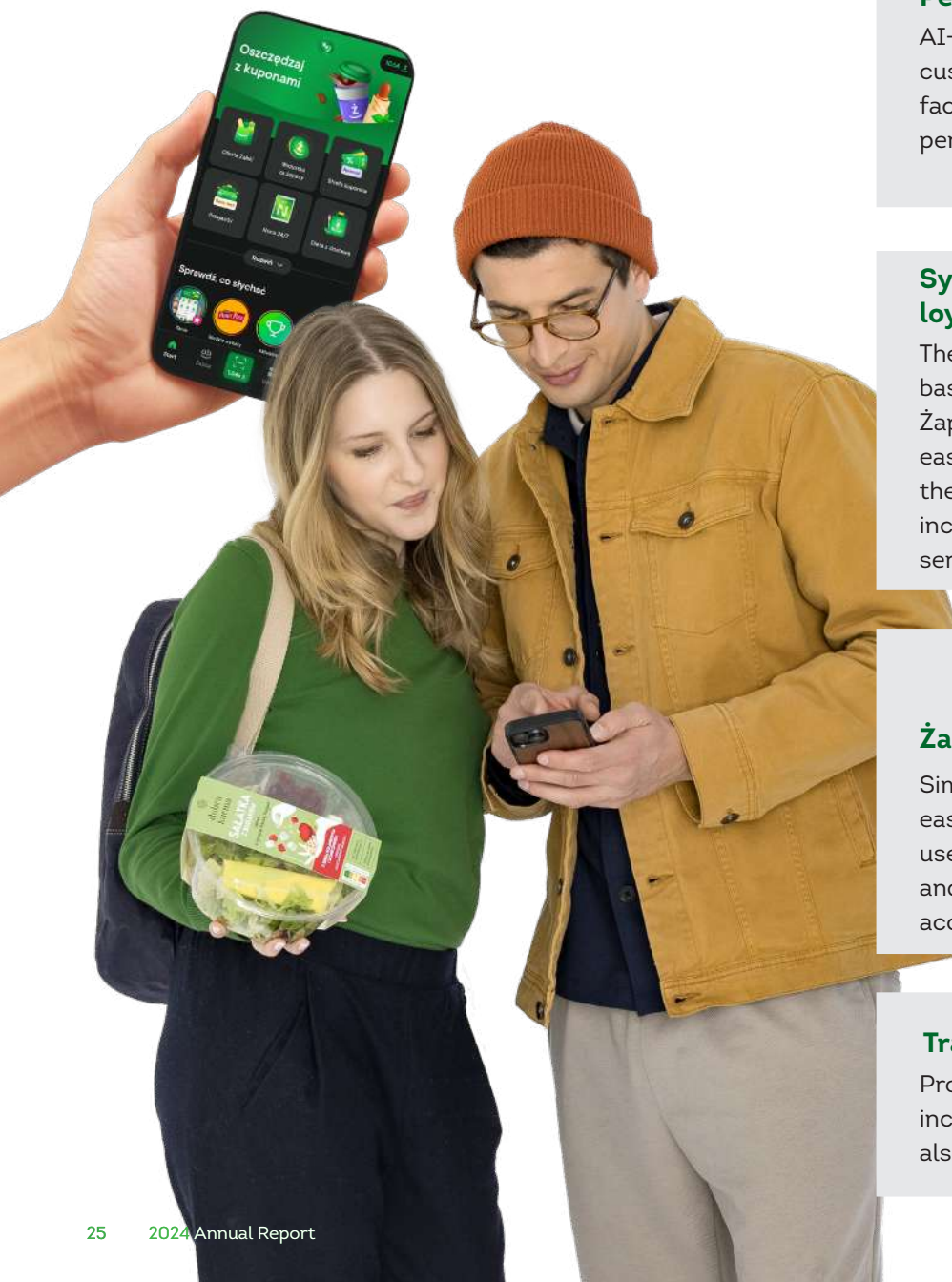
The Żappka app boosts customer engagement and targets, increasing share of wallet and Customer Lifetime Value (CLTV) by attracting customers to the app and integrating them into the ecosystem.

Transport & Mobility

Provides access to a wide array of third-party services including parcel tracking and collection. The Żappka app also provides mobility and urban transport tickets.

Tech stack

A modern technology stack featuring an advanced Customer Data Platform, employs technology to enhance competitiveness.



In-store transactions with the Żappka app

29%

as of 2024

Digital active shoppers

10.0m

as of 2024

Żappka app average daily transactions

1.2m

as of 2024

Digital active shoppers growth

32%

as of 2024



Our unique own brands

We introduced our own brands to deliver high quality innovative product solutions available for breakfast, lunch, dinner, and as snacks- or drinks-to-go. Our own brands are a cornerstone of our differentiation strategy.

To ensure all our products are consistent and cater to immediate consumption, we use a unique 'CREDIT' framework which stands for C - convenient, R - ready, E - everyday, D - differentiating, I - innovative and T - tasty.

Our own brands are available both in the digital and physical channels, exemplifying of how we can benefit from the synergies within our ecosystem. The introduction of these brands offers numerous benefits for the Group, including increased store traffic, larger basket sizes, enhanced customer satisfaction, improved brand perception, and higher product margins. Each year, we proudly introduce over 140 unique new SKUs under our own brands. Launching our own brand portfolio sets us apart from the other retailers and strengthens our market position.

Furthermore, on the right we present a selection of our unique own brand portfolio, reflecting our commitment to offering convenient and nutritious 'ready-to-eat,' 'ready-to-heat,' and 'ready-to-drink' solutions that are not available elsewhere. Own-brand products are a crucial element of our success, with their sales increasing by 27% CAGR between 2021 and 2024. They have become a key driver of our store traffic (22% of customer visits) and a significant component of our QMS offering (88% of QMS sales from own brands).

Dobra Karma

High-quality ingredients, minimally processed ready-to-eat and ready-to-drink products with healthy nutrition in mind



Szamamm

Ready-to-heat dishes inspired by Polish and international cuisines



Tomcio Paluch

Nutritious sandwiches with balanced ingredients



Żabka Café 2.0

High-quality Street Food #ProstoZPieca (#StraightFromTheOven), coffee and sweet pastries available on-the-go



Wycisk

Squeezed from fresh fruit, unpasteurised juices and lemonades



Foodini

Plant-based smoothies made from a blend of fruits and vegetables



Maczfit

Restaurant-quality meals produced by Maczfit. Available both as a diet plan through digital channels and as dishes at Żabka stores, building synergies within the ecosystem



Own brand Sales

+27%

2021-2024 CAGR



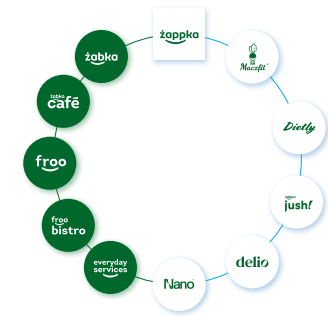
Own brands as % of # traffic

22%



QMS Sales from own brands

88%

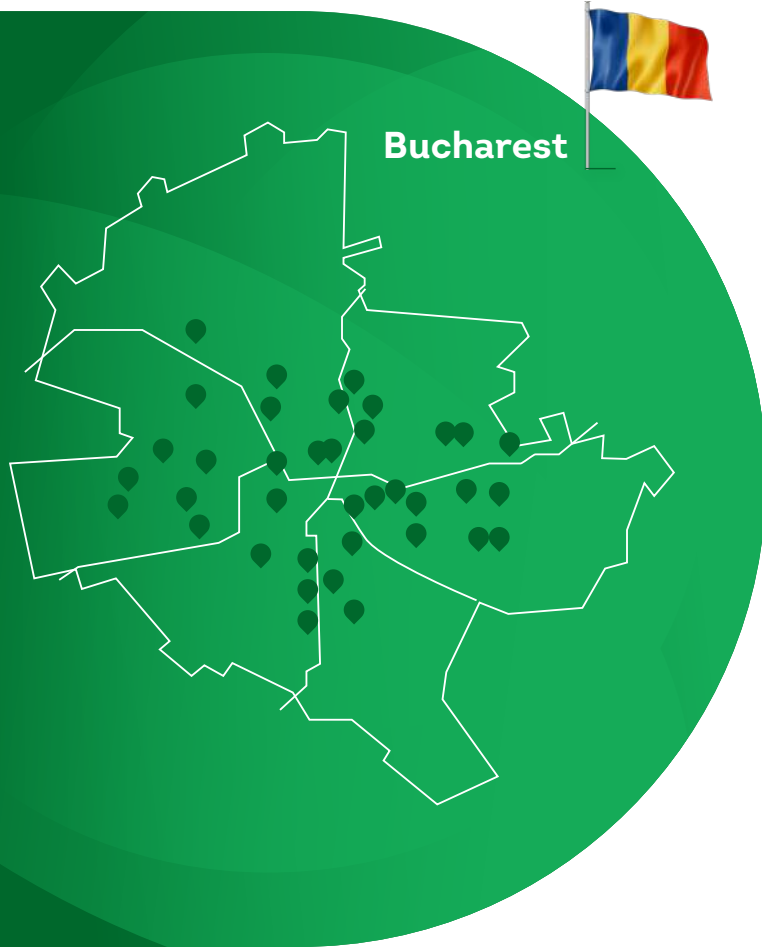


International expansion

We have extended our physical footprint into the Romanian market by launching a new brand of stores – Froo



- In 2024 we decided to launch a new brand, Froo, for the Romanian market.
- As of the end of 2024, we have opened 60 stores, mostly in Bucharest, and are currently in the format testing phase. Initial consumer response has been promising.



- Building on our successful format evolution in Poland, we aim to replicate this success in Romania.
- The stores in Romania mirror those in Poland in terms of size, layout, and assortment.
- We are leveraging our existing relationships with suppliers to support our operations in Romania.



Strategic rationale for Romanian market entry

- Resemblance of Polish and Romanian markets: 19m population¹⁸ (#7 in the EU), strong real GDP '23-'28 growth in the EU
- Romanian sizeable addressable market (PLN 179 bn) has high growth forecasts (7% CAGR '23-'28)²⁰
- Romania presents similar grocery spend dynamics to Poland with approx. 40% estimated upside¹⁹ in grocery market spend per capita
- Similar Polish and Romanian consumer profiles with growing disposable income, urbanisation, longer working hours and consumers willing to free up their time

Romanians have a similar consumer profile to Poles



Rising affluence and disposable incomes	Highly rural population which is still urbanising	High working hours vs. Western Europe	Growing number of single person households (2.5m+)	Highest remittance inflow per capita in Europe	Easy access and proximity is the biggest shopping loyalty driver
4.3%	55%	40.1	2.7%	2.8%	2.5x
Real Disposable income per capita CAGR 2023-2028 ²¹	Urban population in Romania ²² vs. 80% in Western Europe ²³	h/week in Romania ²⁴ vs. 36.8 h/week in Western Europe ²⁵	Single person households CAGR 2010-2024 ²⁶ vs. 1.7% WE ²⁷	Of Romania GDP, 3.5x higher than EU ²⁸	Higher than next biggest loyalty driver ²⁹

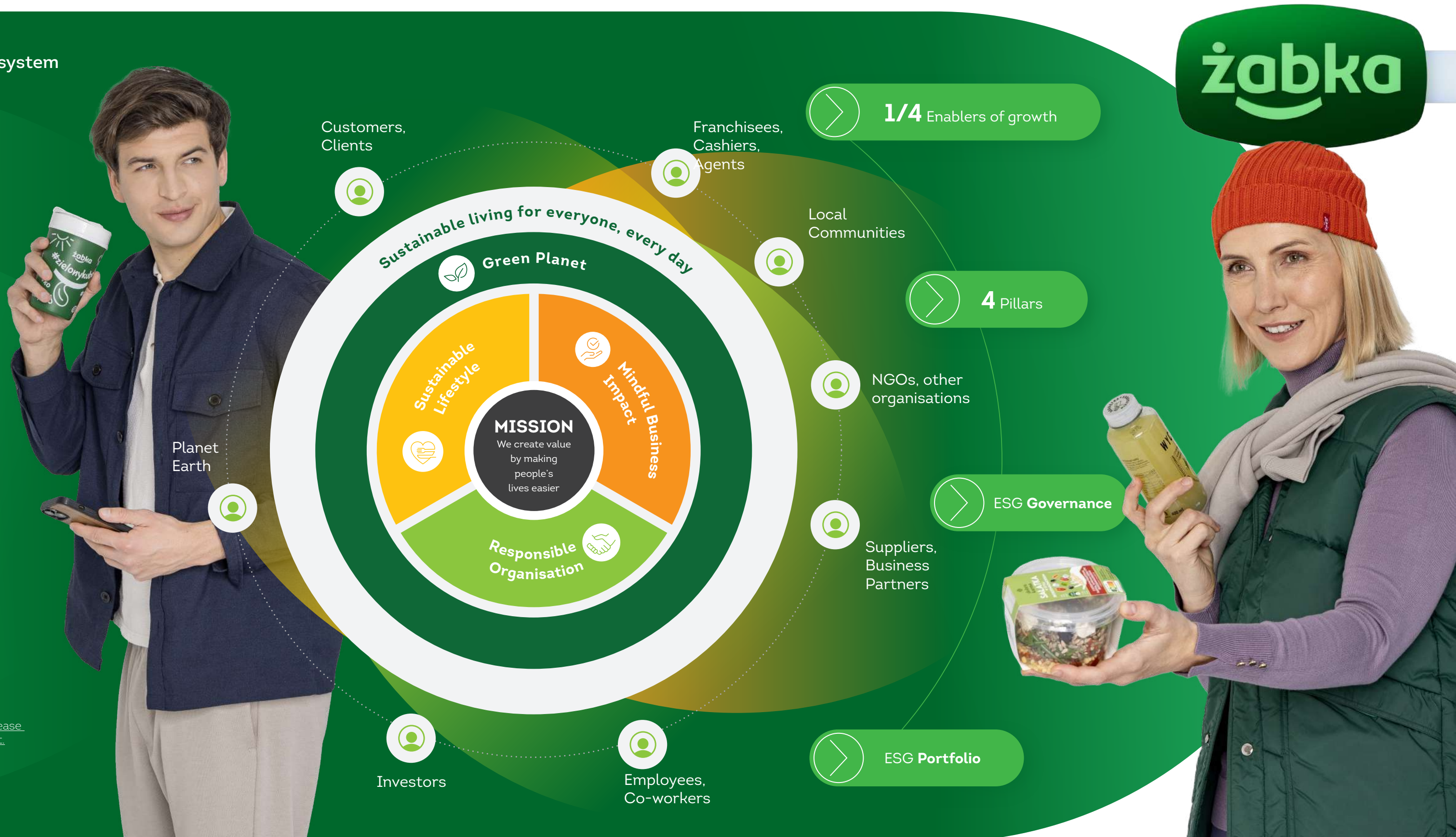
Sustainability at core of the modern convenience ecosystem

The Group consistently conducts its activities with a focus on creating value for its diverse group of stakeholders. We recognise our actual and potential impact, and aim to maximise the positive influence and generate value. Consequently, our sustainability-related ambitions are closely integrated with our overall business strategy to ensure that our efforts align with our commitment to stakeholder value.

The Group has made a strategic commitment, expressed in its ESG Framework, to promote sustainable living for everyone, every day, and to empower its customers to make responsible choices. This includes providing products and services that enable consumers to lead more sustainable lifestyles, as well as actively minimising the environmental impact of the Group's operations.

The ESG Framework applies to the entire Group and extends the strategic sustainability directions, which are based on four pillars (i) a sustainable lifestyle; (ii) a mindful business impact; (iii) a responsible organisation; and (iv) a green planet, to all the Group's subsidiaries.

For more sustainability-related details please refer to our 2024 sustainability statement.



1/4 Enablers of growth

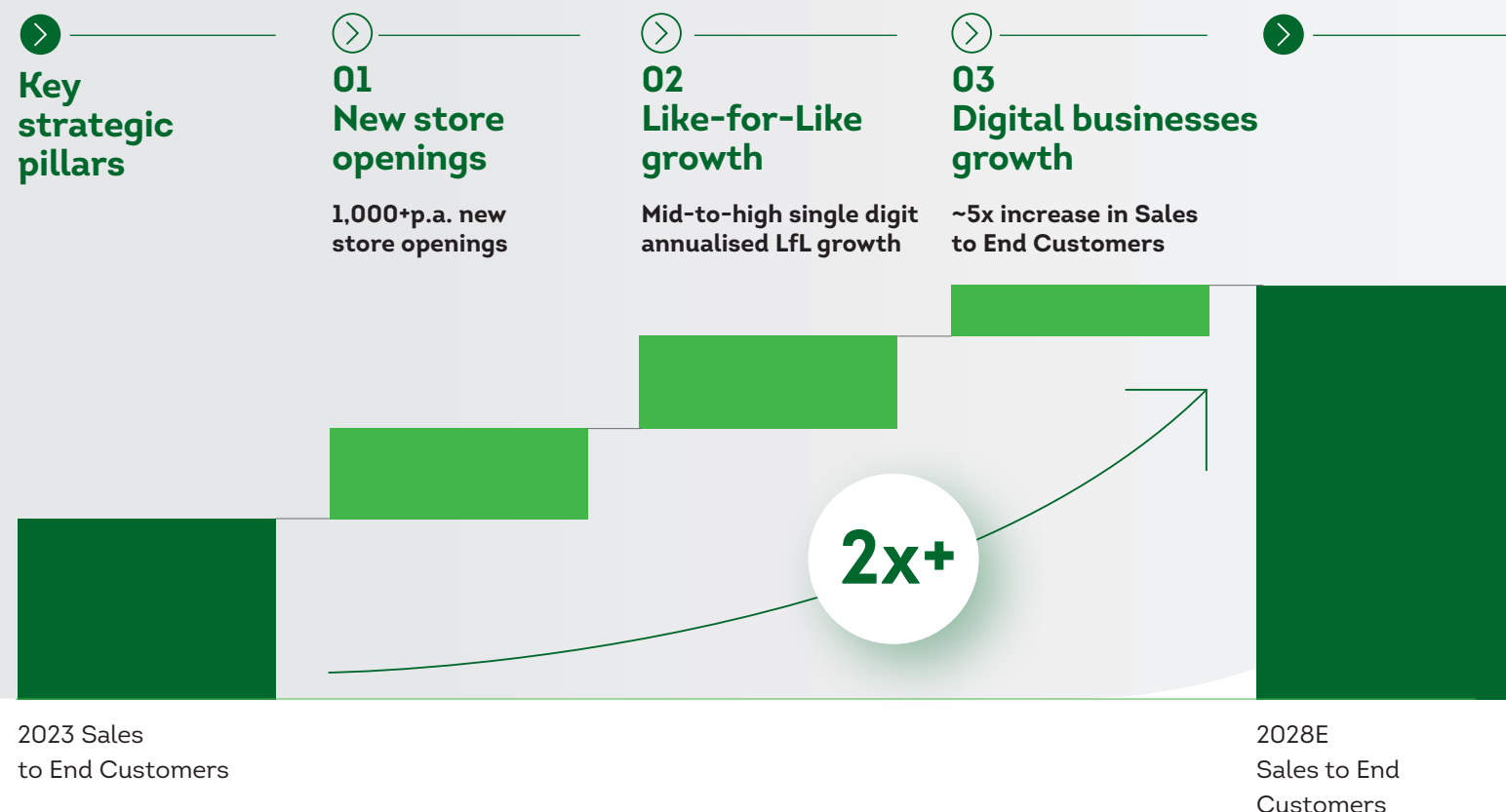
4 Pillars

ESG Governance

ESG Portfolio

Strategic aspirations and business model

We remain on track to deliver on our long-term strategy of doubling our sales to end customers between 2023-2028



How we executed our strategy in 2024

- +20%**
2024 Sales to End Customers growth driven by:
- +1,166**
Store openings in Poland and Romania
Swift execution of our AI-powered expansion model ensured the profitability of new locations
- +8.3%**
LfL growth 2024
Healthy LfL growth, based on a balanced increase in volume and basket throughout 2024, that safeguarded our profitability
- +32%**
DCO Sales to End Customers growth 2024
DCO business turning EBITDA positive and rapid organic growth underpinned by the transformation of the Żappka app

Performance in line with the IPO guidance

- x2**
increase in Sales to End Customers
Result on track
- Above
1,100
Store Openings planned in 2024
Result on track
- Slightly above the midpoint of the 2024 LfL guidance range
7.5 - 9.0%
Result on track
- 5x**
increase in DCO Sales to End Customers
Result on track

01 New store openings

In 2024, we opened 1,106 new stores in Poland and 60 stores in Romania

2023 - 2028 guidance 2024 results

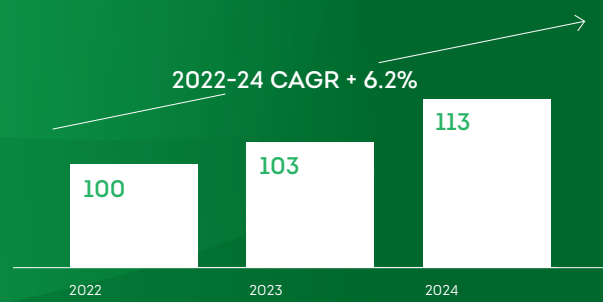
Open around 1,100 stores in 2024 and over 1,000 stores in mid-term

1,166

Newly opened stores performing well in terms of transactions and sales per store

In 2024 newly opened stores (less than 12 months old) performed better in terms of volume and sales vs comparable cohort of new stores in 2023.

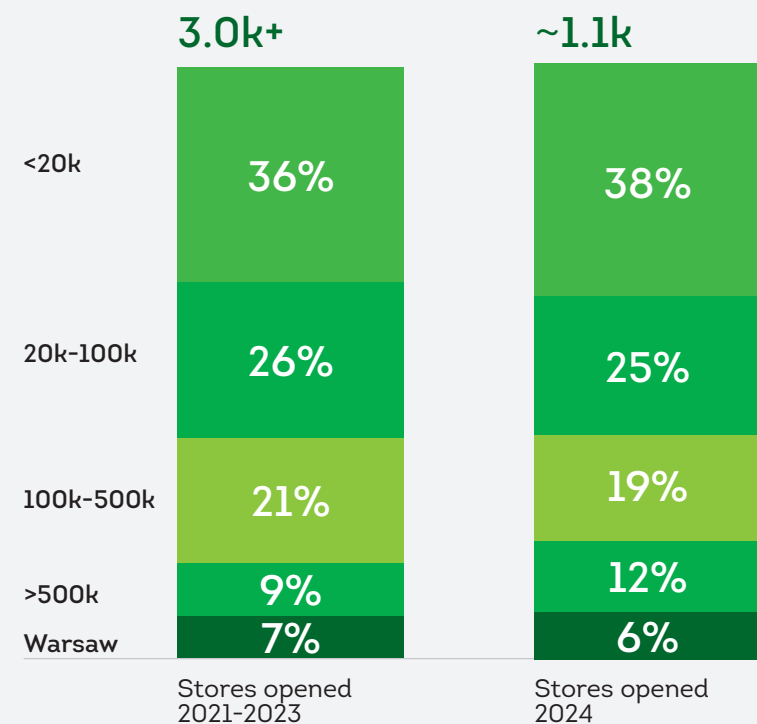
Daily tickets per maturing store (<12 months old) (2022 rebased to 100)



The objectives were achieved in 2024 The objectives were partially achieved in 2024 The objectives were not achieved in 2024

Our store format works in all types of catchments

Store openings in Poland by city size

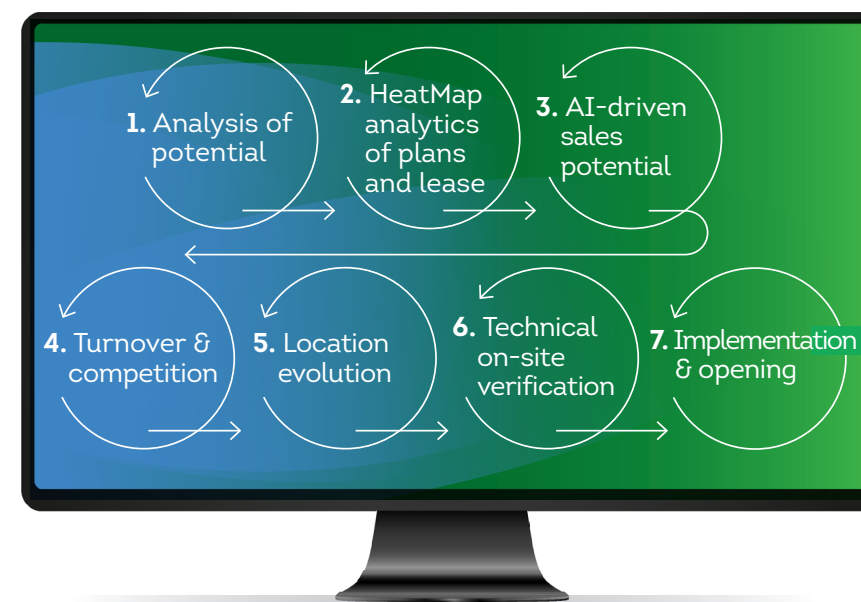


The geographical distribution of our openings in 2024 was similar to recent years and not very different from our current network structure. Thanks to their format flexibility, our stores are relevant for a variety of catchments nationwide.

Between 2022 and 2024, our newly opened stores (those less than 12 months old) experienced a 13% increase in tickets per store, reflecting a compound annual growth rate (CAGR) of 6.2%. We achieved this growth despite the elevated inflation in 2022 and 2023, that exerted persistent pressure on consumers during these periods.

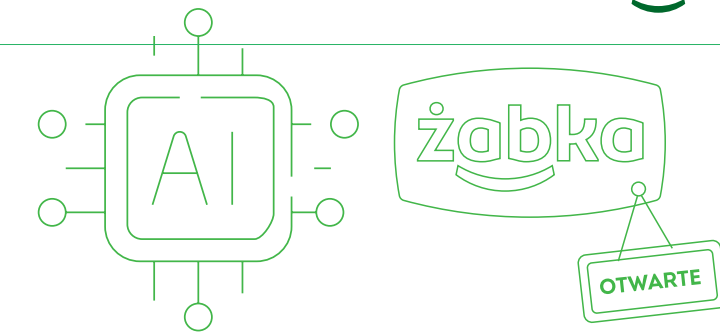
This demonstrates the robustness of our expansion model, and our focus on ensuring the quality of newly opened stores. Moving forward, we will continue to open new stores in large cities as well as medium and small towns and villages to ensure we remain accessible to our consumers wherever they choose to go.

The quality of our expansion is safeguarded by the robust AI model...

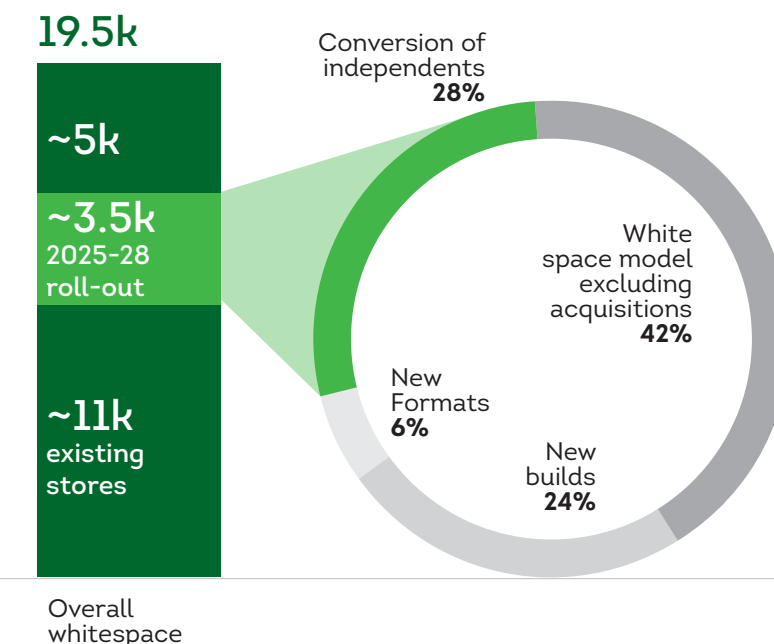


Our AI-powered expansion software facilitates rapid network roll-out by leveraging algorithms that utilise big data analytics to select optimal locations and automate the roll-out process. With an updated in-house database and expansion model, we can accurately estimate future revenue from potential sites.

Our tailored process for identifying all potential locations allows us to project detailed store profit and loss (P&L) statements. By selecting only those locations that meet our stringent payback requirements, we can precisely determine where we will establish new stores in the future.



... which indicates a whitespace of 19.5k of stores in Poland, that meet our payback criteria, leaving ample headroom for growth



Based on our technology and data-driven expansion model, we believe that there is ample remaining whitespace in Poland, totalling approximately 8,500 stores. With this in mind, we plan to roll-out around 3,500 stores between 2025 and 2028.

This expansion will be achieved through a combination of converting independent stores, introducing new formats, opening stores in new real estate development projects and expanding into other identified whitespace locations. Poland's market includes ~46,000 loose franchise and independent small stores³⁰, providing a substantial base for potential conversion to our banner.

02 Like-for-Like growth

2024 LfL growth reached 8.3%, which is slightly above the mid-point of the targeted range (i.e. 7.5% - 9.0%).

2023 - 2028 guidance 2024 results

Deliver high single digit growth in 2024 and mid-to-high single digit LfL growth in the medium term



A 8,275 Street food ovens installed in stores

B 20 services available in the stores

C 614 new products exclusive to Żabka, introduced in 2024

D 465m transactions in 2024, included a promo mechanism

E 10.9 m Żabka users at the end of 2024

The objectives were achieved in 2024

The objectives were partially achieved in 2024

The objectives were not achieved in 2024

A Żabka Café 2.0 & Street Food

We are continuously expanding our quick service restaurant assortment, by adding new products under the #PROSTOzPIECA (#StraightFromTheOven) initiative. We invest in retrofitting our stores with convection-microwave ovens and expanding our portfolio of private label products. Our goal is for Żabka to provide easy access to Street Food for everyone, at an affordable price and with proven quality. This initiative also drives volumes in adjacent categories, such as beverages, further boosting our margins.



B Expanded range of everyday services

Services help to drive traffic and increase ticket size through cross-selling. We are consistently adding new services, helping customers to build shopping routines with Żabka every day. Żabka currently offers a range of services including parcel and postal services, lottery tickets, cash withdrawal and deposit, bill payments, or phone packs. We are also testing instore printing services and rolling-out mobility services.



C Continued innovation in products

In 2024 we introduced 148 unique new SKUs under our own brands and 466 innovative branded products, catering to a wide range of customer needs and price points. Our product innovation is key to our differentiation and is a traffic driver, as customers can always find novelty in our assortment.



D Traffic and Basket initiatives

To drive both traffic and basket size, we focus primarily on trade campaigns within our strategically important impulse categories. Key actions include multibuy promotion mechanism, returnable bottles and reusable coffee cups offers, and app-driven promotions such as Happy Hours, activated coupons and quests.



E New upgraded Żabka launch

The new version of the Żabka app is designed to support cross-marketing efforts. It offers targeted deals, promo messages, coupon discounts, and loyalty programs across different parts of the business. These features can be strategically placed in the app to boost customer awareness and engagement



03 Digital businesses growth

In 2024, we remained on track to deliver our goal of 5x sales growth by 2028, while delivering positive EBITDA of DCO

2023 - 2028 guidance	2024 results
Achieve a 5x increase in Sales to End Customers	on track
Adjusted EBITDA break-even reached in 2024	on track

Other KPIs	2024 results
Number of meals delivered by Maczfit	35m
Thousands of customers served by Dietly	390k
# of SKUs available in Żabka Jush!	4k
Number of Nano stores	52

The objectives were achieved in 2024

The objectives were partially achieved in 2024

The objectives were not achieved in 2024



In 2024 we succeeded in selling 7.4 million diets, equivalent to approximately 35 million meals delivered, representing a YoY increase of over 20%.

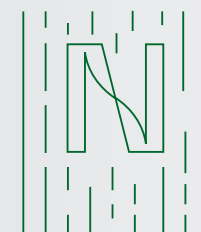
We achieved a significant increase in profitability compared to the previous year as a result of optimising production and food costs.

Further expansion of the production plant in Szymanów, resulted in an increase in production capacity, strengthening our position as one of the leaders in the D2C meal plan provider.

We experienced sales growth of over 60% YoY and strengthened our #1 position in q-commerce.

Achieving profitability of Warsaw operations (both Jush and delio).

Additionally, we significantly extended our offering (with up to 4,000 SKUs in Jush) and fostered closer cooperation with our partners.



Customers ordered 112 million meals through Dietly marketplace in 2024, representing a YoY increase of approximately 23%.

The ecosystem created by Masterlife served almost 390 thousand customers in 2024, an increase of over 10% YoY.

In 2024 the Company started developing white-label applications, which it provides to its largest clients, strengthening its position as a key technology provider in the D2C segment.

The development of the Nano store format has expanded into new types of specialist locations, such as factories, campuses and offices. Nano also serves as an innovation hub for the Group, providing solutions increasing efficiency of traditional stores, e.g. energy efficiency, queue management or hybrid stores.

As part of the expansion of our business model, the first autonomous stores (Nano and Hybrids) operate in a franchise model.

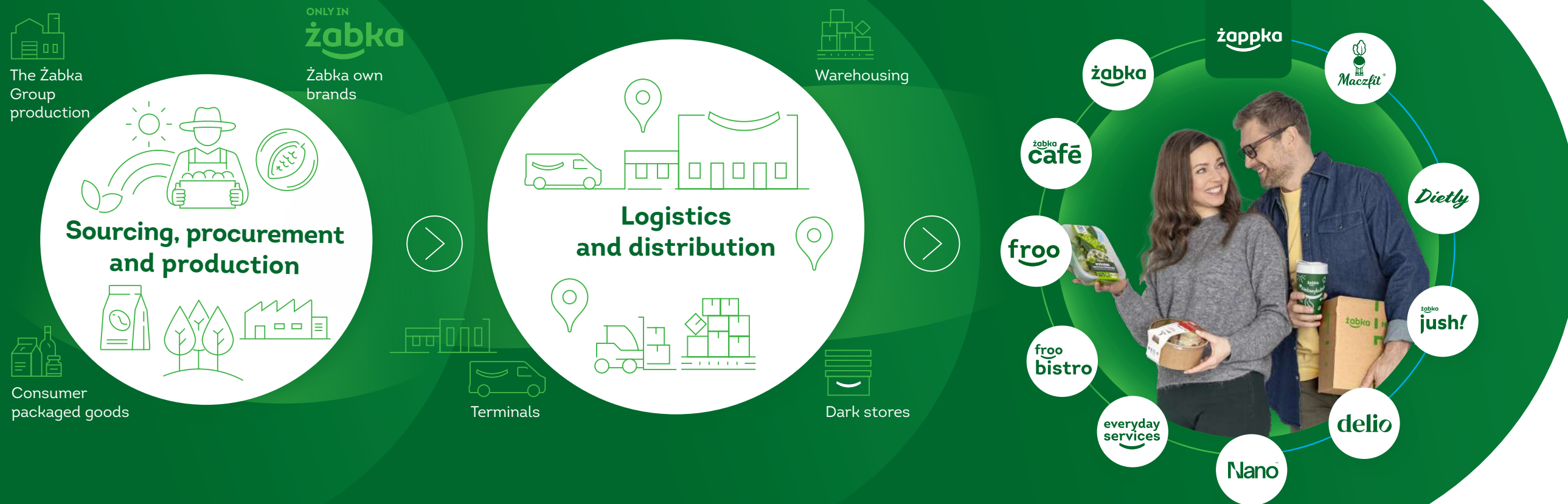


The Żabka Way – Our Business Model

Żabka's position as the leading convenience ecosystem is attributed to the transformation of our business approach, which has resulted in a unique operational model known as the Żabka Way.

Our approach to supplier partnerships is a key factor in maintaining product quality standards and ensuring an efficient distribution process. Direct supplier relationships allow us to promptly address market demands and consistently deliver products that align with customer expectations (especially own brands products). Additionally, we possess significant food production capabilities, which we leverage to produce approximately two million meals per week for our Maczfit customers.

We have built our supply chain around an optimised network of logistics centres and cross-dock facilities, that support our asset-light model to improve efficiency and reduce costs. Products are delivered directly from our distribution centres to our stores, giving us full control over costs, delivery timing, and product freshness. We also operate 21 dark stores to provide quick and efficient services to our Żabka Jush users.



Enablers of our growth

We have identified four key strengths of our business model – the growth enablers that allow us to operate our business at highest efficiency level and achieve ambitious targets:

	Tech	Making smarter decisions through real-time data	AI powered, real-time data enabling product management	AI powered store location, repacking, route selection, forecasting & monitoring	Anticipating consumer needs, creating personalised platforms & offers
	ESG	Creating value in a responsible manner for all stakeholders	Defined and implemented standards across the value chain	Minimising environmental impact of own operations including decarbonisation	Promoting more sustainable lifestyle and circularity
	People	Highly engaged culture bringing the best out of people	Strong relationships with suppliers - #1 supplier satisfaction in Poland	Focus on equality - the first Polish company with EQUAL-SALARY certification	The first Polish company to have won the Gallup Exceptional Workplace Award two times
	Logistics	Optimised logistics processes driving efficiency	Strong collaboration with suppliers – innovations and seamless data exchange	State-of-the-art logistics network enabling short replenishment cycle	Top franchise satisfaction survey results thanks to reliable supply chain operations

Our socio-economic impact



Direct impact

The Żabka Group core operations



Indirect impact

Suppliers and business partners



Induced impact

Household revenue increase



Commercial impact

Franchisees' and partners' entrepreneurial activities



We continually analyse our impact by using a proven methodology to better understand our contribution to the socio-economic development of the European economies of Poland, Romania & Luxembourg.



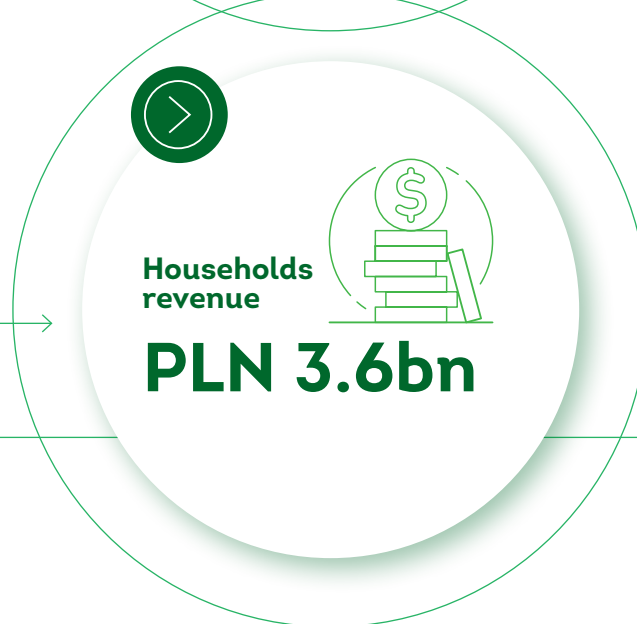
Added value

The total value-added impact of the Żabka Group and our partners on the economy in 2024 was PLN 11.4 billion, which is 26% higher than in 2023. In 2024 the Żabka Group together with its franchisees and agents generated 0.4% of added value in Poland.



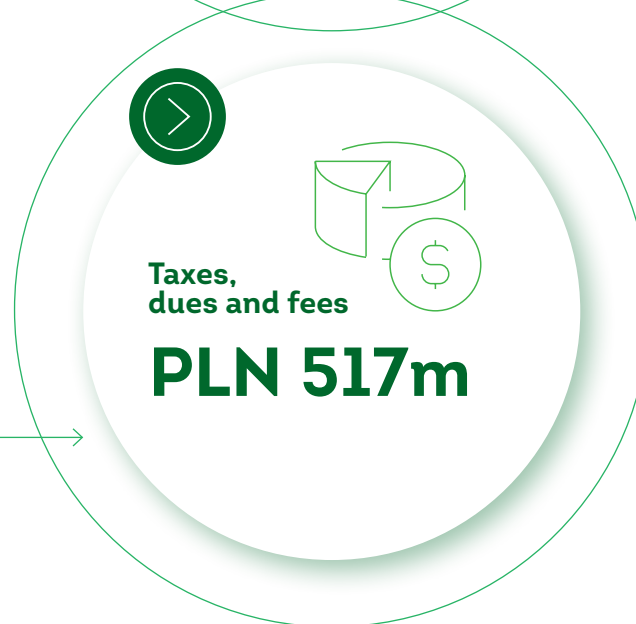
Employment level

Our own and our franchisees' and partners' total impact on the labour market in 2024 took the form of sustaining over 68,000 jobs, an increase of 7.4% in 2023. Our impact extends far beyond the numbers employed directly by us and our business partners.



Household revenue

The total income generated in households across the Polish, Romanian and Luxembourgish economies as a result of our franchisees and our partners' activities, stood at PLN 3.6 billion in 2024, nearly 26% higher than the number generated in 2023.



Taxes, dues and fees

During 2024, entities within the Żabka Group paid more than PLN 517 million in taxes, dues and fees to central budgets and local government budgets in Poland, Romania and Luxembourg.

Financial review

Key highlights

<p>➤</p> <p>Sales to End Customers</p> <p>PLN 27.3bn</p> <p>+20% YoY</p>	<p>➤</p> <p>Like-for-Like sales growth</p> <p>8.3%</p>	<p>➤</p> <p>Store network</p> <p>11,069</p> <p>+1,055 YoY</p>
<p>➤</p> <p>Adjusted EBITDA</p> <p>PLN 3.5bn</p> <p>+24% YoY</p>	<p>➤</p> <p>Adjusted EBITDA margin³³</p> <p>12.8%</p> <p>+0.4 pp YoY</p>	<p>➤</p> <p>Adjusted Net Profit</p> <p>714m</p> <p>+66% YoY</p>
<p>➤</p> <p>Free Cash Flow</p> <p>PLN 1.5bn</p> <p>+233% YoY</p>	<p>➤</p> <p>Payback of new stores³⁵</p> <p>12 months</p> <p>In line with prior year</p>	<p>➤</p> <p>Net debt / Adjusted EBITDA³⁴</p> <p>1.5x</p> <p>-0.8x YoY</p>

We achieved 2024 growth targets and delivered on our guidance from IPO

I am pleased to report that the Żabka Group's financial performance in 2024 underscores the successful execution of our strategic objectives, as outlined in the 'Strategy and business model' chapter. Our results from the past year unequivocally demonstrate the resilience and uniqueness of our business model, which combines increasing sales from the existing network (strong LfL), exceptional quality of expansion, continuously improving efficiency of existing operations, and enhanced profitability.

The year 2024 marked a period of improved market conditions for our business. Poland's GDP grew by 2.9%, a significant acceleration from the mere 0.1% increase in 2023, while the average monthly gross wages and salaries in the enterprise sector rose by 11.0%, outpacing inflation and resulting in significant growth of disposable incomes. These factors positively impacted household consumption, which increased by 3.1%, in stark contrast to the 0.3% decline in 2023, alongside a 12.3 percentage point rise in consumer confidence³¹.

Żabka Group effectively capitalized on these favourable trends, achieving all 2024 targets set forth during our IPO. This year witnessed consistent sales growth, driven by both Like-for-Like (LfL) increases and the impressive performance of newly opened stores. Sales to End Customers reached PLN 27,276.6 million in 2024, reflecting a 19.8% year-over-year increase, supported by a balanced contribution from LfL growth and continuous store network expansion.

In 2024, our LfL growth reached 8.3%, slightly above the midpoint of target range of 7.5-9.0%, communicated at IPO. The Group's real LfL has consistently outperformed the market in the challenging inflationary period of 2022 and 2023, further accelerating as inflation environment has normalised in the course of last year. Our LfL has been achieved through healthy price and volume growth, driven by our diverse product offerings and new initiatives.

Żabka Group improved its profitability, evidenced by an Adjusted EBITDA margin of 12.8%, through improvements in direct margins, cost efficiencies, normalised energy costs, and logistics optimization. I am very proud to emphasize that we have successfully reached the upper end of our targeted range of 12.0-13.0%, as declared during the IPO.

Our Adjusted EBITDA grew by 23.7% year-over-year, from PLN 2,834.1 million to PLN 3,504.6 million, supported by new store openings, increased sales, efficient cost management, as well as

achieving EBITDA level profitability of our digital businesses grouped under DCO umbrella. Adjusted Net Profit surged by 66%, from PLN 429.8 million in 2023 to PLN 713.6 million in 2024, confirming our commitment to improve the bottom line, achieved particularly through lowering interest costs and reduction of non-tax deductible financial costs.

A cornerstone of our profitability remains operational excellence, demonstrated by our relentless focus on driving payback of newly opened stores which has been reduced from 20 months for those opened in 2017 to 12 months for those opened in 2023. This was achieved through leveraging technology and data to select high-quality locations, and further enhancement of the store opening process. Profitable expansion is key to ensure high returns for our growing business.

Żabka Group generated strong cash flow, with Free Cash Flow (FCF) reaching PLN 1,530.8 million in 2024, compared to PLN 460.8 million in the previous year. This was driven by post-rent EBITDA outperformance and robust net working capital generation.

The robust generation of cash flow allowed us to finance our capital expenditure, totalling PLN 1,675.0 million in 2024, targeted to fund future growth and the expansion of Żabka's store base. A substantial portion of the CAPEX was allocated to new store openings, store remodelling, and the rollout of Żabka Café 2.0, our enhanced Street Food offer rollout.

Despite the substantial capital dedicated to finance our growth, Żabka Group succeeded in its deleveraging efforts, resulting in an improved net financial debt to Adjusted EBITDA ratio of 1.5x³², primarily driven by a robust 23.7% growth in Adjusted EBITDA.

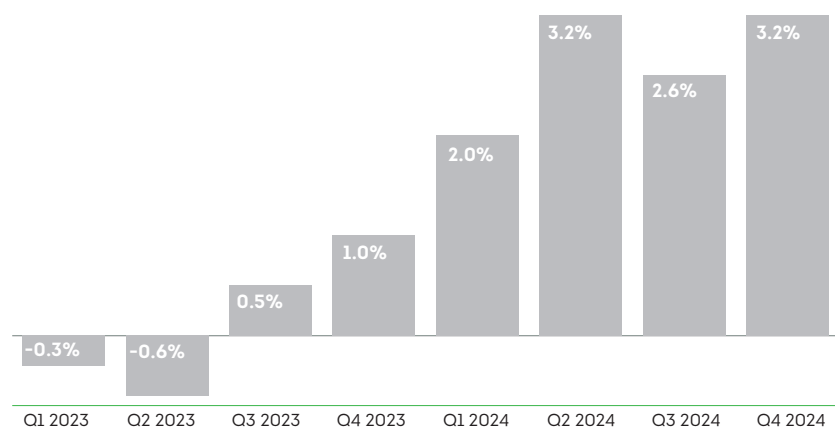


Marta Wrochna-Lastowska
Group Chief Financial Officer

Poland's economy is growing, with GDP rebounding in 2024. In 2024 inflation has normalized, and real salaries and consumer sentiment have improved vs 2023. However, uncertainty remains due to geopolitical issues and challenges consumers were facing in recent years.

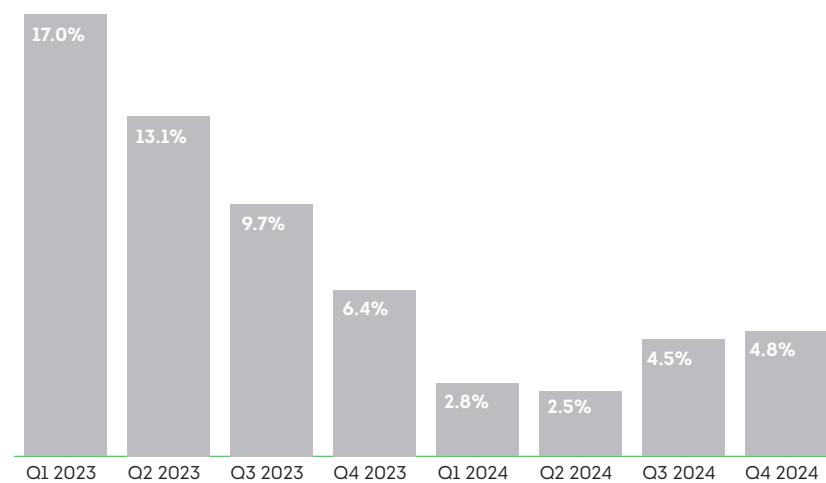
GDP growth rebounded in 2024, with the Polish economy growing by 2.9% compared to a mere 0.1% in 2023. This growth was primarily driven by strong private consumption, supported by rising wages, increased government spending on family support, and improved consumer sentiment. Investment development also contributed to GDP growth, further supporting the economic recovery.

Gross Domestic Product YoY Growth in 2023-2024³⁶



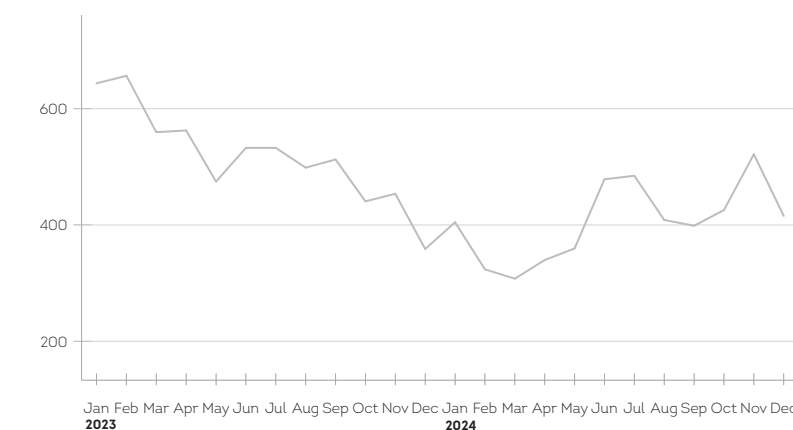
Inflation decelerated significantly in 2024, contributing to the overall economic stability. The average inflation rate dropped from 11.4% in 2023 to 3.6% in 2024. This deceleration in inflation helped achieve positive real wage growth and supported real private consumption, which grew by 3.1% year-on-year. The lower inflation rate also contributed to improved consumer sentiment and spending behaviour.

Consumer Price Index in 2023-2024³⁷



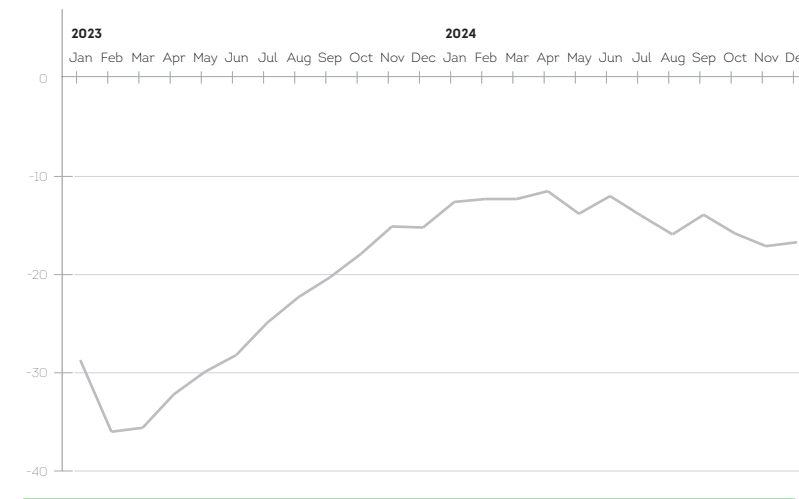
The outbreak of the Russian invasion of Ukraine in 2022 led to severe turmoil in the commodity markets, resulting in high energy prices. This continued throughout 2022 and a large part of 2023, significantly increasing the cost of running businesses. However, the trend reversed in the second half of 2023, with energy prices remaining relatively stable throughout 2024, despite occasional spikes. Domestic electricity prices for households will remain frozen until the end of September 2025. This stability in energy prices has further supported consumer confidence.

Energy prices in 2023-2024 [PLN/MWh]³⁸



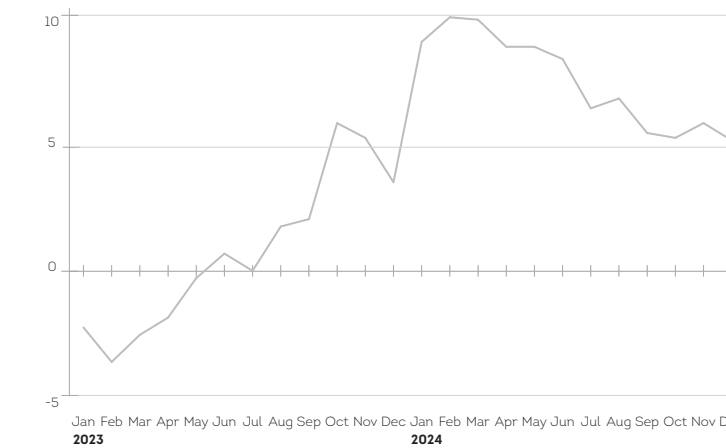
Consumer sentiment improved significantly in 2024. The current consumer confidence indicator averaged -14 in 2024 up by 12.3 pts from its average level in 2023. This improvement was driven by positive evaluations of the current economic situation, the possibility of making important purchases, and the future financial situation of households.

Consumer sentiment in 2023-2024 [pts]³⁹



Real wage growth played a crucial role in boosting consumer confidence and spending power. In 2024, the average real wage and salary growth was 9.5% compared to 2023. This increase in real wages, coupled with a low unemployment rate of 3%, provided Polish consumers with higher disposable incomes, supporting their spending in the grocery segment.

Real wage growth in 2023-2024 [%]⁴⁰



The aforementioned had an impact on the Polish consumer landscape, particularly in the grocery segment, experienced notable changes compared to 2023. The overall economic environment showed signs of recovery and stabilization. Retail sales data indicated a positive trend in 2024.

Achieving growth targets

Sales to End Customers

We define Sales to End Customers (StEC) as sales from both reporting segments, namely Ultimate Convenience (Żabka stores) and New Growth Engines (NGE). Although not directly equivalent to our reported revenue, this metric is its key driver, demonstrating the true commercial potential of our business model.

For Żabka stores, Sales to End Customers are calculated as the total value of receipts from cash registers. In 2024, StEC from Żabka stores reached PLN 26,167 million, representing a 17.3% YoY increase.

New Growth Engines have been expanding rapidly since their launch in 2021, growing from PLN 136 million to PLN 1,109 million in 2024, recording a compound annual growth rate (CAGR) of 101% over the period 2021-2024. This impressive growth was driven by the expansion of DCO, which saw a PLN 148 million increase in StEC in 2024, reaching PLN 618 million, and the strategic entry into the Romanian market, which generated PLN 491 million in StEC in 2024 (no activity in 2023).

The definition of New Growth Engines (NGE) includes both digital businesses listed under DCO and investments in the Romanian market. In 2024 we acquired DRIM Daniel Distributie FMCG, a Romanian distribution company, and opened 60 stores in Romania. Revenue from New Growth Engines is also presented as a separate segment in the consolidated financial statement.

As presented in the Consolidated Financial Statements, operating segments were indicated according to IFRS 8, i.e. Ultimate Convenience, New Growth Engines and Corporate Functions. Therefore, there are no additional significant European Sustainability Reporting Standards (ESRS) sectors. For the Ultimate Convenience segment there are two main growth drivers - opening of new stores and LfL growth.

PLN m	2024	2023	YoY ch
Sales to End Customers	27,277	22,775	19.8%
Sales to End Customers at Żabka stores (Ultimate Convenience)	26,167	22,305	17.3%
New Growth Engines	1,109	470	135.9%

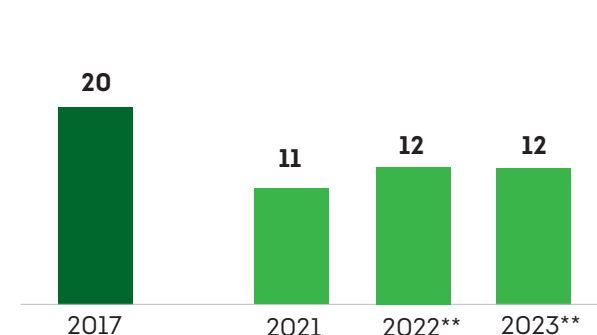
Drivers of Sales to End Customer Growth

PLN m	2024	2023
Number of Stores (1 January)	10,014	9,021
New stores	1,166	1,100
Closures	(93)	(78)
% of all stores	0.9%	0.9%
Number of Stores (31 December)	11,069	10,014
LfL	8.3%	10.8%
Sales to End Customers	27,277	22,775
% Growth	19.8%	22.9%

In 2024, the Żabka Group opened 1,166 new stores (ahead of our IPO guidance) and closed 93 (0.9% of all stores, excluding one-off relocations of 18 Nano stores in 2024 and 29 in 2023), resulting in a net increase of 1,055 stores and bringing the total number of stores to 11,069 locations as at year-end. The Żabka Group has secured a pipeline for future store openings, with 1,000 lease agreements signed for 2025.

We are focused on profitable expansion, therefore improving Payback Period for newly opened stores is one of our top priorities. Thanks to constant improvement of our store network expansion process including selecting high-quality store locations and leveraging AI technology and data analytics we have managed to sustain a strong payback period of 12 months for stores opened in 2023 (excluding CAPEX for the street food ovens roll-out), remaining consistent with the stores opened in 2022. Below we present Payback Period for the last years (data for stores opened in 2024 is not available yet).

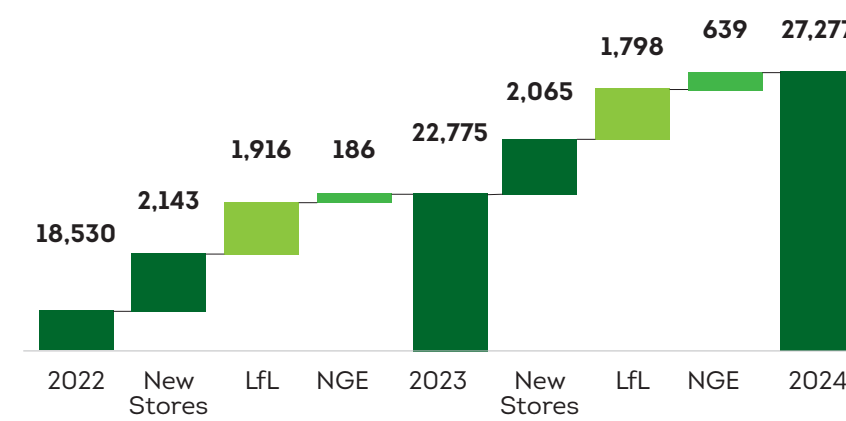
Payback period* for Żabka stores opened in given years



* Payback calculated based on cumulative store contribution post rent and franchise cost and includes estimated net working capital impact.
** Excluding street food ovens.

Sales to End Customers have been driven by three key growth factors: (i) store expansion, (ii) strong LfL growth, (iii) development of NGE.

Sales to End Customers growth by drivers (PLN m)



Store expansion in 2024 resulted in a year-on-year increase in Sales to End Customers by PLN 2,065 million, while LfL growth and New Growth Engines contributed PLN 1,798 million and PLN 639 million, respectively. The overall growth in Sales to End Customers in 2024 was 45.9% attributable to store expansion, 39.9% to LfL growth, and the remaining 14.2% was driven by NGE.

The Like-for-Like (LfL) growth (comparison of daily receipt sales figures in Żabka stores operating on the same day of both the current and the previous period) was driven by a balanced mix of store traffic and basket size. In 2024, we achieved an LfL growth rate of 8.3%, which is in line with our IPO guidance. Our LfL growth initiatives resulted in a balanced mix of volume and price, enabling us to significantly outpace the growth of the market.

Sales to End Customers to Revenue reconciliation

PLN m	2024	2023	YoY ch
Sales to End Customers	27,277	22,775	19.8%
Store inventory change	925	821	12.7%
Regional sales and other adjustments	(28)	(112)	(74.7%)
Sales of goods, products and services	28,174	23,485	20.0%
Franchisee margin	(4,377)	(3,679)	19.0%
Revenue	23,797	19,806	20.2%

Above, we are presenting the bridge between Revenue and Sales to End Customers, with the most significant adjustment being related to the franchisee margin, which is excluded from statutory revenue.

Additionally, Sales to End Customers include regional sales, which are not recognized as Żabka Revenue and encompass products that franchisees acquire from suppliers outside the Żabka Group. Furthermore, under IFRS, we recognize Revenue when products are delivered to franchisees. As a result, there may be timing differences between the Revenue recognized by the Żabka Group from sales to franchisees and the sales made by franchisees to end customers, reflecting inventory changes at Żabka stores.

Franchisee margin

PLN m	2024	2023	YoY ch
Sales to End Customers at Żabka stores	26,167	22,305	17.3%
Franchisee margin	(4,377)	(3,679)	19.0%
% of Sales to End Customers at Żabka stores	16.7%	16.5%	+0.2 pp

The franchisee margin represents the amount earned by franchisees from selling products to customers. The franchisee margin increased by 19% in 2024, while the franchisee margin as a percentage of Sales to End Customers at Żabka stores rose from 16.5% to 16.7%. Furthermore, the franchisee voluntary churn rate remained in single digits, slightly increasing from 7.3% in 2023 to 8.1% in 2024, reflecting our continuous efforts to improve cooperation terms with franchisees, resulting in a relatively stable and positive NPS of +7 pts on average in 2024, with Q4'24 reading reaching +11 pts.

Revenue

In 2024, our Revenue increased by 20.2%, reaching PLN 23,797 million. This growth was driven by the same factors previously described for Sales to End Customers, including store network expansion, LfL growth, and the development of New Growth Engines (NGE).

[Detailed information on Revenue is presented in note 5.1 of our Consolidated Financial Statements.](#)

Maintaining profitability

PLN m				% of StEC	
	2024	2023	YoY ch	2024	2023
Sales to End Customers	27,277	22,775	19.8%		
Revenue	23,797	19,806	20.2%	87.2%	87.0%
Cost of sales	(19,406)	(16,273)	19.3%	(71.1%)	(71.5%)
Gross Profit on sales	4,391	3,533	24.3%	16.1%	15.5%
<i>Gross Profit margin</i>	16.1%	15.5%			
Marketing costs	(267)	(225)	18.9%	(1.0%)	(1.0%)
General and administrative costs	(461)	(329)	40.1%	(1.7%)	(1.4%)
Costs of technology, innovation and development	(286)	(230)	24.0%	(1.0%)	(1.0%)
Other costs	(14)	(9)	55.8%	(0.1%)	0.0%
Reported EBITDA	3,363	2,740	22.7%	12.3%	12.0%
Depreciation and amortisation	(1,704)	(1,359)	25.4%	(6.2%)	(6.0%)
Operating profit (EBIT)	1,659	1,380	20.2%	6.1%	6.1%
Financial income and costs	(855)	(871)	(1.8%)	(3.1%)	(3.8%)
Profit before tax	804	510	57.7%	2.9%	2.2%
Income tax expense	(211)	(153)	37.5%	(0.8%)	(0.7%)
Net Profit	593	356	66.4%	2.2%	1.6%
<i>Net Profit margin</i>	2.2%	1.6%			
ETR	26.2%	30.1%			

Alternative Performance Measures (APMs)

Adjusted EBITDA	3,505	2,834	23.7%	12.8%	12.4%
<i>Adjusted EBITDA margin</i>	12.8%	12.4%			
Adjusted Net Profit	714	430	66.0%	2.6%	1.9%
<i>Adjusted Net Profit margin</i>	2.6%	1.9%			

Cost of sales

The cost of sales represents the value of goods and products sold, logistics and distribution costs (including primarily external services and salaries), and operating and maintenance costs of stores (including repair and renovation, energy and utility costs).

[Detailed information on Cost of Sales is presented in note 5.2 in our Consolidated Financial Statements.](#)

Gross profit on sales

In 2024, our gross profit increased by 24.3%, reaching PLN 4,391 million. Our gross profit margin rose from 15.5% in 2023 to 16.1% in 2024, primarily attributable to several factors. These include:

- the pace of growth that increased the Żabka Group's purchasing power, enabling competitive procurement and thereby increasing gross margins;
- the improvement of our sales mix by increasing the share of the most profitable products and services;
- increasing profitability of our DCO, driven primarily by better results of eGrocery and D2C businesses;
- effective management of prices and promotions through active price segmentation and diversification;
- LfL sales growth above CPI inflation;
- operational leverage in terms of store costs, energy, field force, as well as the normalisation of energy prices.

Marketing, general, administrative and technology costs

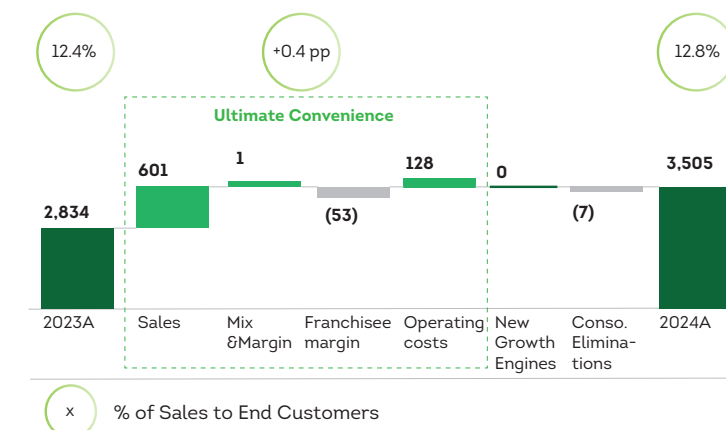
Our marketing costs, as well as technology, innovation, and development costs, increased in 2024 but each remained at a constant level of 1.0% of Sales to End Customers compared to 2023. We utilised these funds efficiently; our marketing campaigns successfully boosted customer awareness of the new QMS offering, while investment in technology enhanced our AI capabilities and helped us develop key IT applications. General and administrative costs increased to 1.7% of Sales to End Customers in 2024, up from 1.4% by 2023. This increase was attributed to one-off costs associated with the IPO (presented in the Adjusted EBITDA reconciliation table) as well as expenses related to international expansion.

EBITDA and Adjusted EBITDA

Our 2024 Adjusted EBITDA amounted to PLN 3,505 million, with a margin of 12.8% as a percentage of Sales to End Customers, above the 12.4% achieved in 2023. The increase in Adjusted EBITDA margin was primarily attributed to Ultimate Convenience sales growth (driven by store expansion and LfL increase), supported by costs efficiencies focused on logistics optimisation and energy costs savings, partially offset by increasing Franchisee costs.

PLN m	2024	2023
Reported EBITDA	3,363	2,740
Adjustments	142	94
Adjusted EBITDA	3,505	2,834
<i>Adjusted EBITDA margin</i>	12.8%	12.4%

Adjusted EBITDA driven by sales growth and margin expansion



EBITDA is an APM that we disclose and reconcile within our Consolidated Financial Statements. However, to better reflect our business performance, we make certain adjustments for one-off costs, including changes in ownership structure, raising new financing, group reorganisation, asset disposals, M&A transaction costs, and incentive programs. Reported EBITDA after including these adjustments is another APM - Adjusted EBITDA.

Adjustments (PLN m)	2024	2023
Costs related to changes in the ownership structure and obtaining financing	81	16
Incentive schemes and additional compensation in connection with the termination of cooperation with key employees	26	3
Reclassification of result on the disposal of property, plant and equipment and right of use	15	4
Group reorganisation and new businesses setup costs	12	37
Reclassification of minimal tax in Romania	5	0
Funds spent on ensuring business continuity	2	32
Transaction costs in respect of M&A	0	2
Total adjustments	142	94

The main one-off difference between EBITDA and Adjusted EBITDA in 2024 was our IPO-related costs, LTIP costs and costs related to DRIM acquisition.

The current level of EBITDA profitability is influenced by our strategic growth investments in the New Growth Engines. However, it is noteworthy that DCO, one of the two components of the New Growth Engines, has already attained positive EBITDA in 2024.

Net Profit and Adjusted Net Profit

PLN m	2024	2023
Reported Net Profit	593	356
Adjustments (including tax effect)	121	74
Adjusted Net Profit	714	430
<i>Adjusted Net Profit margin</i>	2.6%	1.9%

Net Profit and Net Profit margin are primarily driven by the factors described earlier in this section, with three additional items reported below the EBITDA level: depreciation and amortisation charges, financial income and costs as well as income tax expense.

Depreciation and amortisation costs increased by 25.4% in 2024, reaching PLN 1,704 million. This rise was primarily due to network expansion, the opening of a new automated distribution centre in Radzymin, an increase in depreciation of right-of-use assets resulting from the indexation of rent costs, and strategic investments in the development of new technologies (including super app and new IT platform for our D2C business). It was also impacted by accelerated amortisation of legacy software that has been replaced.

Financial costs (net of financial income and costs) decreased to PLN 855 million and 3.1% of StEC (by ca. 70 bps YoY). This reduction was primarily attributed to deleveraging and a reduction in the interest rate on financing under the main credit agreement. In December 2024, after the IPO, we managed to decrease interest margin on our financing agreement by 100 basis points, in line with our communication to investors.

Given that some of our debt is not tax deductible, historical ETR exceeds 19% corporate income tax rate applicable for Poland, in 2023, the Żabka Group initiated a process to improve its effective tax rate. The Group repaid a portion of its non-tax deductible debt facilities and recognised deferred tax asset related to the new DC located in a special economic zone, resulting in ETR improvement of 3.9 percentage points, from 30.1% in 2023 to 26.2% in 2024 (as of the end of 2023, approximately PLN 2.6 billion of the Group's debt had interest that was effectively non-tax deductible, while by the end of 2024, this amount was reduced to PLN 1.5 billion).

Strong cash generation reinvested for further growth and supporting deleveraging

Free Cash Flow

We calculate our Free Cash Flow as Adjusted EBITDA, minus rent and capital expenditures (CAPEX), adjusted for changes in working capital and provisions, plus the impact of Property Fund.

PLN m	2024	2023
Adjusted EBITDA	3,505	2,834
Rent	(975)	(825)
Adjusted EBITDA post-rent	2,529	2,009
CAPEX excluding Property Fund CAPEX	(1,518)	(1,232)
Property Fund, including:	(38)	(119)
CAPEX	(157)	(119)
Sale-and-lease back transactions (net of profit)	119	
Changes in working capital and provisions	557	(198)
FCF	1,531	461
FCF Conversion	61%	23%

We use FCF to analyse cash flow generated in operating activities adjusted for cash outflows to maintain our rental expenses (financing activities) and CAPEX and Property Fund expenditures (investing activities).

Reconciliation between FCF and net cash flows reported within Consolidated Statement of Cash Flows is described below.

The reconciliation of Adjusted EBITDA can be found in the Segments section of Consolidated Financial Statements. Rent refers to real estate lease agreements and is included in both the repayment of lease liabilities and the lease interest paid, as outlined in the net cash flows from financing activities. The sale of the Property Fund is categorized under the proceeds from the sale of property, plant and equipment, and intangible assets within net cash flows from investing activities. CAPEX is detailed under the purchase of property, plant and equipment, and intangible assets in the cash flows from investing activities. A comprehensive reconciliation of CAPEX is provided in Note 7.5, where it is reported as the sum of additions of property, plant and equipment, and additions of intangible assets.

In 2024, we delivered PLN 1,531 million in Free Cash Flow (FCF), more than three times the value for 2023. This achievement was primarily due to our expanded scale and profitability, as reflected in significant growth in Adjusted EBITDA, along with a favourable working capital profile. Other key factors contributing to strong cash flow conversion include:

- cost-efficiency measures that optimised our store network management, allowing for stringent control over rental expenses, which have been increasing at a rate significantly lower than EBITDA;
- controlled discretionary CAPEX, with year-over-year growth largely driven by network development, international expansion and equipping stores with Street Food offerings;
- real estate operations related to the store business, classified under the Property Fund. Proceeds in 2024 resulted from sale-and-leaseback transactions involving Żabka store properties.

The improvement in FCF in 2024 was largely influenced by changes in working capital and provisions. This favourable shift was driven by:

- utilisation of financial instruments (including factoring),
- one-off positive compensation of purchase flows from previous year,
- calendar arrangement influencing the year-on-year changes, and
- changes of trade payables and receivables alongside business growth.

In 2024 positive changes in our FCF have been in line with and even above our IPO guidance.

CAPEX

PLN m	2024	2023
Ultimate Convenience	1,300	1,132
New Growth Engines	220	107
Corporate & Strategic Leadership	155	112
Total CAPEX	1,675	1,351

Our CAPEX is largely discretionary and targeted at fuelling business growth. Within the Ultimate Convenience category, the largest expenditure is attributed to new store openings amounting to PLN 502 million in 2024. The CAPEX per store has remained consistent with the 2023 level, at PLN 0.45 million per store.

Another strategic investment within this segment is store remodelling, amounting to PLN 301 million in 2024. This includes primarily the installation of over 4,000 street food ovens across our stores during the year, as well as other store layout upgrade initiatives.

In addition to our physical channels, we are actively expanding our Digital Customer Offering by investing in the enhancement of capabilities for our solutions, including Maczfit, Dietly.pl, Nano, Żabka Jush, delio, and other associated businesses. The year 2024 is also notable for our international expansion into Romania, primarily involving the adaptation of Froo stores.

CAPEX categorised under Corporate & Strategic Leadership includes technology projects related to automation, robotisation, and software maintenance.

Our capital expenditures support numerous development activities, which are discussed extensively in the Report.

Net debt and financial leverage

Our management uses various financial ratios to measure Zabka Group's indebtedness, including:

- net financial debt (excluding lease liabilities),
- net financial debt (excluding lease liabilities) to Adjusted EBITDA (post-rent),
- net financial debt (including lease liabilities),
- net financial debt (including lease liabilities) to Adjusted EBITDA.

PLN m	31.12.2024	31.12.2023
Gross debt (total loans and borrowings)	4,549	5,218
Cash and cash equivalents	(750)	(649)
Net debt (excluding lease liabilities)	3,799	4,569
Lease liabilities	4,855	4,013
Net debt (including lease liabilities)	8,654	8,582
Net debt (excluding lease liabilities) / Adjusted EBITDA post-rent (x)	1.5x	2.3x
Net debt (including lease liabilities) / Adjusted EBITDA (x)	2.5x	3.0x

Financial leverage decreased due to the high level of cash generated and an increase in Adjusted EBITDA.

At the end of December 2024, we successfully lowered our net financial debt (excluding lease liabilities) to Adjusted EBITDA post-rent ratio from 2.3 to 1.5, compared to the end of December 2023. The lower ratio was supported by a decrease in net financial debt (excluding lease liabilities) of PLN 770 million (16.9%), resulting in PLN 3,799 million of net financial debt as of 31 December 2024.

Despite the increase in lease liabilities balance at the end of 2024, mainly caused by the expansion of the store network and the revaluation of rent rates in lease agreements due to inflation, our net financial debt (including lease liabilities) to Adjusted EBITDA ratio at the end of 31 December 2024 was lower than at the end of the previous year.

Healthy balance sheet

PLN m	31.12.2024	31.12.2023
Goodwill	3,439	3,387
Property, plant and equipment	3,940	3,392
Right-of-use assets	4,527	3,728
Other	1,282	1,305
Non-current assets	13,188	11,812
Inventory	1,092	775
Trade receivables	2,277	2,079
Cash and cash equivalents	750	649
Other	262	255
Current assets	4,381	3,758
Total assets	17,569	15,571
Loans and borrowings	4,219	5,045
Lease liabilities	4,090	3,368
Other	305	136
Non-current liabilities	8,614	8,550
Loans and borrowings	330	173
Lease liabilities	764	644
Trade payables and other financial liabilities	5,871	4,742
Other	601	563
Current liabilities	7,566	6,123
Total liabilities	16,180	14,673
Total equity	1,389	898

Assets

The largest items of our non-current assets are:

- goodwill (PLN 3,439 million at the end of 2024 and PLN 3,387 million at the end of 2023); goodwill in the amount of PLN 3,166 million was recognised in 2017 when the Group purchased all the shares of Żabka Polska SA. The increase in goodwill in 2024 by PLN 52 million resulted from the acquisition of DRIM Daniel Distribuție FMCG, a Romanian distributor of FMCG products.
- property, plant, and equipment (PLN 3,940 million as at 31 December 2024, compared with PLN 3,392 million as of 31 December 2023), represented mostly by physical infrastructure in stores, logistics assets, headquarters assets, and warehouses.
- right-of-use assets (PLN 4,527 million as of 31 December 2024, compared with PLN 3,728 million as of 31 December 2023), primarily due to the lease contracts for stores, logistics centres, and the headquarters, as well as for cars and forklifts.

The increase in non-current assets by PLN 1,375 million (11.6%) primarily resulted from investments in property, plant, and equipment (new logistics centre, automated warehouse, equipment for new stores, and remodelling of existing locations) and right-of-use assets (new agreements and modifications of existing ones).

Trade receivables (PLN 2,277 million as of 31 December 2024 and PLN 2,079 million as of 31 December 2023) are a core element of our current assets, primarily comprising receivables from franchisees and mostly secured with in-store inventory. Other key components of the current assets include inventories (PLN 1,092 million as of 31 December 2024 and PLN 775 million as of 31 December 2023) and cash and cash equivalents (PLN 750 million and PLN 649 million as of 31 December 2024 and 31 December 2023 respectively). The 16.6% increase in current assets for 2024 is attributed to the expansion of our operational activities.

Liabilities

Key elements of our non-current liabilities include:

- loans and borrowings, which as of 31 December 2024 amounted to PLN 4,219 million, compared to PLN 5,045 million as of 31 December 2023 – most loans and borrowings are bank loans;
- lease liabilities totalled PLN 4,090 million, up from PLN 3,368 million in the previous year. These balances include leases of properties and various equipment (i.e. store equipment), cars and lift trucks.

Non-current liabilities in total remained at a relatively similar level in both 2024 and 2023. The decrease in long-term loans and borrowings by PLN 826 million was primarily attributed to positive EBITDA generation and loan repayment. The increase in non-current lease liabilities by PLN 722 million was driven largely by new lease contracts and the modification and remeasurement of existing agreements.

The largest component of our current liabilities is trade payables and other financial liabilities, reaching PLN 5,871 million at year-end 2024. This marks an increase of PLN 1,128 million (23.8%), driven primarily by our growing sales.

Equity

The Group's equity was PLN 1,389 million as of 31 December 2024. The increase of PLN 491 million (54.6%) compared to 31 December 2023 was primarily attributed to Net Profit in 2024.

Earnings per share

As of 31 December 2024 and 31 December 2023, the weighted average number of shares amounted to 973,635,854, while the diluted weighted average number of shares was 1,000,000,000. The basic earnings per share and diluted earnings per share were PLN 0.62 and PLN 0.35 for the years 2024 and 2023, respectively.

Dividend policy

As indicated during the IPO process, our immediate priority remains focused on growth. However, we will continuously review our capital allocation policy in alignment with our growth ambitions and shareholder returns.

Financial instruments

Our primary financial instruments include bank loans, lease agreements, cash, and short-term deposits, all of which are used to raise funds for our operational activities. Additionally, we manage other financial instruments such as trade receivables and trade payables that arise directly through our business operations. We continuously monitor market price risk across all our financial instruments.

For more information regarding our financial instruments and their impact on the Consolidated Statement of Profit or Loss and Other Comprehensive Income, please refer to Note 8.1 in our Consolidated Financial Statements.

PLN m	31.12.2024	31.12.2023
Loans granted	7	207
Shares in non-related entities	23	19
Other financial assets	68	105
Trade receivables	2,277	2,079
Cash and cash equivalents	750	649
Financial assets	3,124	3,059
PLN m	31.12.2024	31.12.2023
Bank loans	4,531	5,196
Borrowings	18	22
Lease liabilities	4,855	4,013
Liability for a written put option over non-controlling interest	99	121
Trade payables and other financial liabilities	5,990	4,768
Financial liabilities	15,493	14,120

Financial risks

Our operations expose us to a range of financial risks, including market risk, credit risk, and liquidity risk. Changes in interest rates and other financial market conditions have impacted and will continue to impact our operations. We review and establish guidelines for managing each of these financial risks. Our comprehensive risk management programme is designed to minimise the potential adverse effects of risks on our overall performance.

More information about our approach and risk management methodology is presented in section B.3.4. Risk Management of this report.

In Żabka Group, the monitoring and evaluation of the internal control system over financial reporting are conducted by the Internal Audit Department and communicated to the Audit Committee. This internal control system is meticulously designed to ensure the accuracy, reliability, and integrity of financial reporting.

It encompasses a comprehensive array of elements, including initial and continuous risk assessment, the implementation of appropriate segregation of duties, and other critical control activities.

More information about our Internal audit and control over financial reporting is presented in section B.3.3 Audit Committee and Internal Audit.

In the table below we present a summary of our exposure to key financial risks, how we are affected and how manage them.

For a detailed description of risk exposure, our financial risk management objectives and principles, please refer to note 8.2. Objectives and Principles of Financial Risk Management in our Consolidated Financial Statements.

	Market risk – Interest rate risk	Market risk – Foreign currency risk	Market risk – Volatile electricity prices	Credit risk	Liquidity risk
Key source of exposure	<ul style="list-style-type: none"> Cash investments with variable interest rates, the final rate of return from investment depends on the current monetary policy Use of external financial sourcing based on variable interest rate – including almost 100% of loans and borrowings based on WIBOR and EURIBOR rates 	<ul style="list-style-type: none"> Sale or purchase transactions in currencies other than the functional currency Financial assets and liabilities in currencies other than PLN, in particular loans received (EUR 155 million at 31 December 2024) and lease liabilities (EUR 184 million at 31 December 2024) Largest exposure mainly to EUR 	<ul style="list-style-type: none"> Highly likely planned physical purchases of electric energy at floating price (spot price) 	<ul style="list-style-type: none"> Trade receivables (mostly related to the large number of franchisees) Cash and cash equivalents 	<ul style="list-style-type: none"> Financial liabilities (loans and borrowings, lease liabilities, trade payables)
Management method	<ul style="list-style-type: none"> Providing the Group with the diversified funding sources including long-term and short-term sources adequate to purpose of expenses Actively monitoring interest rate movements in the global market, the current macroeconomic situation, as well as forecast tracking 	<ul style="list-style-type: none"> Monitoring payments in currencies other than PLN Hedging the price with derivatives (this method is not used for the periods presented) During periods of increased uncertainty, advance currency purchases 	<ul style="list-style-type: none"> Entering into virtual Power Purchase Agreements (vPPA) Applying cash flow hedge accounting 	<ul style="list-style-type: none"> Minimising risk concentration due to large number of franchisees Inventory located in Żabka stores pledged as security Verification prior to grant of trade loan Continuous monitoring Accounts held with high-rating banks Coverage of all franchisees with a Business Insurance Policy at TUW PZU 	<ul style="list-style-type: none"> Monitoring using liquidity planning tool Maintaining available credit facility lines (RCF and ancillary) Diversifying the sources of financing within lenders and products
Other relevant information	<ul style="list-style-type: none"> Between December 2023 and December 2024 the margin on the syndicated loan decreased by a total of 175bps, a decrease of 75bps resulted from the decline in the Senior Leverage Ratio, and 100bps resulted from the Group's entry onto the Warsaw Stock Exchange 	<ul style="list-style-type: none"> Exposure relatively immaterial – as of 31 December 2024 only 4.9% of total financial assets and 9.6% of total financial liabilities were in foreign currency 	<ul style="list-style-type: none"> In the event of a rise in electricity prices in the Polish market, the exposure arising from the Group's physical purchases of electricity at market prices will be counterbalanced by increased cash payments stemming from contracts for difference under vPPAs, and vice versa 	<ul style="list-style-type: none"> As of 31 December 2024 trade receivables represented 73.4% of credit risk exposure 	<ul style="list-style-type: none"> The amount of receivables covered by Insurance Policy at Allianz amounted to PLN 300 million at the end of 2024

Corporate governance and leadership team

Introduction to corporate governance



Krzysztof Krawczyk
 Chairman of the Board of Directors

My role in the Zabka Group SA

I am the Chairman of the Board of Directors of Zabka Group SA and a Non-Executive Director, as well as member of the Audit Committee. Additionally, I lead the Warsaw office and I am a Partner at CVC Capital Partners. My role involves fulfilling statutory responsibilities such as among others ensuring effective operation of the Board of Directors as well as working with the chairs of the appropriate committees. Representing CVC Capital Partners, which is the largest shareholder, I ensure the work on developing and executing the Group's strategy to maximize its value and align with shareholders' interests.

The importance of good governance

Good governance enhances business performance, making it sustainable, resilient and open to opportunities. It involves experienced managers with clear responsibilities and accountability, crucial in today's uncertain environment to understand risks and create mitigation strategies. Robust governance processes integrate a company's strategy into its operations. High governance standards are essential for achieving long-term goals. Effective and transparent structures are vital for all stakeholders, and Zabka Group SA exemplifies this in practice.

The impact of IPO on our governance framework

Well in advance of the IPO, as part of the preparatory process for this transaction, we aligned our corporate governance structure with the standards expected of public companies. We enhanced our internal control systems, compliance and risk management frameworks. In 2022, prior to the IPO, we voluntarily had appointed two independent members to the Supervisory Board of Żabka Polska sp. z o.o. We initiated efforts to adopt all legally mandated policies and internal procedures, as well as to provide compliance with relevant best practice provisions of the WSE Best Practices.

Additionally, prior to the aforementioned changes, we organised work of our Management Committee and established dedicated working groups focused on the areas of Risk and Compliance, ESG and Value Creation Plan. We also made changes within the Board of Directors, establishing the Audit Committee. Consequently, we can assert that we entered the public market fully equipped to meet governance requirements for listed companies.

In the area of ESG, the Group not only focuses on achieving its key ambitions, but also defines new material area of focus to further enable sustainable growth. In 2024 the Group decided to voluntarily adopt CSRD reporting, demonstrating its commitment to transparency and accountability in sustainability efforts.

Governance structure of Zabka Group SA

Zabka Group SA has a 'one-tier' management system with a Board of Directors responsible for the general strategy. The Board delegates daily operations to the Management Committee, overseeing the Company's activities and making significant decisions. Both bodies consist of highly experienced professionals. The Board and Management Committee are diversified by gender, with women making up 33% and men 67% of the Board members, and 43% women and 57% men of the Management Committee members. Additionally, an Audit Committee, with direct oversight of Internal Audit function, focuses on financial compliance, helping the Company meet stakeholder expectations and legal requirements. The Audit Committee, led by an independent member of the Board of Directors, is responsible for overseeing the integrity of financial reporting, the effectiveness of internal control and risk management systems, the independence of the auditor, and the process of selecting the audit firm.

Future objectives for the Company's governance

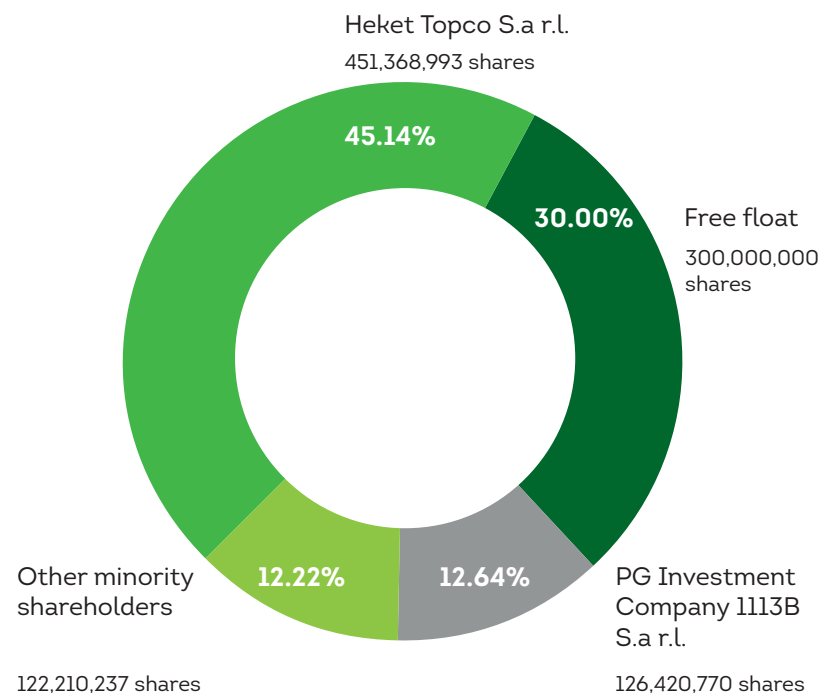
The Company will strengthen its governance to align with emerging trends and stakeholder expectations. This includes ensuring diverse skills and experiences on the Board for independent oversight and strategic guidance. Executive compensation will align with long-term performance metrics incorporating ESG goals, incentivizing sustainable growth of the whole Group. Overall, governance considerations will be deeply integrated into our business strategy, ensuring best corporate practices in operations and decision-making.

Shareholder information

Żabka, established in 1998, has predominantly been under the stewardship of private equity funds, namely Penta Investments from 2007 to 2011, Mid Europa Partners from 2011 to 2017, and CVC Group from 2017 to the present. These institutional investors have played a pivotal role in transforming Żabka into a leading convenience store network in Poland.

The year 2024 marked a significant milestone for Żabka Group, as its shares have been listed on the Warsaw Stock Exchange since 17 October 2024. Following the Initial Public Offering, CVC Group continues to maintain control of Żabka Group through Heket Topco S.à r.l. According to the latest available information, the shares of Żabka Group SA are held by the following entities:

Composition of shareholders as of 31 December 2024



Heket Topco S.à r.l. is the largest shareholder in the Company's share capital. CVC Capital Partners indirectly controls Heket Topco S.à r.l. Other minority shareholders include CEO and other members of the Management Committee.

Shareholders' rights

The mode of operation and the main powers of the general shareholders' meeting as well as the rights of shareholders reflect the Luxembourgish regulations. A decision to delist the Company's shares from the Warsaw Stock Exchange requires the approval of the general shareholders' meeting with a majority of at least nine tenths of the votes validly cast, with a quorum of at least one half of the capital present or represented. Also, in addition to a regular power of the general shareholders' meeting to appoint the Directors of the Company, the Company's Articles of Association provide certain powers to the Heket Topco S.à r.l. (the 'Main Shareholder') and PG Investment Company (the 'PG Shareholder').

In general, the Main Shareholder has the right to nominate candidates for two Directors if holding at least 25% of the Company's share capital, and one Director if holding at least 10%. The Main Shareholder is also entitled to nominate one Independent Director as long as they have any shareholding. If requested, the Independent Director must resign upon the appointment of a replacement. The PG Shareholder can nominate one Director if holding at least 10% of the share capital. If the Main Shareholder's stake drops below 25% but remains at least 10%, one of their nominated Directors must resign. If either the Main Shareholder's or PG Shareholder's stake falls below 10%, their nominated Director must resign. Any Director who fails to resign will be removed at the next general shareholders' meeting or by the Board for committee roles.

Share capital description

The Company's issued share capital amounts to EUR 26,040,160.20 divided into 1,000,000,000 shares with the same voting and dividend rights. The Company's shares have been incorporated in compliance with Luxembourg law and have been listed on the Warsaw Stock Exchange since 17 October 2024. The Company and its subsidiaries do not hold any treasury shares. No acquisition or disposal of treasury shares was made during 2024.

Capital allocation

The Board of Directors currently intends to retain all of the available funds and any future earnings to fund the growth and development of the Group's business, and currently does not intend to recommend paying dividends in the medium term. The Board of Directors believes that the investment of the earnings will generate tangible benefits for the Company's shareholders.

In the future, the Board of Directors may re-examine the dividend policy on an as-required basis, while decisions in that respect will be taken subject to various factors regarding the Company and the Group, including the prospects of future activities, future profits, the amount of the Company's unconsolidated distributable reserves, demand for cash, financial condition, planned CAPEX and development plans, as well as any legal requirements.

Statement of compliance with corporate governance recommendations and principles contained in the Best Practice for the Warsaw Stock Exchange listed companies

As a company publicly listed on the Warsaw Stock Exchange, Żabka Group SA has made a conscious decision to adhere to the corporate governance principles outlined in the Best Practice for WSE Listed Companies 2021 ('WSE Best Practice').

WSE Best Practice provides recommendations and guidelines with respect to corporate governance for issuers of shares listed on the WSE Main Market. These guidelines cover new areas of corporate governance, including climate issues, sustainable development, diversity in corporate bodies and pay equality.

Żabka Group SA acknowledges the importance of good corporate governance. The Company fully endorses the underlying principles of the WSE Best Practice and applies the WSE Best Practice as the guiding principles for its corporate governance policy.

The Company complies with relevant best practice provisions of the WSE Best Practice, other than the one detailed below (or in the case of any future deviation, subject to explanation thereof at the relevant time).

The Company partially applies principle 3.6 of the WSE Best Practice. The Internal Audit Director functionally reports to the chair of the Audit Committee (which is in line with principle 3.6) but organisationally reports to the CFO rather than CEO.



Group structure and leadership team

Pursuant to Article 17 of the Articles of Association, the Board of Directors of Zabka Polska SA delegated its management powers to the Management Committee, excluding decisions on the general strategy of the Company or any other acts that are reserved to the Board of Directors pursuant to Luxembourg law and the Articles of Association.

The largest business units within the Group are Żabka Polska, Zabka International and Żabka Future. Within the organisational structure of the Żabka Group, there is also the area of Strategy and Corporate Functions, which includes: Strategy and Development (incl. ESG & climate-related matters), People Strategy and Financial Strategy (incl. ESG reporting), led by the relevant Members of the Management Committee, and the Corporate Functions area.

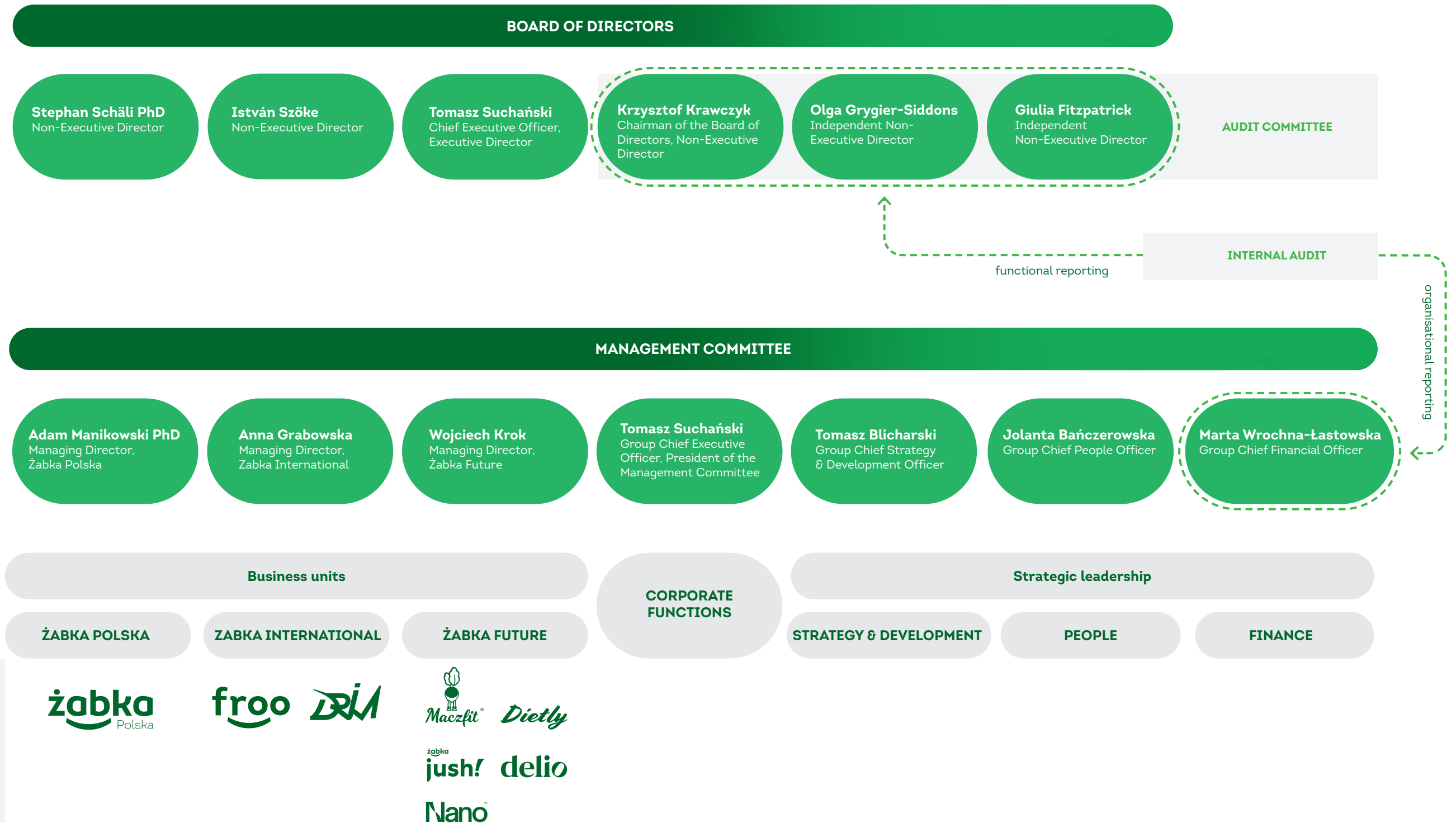
Żabka Polska manages Żabka stores and teams related to the operation of the chain from expansion, adaptation, supply chain, to assortment and communication. Zabka International is responsible for development of new markets and implementation of the foreign expansion strategy. Żabka Future is responsible for accelerating the creation of a digital convenience ecosystem with synergies between its parts and ensuring optimal technology for the multi-directional development of Group. The Strategy and Corporate Functions area is comprised of teams responsible for Strategy and Development, People Strategy and Financial Strategy. This area is also responsible for coordination of the Legal and Corporate Departments and day-to-day administrative matters.

The Group comprises the Company (Zabka Group SA, the parent entity), Żabka Polska and Zabka International, being wholly and directly controlled by the Company, 20 subsidiaries indirectly controlled (through Żabka Polska and Zabka International) by the Company and one entity jointly controlled by the Company, accounted for as a joint venture.

See the complete organisational structure of the Zabka Group SA in the chapter 'Financial statements'.

COMMITTEES IN ŻABKA POLSKA

- Value Creation Plan Committee
- Risk and Compliance Committee
- ESG Committee



Board of Directors

[GOV-1]

The Board of Directors of the Zabka Group SA consists of appointed professionals with a range of diverse experience and competencies that contribute to the unique and competitive edge of the Zabka Group. Our Board of Directors consists of 67% men and 33% women and does not include employee representation.

Directors are appointed by the general shareholders' meeting for up to six years, with the possibility of re-election. They can be removed at any time by a resolution of the shareholders. If a Director vacates their position, the remaining Directors can provisionally fill the vacancy until the next general meeting, where the appointment may be confirmed to complete the original term.

The Board of Directors has the power to take any and all actions necessary, appropriate, convenient or deemed fit to implement the corporate objects of the Company, with the exception of those reserved to the General Meeting by the laws in Luxembourg or the Articles of Association. In particular and as a rule, the power to issue or buy back shares is vested with the General Meeting. The primary role of the Board of Directors is to determine the Group's overall strategy. To this end, the Board of Directors has delegated its management powers to a Management Committee. Such delegation does not include the general strategy of the Company or any other acts that are reserved to the Board of Directors pursuant to Luxembourg law and the reserved matters under the Articles of Association. The Board of Directors is entrusted with the supervision over the Management Committee.

Actions in 2024

- Establishment of the Management Committee and delegation of the Board of Directors' management powers to the Management Committee
- Establishment of the Audit Committee
- Adoption of a set of non-financial policies such as Compliance Strategy, Antifraud Policy and GDPR Policies
- Adoption of the internal rules and procedures relating to the Company's status of a public listed company
- Adoption of the Group's remuneration policy and the Rules of Zabka Group Long-term Incentive Plan for financial years 2025-2027
- Review and update of Zabka International plans: Romania strategic and business plans for future growth
- Acceptance of Group's ESG Framework, ESG governance and 2025 KPIs
- Acceptance of Zabka Group's double materiality analysis results
- Acknowledgement of the Group's CSRD reporting readiness and action plan

On 30 September 2024, the Board of Directors adopted the Diversity, Equity and Inclusion Policy as a commitment to ensure diversity, equity and inclusion in the Group. We strive to afford equal treatment that is independent of the various types of human identity, including primary, secondary and organisational identity.

Board of Directors 2024

	22/01/2024	24/04/2024	20/06/2024	18/09/2024	30/09/2024	27/11/2024	18/12/2024
Carmen André	✓	✓	-	-	-	-	-
Caroline Goergen	✓	✓	-	-	-	-	-
Maciej Godek	✓	✓	-	-	-	-	-
On 3 May 2024 the changes in the composition of the Board of Directors were implemented.							
Tomasz Suchański	-	-	✓	✓	✓	✓	✓
István Szőke	-	-	✓	✓	✓	✓	✓
Krzysztof Krawczyk	-	-	✓	✓	✓	✓	✓
Stephan Schäli PhD	-	-	✓	✓	✓	✓	✓
Guilia Fitzpatrick	-	-	✓	⊖	✓	✓	✓
Olga Grygier-Siddons	-	-	✓	✓	✓	✓	✓

✓ Present ⊖ Absent

Number of meetings: 7

Average Attendance rate: 97%

Members of the Board of Directors

						
Current and prior appointments	<p>Current appointments:</p> <ul style="list-style-type: none"> Chief Executive Officer (appointed: 20 June 2024) and Executive Director of Zabka Group SA (appointed: 3 May 2024) President of the Management Committee of Zabka Group SA (appointed: 20 June 2024) President of the Management Board of Żabka Polska (appointed: 1 March 2016) <p>External appointments:</p> <ul style="list-style-type: none"> Member of the Board of Directors of Allegro (appointed: May 2023) 	<p>Current appointments:</p> <ul style="list-style-type: none"> Chairman of the Board of Directors (appointed: 20 June 2024) and Non-Executive Director of Zabka Group SA (appointed: 3 May 2024) Member of the Audit Committee of Zabka Group (appointed: 30 September 2024) <p>Prior roles within Żabka Group:</p> <ul style="list-style-type: none"> President of the Supervisory Board of Żabka Polska (appointed: 18 April 2017) <p>External appointments:</p> <ul style="list-style-type: none"> Partner at CVC Capital Partners (appointed: September 2015) Board Member of Stock Spirits Group (appointed: August 2021) Board Member of Comarch (appointed: December 2024) Board Member of the Valores Foundation (appointed: July 2018) Board Member of TVN Foundation (appointed: December 2022) Member of Polish Business Roundtable (since 2019) and Member of the Foundation Council of the Polish Business Roundtable (appointed: June 2023) 	<p>Current appointments:</p> <ul style="list-style-type: none"> Member of the Board of Directors and Non-Executive Director of Zabka Group SA (appointed: 3 May 2024) <p>Prior roles within Żabka Group:</p> <ul style="list-style-type: none"> Member of the Supervisory Board of Żabka Polska (appointed: 18 April 2017) <p>External appointments:</p> <ul style="list-style-type: none"> Managing Partner at CVC Capital Partners (appointed: April 2008) 	<p>Current appointments:</p> <ul style="list-style-type: none"> Member of the Board of Directors and Non-Executive Director of Zabka Group SA (appointed: 3 May 2024) <p>Prior roles within Żabka Group:</p> <ul style="list-style-type: none"> Member of the Supervisory Board of Żabka Polska (appointed: 16 December 2020) <p>External appointments:</p> <ul style="list-style-type: none"> Chief Investment Officer of Partners Group (appointed: June 2017) Member of the Global Executive Board of Partners Group (appointed: June 2017) Deputy Chairman of the Global Investment Committee at Partners Group (appointed: July 2017), Chairman of the Global Portfolio Committee at Partners Group (appointed: January 2014) 	<p>Current appointments:</p> <ul style="list-style-type: none"> Member of the Board of Directors and Independent Non-Executive Director of Zabka Group SA (appointed: 3 May 2024) Member of the Audit Committee of Zabka Group (appointed: 30 September 2024) <p>Prior roles within Żabka Group:</p> <ul style="list-style-type: none"> Member of the Supervisory Board of Żabka Polska (appointed: 21 November 2022) <p>External appointments:</p> <ul style="list-style-type: none"> Member of the Board of Directors of Worldline S.A (appointed: November 2018) Member of CSR Committee of Worldline S.A (appointed: January 2019) Chairperson of the Nominations Committee, Member of Remunerations Committee of Wordline S.A. (appointed: June 2024) Member of the Board of Directors of Quintet Private Bank (Luxembourg) (appointed: March 2023) Member of the Risk and Remunerations Nominations Committees of Quintet Private Bank (Luxembourg) (appointed: March 2023) 	<p>Current appointments:</p> <ul style="list-style-type: none"> Member of the Board of Directors and Independent Non-Executive Director of Zabka Group SA (appointed: 3 May 2024) Audit Committee Chairperson of Zabka Group (appointed: 30 September 2024) <p>Prior roles within Żabka Group:</p> <ul style="list-style-type: none"> Member of the Supervisory Board of Żabka Polska (appointed: 21 November 2022) <p>External appointments:</p> <ul style="list-style-type: none"> Member of the Supervisory Board of Millennium Bank (appointed: March 2021)
Prior experience	<ul style="list-style-type: none"> Jeronimo Martins - Board Member of JMP (8 years), Board Member of JMDiF (5 years), Deputy CFO of Jeronimo Martins Group (1 year), CEO of Biedronka (4 years), CFO of Biedronka (3 years), Regional Operational Director of Biedronka (2 years) Recheio Cash&Carry Portugal - CFO (3 years) Pingo Doce and Feira Nova - Reporting and Treasury Manager (1 year) Jeronimo Martins Holding in Portugal - Financial Manager (2 years) 	<ul style="list-style-type: none"> Innova Capital - Managing Partner (9 years), Managing Director (3 years), Director (3 years) Pioneer Investment (3 years) Daiwa Institute of Research (1 year) 	<ul style="list-style-type: none"> Advent International - Partner (9 years) Eastern Heritage Capital - Founding Managing Partner (2 years) 	<ul style="list-style-type: none"> Partners Group - Head of Private Equity (9 years), Head of Private Equity Secondaries (9 years) Goldman Sachs & Co - Private Client Services (3 months) UBS - Private Banking (2 years) 	<ul style="list-style-type: none"> Quintet Private Bank (Switzerland) AG - Board Chair (2 years) PostFinance AG - Member of the Board of Directors (6 years) PostFinance AG - Chairperson of the Board, IT and Digitalisation Committee (6 years) Merrill Lynch - Director (8 years) Bunge Ltd - Director (3 years) UBS - Managing Director (7 years) 	<ul style="list-style-type: none"> PwC - Chief Executive Officer of Central and Eastern Europe (4 years), Member of the Global Strategy Council (4 years); Managing Partner in Poland and the Baltics (5 years)
Skills and competencies	<ul style="list-style-type: none"> Strategic leadership Finance management of wholesale chains 	<ul style="list-style-type: none"> Capital markets and private equity Executive leadership building Growth & change management Strategy and business development Corporate finance and financial structuring 	<ul style="list-style-type: none"> Capital markets and private equity Executive leadership building Growth & change management Strategy and business development Corporate finance and financial structuring 	<ul style="list-style-type: none"> Private Equity Business building People leadership 	<ul style="list-style-type: none"> Leading organisations in complex and fast-changing international environments across the US, Europe, Asia and South America Technology, risk management, finance and operations with a focus on data, digital and innovation 	<ul style="list-style-type: none"> Professional advisory on transformation M&A, strategy Leadership and talent development ACCA Fellow (FCCA)

Management Committee

The Management Committee at the Żabka Group oversees daily operations and provides strategic direction. Its primary functions include setting the Company's overall goals and objectives and formulating policies to achieve these goals.

Management Committee is led by Tomasz Suchański (President of the Management Committee) and includes six other members: Adam Manikowski, Anna Grabowska, Wojciech Krok, Tomasz Blicharski, Jolanta Bańczerowska and Marta Wrochna-Łastowska.

Each Management Committee member supervises a major business line or corporate function, fostering synergy within the Żabka Group.

The Management Committee is committed to developing a unique ecosystem of convenience solutions for the Żabka Group. The Management Committee is divided into three key areas: business units, strategic leadership and corporate functions, all of which are crucial for the Company's operations.

The Żabka Group operates efficiently with three core business units: Żabka Polska, Zabka International and Żabka Future. Żabka Polska, managed by Adam Manikowski, focuses on expanding the modern convenience sector and is responsible for commercial and operational activities, store network development, and logistics. Żabka Polska also oversees the expansion process, trade and marketing activities, and store operations, including franchisee cooperation.

Zabka International, led by Anna Grabowska, focuses on developing new markets and international expansion strategies. This unit aims to extend Żabka's footprint beyond its traditional markets and explore new growth opportunities in new markets.

Żabka Future, managed by Wojciech Krok, oversees the Group's eGrocery and direct-to-consumer (D2C) meal solutions business. It is also responsible for the development of the Żabka Nano network and AI-driven technology tools that support Żabka Polska and other Group processes.

The Group's Strategic Leadership and Corporate Functions play a crucial role in governing the entire business and defining its strategic direction. Led by Tomasz Blicharski, the Strategy & Development unit is responsible for formulating and executing the Group's strategy across all operations. This includes identifying growth opportunities, developing innovative concepts, executing acquisitions both domestically and internationally, and managing the sustainability agenda in alignment with the ESG Framework.

The People unit, managed by Jolanta Bańczerowska, focuses on people strategy, corporate culture, performance systems, recruitment, development, and central HR functions. This unit ensures Żabka attracts and retains top talent while fostering a culture of learning, continuous development, performance, and equality.

The Finance unit, led by Marta Wrochna-Łastowska, manages the Żabka Group's finances, controlling, and risk management as well as financial and non-financial reporting. This unit ensures financial stability and accountability, crucial for the Group's sustainable growth.

The Management believes that its people are key drivers of growth and success. Żabka promotes a culture of learning, continuous development, performance, and equality. The Group has built an innovative team by recruiting individuals with disruptive mindsets and global experience. This approach allows Żabka to apply global best practices to its physical and digital offerings, maintaining its competitive edge and continuing its trajectory of growth and innovation in the convenience retail sector.

In 2024, there was one official Management Committee meeting in Luxembourg, which took place on 19 September and was dedicated to the IPO process. In addition, several informal meetings of the Management Committee members were held, contributing to the overall strategic objectives of the committee. Furthermore, the Management Committee in its full composition, participates in every Board of Directors meeting and provides an in-depth business update. Based on the granted powers the Management Committee members represent the Żabka Group in its daily operations whenever it was advisable or necessary.

Members of the Management Committee

President of the Management Committee of Zabka Group SA

Full description about current appointments, responsibilities, prior experience and skills and competencies has been presented in the Board of Directors subchapter.

Tomasz Suchański



	Adam Manikowski PhD	Anna Grabowska	Wojciech Krok	Tomasz Blicharski	Jolanta Bańczerowska	Marta Wrochna-Łastowska
Roles within the Zabka Group	<p>Current appointments:</p> <ul style="list-style-type: none"> Managing Director of Żabka Polska (business unit) Member of the Management Committee of Zabka Group SA (appointed: 20 June 2024) Executive Vice President of the Management Board of Żabka Polska (appointed: 13 June 2018) 	<p>Current appointments:</p> <ul style="list-style-type: none"> Managing Director of Żabka International (business unit) Member of the Management Committee of Zabka Group SA (appointed: 20 June 2024) Executive Vice President of the Management Board of Żabka Polska (appointed: 1 April 2016) <p>Prior roles:</p> <ul style="list-style-type: none"> Żabka Polska - Customer Strategy & ESG Director (2021-2024), Chief Commercial Officer (2016-2021) 	<p>Current appointments:</p> <ul style="list-style-type: none"> Managing Director of Żabka Future (business unit) Member of the Management Committee of Zabka Group SA (appointed: 20 June 2024) Member of the Management Board of Żabka Polska (appointed: 1 February 2024) <p>Prior roles:</p> <ul style="list-style-type: none"> Żabka Digital - Managing Director (2023-2024), Lite - Chief Executive Officer (2021-2024) 	<p>Current appointments:</p> <ul style="list-style-type: none"> Group Chief Strategy & Development Officer Member of the Management Committee of Zabka Group SA (appointed: 20 June 2024) Executive Vice President of the Management Board of Żabka Polska (appointed: 9 April 2015) <p>Prior roles:</p> <ul style="list-style-type: none"> Żabka Future - Managing Director (2021-2024), Chief Financial & Development Officer (2017-2021), Chief Financial Officer (2015-2017) 	<p>Current appointments:</p> <ul style="list-style-type: none"> Group Chief People Officer Member of the Management Committee of Zabka Group SA (appointed: 20 June 2024) Member of the Management Board of Żabka Polska (appointed: 17 April 2020) <p>Prior roles:</p> <ul style="list-style-type: none"> Żabka Polska - HR Director (2016-2020) 	<p>Current appointments:</p> <ul style="list-style-type: none"> Group Chief Financial Officer Member of the Management Committee of Zabka Group SA (appointed: 20 June 2024) Member of the Management Board of Żabka Polska (appointed: 1 January 2021) <p>Prior roles:</p> <ul style="list-style-type: none"> Żabka Polska - Financial Director (2018-2020)
Prior experience	<ul style="list-style-type: none"> Walmart Canada - Executive Vice President of Marketing (1 year) Tesco - reaching Board Member position (4 years) Jeronimo Martins - Chief Marketing Officer (9 years) 	<ul style="list-style-type: none"> Tesco Polska - Vice President of the Management Board for Commercial Affairs (4 years), Commercial Director (5 years) Tesco PLC Central Europe - Commercial Director, Grocery Food (1 year) 	<ul style="list-style-type: none"> McKinsey & Company - Digital, reaching Partner position; including leadership of the Digital practice and QuantumBlack (12 years) 	<ul style="list-style-type: none"> ABN Amro - Investment Banker (2 years) Mid-Europa Partners - Investor (8 years) 	<ul style="list-style-type: none"> Wrigley - HR Director Supply chain, Europe (3 years), HR Director North Central Europe (5 years) 	<ul style="list-style-type: none"> Ernst & Young - Corporate Finance, reaching Associate Partner position (12 years)
Responsibilities	<ul style="list-style-type: none"> Physical retail Expansion through adaptation, Supply chain and assortment Franchise communication Customer engagement Full responsibility for the P&L of Żabka Polska 	<ul style="list-style-type: none"> Development of international markets Supervision of the implementation of the foreign expansion strategy Route to market, business set up and business development Leading people and managing cross-countries teams 	<ul style="list-style-type: none"> Accelerating the creation of a digital convenience ecosystem Ensuring optimal technology for the multi-directional development of the Group 	<ul style="list-style-type: none"> Developing and implementing Group's strategy in every area of its operations Responsibility for Value Creation Plan, sustainability (ESG) framework & strategy, mergers & acquisitions, and investor relations 	<ul style="list-style-type: none"> Developing and implementing Group People Strategy Fulfilling the role of the Company culture guardian Managing Żabka Service Centre 	<ul style="list-style-type: none"> Internal and external financial and sustainability reporting Financial budgeting and control Corporate treasury and financing Internal audit Risk management
Skills and competencies	<ul style="list-style-type: none"> Development of the retail chain Marketing strategy Store operations across formats and geographies Physical and digital retail strategy 	<ul style="list-style-type: none"> Setting company's directions, building consumer, commercial and brands strategy, incl. assortment, promo and pricing Shaping sustainability (ESG) strategy and implementation Transformation of the retail chain Communication with customers and marketing New products and own brands development 	<ul style="list-style-type: none"> Business strategy New digital services Implementation of solutions based on artificial intelligence and data management Use of technology in the commercial area 	<ul style="list-style-type: none"> Researching, creating and developing new business areas and technological solutions Strategic vision Business development and integration Investment banking and finance 	<ul style="list-style-type: none"> People management Implementation of organisational changes Organisational streamlining Development of the company culture 	<ul style="list-style-type: none"> Transaction advisory in the field of business combinations and restructuring advisory Experience in financial auditing, including the audit of financial statements Analysis of control mechanisms and internal processes ACCA

Audit Committee and Internal Audit

Audit Committee

The Audit Committee plays an important role in upholding the integrity and transparency of the Company's financial operations. The Committee, established on 30 September 2024 and chaired by Olga Grygier-Siddons (the Chairperson of the Audit Committee) together with Giulia Fitzpatrick and Krzysztof Krawczyk, is essential for mitigating risks and ensuring compliance with legal and financial and non-financial reporting standards. By fulfilling its responsibilities, the Audit Committee aids the Board of Directors in effectively managing the Company, ensuring that all financial processes adhere to the highest standards.

The Committee meets at least four times a year, with a schedule set by its Chairperson. This regular meeting schedule ensures that the Committee can effectively perform its duties, particularly in reviewing financial documents at the end of the fiscal year.

One of the primary responsibilities of the Audit Committee is overseeing the accuracy of financial and non-financial statements and regularly reporting the Committee's activities to the Board of Directors. The ESG results of the entire Group, as calculated by using collected data, are presented to the Board of Directors at least twice a year. The oversight over financial and non-financial statements involves evaluating the effectiveness of internal control, risk management, and internal audit systems. The Committee also recommends the appointment, compensation, retention, and oversight of external auditors, assesses their independence, and fulfils other duties required by relevant laws and regulations, including those pertaining to the regulated market where the Company's shares are listed.

In November 2024 the Audit Committee was informed of the results of the Group's Double Materiality Assessment.

Furthermore, the Audit Committee's responsibilities include monitoring the effectiveness of the Group's internal controls, risk management, and compliance systems, particularly concerning financial reporting. It ensures an annual assessment of emerging and principal risks facing the company, oversees current and prospective risks, and the company's strategy for handling them. The Committee periodically reviews the Group's risk management framework and processes, annually reviews procedures for detecting fraud, examines systems and controls for ethical behaviour and the prevention of bribery, and receives reports on non-compliance. The Audit Committee also considers matters requested by the Board of Directors.

The responsibilities of the Audit Committee extend to ensuring that the company adheres to ethical standards and legal requirements. This includes reviewing and improving systems to detect and prevent fraud and unethical behaviour. The Committee's work is crucial in fostering a culture of transparency and accountability within the company, boosting the confidence of shareholders and stakeholders. Through diligent oversight and proactive management, the Audit Committee helps protect the company's assets and reputation, ensuring long-term sustainability and success. Additionally, the Committee ensures the independence of auditors, informs the Board of Directors about audit outcomes, and develops policies for selecting the audit firm. It also supports the Board by overseeing the integrity of financial and non-financial statements, the latter prepared in compliance with CSRD.

Actions in 2024

- Appointing the Chairperson of the Audit Committee and the Committee Secretary
- Adopting an internal audit plan for 2025 and the 3-year plan (2026-2028)
- Adopting a calendar of the Audit Committee meetings in 2025
- Establishing the rules of working of the Audit Committee
- Establishing the rules of working between the Audit Committee and the Company's auditor as well as audit plan for 2024 assessment
- Acknowledgment of topics selected for the ESG reporting

The Audit Committee's key objectives and future plans for 2025 focus on overseeing the effectiveness of internal controls, risk management, and compliance systems, including conducting annual risk assessments and reviewing fraud detection and ethical behaviour procedures.

Audit Committee's meetings

Given that the Audit Committee was established on 30 September 2024, in 2024, there was one Audit Committee meeting, which took place on 27 November (all members were present). The key results of this meeting are summarised above. In addition, the Audit Committee had one working session on 18 December 2024.

Internal Audit

The Internal Audit Department aims to ensure a single, consistent and efficient approach to internal audits within the Group. This approach is necessary to ensure that the Internal Audit achieves its objective of adding value and improving the Group's operations.

The primary role of internal audit is to assist the Board and Management Committee to protect the assets, reputation and sustainability of the organisation. The Internal Audit Director reports functionally to the chairperson of the Audit Committee and organisationally to the CFO. Internal Audit activities are governed by the charter and is performed in accordance with the Internal Audit Procedure.

The Annual Internal Audit plan is prepared based on the results of the risk assessment process, which includes the key risks identified through the Enterprise Risk Management process and input from management. The Internal Audit plan is approved by the Audit Committee and the Internal Audit Director provides regular updates to the Audit Committee on the progress of the plan's execution.

Internal Audit assesses whether all significant risks are identified and appropriately reported by management to the Board and executive management as well as whether they are adequately controlled. It challenges executive management to improve the effectiveness of governance, risk management and internal controls.

The Board, Audit Committee and executive management shape the right approach to ensure support for, and acceptance of, Internal Audit at all levels of the organisation.

As part of its remit the Internal Audit Department monitors and tests the system of internal controls over financial reporting, evaluating the design and effectiveness of controls and reporting the results to the Audit Committee as well as Risk & Compliance Committee functioning at Żabka Polska (not at Board of Directors level).

Risk management

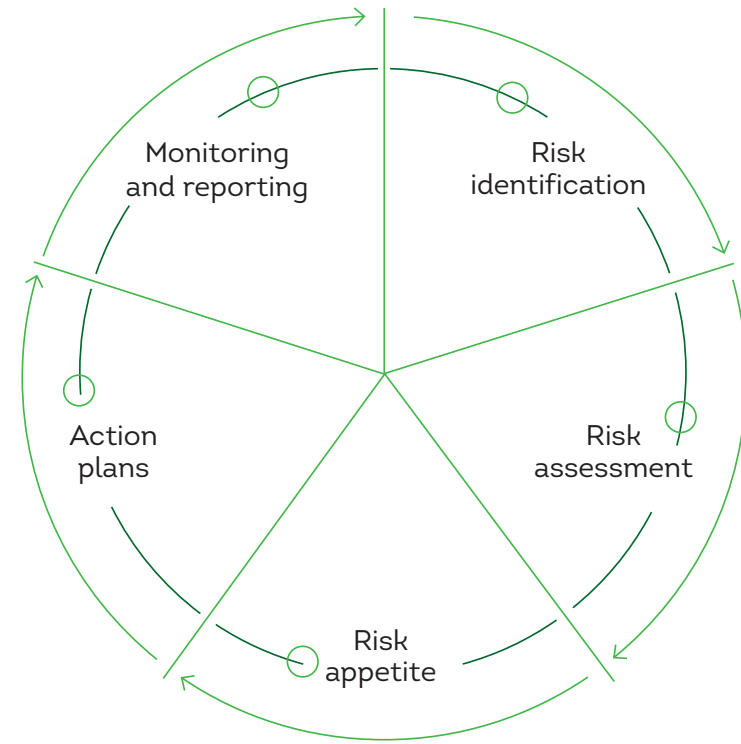
Enterprise Risk Management overview

Our Enterprise Risk Management model defines all methods for managing risk at Żabka Group, is aligned with our strategy, planning and business objectives to reflect our needs and expectations. We categorise risks, based on their time horizon into operational ones (evaluated over next 12-18 months) and strategic risks (evaluated over next 36 months).

Our risk management system is operated by the governing bodies of the Group companies: the Audit Committee (at Board of Directors level), the Risk and Compliance Committee (at Żabka Polska level), the Director of Internal Audit, the Risk Management Officer and all employees of the Group. This system covers all activities of the Management Committee, the Board of Directors and our employees. It has significantly increased our awareness of the risks we face, providing responses to reduce their likelihood and impact.

Our Risk and Compliance Committee meets at least once a quarter to discuss key risks, audit and compliance issues arising in the Group. Strategic risks are also presented and discussed with Audit Committee at least once a year.

We distinguish between two areas of risk relating to our business activities: strategic, and area-specific.

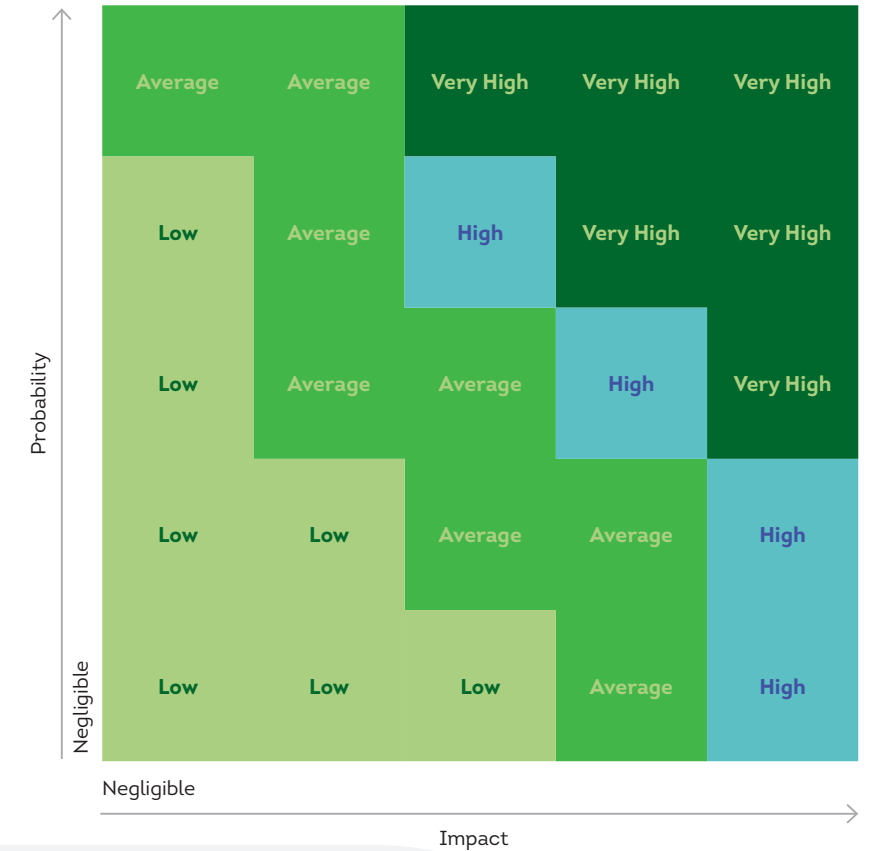


Strategic risk evaluation and prioritisation

We regularly evaluate our risks in line with our Risk Management Procedure, ensuring a consistent and effective approach to risk assessment and prioritisation. Our risk assessment is based on impact evaluation (both financial and non-financial results) according to accepted assumptions and probability measures. The risks with the most tangible impact on our goals and the highest probability are prioritised amongst the others as the Top Risks. The risk map presented on the right is utilised as a tool to visualise risk prioritisation.

Principal risks

Our principal risks are those that can most seriously affect our strategic objectives. The top 10 risk presented below are broadly consistent with disclosures mentioned in our prospectus and include very high, high and average risks.



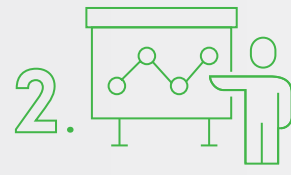
Our risk management process is based on

5 pillars



1. Risk identification

We identify risks during an ongoing processes based on changes in the business environment, incident analysis and periodical risk workshops. Each risk has an assigned Risk owner located in a particular business unit.



2. Risk assessment

We estimate each risk taking into consideration as much information as is reasonable, for such as: the quality of control measures (including key risk indicators), the impact on financial results and incident results.



3. Defining appetite for each risk

Our internal assessment highlights the impact created by each risk and lets us define the appetite for a particular risk.



4. Creation of action plans

We create specific action plans to address and mitigate the risks identified as most material and unacceptable by the Management Committee and Business Area owners.



5. Monitoring and reporting

Risk owners oversee plan delivery, working with the Risk Management Officer to regularly assess and verify mitigation activities.

Risk status is reported to all stakeholders including the Management Committee, the Board of Directors and the Risk and Compliance Committee.

Strategic and operational risks overview

Strategic risk	Risk description	Impact	Actions
Risk category – Strategy and Planning			
Development of new business activities (including acquisitions and international expansion)	<p>The Group may not successfully develop and scale up of its operations or achieve satisfactory profitability in areas such as e-grocery, autonomous shops or international expansion, particularly given the early stages of the development, the high degree of innovation required and the Group's limited track record in these new segments.</p> <p>Additionally, The Group may face challenges in integrating acquired businesses or may be unable to successfully pursue acquisitions due to various factors, including:</p> <ul style="list-style-type: none"> • obstacles to integrating any acquired business or a failure to realise the anticipated benefits or synergies of a transaction; • a failure to identify all issues or liabilities in the due diligence phase; • limited or no experience in new markets the Group has been entered; • inability to retain or recruit the management of an acquired business, as well as the potential loss of key employees, customers and suppliers. 	<p>The Group could incur liabilities or expenses that are larger than anticipated and be unable to generate sufficient growth in value. Also, the Group could achieve lower than expected returns on investment.</p>	<ul style="list-style-type: none"> • A value creation plan is established for each new business concept, start-up or acquired company, which that is monitored, with remediation actions are taken in the event of any deviations • Implementation of new business units' structure that improves management of new business activities. • Application of a remuneration plan for the Management Team and key managers in the Group that is related to value creation of new activities • A due diligence process supported by leading advisory companies
Acquisition of new franchisees and retention of engaged franchisees	<p>The Group may face challenges in recruiting and retaining a sufficient number of franchisees to meet its organic growth targets. This could be due to a range of factors, some of which are beyond the Group's control, including a deterioration of macroeconomic conditions, greater employment opportunities that make sole trading less attractive to potential and existing franchisees, market competition and/or changes in applicable laws or tax regulations that increase the tax burdens of sole traders. In particular, a low unemployment rate may make it challenging for the Group to attract and retain high-quality professionals interested in pursuing business opportunities as a franchisee.</p>	<p>The Group's future growth and ability to achieve its strategy could be limited. The materialisation of risk could negatively affect the Group's profitability.</p>	<ul style="list-style-type: none"> • Maintaining on-going dialogue with franchisees to improve operational excellence • Providing special financial and operational support at the start and for the first months of the new franchisee's operation • Offering a set of dedicated training programmes for new franchisees and a referral programme • Adapting flexibility in procedures to align with the current business environment
Cost pressure of a franchising system	<p>The Group may face increasing pressure on margins realised by franchisees due to further increases in the minimum wage (above the inflation rate), changes to the tax burden of franchisees (such as, e.g. the 'Polish Deal' legislation introduced in Poland in 2022, that contains certain provisions unfavourable for sole traders) or other macroeconomic conditions (e.g. a competitive labour market, low unemployment and high inflation).</p>	<p>The Group may have to incur greater expenditures related to the margins realised by the franchisees than anticipated.</p>	<ul style="list-style-type: none"> • Benchmarking of franchisees revenue • Automatisation and robotisation of franchisee's duties • Adjustments in the settlement system to align with external factors
Lower effectiveness of fulfilment of ESG goals	<p>The Group may fail to deliver on its ESG commitments, or the solutions applied in the area of ESG may prove insufficient or the costs of implementing such solutions may be higher than expected. Additionally, the Group may fail to adequately adjust to and comply with applicable ESG regulatory requirements. This includes regulations related to the circular economy, that mandate the continuous reduction of primary materials used and increased reliance on recycling and reusing resources as well as achieving food waste prevention goals. The lack of ready-to-implement solutions that fit the Group's requirements and the scale of its operations could pose challenges as well as higher than implementation costs.</p>	<p>The Group could incur additional costs of fees or face lower reduction in interest margin for financing, related to ESG targets achievement. Additionally, reputation of the Group could deteriorate.</p>	<ul style="list-style-type: none"> • Monitoring of effectiveness of initiatives deployment related to ESG ambitions • Searching for adequate solutions and technologies to support achievement of ESG ambitions • Testing new solutions before rolling them-out across the store network or other operations • Monitoring and reporting on delivery of ESG ambitions and KPIs in reference to agreed governance set-up • Building and retaining a high quality ESG Centre of Excellence Team and other key resources • Linking the fulfilment of ESG KPIs to the remuneration of the Management and key managers
Expansion conditions in Poland and Romania	<p>The successful implementation of the Group's expansion strategy depends on several factors, such as the ability to locate and lease suitable real estate on commercially reasonable terms, the ability to attract new franchisees and the retention of existing franchisees and third-party service providers.</p>	<p>Any failure to expansion strategy could effect the results of operations and financial condition.</p>	<ul style="list-style-type: none"> • Monitoring of market trends in real estate sector • Using of AI-powered model to analyse possible new store locations and taking into account several hundred various KPIs to measure potential of each new location • Conducting regular investment committees meetings to approve new locations • After the store opening, on-going monitoring of KPIs relevant to store effectiveness
Market risk related to lack of expected client's behaviour towards Żabka offer, changes in clients' behaviour or changes in market environment	<p>The market in which the Group operates is highly competitive, in particular due to the presence and continued expansion of large, organised retail networks, including discount chains and other retailers, such as Biedronka, Lidl, Auchan, Eurocash, Grupa Kapitałowa Specjal and Makro, as well as Quick Service Restaurant ('QSR') chains, and eGrocery and e-commerce providers.</p> <p>The market is subject to changes in consumer trends, including preferences for shopping in discount stores or supermarkets and demand for e-commerce and eGrocery solutions, as well as for greater convenience. Changes in consumer preferences could result from factors such as changes in disposable income, unemployment rate, inflation rate or the social and political situation (such as the war in Ukraine or elsewhere).</p>	<p>These risks could result in an unsuccessful development and scaling of operations, failure to maintain expected LFL growth or failure to achieve satisfactory profitability for particular projects. Additionally, unexpected changes in customer behaviour could negatively impact the Group's operating cash flows.</p>	<ul style="list-style-type: none"> • Regular monitoring of results for each product category and developing action plans if a category underperforms • Regular monitoring of market KPIs, such as NPS and taking action if necessary • Developing new product offerings, communication strategies, and store solutions • Identifying potential growth areas by analysing internal and external data • Monitoring competitors' actions

Strategic and operational risks overview

Strategic risk	Risk description	Impact	Actions
Risk category – Operation and Infrastructure			
Cyber attacks	Although the Group takes steps to protect the security, integrity and confidentiality of the information it collects, stores or transmits, it regularly records attempts to breach its systems. The Group and its service providers might not have the resources or technical sophistication to anticipate or continue to prevent all types of attacks and techniques used to gain unauthorised access to its systems.	Any compromise or breach of the Group's cybersecurity measures, or those of its third-party service providers, could result in operational disruptions, theft or destruction of data, including personal data, as well as commercial, financial and product information.	<ul style="list-style-type: none"> Regular cybersecurity trainings and webinars for employees Constant IT network monitoring Anti-DDOS (Distributed Denial of Service) secure penetration tests to check vulnerabilities of IT systems Patch policy and procedures
Data security and governance	As the techniques used to obtain unauthorised access to or sabotage systems frequently evolve and may not be known until they are launched against the Group or its third-party service providers, the Group may be unable to anticipate or implement adequate procedures and measures to protect against such attacks. Additionally, security breaches can occur due to non-technical issues, including intentional or inadvertent breaches by employees or by individuals with whom the Group has commercial relationships.	Operational disruptions, the theft or destruction of data, including personal data, as well as commercial, financial and product information, which, in turn, could result in a violation of applicable privacy, data security and other laws, significant legal and financial consequences, reputational damage.	<ul style="list-style-type: none"> Implementation of Information Security Management System ISO27001 Development and implementation of appropriate procedures and instructions for IT supplier management and the procurement of IT goods and services Implementation of IT tools to support data security. Implementation of IT tools supporting the management of data security IT identity management procedures IT change management procedures
Disruption of IT systems in logistic or sale division	<p>The Group relies on its IT systems for the efficient functioning of its business, effective risk management and the optimization of its product offerings, customer base and profitability. This includes managing its franchise stores and overseeing sales process, inventory, logistics operations (including those in the automated distribution centre) and finance and accounting needs through a variety of IT solutions. These IT solutions allow for the optimisation of orders help limit potential losses in the event of stock-outs or failures to make timely deliveries of goods to the Group's franchise stores.</p> <p>Events such as telecommunications difficulties, software failures, inadequate capacity of IT centres, or breakdowns, unavailability of internal resources or third-party service providers, fires, electrical failures, power outages and any delay in or impossibility of installing new IT systems could adversely affect the capacity and availability of the Group's IT systems.</p>	A loss of critical data, service and operations interruptions, delays in processing information and completing deliveries to the Group's stores and customers, and ultimately result in sale losses, customer or employee dissatisfaction, or negative publicity.	<ul style="list-style-type: none"> Implementation of tools to monitor core IT systems and IT change management procedures Implementation of the Business Continuity Strategy and Business Continuity Plans
Risk category – Compliance			
External regulations	The Group's activities are subject to numerous laws and regulations, including those related to trade restrictions (especially regarding the sale of alcoholic beverages, energy drinks, nicotine products and/or tobacco), Sunday Trading Ban, the environment and climate, tax laws including Excise Duty Act, and the legal framework related to the franchise market. The laws and regulations applicable to the Group's business could become more restrictive or otherwise adversely affect the Group. Accordingly, if any of the laws or regulations applicable to the Group's operations were to change, the Group could affect additional costs for compliance with these requirements or their effects on its operations.	The Group may be required to incur significant costs or modify its business practices to comply with amendments to existing laws and regulations and/or with future laws and regulations that may increase its costs and limit its ability to operate its business. For example, amendments to the Sunday Trading Ban Act could affect the Group's business by increasing competition and enabling growth in the number of retail outlets open on Sundays and holidays.	<ul style="list-style-type: none"> Active monitoring of external regulations Establishing the Risk & Compliance Committee led by the CEO, CFO, Legal & Compliance Director and Internal Audit Director, as well as internal working groups to assess and counteract the effects of adverse developments

Remuneration Report

The inaugural Remuneration Report of Zabka Group SA

Zabka Group SA (the 'Company') is pleased to present its very first Remuneration Report. This report provides a comprehensive overview of the compensation for the Board of Directors and Management Committee paid in the financial year 2024, highlighting the Company's responsibility to transparent and credible reporting.

In this initial disclosure on Directors' remuneration, the Company has ensured clarity and accuracy in its reporting. The report is consistent with the Remuneration Policy of Zabka Group SA and adheres to relevant legal requirements and the best reporting practices, affirming the Company's ambition for high governance standards.

The Company believes that this report will enhance stakeholders' confidence by clearly outlining its remuneration practices and demonstrating a steadfast commitment to openness and credibility.

Remuneration Report – governance

General basis for preparation of the Remuneration Report

Zabka Group SA (société anonyme) presents this Remuneration Report for the financial year which ended 31 December 2024, in accordance with the Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders in general meetings of listed companies and implementing Directive 2007/36/EC of the European Parliament and the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies, as amended, hereinafter referred to as 'the Law'.

The 2024 Remuneration Report has been acknowledged, approved and adopted by the Board of Directors on 24 March 2025. This report will be submitted to the advisory vote of the annual General Meeting, which shall be called to resolve on, among others, the annual accounts of the Company for the financial year, which ended on 31 December 2024.

The report provides an overview of the remuneration awarded in accordance with the current and applied Remuneration Policy in Zabka Group SA.

For the purposes of the Remuneration Policy and this Remuneration Report, the Executive Director of the Board of Directors, as well as all the members of the Management Committee are jointly referred to as the 'Executive Directors'.

Executive Directors together with the Non-Executive Directors are referred to as the 'Directors'.

Since this is the first year in which the Company is required to present a remuneration report, there has been no advisory vote of the General Meeting of Shareholders on the report concerning any financial years preceding the financial year, which ended on 31 December 2024.

Composition of the Board of Directors and Management Committee

Changes in the Board of Directors in 2024

The composition of the Board of Directors has changed in 2024.

On 3 May 2024 the term of office of the previous Board of Directors: Carmen André, Caroline Goergen and Maciej Krzysztof Godek ended.

On the same date the General Meeting appointed Tomasz Suchański as the Executive Director of the Board of Directors as well as Krzysztof Krawczyk, Giulia Fitzpatrick, Olga Grygier-Siddons, Stephan Schäli and István Szöke for their first term in the Board of Directors of Zabka Group SA as Non-Executive Directors. On 20 June 2024, the Board of Directors appointed Krzysztof Krawczyk as its Chairman, and Tomasz Suchański as the Chief Executive Officer of the Group, effective from 20 June 2024 and for a period ending at the annual general meeting of the Company resolving on the annual accounts of the Company for the financial year which ended on 31 December 2024.

On 30 September 2024 the Board of Directors appointed an Audit Committee (the 'Audit Committee') consisting of Giulia Fitzpatrick, Olga Grygier-Siddons and Krzysztof Krawczyk.

Two members, Giulia Fitzpatrick and Olga Grygier-Siddons, met the independence criterion according to the Articles of Association and the WSE Best Practices.

On 26 November 2024, the Audit Committee appointed Olga Grygier-Siddons as Chairperson of the Audit Committee.

As at 31 December 2024, the roles and responsibilities of the Remuneration and Nomination Committee were performed by the Board of Directors.

All the members of the Board of Directors appointed are yearslong members of leadership teams of the Żabka Group, contributing significantly to its growth and success. Tomasz Suchański is the President of the Management Board (CEO) of Żabka Polska from 1 March 2016.

Krzysztof Krawczyk, Giulia Fitzpatrick, Olga Grygier-Siddons, Stephan Schäli and István Szöke were the members of the Supervisory Board of Żabka Polska sp. z o.o. till 7 August 2024.

As at 31 December 2024 the Board of Directors consisted of six members. The current term of office began on 3 May 2024 for each Director.

The table on the right sets out the principal information about the members of the Board of Directors in 2024.

Composition of the Board of Directors including their functions in the Company and Żabka Polska Sp. z o.o.

The Board of Directors			
Name of the Director	Company	Position	Date of office
Tomasz Suchański	Zabka Group SA	Group Chief Executive Officer	20 June 2024 – present
	Zabka Polska	Executive Director	3 May 2024 – present
Krzysztof Krawczyk	Zabka Group SA	President of the Management Board (CEO)	1 March 2016 – present
		Chairperson of the Board of Directors	20 June 2024 – present
	Zabka Polska	Non-Executive Director	3 May 2024 – present
Giulia Fitzpatrick	Zabka Group SA	Member of the Audit Committee	30 September 2024 – present
		Member of the Supervisory Board	30 September 2024 – present
	Zabka Polska	Member of the Supervisory Board	18 April 2017 – 7 August 2024
Olga Grygier-Siddons	Zabka Group SA	Non-Executive Director	3 May 2024 – present
	Zabka Polska	Chairperson of the Audit Committee	30 September 2024 – present
Stephan Schäli	Zabka Group SA	Member of the Supervisory Board	30 September 2024 – present
	Zabka Polska	Member of the Supervisory Board	1 December 2022 – 7 August 2024
István Szöke	Zabka Group SA	Non-Executive Director	3 May 2024 – present
	Zabka Polska	Member of the Supervisory Board	16 December 2020 – 7 August 2024
Carmen André	Zabka Group SA	Non-Executive Director	3 May 2024 – present
Caroline Goergen	Zabka Group SA	Director	2 December 2021 – 3 May 2024
Maciej Krzysztof Godek	Zabka Group SA	Director	7 February 2022 – 3 May 2024
	Zabka Group SA	Director	29 July 2022 – 3 May 2024

Changes in the Management Committee in 2024

In accordance with article 10.1 of the Articles of Association of the Company, on 20 June 2024 the Board of Directors, inter alia, established the Management Committee, adopted the internal rules of the Management Committee and appointed Tomasz Suchański, Jolanta Bańcerowska, Tomasz Blicharski, Anna Grabowska, Wojciech Krok, Adam Manikowski and Marta Wrochna-Łastowska as the members of the Management Committee (the Managing Directors) for an undetermined period.

In accordance with the Luxembourg law of 10 August 1915 on commercial companies, the Management Committee has been delegated the management powers pertaining to the Board of Directors, with the exclusion of the power to determine the general strategy of the Company or to carry-out any other acts that are reserved to the Board of Directors pursuant to Luxembourg law and the Articles of Association of the Company.

All members of the Management Committee are years long members of leadership teams of Zabka Group, managing the Group's key business areas which encompasses, among others, holding multiple managerial functions in the Group's companies.

As at 31 December 2024, the Management Committee consisted of seven members.

The table on the right sets out the principal information about the members of the Management Committee in 2024. Members of the Management Committee also hold managerial positions within other entities of the Group, which are not specified in the table.

Composition of the Management Committee including their functions in the Company and Żabka Polska Sp. z o.o.

Management Committee		
Name of the Director	Company	Position
Tomasz Suchański	Zabka Group SA	Group Chief Executive Officer Executive Director
	Żabka Polska	President of the Management Board (CEO)
Jolanta Bańcerowska	Zabka Group SA	Member of the Management Committee
	Żabka Polska	Member of the Management Board
Tomasz Blicharski	Zabka Group SA	Member of the Management Committee
	Żabka Polska	Executive Vice-President of the Management Board
Anna Grabowska	Zabka Group SA	Member of the Management Committee
	Żabka Polska	Executive Vice-President of the Management Board
Wojciech Krok	Zabka Group SA	Member of the Management Committee
	Żabka Polska	Member of the Management Board
Adam Manikowski	Zabka Group SA	Member of the Management Committee
	Żabka Polska	Executive Vice-President of the Management Board
Marta Wrochna-Łastowska	Zabka Group SA	Member of the Management Committee
	Żabka Polska	Member of the Management Board

Remuneration Policy

Adoption of the Remuneration Policy

In accordance with the requirements set out in the Law, the Remuneration Policy of Zabka Group SA (the 'Remuneration Policy') was initially adopted by the Board of Directors on 20 June 2024, followed by its approval at the General Meeting of the Company's shareholders on 8 July 2024.

Subsequently, the Board of Directors amended the policy on 30 September 2024, which was re-approved at the General Meeting on 10 October 2024 to implement IPO Share Award and incorporate the principal terms of Long-Term Incentive Plan 2025-2027.

The Remuneration Policy shall be reviewed on a regular basis, based on the financial situation of the Group, at least every four years. After the end of each financial year, the Remuneration Policy is also subject to annual verification to ensure it remains aligned with the Company's strategic objectives and business environment. Additionally, the Company must submit the Remuneration Policy to a vote by the General Meeting at every material change and in any case at least every four years. This regular evaluation helps maintain competitiveness and fairness in compensating the Directors.

The purpose

The Remuneration Policy has been structured to set out the principles governing the compensation of the Directors to contribute to the implementation of the Company's long-term business strategy, long-term interests, sustainability and stability of Zabka Group SA. It is designed to serve the strategic ambitions of the Company, while taking into consideration the interests of various stakeholders, including shareholders, customers, business partners, employees, and the community.

The Remuneration Policy aims at:

- attracting, motivating and retaining Directors with the highest level of competence and experience,
- fostering a rewarding and unified compensation system that motivates key leaders and enhances their engagement with the Company,
- remaining sensitive to the Company's current financial standing,
- encouraging dynamic growth and development within the leadership team by setting challenging goals and offering suitable reward,
- ensuring gender neutrality of the compensation system and equal pay.

Remuneration practices

The Company ensures that the remuneration package is gender-neutral, just and adequate to the Directors' competences.

Moreover, Zabka Group SA regularly monitors market practices regarding remuneration of the directors and compares its Board of Directors' and Management Committee's members' remuneration levels with its peer group.

Components of Directors' remuneration

Governance

Executive Directors within Zabka Group SA are engaged primarily on the basis of an appointment and have concluded managing director mandate confirmations with Zabka Group SA to formalise the terms of their mandates. The agreements provide for three months' notice periods and do not provide for any remuneration or payments upon termination.

Remuneration of the Executive Directors has been determined by the resolutions of the Supervisory Board of Żabka Polska or other relevant agreements with Żabka Polska or other subsidiaries of Zabka Group.

The Non-Executive Directors of Zabka Group SA are engaged on the basis of an appointment. Olga Grygier-Siddons and Giulia Fitzpatrick have additionally concluded the independent director mandate confirmations with the Company providing for a possible one-off severance pay under conditions defined in the agreement.

Fixed remuneration and benefits

The Executive Directors are entitled to a fixed base remuneration, which is specified in their appointment letter, resolution, employment or service contract with the Company or its subsidiaries.

For those who occupy positions in multiple companies within Zabka Group, fixed remuneration is provided by each respective entity, proportionate to their specific contributions and time commitments. This remuneration can be arranged on a monthly basis or as daily compensation.

The remuneration is administered by the particular subsidiary with which the contract is concluded or where the individual holds their appointment, reflecting the level of the time engagement in the particular subsidiary. When an Executive Director fulfils roles across multiple companies within the Group, their total remuneration package is assessed by considering all compensation received from each Zabka Group subsidiary under any legal framework.

This method ensures that compensation packages are comprehensive, transparent, and accurately reflect the individual's total contributions to the Company's objectives. This system supports equitable remuneration practices and helps foster aligned leadership within Zabka Group SA.

The Executive Directors may be entitled to additional benefits, such as:

- a private medical care package (for themselves and their families),
- group life insurance,
- a company car, and
- other benefits available to the Company's employees.

Additional benefits vary in scope, adapted to the position at the level appropriate to market practice.

To support operational efficiency and the diligent execution of duties, the Group provides necessary equipment and services to Executive Directors. In cases where an Executive Director is required to relocate permanently or temporarily, the Company may extend a relocation package and cover costs associated with the move, including expenses for immediate family members.

The Non-Executive Directors may be entitled to monthly fixed remuneration for performing their functions. Moreover, the General Meeting may decide to provide additional remuneration for performing functions in Non-Executive Director committees.

Variable Remuneration

Zabka Group SA has established a structured approach to variable remuneration in line with the Remuneration Policy. In addition to their fixed remuneration, Executive Directors may be entitled to variable remuneration in the form of an additional annual remuneration in cash ('Additional Remuneration') and/or the long-term incentive plans in the form of financial instruments of the Company ('LTIP').

As per the Remuneration Policy, variable remuneration may be awarded on the basis of clear, comprehensive, pre-defined and differentiated criteria in terms of financial and non-financial results.

Non-Executive Directors are not entitled to receive variable remuneration.

Additional Remuneration

The Executive Directors may receive an Additional Remuneration determined after each full calendar year depending on the results of their individual performance of services for the Group and contributing to realization of financial and non-financial goals of Zabka Group.

The process ensures that the assessment of individual performance also considers compliance with the Company's responsibility strategy, taking into consideration factors such as public interest, environmental protection, and social responsibility.

To maintain balanced compensation proportions, Zabka Group SA stipulates that Additional Remuneration should not exceed 150% of the recipients' annual fixed base remuneration from all entitlements. This cap ensures that while variable pay serves as a significant motivator, it does not overtake the stability provided by fixed compensation, thereby promoting financial prudence and equity throughout the remuneration structure.

As 2023 was a successful year for the Group, with reaching the EBITDA target for 2023 and consistent realisation of the goals within the Responsibility Strategy of Żabka Polska for years 2021-2026, the Executive Directors were granted an Additional Remuneration for the services they performed contributing to the execution to the execution of the Group strategy. Payment of Additional Remuneration for 2023 in 1Q2024 was not subject to the Remuneration Policy which was adopted by the Board of Directors in June 2024. Details are presented in the tables on the following pages of this Remuneration Report.

Long-term incentive plans

As described in Zabka Group SA's Initial Public Offering prospectus, the Group had a Management Incentive Plan ('MIP') in place in previous years. To ensure further alignment of the long-term interests of the Group with those of the Executive Directors, Zabka Group SA has designed a long-term incentive plan for Executive Directors (including the CEO), members of the Management Committee, key managers and employees of the Group selected based on the roles of such individuals within the Group ('2025-2027 LTIP').

2025-2027 LTIP is intended to provide a discretionary incentive for the achievement of specific financial and non-financial goals. Participants can earn shares contingent upon meeting performance criteria set by the Board. The performance conditions for Performance Stock Unit Award granted under the LTIP 2025-2027 were determined by the Board of Directors based on the following criteria related to Żabka Group Value Creation Plan (VCP): (i) EBITDA, (ii) Sales to End Customers, (iii) the ESG Index.

The shares under the 2025-2027 LTIP will be issued for no consideration. The participants of 2025-2027 LTIP can be granted an award in the form of Performance Stock Unit Award (PSU) or Restricted Stock Unit Award (RSU), or their combination. Vesting of the PSU and RSU will be also subject to side conditions related to the EBITDA level and active engagement condition. However, the Executive Directors may receive an award only in the form of PSUs. The vesting of PSUs occurs equally each year within the three-year performance period. Part of Shares under PSU may be subject to 1-year or 2-year deferral, provided that all Shares that have vested will be delivered following the announcement of the final approved financial statements for 2027. The LTIP 2025-2027 envisages the possibility of reducing deferred Shares even to zero, depending on the level of achievement of performance conditions in the following years within the performance period.

A detailed description of the MIP and 2025-2027 LTIP can be found in the 'Share-based payments' section of the Consolidated Financial Statements of Zabka Group for the year ended 31 December 2024.

In 2024, no payments have been made and no shares or instruments granting right to shares have been offered or granted, or vested in regard to the above mentioned long-term incentive plans.

Clawback clause

In 2024 the Company did not apply any clawback clauses or other possibilities to reclaim variable remuneration.

Directors' remuneration

Remuneration of the Executive Directors

Name of Director	Company	Executive Directors remuneration (in PLN k)				Proportion of fixed and variable remuneration		
		Fixed Remuneration*	Benefits	Additional Remuneration**	LTIP	Total Remuneration	Fixed remuneration & benefits	Variable
Tomasz Suchański***	Zabka Group SA	111	14	-	-	125	100%	-
	Żabka Polska	2,104	223	2,010	-	4,337	54%	46%
	Total remuneration from Zabka Group	2,215	237	2,010	-	4,462	55%	45%
Jolanta Bańcerowska	Zabka Group SA	-	-	-	-	-	-	-
	Żabka Polska	1,339	147	1,341	-	2,826	53%	47%
	Total remuneration from Zabka Group	1,339	147	1,341	-	2,826	53%	47%
Tomasz Blicharski	Zabka Group SA	-	-	-	-	-	-	-
	Żabka Polska	1,894	107	1,852	-	3,852	52%	48%
	Other subsidiaries	40	-	-	-	40	100%	-
	Total remuneration from Zabka Group	1,934	107	1,852	-	3,892	52%	48%
Anna Grabowska	Zabka Group SA	44	13	-	-	58	100%	-
	Żabka Polska	1,825	159	1,852	-	3,836	52%	48%
	Total remuneration from Zabka Group	1,869	172	1,852	-	3,893	52%	48%
Wojciech Krok	Zabka Group SA	31	22	-	-	53	100%	-
	Żabka Polska	1,317	113	797	-	2,228	64%	36%
	Other subsidiaries	-	-	713	-	713	-	100%
	Total remuneration from Zabka Group	1,349	135	1,510	-	2,994	50%	50%
Adam Manikowski	Zabka Group SA	-	-	-	-	-	-	-
	Żabka Polska	1,894	173	1,852	-	3,918	53%	47%
	Total remuneration from Zabka Group	1,894	173	1,852	-	3,918	53%	47%
Marta Wrochna-Łastowska	Zabka Group SA	-	-	-	-	-	-	-
	Żabka Polska	1,443	136	1,341	-	2,920	54%	46%
	Other subsidiaries	41	-	-	-	41	100%	-
	Total remuneration from Zabka Group	1,485	136	1,341	-	2,961	55%	45%

Remuneration of the Non-Executive Directors

Name of Director	Company	Non-Executive Directors remuneration (in PLN k)				Proportion of fixed and variable remuneration		
		Fixed remuneration	Benefits	Additional Remuneration	LTIP	Total remuneration	Fixed remuneration & Benefits	Variable
Krzysztof Krawczyk	Zabka Group SA	-	-	-	-	-	-	-
Giulia Fitzpatrick	Zabka Group SA	186	-	-	-	186	100%	0%
	Żabka Polska	374	-	-	-	374	100%	0%
	Total remuneration from Zabka Group	560	-	-	-	560	100%	0%
Olga Grygier-Siddons	Zabka Group SA	172	-	-	-	172	100%	0%
	Żabka Polska	345	-	-	-	345	100%	0%
	Total remuneration from Zabka Group	517	-	-	-	517	100%	0%
Stephan Schäli	Zabka Group SA	-	-	-	-	-	-	-
István Szöke	Zabka Group SA	-	-	-	-	-	-	-

* Remuneration for a given month is as a rule paid during the month for which it is due. An exception in 2024 involved the remuneration due for December from other subsidiaries within Zabka Group for Anna Grabowska and Wojciech Krok, amounting to PLN 39,662, which was paid in January 2025.

** This Remuneration Report includes the Additional Remuneration awarded for the year 2023 and paid in 2024, prior to the adoption of the Remuneration Policy, while such remuneration for the year 2024 has not yet been paid.

*** Tomasz Suchański received an additional benefit for family member in the form of payment of tuition fees in the amount of from Żabka Polska.

Other notes

Shares

Shares or rights to shares granted in 2024

On 27 November 2024, the Board of Directors approved the maximum number of conditional rights to shares (Performance Stock Units, PSU) under the Rules of Żabka Group Long-Term Incentive Plan for financial years 2025-2027 to be awarded to each of the CEO and other Managing Directors (members of the Management Committee) of the Company if their award would vest 100%, subject to at least 100% performance conditions achievement (the 'Maximum Number of PSUs').

In lieu of the above, each of the CEO and other Managing Directors shall conclude an individual written allocation agreements setting out, among others, the Maximum Number of PSUs to be awarded to each of them as approved by the Board.

Initial Public Offering

None of the members of the Board of Directors or the Management Committee purchased shares in the IPO.

The Company performance and remuneration dynamics

Annual change

This section of the Remuneration Report provides a comprehensive overview of the annual compensation received by the members of the Board of Directors of Zabka Group SA, as well as the performance of the entire Zabka Group and the average annual remuneration of its employees and employees of Zabka Group SA, excluding the Directors.

As this is the inaugural Remuneration Report of Zabka Group SA after its public listing, data presented in the table refers to the data for the financial year of the IPO (2024).

Average annual remuneration of the employees other than Directors in the Company in 2024 was PLN 437k. The same metric for the Group (including data from the material subsidiaries of the Group), in 2024 amounted to PLN 108k. The annual total remuneration ratio of the highest paid individual to the median annual total remuneration of all Żabka Polska employees (excluding the highest paid individual) is presented for Żabka Polska as the biggest subsidiary of the Group and it amounted to 1:47.7. The calculation includes the main components of compensation, covering both base, variable and additional remuneration. Exclusions were applied for the individuals who were not employed for full year, as well as for severance and settlement-related components. In the case of entities other than Żabka Polska the ratio was also calculated and that ratio was between 1:3 and 1:11.

Details on the remuneration of the Directors and performance of the Group can be found in the table on the right.

Annual change regarding remuneration of the Directors, the Group performance and average remuneration of the employees

Annual change	
Name of Director	Total remuneration for 2024 (in PLN k)
Tomasz Suchański	4,462
Krzysztof Krawczyk	0
Giulia Fitzpatrick	560
Olga Grygier-Siddons	517
Stephan Schäli	0
István Szóke	0
Jolanta Bańcerowska	2,826
Tomasz Blicharski	3,892
Anna Grabowska	3,893
Wojciech Krok	2,994
Adam Manikowski	3,918
Marta Wrochna-Łastowska	2,961
Carmen André	0
Caroline Goergen	0
Maciej Krzysztof Godek	0

The Group performance	FY 2024 (in PLN k)
Sales to End Customers	27,276,630
Sales to End Customers YoY	19.8%
Adjusted EBITDA	3,504,575
Adjusted EBITDA YoY	+23.7%
Adjusted Net Profit	713,646
Adjusted Net Profit YoY	+66%

Other information related to execution of the Remuneration Policy

Deviations

In the financial year 2024 the remuneration of members of the Board of Directors and the Management Committee was consistent with the Group's internal remuneration rules and guidelines in force over the course of 2024. No deviations or exceptions from those rules and guidelines have been observed.

Statement by the Board of Directors

The Board of Directors of Zabka Group SA has reviewed and adopted the Remuneration Report for Zabka Group SA for the financial year from 1 January 2024 to 31 December 2024.

The Board of Directors prepared the report in compliance with the Law. In the members' of the Board of Directors view, the report aligns with the Remuneration Policy and is free from significant misstatements, whether intentional or accidental.

C Sustainability statement

- 1. 2024 ESG highlights
- 2. Sustainability reporting - general information
 - 2.1. Sustainability governance
 - 2.2. Double materiality assessment
- 3. Environment
 - 3.1. Decarbonisation
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- 6. Appendix
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 - 6.2. Limited assurance report



Due to rounding, certain numbers, percentages and amounts representing changes over time periods presented throughout this Report may not add up precisely to the totals provided.

This pdf document is not the binding version of the Annual Report of the Zabka Group. The official version of the Annual Report of the Zabka Group, containing the audited Consolidated Financial Statements and the auditor's report thereto are included in the report package which can be found on the corporate website at www.zabkagroup.com.

In any case of discrepancies between the following version and the report package, the report package prevails.

2024 ESG highlights

At the Żabka Group, we prioritise a comprehensive understanding of the real-world implications of our strategic and operational decisions. This approach is essential for assessing the sustainability-related impacts of our actions on customers, the communities in which we operate, the environment and society at large.

Sustainability is closely integrated with our core business operations, making ESG factors pivotal in all initiatives. For instance, our own brand products focus on providing customers with easy access to nutritious food and enabling them to make more environmentally conscious choices.

Our sustainability efforts are reinforced through ongoing collaboration with key stakeholders, including suppliers, customers and communities, to foster innovation and drive impactful transformation. By engaging with these stakeholders, we ensure that our sustainability initiatives are impact and business-oriented, effective and aligned with the evolving needs of society and the environment. This approach is consistent with trends identified within the 'Responsible Choices' megatrend, which informs and guides the Żabka Group's strategic direction.



Tomasz Blicharski
Group Chief Strategy & Development Officer

A key focus for 2024, extending into 2025, has been the gradual integration of our sustainability approach across the Group, in alignment with the ESG Framework and other established policies and guidelines. This effort will be supported by the ESG Centre of Excellence, which we have established to synchronise our strategic activities and reporting practices in terms of sustainability.

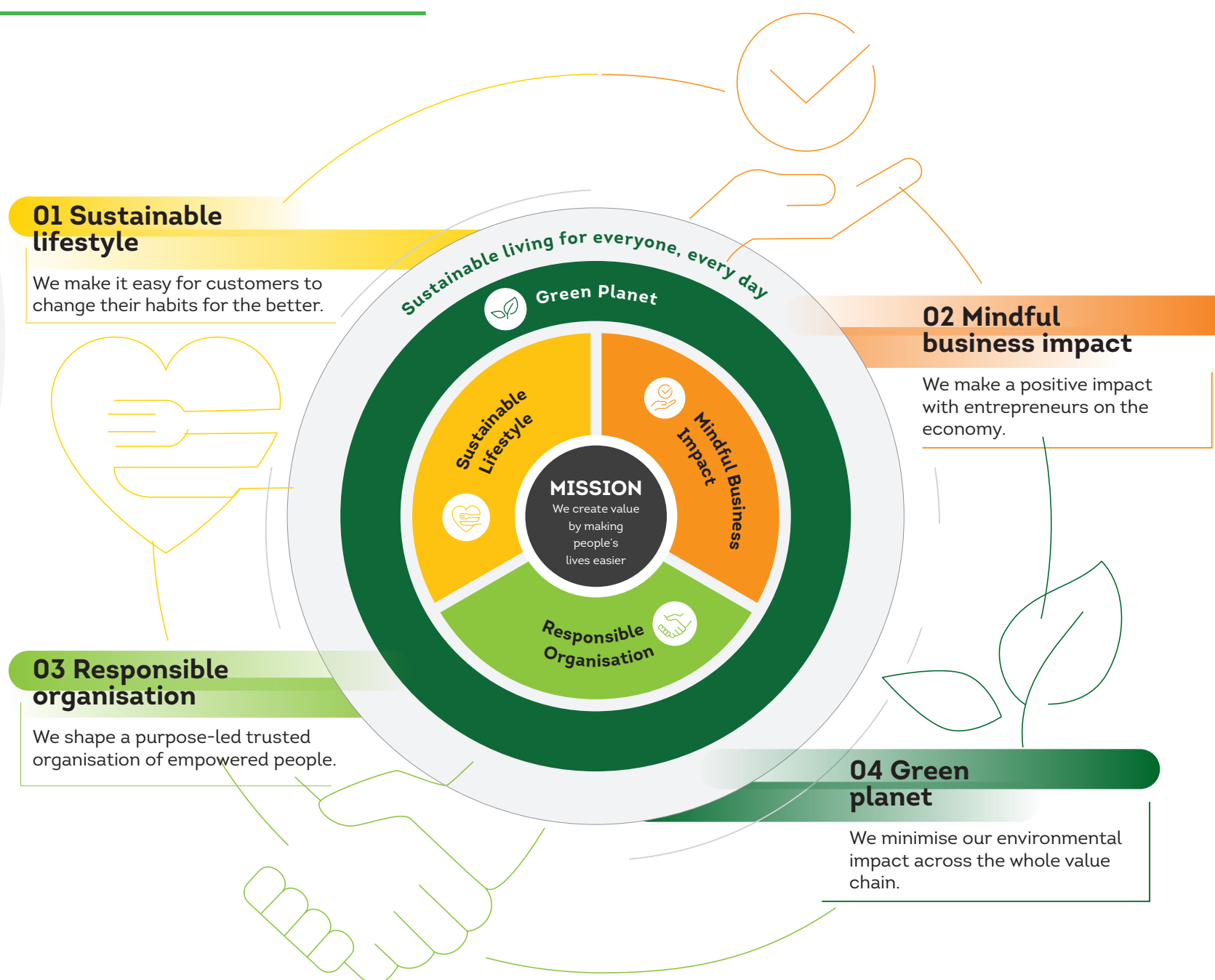
In the following pages, you will learn how our four-pillar approach structures our sustainability planning, decision-making processes and the deployment of initiatives. The ESG agenda, as one of our four integrated business strategy enablers, will remain as an important element of our business practices.

Our mission as the Żabka Group is to create value by simplifying people's everyday lives through the promotion of a sustainable lifestyle, making a positive impact on the social and natural environment, and by implementing responsible business practices.

In 2024, the Żabka Group implemented its ESG Framework, focused on its sustainability commitments and extended the scope of Żabka Polska's ambitions adopted in the Responsibility Strategy.

The Responsibility Strategy of Żabka Polska (Żabka) sets out eight strategic commitments for years 2021-2026, framed in four pillars related to the ESG Framework. These commitments are supported by 10 measurable operational goals that enable transparency in the measurement and reporting of our progress. Other sustainability-related topics are also managed and monitored across the Żabka Group.

ESG Framework



01 Sustainable lifestyle

[S4-5, E5-3, MDR-T]

We make it easy for customers to change their habits for the better.



The targets shown apply to Żabka Polska and were selected to track the company's progress in realising its Responsibility Strategy for the years 2021-2026.

Our progress

At Żabka, we want to help people benefit from a properly sustainable lifestyle. Our approach is born out of our mission: creating value by simplifying people's lives. We strive to provide daily access to healthy, tasty food by boosting sales of own brand products that promote a sustainable lifestyle. In 2024, these efforts increased sales to 1.8 billion PLN.

We try to ensure that customers can reach for our products knowing they will not only be good for them but also for the planet. The impact on ecosystems of our own operations and those of our supply chain is continuously measured, enabling us to manage it proactively. Creating a sustainable food system goes beyond healthy ingredients and sustainable sourcing.

We use AI to minimise food waste, adjust store assortments to meet local needs, and ensure unsold food is redistributed or managed effectively. In 2024, we reduced food waste intensity by 27.3% and managed 81.0% of unsold products – both via our internal operations. Our motivation to work in this way is not entirely selfless. Recent research in our key markets shows 35% of consumers are prepared to pay premium for brands they perceive as sustainable, while 50% of households are actively setting goals to reduce waste. But while recognising the commercial value of supporting sustainable lifestyles, we also believe passionately that it's the right thing to do. That's why we're committed to creating and continuously improving the conditions for sustainable living for everybody, every day, while ensuring increased efforts to improve overall customers' satisfaction measured with use of NPS score.



porcja dobreGO!

Working to improve nutrition for all

Our efforts to promote a sustainable lifestyle for all are very wide-ranging – and you can read about many of them elsewhere in this report. One key focus area for us in recent times has been our unique Porcja DobreGO! nutrition platform, designed to help people with busy lifestyles consciously make food choices that are good for their health and the environment.

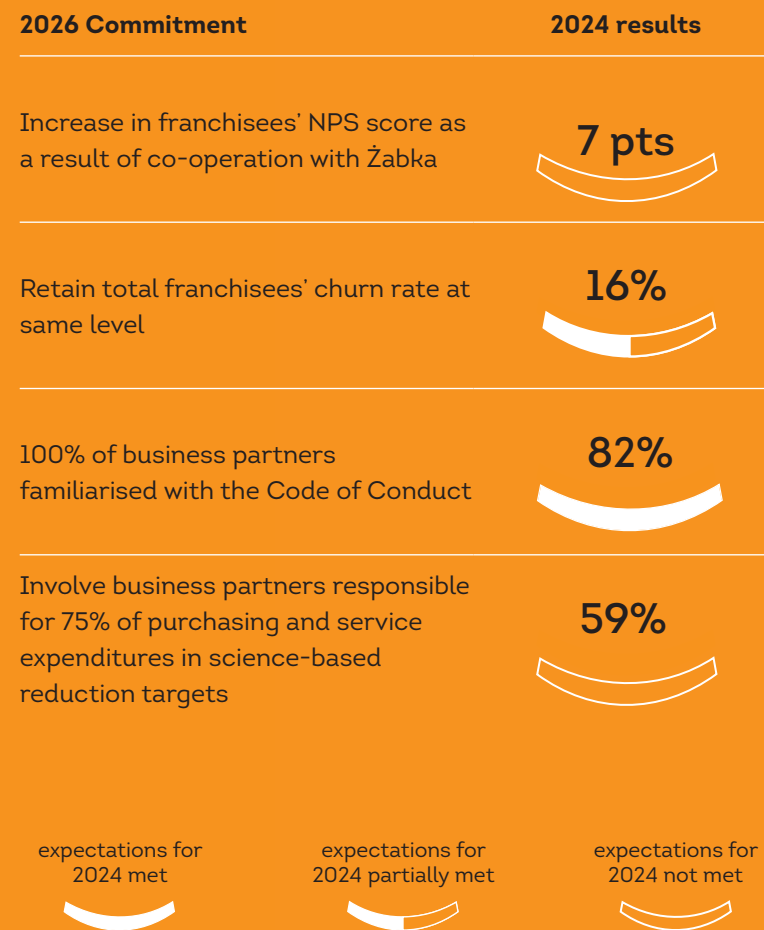
This unique nutritionist-led programme, which we have been continuously developing since 2023, has the key central objective of demonstrating that healthy food can be tasty and time-efficient too.

To do this, we have given Porcja DobreGO! branding to a significant number of foods across our own brand ranges, including Szamamm, Haps, Dobra Karma and Tomcio Paluch. In 2024, we significantly expanded the range of selected own brand products. These were all chosen for their high A or B Nutri-Score rating, their lack of artificial ingredients or their substantial proportion of important nutrients. As a result, the campaign was recognised under the Commercial category at the Sustainability Awards.

02 Mindful business impact

[MDR-T, E1-4]

We make a positive impact with entrepreneurs on the economy.



The targets shown apply to Żabka Polska and were selected to track the company's progress in realising its Responsibility Strategy for the years 2021-2026.

Our progress

Żabka's DNA is deeply rooted in a strong sense of responsibility for the processes that take place within our operations and our franchised stores. This is why in recent years we have implemented multiple policies, stemming from our Code of Conduct for Business Partners, that outline the rules and behavioural expectations for all the individuals and organisations we work with. These policies cover areas ranging from human rights, responsible sourcing and animal welfare, to plastic circularity and decarbonisation. To ensure that all those we work with want to develop with us in line with the principles of the Code, we strive to familiarise 100% of our business partners with it. By the end of 2024, we managed to ensure that 81.9% were familiar with it. Furthermore, we aim to involve 75% of our partners in following our lead to set science-based decarbonisation targets, with 59% of them already committed, which is slightly under expected level.

We understand that achieving these goals requires us and our business partners to work well together, and the development of our Fair Business platform plays a major role in this effort. As part of this initiative, we share good practices, inspire each other and organise workshop meetings to strive together for sustainable development. We also recognise that our stores play an essential economic and social role, not only by sustaining local jobs, suppliers and producers but also by serving as important social hubs and supporting valuable local initiatives.

The commitment and well-being of our franchisees is essential. We continually nurture our partnership and aim to increase franchisee satisfaction as measured by the NPS scale. The Franchise Satisfaction Survey for 2024 indicated that we achieved an average of 7. However, this survey conducted in December concluded with a promising score of 11. Our objective is to maintain the total franchisees' churn rate at the same level, which has been successfully achieved this year as well. We have managed successfully to keep the total churn rate consistent with last year's figures.

We are continuously developing franchisee-centric solutions to help us boost franchisee satisfaction, including Cyberstore, Żabka Assistant, Remote Access, Intranet for franchisees, Entrepreneurship Academy and SprzedawcaPro. It is also important to emphasise that franchisees are actively involved in delivering change, through the creation and development of franchise-centric projects. Initiatives like the Stacja Innowacja (the Innovation Station), Rada Franczyzobiorców (the Franchisee Council) and the Strażnicy Franczyzocentryczności (Guardians of Franchise-centricity) all enable us to work together with great commitment.



Leveraging our fair business platform

It was in 2023 that we first launched our Fair Business online platform, which now serves as a hub for sharing with our suppliers and business partners our experiences, sources of inspiration and action plans related to sustainable development.

Recently, we advanced this initiative by launching a series of meetings, starting with our first-ever Fair Business Brunch, where we exchanged best practices with a group of business partners. This was followed by a Fair Business Workshop later in 2024, where we discussed the shared challenges connected with decarbonisation, in particular how to gather exact data for calculating the carbon footprint.

The primary focus of both events was decarbonisation, an area where collaboration is essential—particularly when addressing Scope 3 emissions. Our goal is to engage 75% of our partners in setting scientifically validated decarbonisation targets. To support our efforts, we invite experts from our company as well as partners to share their insights during our events.

While decarbonisation was the primary focus, the sessions also addressed the Code of Conduct for Business Partners of Żabka Polska, with which we are committed to achieving 100% compliance by 2026.

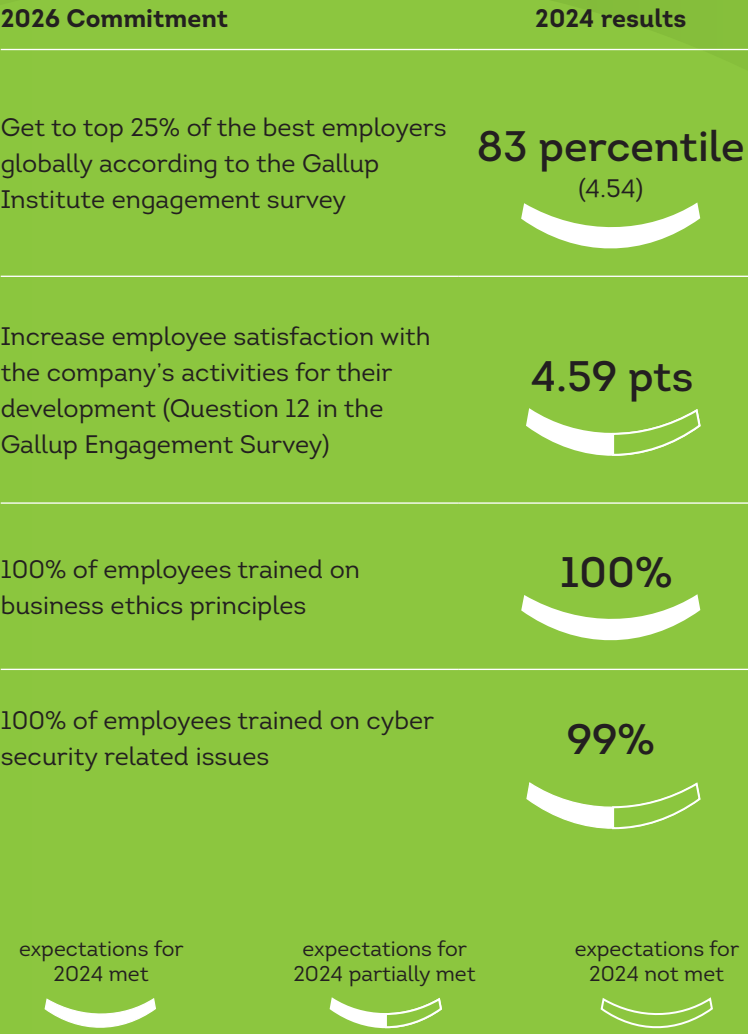
Our Fair Business platform also covers the topics of ethical business, sustainable food systems and circularity. To enhance communication and exchange best practice with our business partners, we have also launched a newsletter to which we invite everyone to subscribe.



03 Responsible organisation

[S1-5, S4-5, MDR-T]

We shape a purpose-led trusted organisation of empowered people.



The targets shown apply to Żabka Polska and were selected to track the company's progress in realising its Responsibility Strategy for the years 2021-2026.

Our progress

At Żabka, integrating the business strategy with the cultural component has become one of our priorities. We want to create a workplace where everyone feels engaged, where they can discover their strengths, have a chance to develop, to learn and to feel part both of the team and the organisation.

It's essential to us that our culture continues to be founded on the principles of mutual respect and equal opportunities, continuously embracing all the values of diversity, equity and inclusion (DEI).

This focus helps to ensure that our working environment is always founded on fairness, mutual respect and equality in all their forms. This is regardless of every employee's age, gender, family background, economic status or disability.

It's an approach that's increasingly essential to success in the labour market, ensuring we appeal to those current and prospective employees who share our values.

To enhance our aspirations and make sure they are having a measurable effect, we regularly survey our employees' engagement levels with an annual Gallup Institute survey and several pulse surveys during the year. Moreover, we also operate a wide-ranging programme of courses and events at all levels to improve inclusivity and eradicate discrimination in all its forms.

We feel responsible for the wellbeing of our employees, but we also want to foster their sense of responsibility. We are building a comprehensive system of ethics, in which all employees and franchisees comply with the law, international standards and adopted regulations, including those related to anti-corruption. Following implementation of our Code of Conduct and Ethics for Employees, 100% of our people have received training. Cybersecurity is covered in our programme of compulsory training programmes, and 99% of employees have already been trained.



Creating a conducive work environment

Our focus on ensuring we operate a responsible organisation covers multiple elements of our business practices.

These are all brought together every year in the Gallup Q12 (12-question) engagement survey, which a record 95% of our people completed in 2024. Our employees also delivered an impressive engagement score of 4.54, reflecting a 0.13 increase. We successfully met our goal of being ranked within the top 25% of employers globally at the advanced level.

This annual survey identifies the key priorities that every team needs to address in the period ahead. To make this happen, a dedicated HR team helps all managers and their direct reports to identify the most important issues for action arising from the survey.

This then gives every manager the agenda they should work to over the forthcoming period, providing insight into what the numbers mean and delivering a roadmap for the conversations that need to be had.

As a result, the survey gives us the framework we need to create a continuously improving work environment where everybody can develop their talents and work with passion to create an organisation that gets more responsible every day. It is especially important as related KPI resulted in slightly lower performance than expected.

Our efforts have been rewarded with second place in Newsweek magazine's Top 100 Global Most Loved Workplaces® 2024. Additionally, in 2024, for the second time we received the Gallup Exceptional Workplace Award, celebrating the engagement of all Żabka's employees in the workplace.



04 Green planet

[E1-4, E5-3, MDR-T]

We minimise our environmental impact across the whole value chain.

2026 Commitment	2024 results
Reduction of share of virgin plastic in weight of own brand packaging	33.5%
Achieve packaging neutrality for own brand products	achieved
100% of own brand products packaging suitable for recycling processes	91.4%
Reduce total Scope 1 and 2 greenhouse gas emissions (without offset) by 25% (vs. 2020)	-31.2% 16,701 tCO ₂ e
Reduce franchisee greenhouse gas emissions intensity by 70% (Scope 3, vs. 2020)	-64.4% 9.9 tCO ₂ e/m PLN

expectations for 2024 met

expectations for 2024 partially met

expectations for 2024 not met

The targets shown apply to Żabka Polska and were selected to track the company's progress in realising its Responsibility Strategy for the years 2021-2026.

Our progress

At Żabka, we have a range of related targets that collectively enable us to reduce our environmental impact and so help promote a greener planet for current and future generations. Promoting the circular economy and gaining the insights we need to reduce our carbon footprint were two of the most significant focus areas of 2024.

In terms of circularity, we are on the road to a circular economy. In this area, we focused on the plastic packaging of our own brand products. Our aim is to reduce the proportion of virgin plastic in their weight and accelerate even more efforts to ensure that the packaging is suitable for recycling process.

At the same time, we are aiming for packaging neutrality, meaning that we want to collect and recycle as much plastic from the market as we introduce into it. Initiatives that particularly support these ambitions include the collection of paper and plastic fractions with our franchisees under the 'Naturally Together' programme and our 'Green Renewal' deposit scheme.

In the context of decarbonisation efforts, our goal is to reduce total Scope 1 and 2 greenhouse gas emissions by 25% and to reduce our franchisee greenhouse gas emissions intensity in Scope 3 by 70% (both compared to a 2020 baseline). To achieve this, we are focusing on cutting our emissions by reducing fuel usage in our installations, adapting our vehicle fleet, buying green electricity and associated guarantees of origin, developing a comprehensive digital system for managing all data relating to our carbon footprint.



Designing with circularity in mind

As a responsible business, we strive to integrate circular economy principles as early as the design stage of our products. Our Eco-design Policy guides us in this process and helps to transform today's waste into a resource that shapes the future. The four main principles in focus are:

- Loop – the careful selection of recycled and/or recyclable materials,
- Reduce – minimising the mass and volume of packaging, while promoting the use of secondary and recyclable materials,
- Simplify – ensuring packaging is easily emptied and includes no materials or dyes that make it harder to recycle,
- Communicate – providing the right symbols and information that help consumers understand what to recycle and how best to do so.

We implement these principles in our day-to-day operations primarily through our deposit system, which supports the recycling process, as well as through the packaging transformation of our own brand products. We have also introduced our unified labelling system, informing consumers what fraction packaging is and where it should be placed in after consumption.

Looking ahead, we will increasingly use technologies like AI and the IoT to continuously reduce waste and so promote the resilience of the ecosystems.



Sustainability reporting – general information

We have established a robust ESG Framework for the Żabka Group that prescribes the governance structure and designates key responsibilities related to the Group’s sustainability efforts - both in terms of the execution of our strategy and sustainability reporting. The development of the ESG Framework was informed by Żabka Polska’s extensive experience in the execution of its sustainability strategy and sustainability reporting process, providing a solid foundation for broader application. The expansion of sustainability practices to the entire Group ensures that we maintain oversight and accountability, and simultaneously foster innovation and responsiveness across all our operations.

A notable example of our commitment to elevating sustainability across the Group is the refinement of our ESG Centre of Excellence. Initially established within Żabka Polska, this function has been instrumental in driving our sustainability progress. With the introduction of the ESG Framework, we have expanded the Centre’s mandate to operate at Group level. This transition reflects our strategic sustainability commitments and signals our intent to harmonise and enhance sustainability-related initiatives throughout the Żabka Group. The Centre of Excellence continues to serve as a pivotal function, providing expertise, guidance, and support to ensure the successful implementation and monitoring of our sustainability agenda, which includes sustainability reporting.

To ensure that the interests of all stakeholders are represented, we have integrated measurable ESG targets into both the Long-Term Incentive Plan (LTIP), which is part of the variable remuneration offered in the Żabka Group, and the Short-Term Incentive Plan through the annual bonus scheme. These targets are regularly assessed, ensuring that we maintain full visibility regarding progress and any necessary actions to be taken. In 2024, we successfully achieved our goals, demonstrating commitment to integrating sustainability into our performance metrics and decision-making process.

Żabka Polska has also established a strong track record of transparency and accountability through the publication of responsibility reports. These reports provide insights into the company’s sustainability-related activities and data, allowing stakeholders to access information that may affect them or their decisions. Now, from 2024, we have expanded our sustainability reporting process to encompass the entire Żabka Group. The Żabka Group conducted a comprehensive double materiality assessment, the results of which formed the basis of the report. Leveraging the upcoming regulations and best practices, we voluntarily prepared the Corporate Sustainability Reporting Directive (CSRD) report as an early adopter, putting emphasis on transparent communication. This step comes with its own unique challenges, such as the collection and consolidation of sustainability data across all entities of the Żabka Group. We are confident that the foundational expertise of Żabka Polska equips us to navigate the complexities of broader reporting and helps to ensure that the sustainability disclosures presented in this statement are robust and reliable.

By gradually aligning our reporting practices with the requirements of the CSRD, we are enhancing the clarity and credibility of our sustainability disclosures. As we move forward, we remain committed to fostering an organisational framework that puts an emphasis on rigorous sustainability reporting, ensuring that our stakeholders are well-informed and that we remain responsive to the evolving landscape of sustainability expectations. Through these efforts, we aim to contribute positively to the communities we serve and uphold our responsibility to all our stakeholders, as well as the environment.



Marta Wrochna-Łastowska
Group Chief Financial Officer

Sustainability reporting over the years

We started in 2018 from CSR Report for Żabka Polska. Since then, we have been reporting annually, adhering to internationally recognized standards and best practices. Our reports include additional features such as climate-related TCFD-aligned content and socio-economic impact, among others.



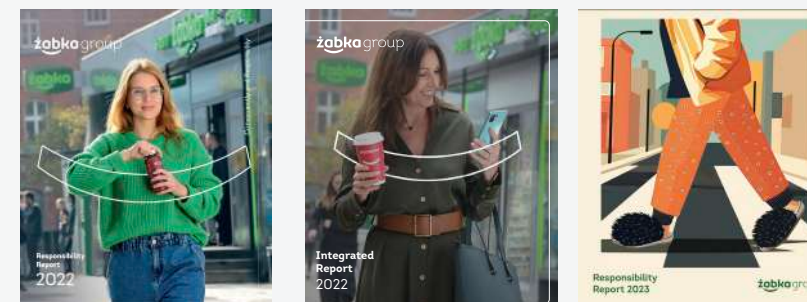
2018/19
CSR Report

2020
ESG Report

2020
Climate Report

2021
ESG Report

2021
Climate Report



2022
ESG Report

2022
Integrated Report

2023
ESG Report

2024
Annual Report

incl. climate related disclosures

incl. ESG-related contents

incl. climate related disclosures

the first publication of this type being presented as a public organisation and being prepared in line with CSRD requirements



General basis for preparation of the sustainability statement

[BP-1]

Zabka Group SA, a public limited liability company (société anonyme) incorporated and existing under the laws of the Grand Duchy of Luxembourg, with 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 under number B263068 presents this consolidated sustainability statement for the year 2024 prepared voluntarily in line with the European Sustainability Reporting Standards (ESRS) as required by Article 29a of the Accounting Directive (as amended by the CSRD). The parent company of the Żabka Group, Zabka Group SA, is an issuer and a holding company that does not conduct business operations. Hence, this report often refers to Żabka Polska, that conducts business operations generating 96% of Group's revenues.

The scope of consolidation aligns with that of the consolidated financial statements. Where indicated, the sustainability statement includes the Żabka Group's upstream and downstream value chain. Zabka Group SA did not omit any information related to intellectual property, know-how, or innovation results.

The Group presents its first consolidated sustainability statement noting that transposition of the CSRD in Luxembourg jurisdiction has not been yet completed at date of publication of this report. We thus made the best effort to apply the ESRS directly as a Group, which aligns with the value we assign to ESG and our stakeholders' expectations in this regard. However, we could not and did not refer to any final local CSRD implementation's requirements when preparing this statement.

Disclosures in relation to specific circumstances

[BP-2]

As explained earlier, this statement is prepared in line with ESRS, on a voluntary basis. Additionally, it includes selected indicators from the latest version of the Global Reporting Initiative standards (GRI), issued by the Global Sustainability Standards Board and the recommendations of the Sustainability Accounting Standards Board (SASB) for Food Retailers & Distributors.

In principle, we adhered to the medium- or long-term time horizons defined by ESRS 1 section 6.4. However, for the climate scenario analyses, the Żabka Group made alternative assumptions to better align the Group's conclusions with the EU climate policies and current climate knowledge. The time horizons used for the climate scenario analyses were:

- short-term perspective – one year,
- medium-term perspective – more than one year to 2030,
- long-term perspective – from 2030 to 2050.

Restatements of information

This is the first sustainability statement prepared by the Żabka Group. For the previous reporting period, the Group's largest entity, Żabka Polska, published a voluntary '2023 Responsibility Report'. As the scope of consolidation of disclosed information differs now for Group-wide reporting, comparison was not possible at this stage.

However, as we continuously improve our reporting processes, we would like to correct information disclosed voluntarily by Żabka Polska for the year 2023. Under indicator GRI 301-1 we disclosed that the 2023 'Total weight of raw materials that are used to produce and package the primary products and services' amounted to 11,731.73 t. The post-correction value is 14,670.60 t. Furthermore, the 'Total weight of materials that are used to produce and package the primary products and services' was disclosed as 12,823.75 t, whereas corrected it is 15,762.62 t. Under GRI 301-2, Żabka Polska disclosed 21.8% recycled materials were used in the production process for plastics, where it should be 19.9%. 'Ratio of recycled materials to the total weight of materials that are used to manufacture the primary products and services' was indicated as 4.8% and corrected it amounts to 4.0%. Regarding indicator GRI 301-3, correctly calculated products sold in 2023 amount to 15,762.62 t (instead of disclosed 12,823.75 t). Finally, we reclaimed 141% of products and their packaging materials (instead of disclosed 169%).

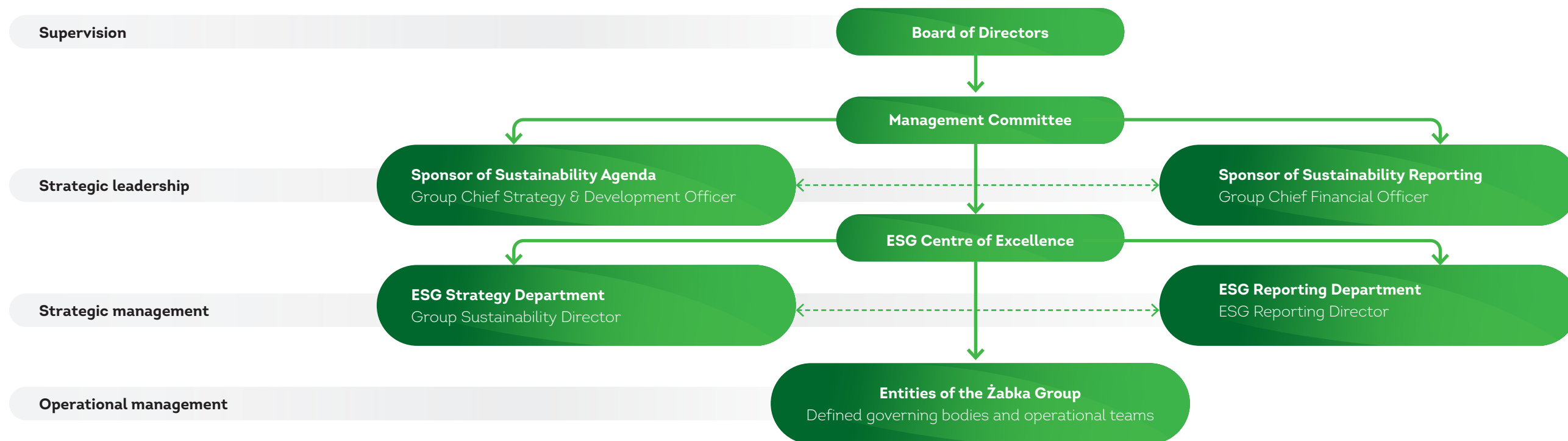


Sustainability governance

[GOV-1, GOV-2]

The Żabka Group defines, maintains and deploys adequate governance structures and systems to enable the effective and efficient functioning of the ESG Framework across the organisation as presented on this page.

For detailed information on the role of the Company's administrative, management and supervisory bodies see section B.3.2. of the Management report.



1. Ensuring supervision of the sustainability agenda, including climate-related matters by a qualified appointed person sitting on the highest governing body

The Director is appointed by the Company's Board of Directors to oversee the sustainability area and provide sustainability-related insights and recommendations to the Board. Additionally, the Director interacts with the Group's ESG Business Forum Members and other relevant stakeholders in an agreed manner. This responsibility has been assigned to an Independent Director, who also serves as the Chair of the Audit Committee, ensuring that ESG-related information is appropriately addressed within this committee.

The first sustainability briefing for the Company's Board of Directors was delivered on 27 November 2024 and covered the state of readiness to implement CSRD reporting, the results of the Żabka Group's double materiality assessment and a discussion about the preliminary work of the selected auditor. Moreover, the Board of Directors was briefed on the ESG Framework and the set of key KPIs for 2025 during the budget meeting on 18 December 2024.

2. Supporting the implementation of the ESG-related agenda by sponsoring strategic and reporting activities by qualified appointed persons sitting on the Management Committee

Members of the Company's Board of Directors and the Management Committee are selected for their skills, experience and their understanding of how sustainability creates impact on the Group.

Tomasz Blicharski, the Group Chief Strategy & Development Officer sponsors the sustainability agenda. He leads the team responsible for identifying and developing future growth strategies as well as aligning the ESG agenda with the Group's strategy.

Marta Wrochna-Łastowska, the Group Chief Financial Officer, sponsors ESG reporting. As detailed in Section B, she supervises the sustainability reporting process and manages sustainability-related risks, including those related to climate change.

3. Coordinating daily efforts by the Group's ESG Centre of Excellence leaders, supported by subsidiaries' board members, managers and operational teams

The Group Sustainability Director reports to the Group Chief Strategy & Development Officer and oversees the implementation of the Group's sustainability-related strategic objectives and commitments. The Director co-manages with the ESG Centre of Excellence, which includes the ESG Strategy Department and the ESG Reporting Department. The ESG Reporting Director, who reports to the CFO, is responsible for the preparation, organisation and monitoring of the Group's data collection and sustainability reporting process and ensuring that reporting is executed in accordance with current legal requirements.

Responsibility for executing sustainability-related strategies, plans and activities is delegated to the entities of the Żabka Group by Board level or to appointed operational teams while responsibility for sustainability reporting is assigned to the CFOs of each entity.

The ESG Framework requires that measures related to sustainability governance, such as meeting formats and information exchange methods, are carefully planned, executed, and communicated to relevant stakeholders. This approach ensures the effective and efficient implementation of the ESG Framework, and any subsequent related solutions, across the Group.

As part of the ESG management structure following Żabka Polska approach, the ESG Business Forum was established to drive ESG initiatives and strategies within the Group. The forum was first held in December 2024.

Sustainability reporting

[GOV-5]

The process of reporting, verifying and approving sustainability data at the Żabka Group is defined by the ESG Data Collection Procedure. The Procedure designates the Żabka Group CFO, as the person responsible for overseeing the sustainability reporting process across the Żabka Group.

The ESG Reporting Department is a Group function tasked with the preparation and organisation of the sustainability data collection process, including the identification and definition of key stakeholders in the process, such as Data Providers and Business Owners. The Department also ensures the integration of the sustainability reporting process with the risk assessment results reporting process, as well as the relevant internal controls.

As per the ESG Data Collection Procedure, the responsibilities of Data Providers include obtaining data, verifying its accuracy and entering verified data into the appropriate reporting tools provided by the ESG Reporting Department. To ensure reliability and completeness of the submitted data, Data Providers are tasked with provision of evidence to confirm all reported values and information. Additionally, Business Owners identified by the ESG Reporting Department supervise Data Providers to ensure the submitted data is accurate and supported by evidence, as well as ensure its timely delivery.

The ESG Reporting Department also ensures the transparency of consolidated values at Group level, based on data provided by individual units within the Żabka Group, as well as conducts control activities:

- selective checking of evidence supporting reported non-financial data, and
- conducting on-site inspections to verify the correctness of the non-financial data reporting process.

Żabka Group's sustainability reporting process involves the ESG Strategy Department, which, aside from setting the strategic direction of ESG development within the organisation, supports the preparation of sustainability disclosures in accordance with reporting standards and regulatory requirements. This is executed in collaboration with and based on information collected by the ESG Reporting Department.

ESG component in compensation

[GOV-3, E1.GOV-3]

In addition to their fixed remuneration, Directors and key managers may be entitled to receive variable remuneration in the form of an annual cash bonus and/or a long-term incentive plan (LTIP). Variable remuneration is awarded based on clear, comprehensive, pre-defined and differentiated criteria in terms of financial and non-financial results, including activities relating to environmental impact, social responsibility and corporate governance. LTIP is internally regulated by the Zabka Group SA Remuneration Policy. The Remuneration Policy and significant changes thereto are adopted at the General Meeting.

To foster accountability, sustainability-related performance has been integrated into the short-term incentive plan through the annual bonus scheme at Żabka Polska, outlined in the internal yearly bonus regulations of Żabka Polska sp. z o.o., Żabka Automatic Logistics sp. z o. o and Żabka Property Fund sp. z o. o. This integration is achieved through the ESG Index, which includes five equally weighted KPIs targeting the following areas:

- Sustainable lifestyle:** sales of own brand products promoting a sustainable lifestyle,
- Relationships with business partners:** percentage of business partners who are familiarised with the Code of Conduct,
- Employee and coworkers engagement:** assessed with Gallup's Q12 Engagement Survey,
- Circularity:** reduction of virgin plastic in own brand plastic packaging,
- Decarbonisation:** reduction of Scope 1 and 2 GHG emissions.

In 2024, all KPIs met established targets, leading to a positive bonus contribution. Additionally, at Froo the annual bonus system emphasises social responsibility through team integration and cultural training for managers.

[For more details regarding the ESG Index please refer to the Remuneration Report.](#)

ESG responsibilities at Żabka Polska

The ESG Framework has been developed based on the best market practices, with additional consideration of special attention attributed to the Żabka Polska's establishment of the governance structure. Żabka Polska is the Group's business unit with the most mature sustainability practices. The governance structure supports the delivery of Żabka Polska's Responsibility Strategy. Consequently, the Group's sustainability-governance processes outlined in the ESG Framework are modelled on Żabka Polska's governance framework, with key responsibilities for strategy, reporting and management assigned to the same individuals.

Żabka Polska has had an operational ESG Committee since 2021, chaired by the company's CEO. The committee's focus is on assessing strategic progress and prioritising recommendations for the Board. These meetings are attended by Żabka Polska's Management Board members, the Sustainability Director, ESG Reporting Director and other stakeholders as needed. The ESG Committee operates specifically for Żabka Polska, performing its duties as outlined in previous plans. In 2024, the committee interacted as outlined in its procedure five times.

Interests and views of stakeholders

[SBM-2]

At the Żabka Group, we have identified key stakeholder groups that are most affected alongside our value chain. We regularly engage with them, and take their needs and expectations into account whenever we make important decisions about future activities. A significant outcome of our 2024 stakeholder engagement efforts, was the implementation of the ESG Framework, which addresses the interests of all stakeholder groups.



Suppliers, sub-suppliers, food producers and processors



Own workforce



Investors and institutions

Purpose of stakeholder engagement and our understanding of interests and views of key stakeholders as they relate to the strategy and business model

Our procurement and production processes are essential, with diverse supplier interests and views including: innovation and collaboration, incentives for sustainable farming, supply chain transparency, and timely payments. We encourage more responsible and sustainable sourcing and production practices.

How stakeholder engagement is organised

We maintain ongoing discussions with our suppliers to address these concerns, such as during bilateral meetings, Żabka Polska's annual suppliers meeting, and through the Fair Business Platform ([see the Governance section for more details](#)).

Examples of outcomes from the engagement

Continuous sharing of best practices and communication with business partners steadily increase the quality of collaboration.

Over 5,000 of our own workforce and their talent are a vital part of our success and they are among our most important stakeholders. Their interests include equal pay for work of equal value, good working conditions and access to training and development.

We engage in regular dialogue with our employees and coworkers, including town halls, Net Promoter Score (NPS) surveys and the Gallup Engagement Survey ([see the Social section for more details](#)).

Increasing seasonal and transport benefits to address pay discrepancies between different distribution centres.
We also support local initiatives in distribution centres, such as Family Day.

We continue our efforts to create long-term value for our investors, who have diverse interests and perspectives, depending on the stage of investment and the type of investors, which include financial performance, market share and competitive position, sustainability and ethical practices.

We maintain regular dialogue through our corporate website, periodic reporting and one-to-one conversations with investor group representatives. This communication aims to meet investor expectations regarding ESG engagement.

Increased Group focus on ESG remediation plans and supply chain due diligence. We are strengthening our corporate governance infrastructure for Żabka Polska and other entities to support these efforts.



Local communities



Franchisees and agents



Customers and end-users



Environment

Purpose of stakeholder engagement and our understanding of interests and views of key stakeholders as they relate to the strategy and business model

Nearly 17 million people in Poland live within 500 metres of a Żabka store, providing us with a substantial opportunity to engage closely with local communities. Supporting these communities not only enhances our brand perception but also plays a crucial role in building customer trust.

Key interests and views include job creation, equalising opportunities for young people, boosting local economies, and reducing barriers to business entry.

We consider each of our 9,443 franchisees in Poland and 59 agents in Romania to be crucial to our success as they represent the face of Żabka and Frooto to our customers at a total of 11,069 points of sale. We are committed to increasing the satisfaction of our existing franchisees and agents and attracting new entrepreneurs to join the Żabka and Frooto network.

At the Żabka Group, our primary goal is to serve as an essential physical and digital pit stop, aiding over 4.1 million daily customers whose interests and views are diverse. For example, those we refer to as 'urban socialites' appreciate spontaneous and quick shopping, while 'health seekers' prioritise healthy options even within their busy lives. There are also 'bargain hunters' who are motivated by discounts and 'frequent boosters' who value tradition and frequent purchases. We seek to address these varied needs with a proactive and customised approach.

We recognise the environment as a 'silent' stakeholder, essential for understanding the Group's material impacts, risks, and opportunities. By acknowledging the environment in our stakeholder engagement efforts, we aim to further integrate sustainable practices that minimise negative environmental impact and foster long-term resilience in our business operations.

How stakeholder engagement is organised

Our community engagement programmes are part of Żabka Polska's social engagement strategy, which is built on three pillars: Well-being, Equal Opportunities, and Good Neighbourliness. We plan to involve Group entities beyond Żabka Polska in defining and deploying activities in this area.

We maintain a regular dialogue with the Franchisee Council at Żabka Polska, as well as gather feedback through NPS surveys to gauge franchisee satisfaction and identify areas for improvement. In Romania, we maintain close contact with our agents and proactively engage them in daily efforts to develop solutions related to shop management.

We achieve this through Net Promoter Scores and the analysis of consumer megatrends. Additionally, we regularly analyse customer satisfaction via the 'Your Voice' survey available in the Żabka app.

Our strategies are informed by research, scientific data and climate projections. We participate in topical and industry events, where we share our solutions and practices, as we actively support an inclusive approach to scaling and solving environmental issues.

Examples of outcomes from the engagement

- Creation of initiatives that include:
- The 'Good Internship' programme, which aims to prevent the social exclusion of young people by offering internships
 - Żabka Scholarship Programme
 - The 'Good Life' grant programme
 - Employee volunteering initiatives

- We communicate the Code of Conduct for Franchisees and provide continuous operational and technical support to our franchisees such as:
- Entrepreneurship Academy which enhances management and sales skills
 - Business Insurance Programme
 - Advanced tools, such as OptiPlan, to assist franchisees in optimising their in-store operations

The Porcja DobreGO! programme, which implements product-labelling solutions to enhance customer communication and information transparency.

A range of circular-economy and decarbonisation solutions ([see the Environment section for more information](#)).

Double materiality assessment

Foundations of double materiality assessment

[SBM-3, IRO-1, E5.IRO-1]

The identification of material impacts, risks and opportunities (IROs), along with the creation of a comprehensive list for further evaluation, was based on both internal and external analyses.

Key sources for the internal analysis included the Żabka Group's Enterprise Risk Management (ERM) documentation, previous ESG reports; and strategic documents and policies outlining the organisation's sustainability commitments as well as their integration into the core business model.

To get external insight and ensure alignment with industry best practices, we assessed sustainability matters included in sector-specific reporting standards. This approach enhanced the relevance of our findings within the industry context. By identifying and evaluating sector-specific material issues, such as those outlined by the Sustainability Accounting Standards Board (SASB), we aligned our analysis with a broader industry perception of material topics and trends. For the same reasons, we have also conducted a benchmarking exercise.

Additionally, analysing press coverage provided an external perspective on the organisation. We also reviewed our EcoVadis rating, which integrated internal information with an external rating, for a well-rounded assessment.

We have also analysed the results of ongoing stakeholder engagement initiatives, which gathered perspectives from the Żabka Group's employees, suppliers, franchisees, consumers and investors. We also conducted in-depth interviews with the Group's internal subject matter experts, including those from international entities, to accurately identify IROs.

As described, the process of the materiality analysis was informed by a broad range of sources, including both internal and external ones. Additional examples include survey reports such as the KANTAR - Sustainability: Opinions and Behaviours of Poles Report, the 'Ziemianie Atakują' report, our NPS results, and many other sources. In the analysis, short-, mid- and long-term time horizons were taken into consideration.

For each material (sub)topic we checked the materiality (relevance) of disclosure requirements and datapoints in corresponding topical ESRS and reported accordingly.

The Żabka Group's impact materiality assessment comprised the following steps:

- Determining the type of impact (positive/negative and actual/potential) for all sustainability matters from the long list,
- Developing a 4 and 5-point scoring system to operationalise assessing the scale (significance) of a given IRO, its scope, irremediable character and likelihood,
- Assessing the scale and scope of all IROs,
- Evaluating the extent to which negative impacts could be remediated (irremediability),
- Assessing the likelihood of potential negative and positive impacts,
- Calculating the final score using a developed approach in which specific assessment criteria were assigned to each IRO.

The Żabka Group's financial materiality assessment comprised the following steps:

- Identifying risks and opportunities corresponding to each item on the long list of potential impacts, as well as those arising from dependencies on natural and human resources,
- Evaluating the significance of risks and opportunities for the organisation, considering,
 - Financial assessment, evaluated separately for revenue growth, EBITDA margin and Weighted Average Cost of Capital,
 - Likelihood of occurrence,
- Estimating the final score which is based on the highest score for relevant financial indicators multiplied by the likelihood of occurrence,
- Conducting a final examination of the financial significance of sustainability IROs for the Żabka Group's business to ensure that materiality is integrated into the broader financial context, thereby highlighting the comprehensive nature of the assessment.

The double materiality assessment (DMA) key steps



Materiality outcome matrix

[SBM-3, IRO-1]

As a crucial part of preparing the Žabka Group sustainability statement in 2024, we have conducted a double materiality assessment. The scope of the DMA covered the entire value chain and all geographic areas where the Žabka Group operates. This assessment evaluated the materiality of sustainability-related matters using an approach aligned with CSRD requirements and good market practices, as well as guidelines issued by the European Financial Reporting Advisory Group (EFRAG), focusing on two dimensions: impact and financial materiality.

We followed the guidelines published by the EFRAG, incorporated the ESRS, and collaborated with subject-matter experts to develop a comprehensive and workable process.

Materiality outcome matrix

We assessed our environmental, social and governance (ESG) impacts through an impact assessment and identified sustainability-related risks and opportunities via a financial materiality assessment. The highest-scored impacts, risks and opportunities (IROs) are aggregated by ESRS topics, emphasising E1, E4, E5, S1, S4 and G1 as our material sustainability concerns.

The following pages highlight the locations of the critical material impacts, risks and opportunities throughout our value chain. They provide concise descriptions of these impacts and risks, along with details on how we manage them.

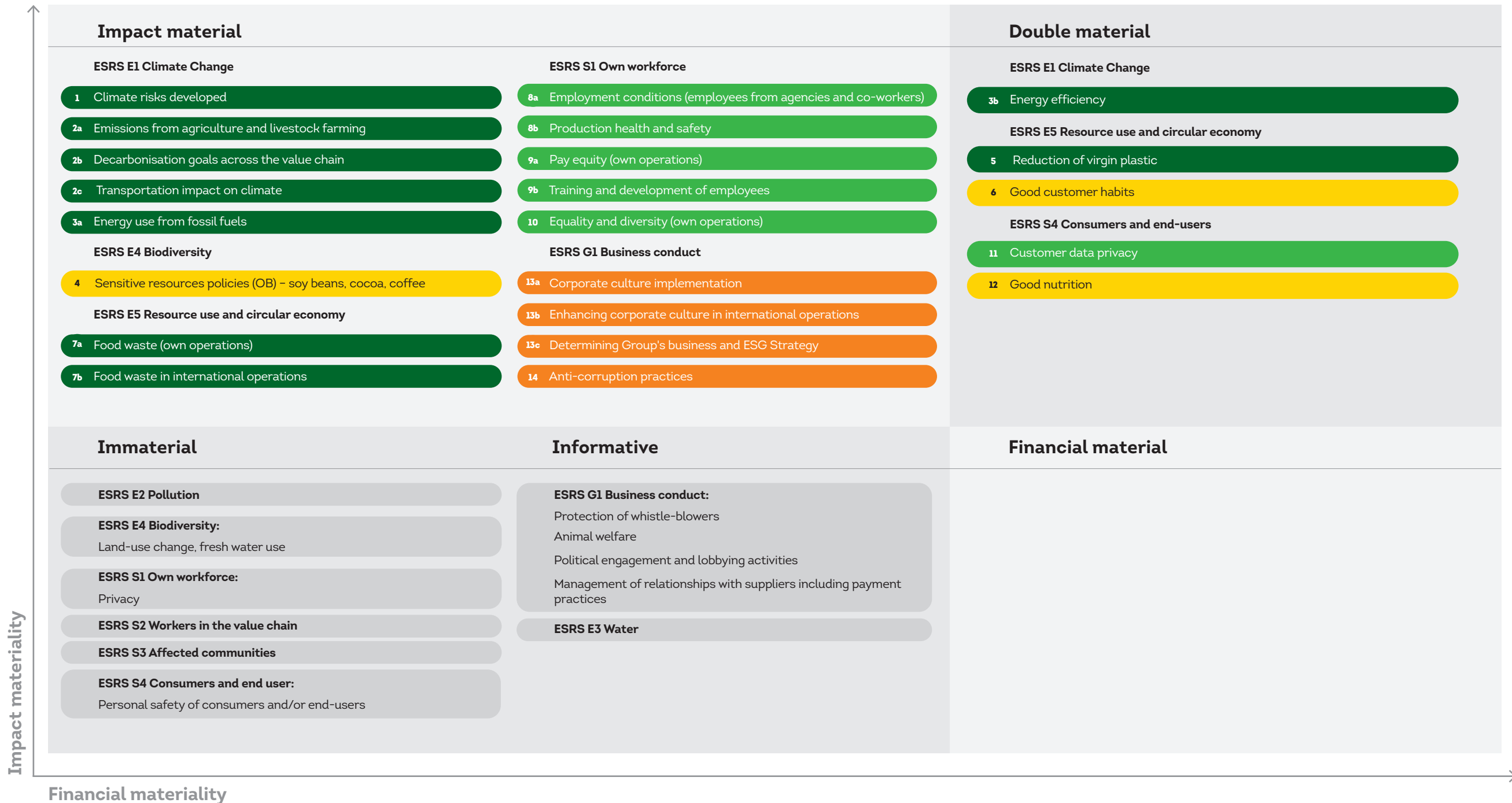
For further information, please refer to:

- Value chain overview section
- Environment section
- Social section
- Governance section

Environment Social Governance

Žabka Group's ESG Framework

- 01 Sustainable lifestyle
- 02 Mindful business impact
- 03 Responsible organisation
- 04 Green planet



Value chain overview

Žabka Group's ESG Framework

01 Sustainable lifestyle

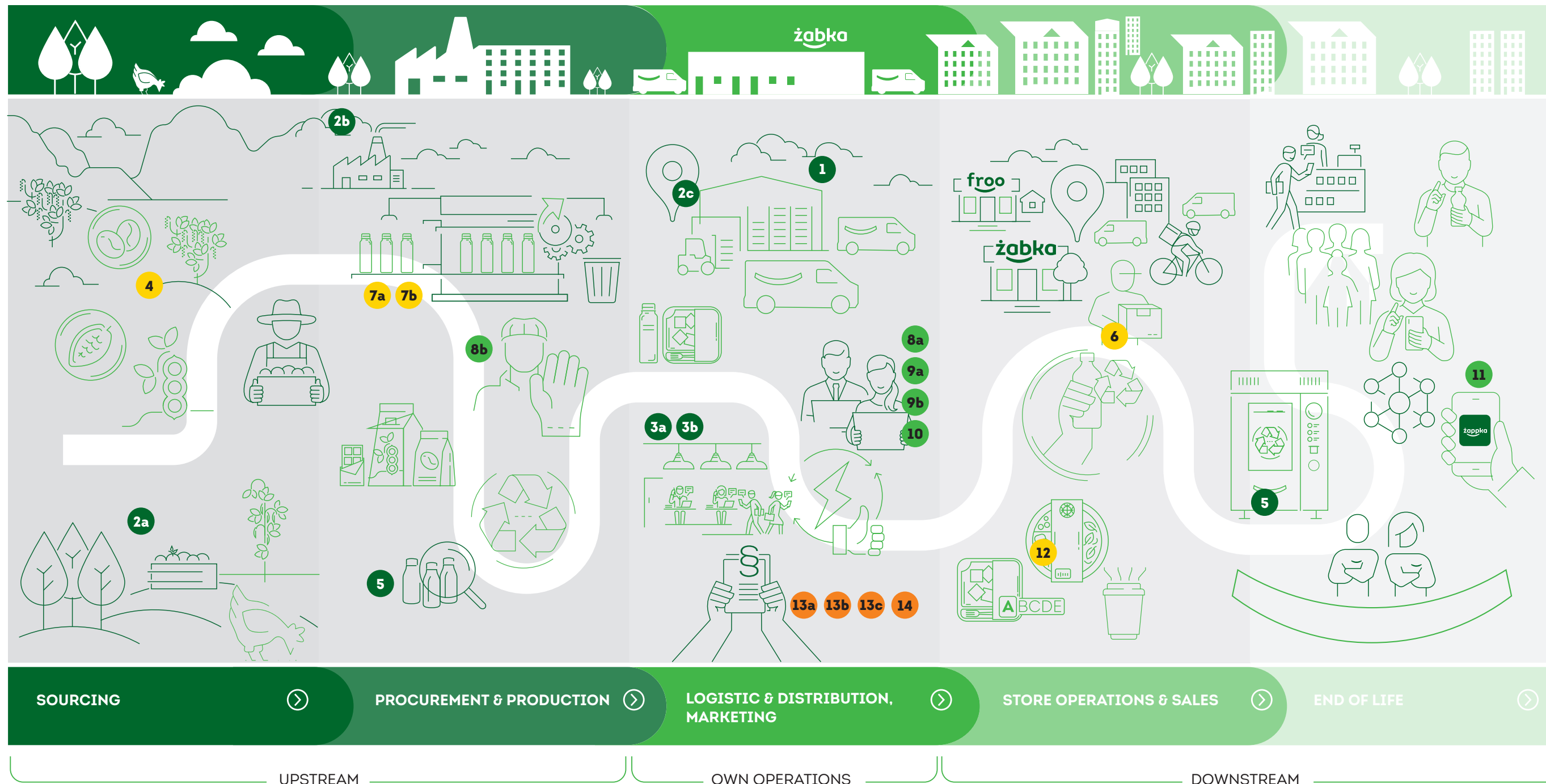
02 Mindful business impact

03 Responsible organisation

04 Green planet

[SBM-1]

The graph below provides an overview of the Žabka Group's value chain highlighting the material Impacts, Risks and Opportunities identified through the double materiality assessment, which are mapped to key operations and activities. Specific climate and biodiversity-related risks and opportunities are described in sections C.3.1 and C.3.2, as part of more detailed results of respective resilience analyses.



Positive impacts

- 1 Climate risks developed
- 2b Decarbonisation goals across the value chain
- 3b Energy efficiency
- 4 Sensitive resources policies (OB) - soy beans, cocoa, coffee
- 5 Reduction of virgin plastic
- 6 Good customer habits
- 8a Employment conditions (employees from agencies and co-workers)
- 8b Production health and safety
- 9a Pay equity (own operations)
- 9b Training and development of employees
- 10 Equality and diversity (own operations)
- 12 Good nutrition
- 13a Corporate culture implementation
- 13b Enhancing corporate culture in international operations
- 13c Determining Group's business and ESG Strategy
- 14 Anti-corruption practices

Negative impacts

- 2a Emissions from agriculture and livestock farming
- 2c Transportation impact on climate
- 3a Energy use from fossil fuels
- 7a Food waste
- 7b Food waste in international operations
- 11 Customer data privacy

Risks

- 11 Customer data privacy

Opportunities

- 5 Reduction of virgin plastic
- 6 Good customer habits
- 12 Good nutrition

Material sustainability-related impacts, risks and opportunities

[SBM-3, S4.SBM-3, S1.SBM-3]

Environmental	IRO	Impact materiality	Financial materiality	Value chain (U) - Upstream (D) - Downstream	Description
ESRS E1 Climate Change					
Climate change adaptation					
Positive impact*	1 Climate risks developed	✓	○	Sourcing (U), Procurement & Production (U), Own Operations, Store Operations & Sales (D), End of Life (D)	The Żabka Group assesses climate-related risks and opportunities, leveraging these to support strategic and business model resilience, in line with our technological investments and digital transformation. Climate change is a relevant topic for many stakeholders.
Climate change mitigation					
Negative impact**	2a Emissions from agriculture and livestock farming	✓	○	Sourcing (U), Procurement & Production (U)	The resources required to offer products within the Żabka Group's modern convenience ecosystem primarily originate from agriculture, livestock farming, and land use. Consequently, the Żabka Group contributes to food-related GHG emissions associated with these sources.
Positive impact	2b Decarbonisation goals across the value chain	✓	○	Sourcing (U), Procurement & Production (U), Own Operations, Store Operations & Sales (D)	As the largest and most mature entity within the Żabka Group, Żabka Polska undertakes actions supporting the achievement of reduction targets validated by the Science Based Targets initiative (SBTi) to decarbonise its value chain. Due to the nature of its business and organisational structure, Żabka Polska's decarbonisation plan extends beyond its own operations.
Negative impact	2c Transportation impact on climate	✓	○	Sourcing (U), Procurement & Production (U), Own Operations, Store Operations & Sales (D)	Transportation plays a crucial role in our value chain, significantly impacting the climate. Following the Group's expansion, a similar effect is observed in Romania. To mitigate these effects, we optimize delivery routes, test innovative solutions, and use electric vehicles.
Energy					
Negative impact	3a Energy use from fossil fuels	✓	○	Sourcing (U), Procurement & Production (U), Own Operations, Store Operations & Sales (D)	The energy consumed in Żabka Group's operations, including that derived from fossil fuels, contributes to increased GHG emissions. Żabka Polska addresses this impact by implementing strategic decarbonisation targets.
Positive impact	3b Energy efficiency	✓	✓	Procurement & Production (U), Own Operations, Store Operations & Sales (D)	The Żabka Group takes action to reduce energy consumption and GHG emissions across its operations. For Scope 1 GHG emissions, initiatives include expanding dedicated transport solutions, replacing vehicles, and reducing refrigerants usage. For scope 2 GHG emissions, actions involve constructing photovoltaic installations at distribution centres and replacing lighting with LEDs. Those activities creates opportunities for the Group in terms of revenue growth and the EBITDA margin.
ESRS E4 Biodiversity					
Impacts on the state of species					
Positive impact*	4 Sensitive resources policies (OB) - soy beans, cocoa, coffee	✓	○	Sourcing (U), Procurement & Production (U)	The Żabka Group has implemented policies to ensure the sustainable sourcing of commodities used in its products, focusing on plant ingredients, fish, and seafood. Since 2023, Żabka Polska only accepts branded products with certified palm oil, contributing to the preservation of rainforests and wildlife habitats. The company is also committed to promoting sustainable sourcing in its own brand products.
ESRS E5 Resource use and circular economy					
Resources inflows, including resource use					
Positive impact	5 Reduction of virgin plastic	✓	✓	Procurement & Production (U), Own Operations, Store Operations & Sales (D), End of Life (D)	The mass packaging of food, drinks, and groceries heavily relies on plastics, which on one hand facilitate transport and extend product conservation, but on the other contribute to plastic pollution. To reduce virgin plastic usage, the Żabka Group employs circularity principles. We test solutions for material circularity, aiming to decrease virgin plastic in Żabka Polska's own brand products. These efforts have the potential to significantly impact the Group's the Weighted Average Cost of Capital (WACC).
Positive impact	6 Good customer habits	✓	✓	Own Operations, Store Operations & Sales (D), End of Life (D)	The Żabka Group actively explores opportunities to encourage good customer habits. Żabka Polska has launched a pilot initiative installing refill machines in select stores in Poland and the company actively supports franchisees in collecting plastic and paper waste. Such initiatives create opportunities for the Group in terms of revenue growth and the EBIDTA margin.
Waste					
Negative impact	7a Food waste***	✓	○	Procurement & Production (U), Own Operations	The Żabka Group recognises its impact regarding food waste due to the dynamic growth of the ecosystem (including Maczfit, delio) and includes food losses in own operations (transport from distribution centres). We respond to this impact through our food waste prevention ambitions and measures, including a strategic goal of waste reduction and testing various solutions to prevent food waste. Counteracting food waste has emerged as an important topic for our stakeholders.
Negative potential impact	7b Food waste in international operations***	✓	○	Own Operations, Store Operations & Sales (D), End of Life (D)	Due to a similar profile of operations, the Żabka Group identifies the risk of food waste in our Romanian operations and is working on the implementation of a reliable measurement system.

Impact materiality – sustainability issue significant based on its effect on people or the environment

Financial materiality – sustainability issue significant based on its effect on the company's financial position

✓ Material ○ Immaterial

*All positive impacts are actual impacts

** All negative impacts are actual unless stated otherwise

*** Żabka Group-specific material negative impact not covered by the sustainability matters listed in ESRS 1 AR 16

Material sustainability-related impacts, risks and opportunities

Social	Material sub-subtopic	IRO	Impact materiality	Financial materiality	Value chain (U) - Upstream (D) - Downstream	Description
ESRS S1 Own workforce						
Working conditions						
+	Positive impact	Secure employment	8a Employment conditions (workers from agencies and co-workers)	✓	○	Procurement & Production (U), Own Operations, Store Operations & Sales (D) The Żabka Group implements measures to improve the employment conditions of our co-workers. Regarding B2B co-workers at Żabka Polska, these measures comprise remuneration model, benefits package and the inclusion of these workers in relevant employee surveys.
+	Positive impact	Health and Safety	8b Production health& safety requirements	✓	○	Procurement & Production (U), Own Operations, Store Operations & Sales (D) Żabka Polska, the Group's biggest entity, ensures safe and healthy working conditions for logistics centres and cross-dock facility workers by using the ISO 45001 management system, external controls, health and safety training and environmental monitoring.
Equal treatment and opportunities for all						
+	Positive impact	Diversity	10 Equality and diversity (own operations)	✓	○	Procurement & Production (U), Own Operations Equality is a core principle at the Żabka Group, promoted through our Diversity, Equity and Inclusion Policy, which fosters a values-based work environment. At Żabka Polska, we offer inclusivity workshops and encourage participation in an e-learning course on the Equity Policy.
+	Positive impact	Gender equality and equal pay for work of equal value	9a Pay equity (own operations)	✓	○	Procurement & Production (U), Own Operations, Store Operations & Sales (D) In 2024, the Żabka Group introduced policies on equal treatment, including the Diversity, Equity and Inclusion Policy and the Human Rights Policy. Żabka Polska promotes equal opportunities, as evidenced by receiving the EQUAL-SALARY certificate, which confirms equal pay regardless of gender.
+	Positive impact	Training and skills development	9b Training and development of employees	✓	○	Procurement & Production (U), Own Operations, Store Operations & Sales (D) We provide all individuals involved with the Żabka Group opportunities to acquire specialist knowledge. Żabka Polska continuously measures employee work satisfaction and monitors engagement.
ESRS S4 Consumers and end-users						
Information-related impacts for consumers and/or end-users						
-	Negative impact	Privacy	11 Customer data privacy	✓	✓	Own Operations, End of Life (D) The Żabka Group addresses consumer needs through our Digital Customer Offering Businesses, such as Żappka, delio, and Żabka Jush!. With millions of active users and large volumes of customer data, we have a significant impact on privacy and data security. This also poses a risk, which may impact the Group's financial position, the EBITDA margin in particular.
Social inclusion of consumers and/or end-users						
+	Positive impact	Access to products and services	12 Good nutrition	✓	✓	Store Operations & Sales (D) Żabka Polska offers customers complete meals with high Nutri-Score ratings of A and B. All own brand products feature Nutri-Score labels, with nearly half achieving the highest scores. The Porcja DobreGO! programme demonstrates that good nutrition can be affordable, quick and easy. Actively enabling and encouraging good nutrition also presents an opportunity in terms of financial results.
Governance						
Governance	Material sub-subtopic	IRO	Impact materiality	Financial materiality	Value chain (U)- Upstream (D) - Downstream	Description
ESRS G1 Business Conduct						
Corporate culture						
+	Positive impact		13a Corporate culture implementation	✓	○	Sourcing (U), Procurement & Production (U), Own Operations, Store Operations & Sales (D), End of Life (D) The Żabka Group implements policies on key environmental and social issues and has launched various ESG initiatives across the value chain.
+	Positive impact		13b Enhancing corporate culture in international operations	✓	○	Sourcing (U), Procurement & Production (U), Own Operations, Store Operations & Sales (D), End of Life (D) As past operations in Romania were mainly small-scale family businesses, the Group's approach can enhance corporate culture transparency in Romanian entities.
+	Positive impact		13c Determining Group's business and ESG strategy	✓	○	Sourcing (U), Procurement & Production (U), Own Operations, Store Operations & Sales (D), End of Life (D) Zabka Group SA positively influences the entire Group by establishing a consistent business and ESG Framework.
Corruption and bribery						
+	Positive impact	Prevention and detection including training	14 Anti-corruption practices	✓	○	Procurement & Production (U), Own Operations, Store Operations & Sales (D) Guided by principles of integrity and fairness, outlined in our Code of Conduct and Ethics, we maintain high ethical standards, by which we hold all employees, partners and franchisees accountable.

Impact materiality - sustainability issue significant based on its effect on people or the environment

Financial materiality - sustainability issue significant based on its effect on the company's financial position

✓ Material ○ Immaterial

*All positive impacts are actual impacts

** All negative impacts are actual unless stated otherwise

*** Żabka Group-specific material negative impact not covered by the sustainability matters listed in ESRS 1 AR 16

Environment

As a Group, we take a comprehensive approach to managing our environmental impact. We identify the aspects that affect us and the environment we operate in. To manage our impacts effectively, we implement policies and systemic solutions. In the following section of this report, in accordance with the requirements of the ESRS, we present the key policies, procedures, and the accompanying actions and results in relevant areas. Additionally, we disclose how Żabka Polska monitors key performance indicators within its Responsibility Strategy to ensure the fulfilment of the undertaken commitments.

11 material IROs

related to climate change, biodiversity, and resource use and circularity

2 Group policies focused on climate

adopted to comprehensively manage our environmental impact



Żabka Group



First calculation of the Żabka Group carbon footprint.

21,645t materials used

Our Group's focus is on the reduction of virgin plastic, especially related to own brand products.



100% rPET in Foodini and Wycisk bottles

We are committed to using more recycled materials in own brand's packaging.

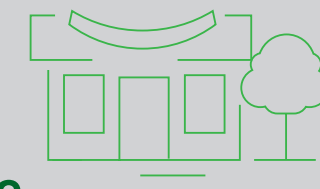
Żabka Polska

16,701tCO₂e for Scope 1 and 2
2,957,249tCO₂e for Scope 3

GHG emissions,

1,770tCO₂e

Thanks to implemented projects we managed to achieve significant reduction in Scope 1 and 2 GHG emissions.



For more details on the realisation of Żabka Polska's Responsibility Strategy for years 2021-2026 please see the 2024 ESG highlights section.

Environment

Žabka Group's ESG Framework

01 Sustainable lifestyle

02 Mindful business impact

03 Responsible organisation

04 Green planet

Policies related to the environmental area

[E1-2, E4-2, E5-1, MDR-P]

The Žabka Group establishes ambitious objectives through policies that apply to the Group's material activities. These policies outline strategic directions and provide guidelines for their implementation. Given the comprehensive range of issues addressed by these policies, all policies related to managing the environmental impact of the Žabka Group - including climate change, biodiversity, resource use and the circular economy - are presented together here. Žabka Polska monitors the implementation of its ESG-related policies through the achievement of strategic KPIs defined under the Responsibility Strategy, as well as through the expertise of the owner of specific regulation. The process for monitoring Žabka Group's policies has to be defined in detail. Group policies and other related solutions (such as specific goals and measures supporting effective and efficient deployment across the Group) are intended to be gradually monitored using quantitative and qualitative measures.

Material Impacts, Risks and Opportunities

ESRS E1 Climate Change

- 1 Climate risks developed
- 2a Emissions from agriculture and livestock farming
- 2b Decarbonisation goals across the value chain
- 2c Transportation impact on climate
- 3a Energy use from fossil fuels
- 3b Energy efficiency

ESRS E4 Biodiversity

- 4 Sensitive resources policies (OB) - soy beans, cocoa, coffee

ESRS E5 Resource use and circular economy

- 5 Reduction of virgin plastic
- 6 Good customer habits
- 7a Food waste (own operations)
- 7b Food waste in international operations

Environmental, Social and Governance (ESG) Framework



Scope

Applies to the Žabka Group.
 Additionally, equivalent policies are cascaded to Zabka International S.à r.l.
 It is intended to guide all Group activities, taking into account agreed types of control, business maturity, local context, and regulations.

Summary

The document outlines the Žabka Group's directional ambitions relating to the environmental, social, and governance matters. Outcomes from the ESG Framework will be monitored and reported using available standards and technology, consistent with agreed processes and regulations.
 Through the implementation of the ESG Framework, we commit to international third-party standards and initiatives such as the Paris Agreement, the UN Guiding Principles (UNGPs), and the OECD Guidelines for Multinational Enterprises (MNEs).

Key issues covered

- Good nutrition
- Corporate culture, including its implementation in the value chain
- Working conditions
- Diversity, equity and inclusion
- Decarbonisation
- Biodiversity and sustainable sourcing
- Resource use and circularity

Owner of the regulation

The Group Sustainability Director

Environmental and Climate Framework Policy



Scope

Applies to the Žabka Group.
 Additionally, equivalent policies are cascaded to the following Group entities:
 • Zabka International S.à r.l.,
 • Žabka Polska Sp. z o.o.
 It is intended to guide all material activities of the Group, taking into account agreed types of controls, business maturity, local context, and regulations.

Summary

Environmental and Climate Framework Policy outlines the Žabka Group's directional ambitions related to environmental and climate matters.
 The Policy ensures the Žabka Group aims to minimise its environmental impact across the value chain guided by the concept of due diligence, as defined in the United Nations Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. The scope includes outcomes from the Group's latest double materiality assessment. This assessment, and consequently the Policy, involves thorough analyses of their perspectives, ensuring that their interests are considered, understood, and integrated into the policy framework.

Key issues covered

- Climate and energy
- Biodiversity and ecosystems
- Responsible sourcing of minerals, including conflict minerals
- Resource use and circularity, including the hierarchy of actions: prevention, reuse, recycling, recovery and disposal
- Water
- Engagement of business partners

Owner of the regulation

The Group Sustainability Director

Decarbonisation Policy



Scope

The Decarbonisation Policy applies to Žabka Polska sp. z o.o. and business units under its full operational control.

Summary

The Decarbonisation Policy is detailed in a document that defines the general principles of limiting GHG emissions within Žabka Polska sp. z o.o. and its value chain. This document outlines the strategic actions necessary to achieve the climate objectives detailed in Žabka Polska's ESG Strategy. It also aligns with the commitments associated with the company's involvement in climate change initiatives. This document has been formally approved by Žabka Polska's board members.

Key issues covered

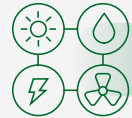
- Hierarchy of conduct
- Directions of reduction actions in own operations (in Scope 1 and 2)
- Directions of reduction actions in stores (in Scope 3)
- Directions of reduction actions in the value chain (in Scope 3)
- Reduction actions and monitoring their implementation

Owner of the regulation

The Director of Quality Standards and Climate Protection

Policies related to the environmental area

Energy Policy



Scope

The Energy Policy applies to Żabka Polska sp. z o.o. Specifically, the Policy is applicable to employees, associates and franchisees of Żabka Polska.

Summary

The Energy Policy regulates activities related to electricity management at Żabka Polska in the years 2021-2026.

This document outlines a strategic plan to enhance energy efficiency and increase the use of renewable energy sources within Żabka Polska's operations (Scope 2) and throughout its value chain (Scope 3). Acknowledging the substantial energy consumption inherent in its core business activities, Żabka Polska has implemented an Energy Management System in accordance with the PN-EN ISO 50001 standard. This system is designed to support and optimise energy-efficiency initiatives.

Key issues covered

- Maximising renewable energy usage across all GHG emission Scopes
- Reducing the intensity of electricity consumption
- Key assumptions to achieve decarbonisation goals in direct operations and in the broader value chain:
 - Utilising guarantees of origin
 - Increasing the share of renewable electricity
 - Implementing solutions based on long-term power purchase agreements (PPAs) or similar arrangements

Owner of the regulation

The Director of Energy Management Department

Transport Policy



Scope

The Transport Policy applies to Żabka Polska sp. z o.o. Specifically, the Policy is applicable to current and future business partners responsible for the transport of goods.

Summary

The purpose of the Policy is to define the basic principles of transporting goods in Żabka Polska, with a focus on environmental responsibility, in accordance with the Responsibility Strategy. Transport Policy indicates priorities and directions of action, representing voluntary commitment to managing the value chain.

Key issues covered

- Basic transport principles
- Specific transport obligations

Owner of the regulation

The Director of Transport Department

Mobility Policy



Scope

The Mobility Policy applies to Żabka Polska sp. z o.o. Specifically, the Policy is applicable to employees and associates of Żabka Polska.

Summary

This Policy outlines the overarching principles governing mobility for employees and co-workers, as well as strategic directives for fleet management that support Żabka Polska's decarbonisation objectives.

Key issues covered

- Mobility principles
- Desired and promoted conduct in relation to mobility
- Unacceptable conduct in relation to mobility

Owner of the regulation

The Group Rewards Manager

Biodiversity Policy



Scope

The Biodiversity Policy applies to Żabka Polska sp. z o.o. Specifically, the Policy is applicable to the franchisees and suppliers of own brand products.

Summary

This Policy sets out the general principles of conduct for the protection of biodiversity. It also indicates the main directions of Żabka Polska's activities in this scope, aimed at ensuring the protection of ecosystems and preventing the loss of biodiversity.

Żabka Polska's actions align with the implementation of tasks from the COP15 summit, specifically the Kunming-Montreal Global Biodiversity Framework (targets 15, 18, and 19), and adhere to the EU Climate Change Adaptation Strategy, EU Farm to Fork Strategy, EU Biodiversity Strategy for 2030, and the new EU Forest Strategy for 2030. They also comply with forthcoming regulations on deforestation. The company's activities are consistent with The 2030 National Environmental Policy - the Development Strategy in the Area of the Environment and Water Management.

Key issues covered

- Commitment to ecosystem protection: engaging in efforts to halt and reverse ecosystem degradation
- Defined milestones: establishing clear goals for Policy implementation
- Hierarchy of mitigation: applying strategies of avoidance, reduction, restoration, and compensation

Owner of the regulation

The Director of Quality Standards and Climate Protection

Paper and Wood Policy



Scope

The Paper and Wood Policy applies to Żabka Polska sp. z o.o.

Specifically, the Policy is applicable to employees, associates, current and prospective business partners, and franchisees of Żabka Polska.

Summary

The Policy outlines the principles Żabka Polska follows in the circular economy domain, specifically concerning materials of paper and wood origin in unit, bulk, and transport packaging for own brand products.

Key issues covered

- Materials used for paper packaging
- Commitment to incorporating recycled paper in the wrapping, packaging, and transport of own brands
- Standards for products in reference to the production of paper packaging containing recycled fibres, responsible use of natural resources and designing packaging with the realistic potential for further recycling or reuse

Owner of the regulation

The Director of Quality Standards and Climate Protection

Policies related to the environmental area

Eco-design Policy



Scope

The Eco-design Policy applies to Żabka Polska sp. z o.o. Specifically, the Policy applies to employees, co-workers, current and future business partners working with Żabka Polska.

Summary

The Policy outlines the principles which Żabka Polska follows in the circular economy domain, specifically concerning materials of paper and wood origin in unit, bulk, and transport packaging for own brand products.

Key issues covered

- Recommended packaging materials
- Recommended composition of packaging plastics
- Principles of eco-design and their implementation for Żabka Polska's suppliers

Owner of the regulation

The Director of Quality Standards and Climate Protection

Plastic Circularity Policy



Scope

The Plastic Circularity Policy applies to Żabka Polska sp. z o.o.

Specifically, the Policy applies to employees, associates, current and future business partners working with Żabka Polska.

Summary

The Circularity Policy defines Żabka Polska's activities in the field of the circular economy, which are to be guided by the 'Green Loop'. This is a model designed by Żabka Polska, which shows the areas of business targeted by the company's actions that involve the comprehensive management of resources, from eco-design to environmental recovery and regeneration.

Key issues covered

- Eco-design principles
- Resource-saving creation
- Sustainable distribution
- Responsible sales
- Conscious consumption
- Efficient collection
- Comprehensive recovery and regeneration of the natural environment

Owner of the regulation

The Director of Quality Standards and Climate Protection

Waste Management Policy



Scope

The Waste Management Policy applies to Żabka Polska sp. z o.o.

Specifically, the Policy applies to the company, franchisees and suppliers of Żabka Polska's own brand products.

Summary

The Policy sets out the guidelines in respect of the recommended waste management methods to reduce waste at various stages of a product's lifecycles.

Key issues covered

- Waste-management hierarchy (prevention, reuse, recycling, recovery and disposal)
- Measures recommended to business partners, including monitoring and ecological education

Owner of the regulation

The Director of Quality Standards and Climate Protection

Food Waste Prevention Policy



Scope

The Food Waste Prevention Policy applies to Żabka Polska sp. z o.o.

Summary

This Policy sets uniform standards for the reduction of food waste in Żabka Polska's own operations and at the stores as well as in the operations of the suppliers of own brand and branded products..

Key issues covered

- Goals related to minimising food waste
- Prevention hierarchy rules aiming to reduce food waste
- Guidelines for selected suppliers

Owner of the regulation

The Director of Quality Standards and Climate Protection

Water Resources Policy



Scope

The Water Resources Policy applies to Żabka Polska sp. z o.o.

Specifically, the Policy is applicable to the company, its franchisees and suppliers of own brand products and other branded products.

Summary

Water Resources Policy outlines guidelines designed to reduce water usage and protect water resources. As water is a vital ecosystem service, we consider this Policy a part of our approach to managing biodiversity-related impacts.

Key issues covered

- Assumptions for the management of water resources during the production of Żabka Polska's own brand products
- Guidance for the production of brand products, the operations of franchisees, as well as internal operations

Owner of the regulation

The Director of Quality Standards and Climate Protection

Integrated Management System (IMS)



Scope

The Integrated Management System applies to Żabka Polska sp. z o.o.

Summary

Żabka Polska has implemented the Integrated Management System (IMS) to oversee the storage and distribution of processed and unprocessed food products of animal and plant origin under strictly controlled conditions, as well as the introduction and development of private-label products. All systems are certified by TÜV NORD, an external certifying body.

Key issues covered

- ISO 22000 (since 2015) - food safety management
- ISO 14001 (since 2018) - environmental management systems
- ISO 45001 (since 2019) - occupational health and safety management system
- ISO 50001 (since 2019) - efficient energy management
- ISO 27001 (since 2022) - security of information

Owner of the regulation

Director of Quality and Environmental Management Department / ISO Officer and Żabka Polska management responsible for specific ISO areas

Decarbonisation

The decarbonisation plan and consideration of climate change in the Żabka Group's strategy and business model

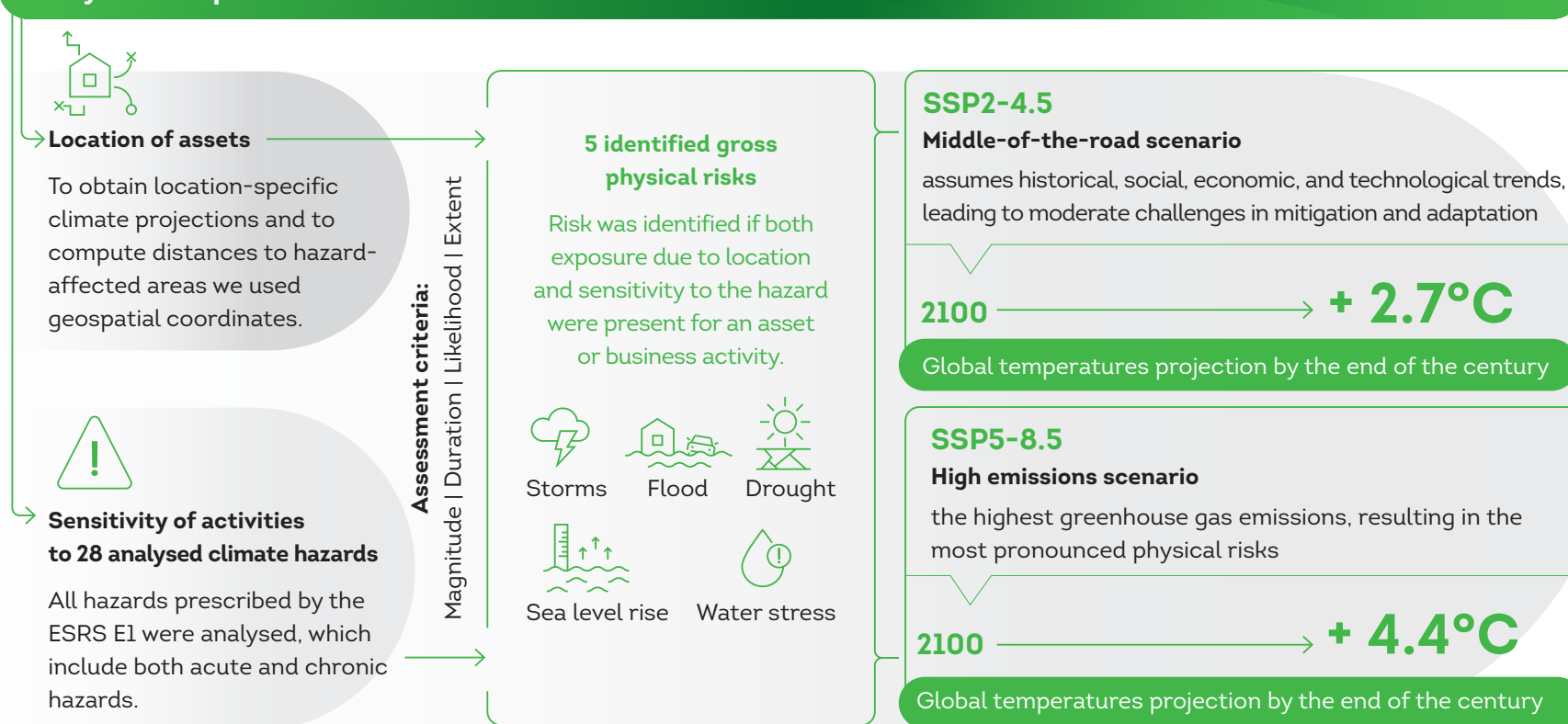
[E1-1]

Our diversified Group is dedicated to continuously minimising its environmental impact, particularly through reducing GHG emissions and by integrating the Paris Agreement provisions, which co-ordinate global actions to limit climate change and restrict the global temperature increase to under 1.5°C. The Group aims to adhere to its policies and activities to continuously reduce its GHG emissions and minimise its environmental impact in the upcoming years.

Żabka Polska, the Group's most advanced entity in sustainability, has been consistently implementing its decarbonisation plan as part of its Responsibility Strategy for 2021-2026. Żabka Polska is the most material business of the Żabka Group, comprising approximately 90% of the Group's total GHG emissions across all scopes. The company's decarbonisation strategy and its GHG emissions reduction targets, are independently validated by the Science Based Targets initiative (SBTi). In the upcoming years Żabka Polska's expertise will facilitate the development of detailed plans and business specific GHG emission reduction targets for other companies within the Group. The implementation of the Group's future transition plan and climate actions will depend on several critical factors, including the availability of financing, affordable capital costs and access to scalable low-emission technologies. The ability to plan and execute effective actions in subsidiary companies will rely on intellectual capital, as well as strong managerial and executive talent. At the Żabka Group, the potential of locked-in GHG emissions to hinder the achievement of the Group's emission reduction ambitions is acknowledged, although no detailed analysis has been conducted on this matter.

The Group's primary business activity remains retail. In 2024, the Group did not possess substantial assets, such as coal-fired power plants, that are intended for long-term operation exceeding 30 years, which might conflict with GHG reduction targets, and was not excluded from EU Paris-aligned Benchmarks.

Analysis of exposure of Żabka Polska's assets and business activities to different hazards



The scenarios span from 2015 to 2100, extending beyond Żabka Polska's strategic planning horizons yet aligning with the need to evaluate physical risks over extended periods to capture climate change effects. By assessing climate hazards up to 2025, Żabka Polska identifies immediate risks requiring priority attention, while evaluations up to 2050 capture longer-term changes in physical risks that may affect the company.

Responsibly navigating climate risks and opportunities

[E1. SBM-3, E1. IRO-1, E1-9]

At the end of 2024, the resilience and climate risks analyses for the Żabka Group are still ongoing, with results scheduled for publication in the upcoming years. Given that Żabka Polska represents the largest and most material business unit within the Group, an overview of the process and the results of the climate risk analysis conducted for Żabka Polska are presented.

In 2024 Żabka Polska conducted a comprehensive physical climate risk analysis to determine potential climate related hazards for its assets and business operations over the short, medium and long terms.

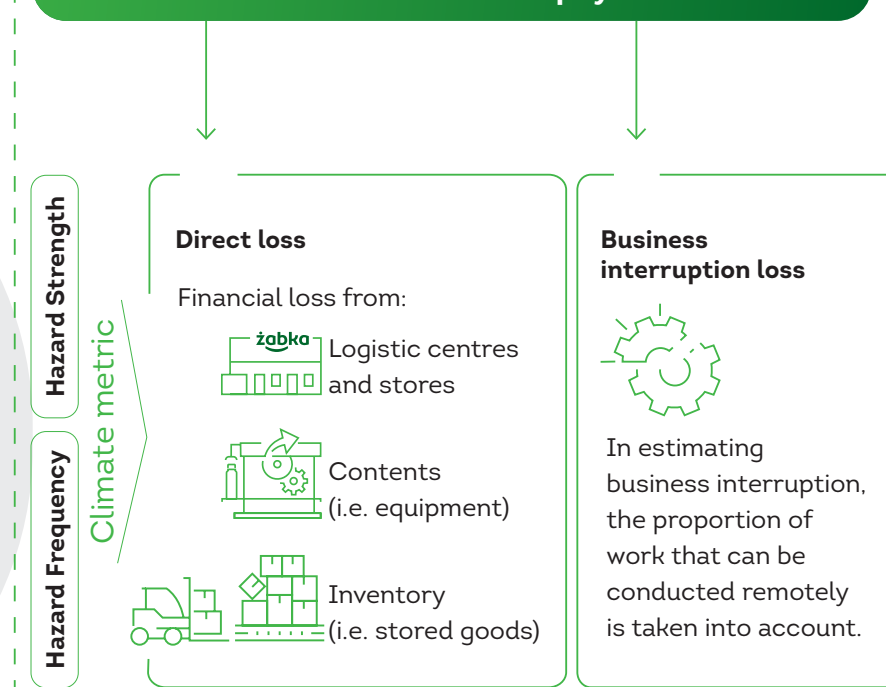
The short-term horizon covers one year and lasts until 2025, the medium-term horizon covers six years until 2030, and the long-term horizon covers 26 years, until 2050. This structured approach allows to balance the need for long-term insights into climate change

effects with practical consideration for strategic planning and capital allocation over shorter, more foreseeable periods. The long-term horizon also ensures that the analysis covers the expected lifetime of assets.

The analysis utilised climate projections from the latest Intergovernmental Panel on Climate Change (IPCC) Assessment Report (AR6), focusing on two scenarios: the high-emissions scenario SSP5-8.5 and the middle-of-the-road scenario SSP2-4.5.

Selected scenarios provide coherent socio-economic futures based on drivers such as population growth, economic development and technological advancements. The selection of SSP5-8.5 provides a 'worst-case' scenario, facilitating the development of robust adaptation measures that remain effective even under less emission-intensive futures.

Total financial loss due to physical risk



The analysis that was conducted also included an estimation of the anticipated annual average financial loss resulting from property damage and business interruptions for those assets and operations identified as vulnerable to physical risks.

Żabka Polska is currently undertaking a transition risk analysis. By the end of 2024, the company established business, financial and climate assumptions to support the development of a scenario analysis model addressing the transitional risks associated with climate change. The assumptions are analogous to the assumptions for the analysis of the physical risks (including time horizons and scenarios described).

Through the approach presented in the graph Żabka Polska focused on understanding the potential impacts of climate-related hazards and prioritising essential adaptation measures.

Physical climate risk analysis

The physical risk analysis covered key sites based on revenue generated and asset value: six Logistic Centres and Park Logistic City, stores (clustered in eight groups) and the value chain (at a general level).

The Żabka stores operating in Poland were divided into eight clusters enabling collective analysis of many single locations. The analysis utilised the k-means clustering model and the Nomenclature of Units for Territorial Statistics (NUTS). The clusters are based on the distances between the stores and the relative approximate consistent size of clusters. A representative site was selected from each cluster for more detailed analysis. The results were extrapolated to the remaining stores in the cluster.

As part of the value chain, key sites that are essential to the Żabka Group's operations were analysed. The analysis considered the locations of key suppliers in Spain and Slovakia, as well as the positions of stores and warehouses in Romania. The physical risk analysis for the value chain was more high-level, focusing only on typical indicators that are characteristic of Europe: heat stress, heat waves, cold waves, wildfires, heavy precipitation, drought and cold stress.

Analysis of the financial loss due to physical risks

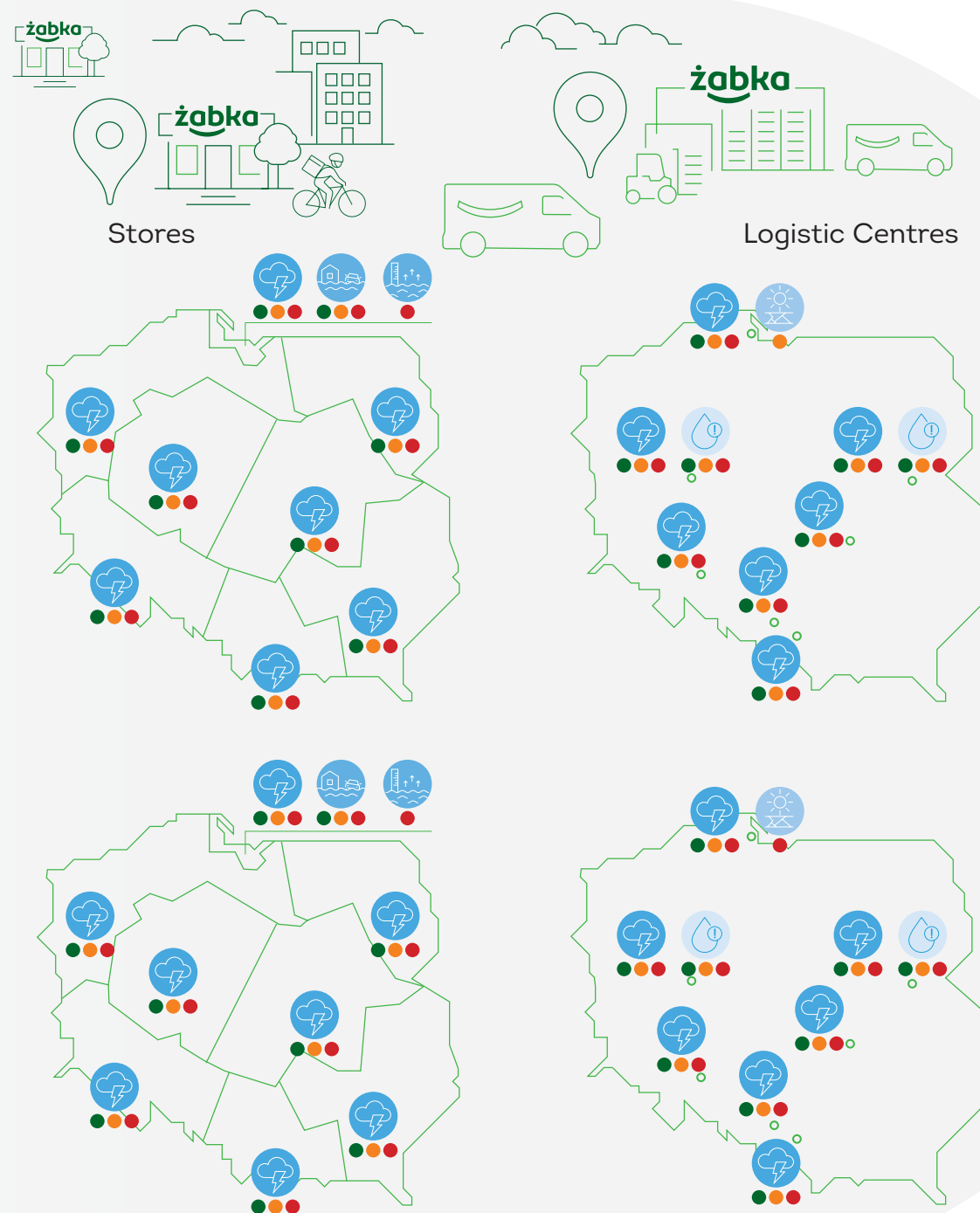
Limitations of the assessment are primarily due to the limitations of climate models, which at a global scale have a spatial resolution that is too coarse to simulate the processes involved in some hazards, and therefore cannot simulate all the risks requiring assessment. Secondly, the lack of availability of historical damage data, such as damage curves for some of the risks, imposes further limitations on the accuracy of the estimates.

The estimation of financial loss is performed only for the hazards that were identified as potentially posing a risk to a site and uses the same climate metric for each hazard that was used to identify the potential risk. The financial loss quantifies each risk and offers a solid basis for determining risk materiality level for the Żabka Group.

The presented graphs show the results of the climate risks analysis of Żabka Polska stores and logistics centres.

Mid-road scenario SSP2-4.5

High-emissions scenario SSP5-8.5

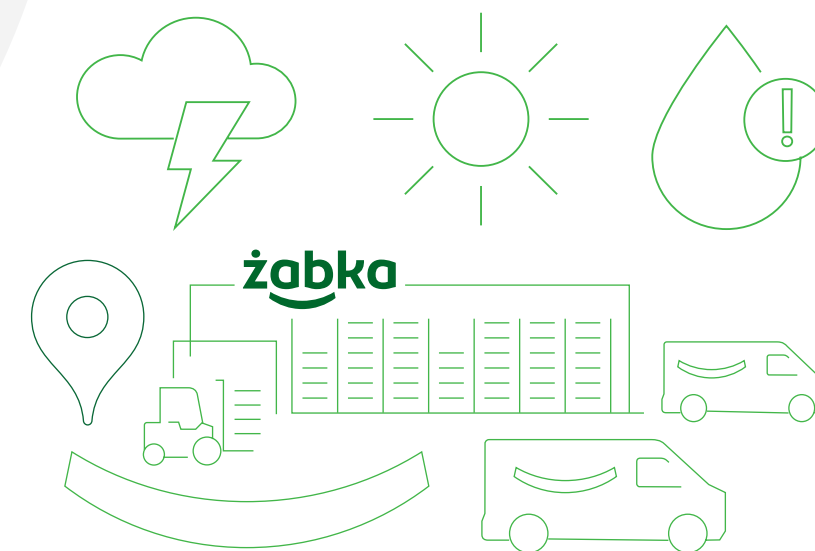


The risks identified for stores, logistic centres and the supply chain include storms, water stress, drought, floods and rising sea levels. The potential financial impact of these risks varies depending on the scenario under consideration. Our analysis shows that the biggest potential losses for businesses are likely to come from disruptions in operations, rather than direct damage, especially over the long-term in the mid-road scenario.

For stores, the identified risks include storms, floods and rising sea levels. The analysis found that the biggest potential losses for stores might be due to business interruptions over the long-term in the high-emissions scenario.

For logistic centres, the identified risks include storms, drought and water stress. The exposed locations are Pruszcz Gdański, Komorniki, Plewiska, Radzymin, Nadarzyn and Northern Poland (the cluster that covers city of Gdańsk). The analysis found that the biggest potential losses for logistics centres might be due to business interruptions over the medium-term in mid-road scenario.

In the case of the supply chain, among the factors analysed, for selected key locations (Spain, Slovakia, and Romania) the most significant risk was found to be associated with rising air temperatures.



Legend Storms Flood Sea level rise Drought Water stress Short-term Medium-term Long-term

Climate-related risks and opportunities

We have identified climate-related risks and opportunities, using a methodology aligned with the ERM system (B.3.4). Our main risk is the demanding regulatory environment. Physical and transformational challenges are currently assessed as medium. As the impact of climate change is not yet well defined, we closely monitor this comprehensive list to ensure timely response.

We also recognise, however, that it can support new business development opportunities. These include reducing energy and resource costs to meet emerging customer needs, increasing the loyalty of environmentally involved customers and improving value chain resilience through collaborative action.

Climate-related risks

Category	Risk	Our response
Physical / Acute	Threats to operations caused by the occurrence of sudden weather phenomena	<ul style="list-style-type: none"> Business continuity plans, including supply chain management, ensuring emergency distribution measures to stores. Diversification of the supply chain. Insurance against the occurrence of short-term risk factors.
Physical / Chronic	Threats to operations caused by the chronic climate change	<ul style="list-style-type: none"> Adaptive plans and analyses regarding the implementation of appropriate technical and construction solutions. Feasibility study in relation to selected innovations and technologies supporting adaptation to climate change.
	Limitations / disruptions in water availability in the supply chain	<ul style="list-style-type: none"> Business continuity plans in case of water shortages.
Transitional / Market	Limitations / disruptions in energy supply in the supply chain	<ul style="list-style-type: none"> Business continuity plans in case of electricity shortages. Procuring electricity from renewable sources, confirmed by acquired guarantees of origin.
	Further increase in energy prices	<ul style="list-style-type: none"> Engaging stakeholders in initiatives to reduce energy consumption. Feasibility study on sourcing electricity from renewable energy sources (RES) on the premises owned by Žabka.
Transitional / Policy and Legal	Limitations on deliveries made by combustion engine vehicles in city centres	<ul style="list-style-type: none"> Dedicated resources for analysing legislative changes in the area of ESG, including those concerning climate protection; implementation of appropriate requirements to ensure compliance. Introduction of a long-term logistics strategy that will specify the details of the transport policy.
	Stricter regulations in the area of sustainable agriculture and the impact of the origin of raw materials on natural biodiversity	<ul style="list-style-type: none"> Dedicated resources for analysing legislative changes in the area of ESG, including those concerning biodiversity; implementation of appropriate requirements to ensure compliance. Detailed analysis of impacts and dependencies on natural resources and the development of a roadmap for actions in the area of biodiversity.
	Adapting to fast evolving ESG regulatory requirements, including obtaining necessary data from other entities within the value chain	<ul style="list-style-type: none"> Enhancement of practices in controlling and reporting to increase the transparency of the Group's actions for climate protection. Dedicated resources for analysing legislative changes in the area of ESG, including those concerning climate protection; implementation of appropriate requirements to ensure compliance.

Risk score according to ERM system: Low Medium High Very High

Climate-related opportunities

Category	Opportunity	Our response
Resource efficiency	Reducing energy consumption through climate-friendly initiatives	<ul style="list-style-type: none"> Piloting and further rolling out the most successful climate-friendly and financially feasible solutions.
	Increased motivation of employees and business partners by achieving climate-related goals	<ul style="list-style-type: none"> Launching the Fair Business knowledge-sharing platform for business partners. Educational activities for employees, franchisees and business partners.
Energy source	Reducing investment costs in renewable energy sources and improving the efficiency of renewable energy generation	<ul style="list-style-type: none"> Ensuring access to financing at preferable conditions over the long term. Conducting a feasibility study into accessing renewable energy sources in a cost-effective and technologically optimal manner.
Products and services	Increase in demand of low- or zero- emissions products	<ul style="list-style-type: none"> Researching and potentially scaling low-emission ingredients and products.
Markets	Increase loyalty of environmentally involved customers	<ul style="list-style-type: none"> Understanding customers' needs and effective ways of communicating about environment-related matters. Launching employer branding strategy.
	Strong employer branding due to Žabka's climate engagement	<ul style="list-style-type: none"> Monitoring the position of the Žabka Group against its peers. Researching and potentially scaling low-emission ingredients and products.
Resilience	Use climate friendly initiatives to increase value chain resilience	<ul style="list-style-type: none"> Announcing GHG emission reduction expectations towards business partners at the annual Business Partner Meeting. Conducting individual strategic planning sessions with key partners on joint activities. Launching our Fair Business knowledge-sharing platform for business partners.

Opportunity score according to ERM system: Low Medium High Very high



Scope 1 GHG emissions

Scope 2 GHG emissions

Scope 3 GHG emissions

Actions and resources in relation to climate change policies

[E1-3, MDR-A]

Over the past two years, Żabka Polska has implemented actions aimed at mitigating and adapting to climate change, focusing on reducing Scope 1, Scope 2, and Scope 3 GHG emissions. Funding for all major decarbonisation projects is secured during Żabka Polska's annual budgeting process.

Targets related to climate change mitigation and adaptation

[E1-4, MDR-T]

The Group plans to establish measurable targets for all Group entities. The targets related to this area, as defined by Żabka Polska's Responsibility Strategy are presented in the 2024 ESG highlights section of the Report. No targets were set for the period from 2030 onwards.

In 2024 the Żabka Polska's Scope 1 GHG emissions totalled 15,236 tCO₂e.

Within the Żabka Group, the most significant reduction efforts were undertaken by Żabka Polska. By the end of 2024, Żabka Polska had integrated over 900 full-hybrid, 300 plug-in hybrid and more than 30 zero-emission electric vehicles into its fleet. These efforts were supported by an electric-charging infrastructure and a driver motivation programme - 'Drive the future' - which emphasises the value of economical and safe driving. Additionally, a fuel consumption limit introduced in 2024 has together with these initiatives furthered progress towards achieving the company's decarbonisation goals.

The company also expanded dedicated transportation solutions and has enhanced thermal insulation at loading ramps in logistics centres. These measures improve delivery efficiency, with refrigerated vehicles reducing reliance on dry ice during transit and thereby lowering GHG emissions.

In 2024 Żabka Polska's Scope 2 GHG emissions totalled 1,465 tCO₂e.

The key reduction efforts at Żabka Polska were focused on implementing solutions based on long-term power purchase agreements (PPAs) or similar arrangements. Under a 15-year Corporate Power Purchase Agreement (cPPA) with Qair, Żabka Polska has committed to sourcing electricity and guarantees of origin from Qair's wind farm for the period 2023 to 2038. A similar agreement began in October 2024 for procuring electricity from Qair's large-scale solar power plant, representing nearly 1.7 TWh of renewable energy. Additionally, Żabka Polska has entered into a 10-year agreement with Modus for the annual procurement of approximately 50 GWh of renewable electricity. Photovoltaic panel installations were installed for the logistics centre in Kąty Wrocławskie, and panels for CL Małopole are set to be operational in 2025. Recognising the significant energy use in its core business, the company has implemented an Energy Management System aligned with the PN-EN ISO 50001 standard to enhance energy efficiency.

In 2024 the Żabka Polska's Scope 3 GHG emissions totalled 2,957,249 tCO₂e.

In terms of Scope 3 upstream GHG emissions, Żabka Polska collaborates with business partners to analyse the carbon footprint of the supply chain across different categories. The company continuously reviews a database to assess its partners' engagement in decarbonisation activities. Żabka Polska plans to update its decarbonisation targets to align with the latest update to the GHG Protocol regarding the quantification and reduction of FLAG (Forest, Land and Agriculture) emissions.

Several projects have been implemented over the past two years to reduce Scope 3 GHG emissions (specifically Category 14 in-store GHG emissions). These include the introduction of closed refrigeration systems in selected stores, zero heating doors and photovoltaic panel installations.

Initiatives conducted in 2024 related to Category 1 Scope 3 GHG emissions (those aimed at improving supplier relationships and sharing decarbonisation knowledge) included a series of workshops with key Żabka Polska suppliers to exchange knowledge and share the experiences gained through decarbonisation efforts within the company's Fair Business Platform.

Biodiversity



Transition plan and consideration of biodiversity and ecosystems in strategy and business model

[E4-1, E4.IRO-1]

Due to the specific nature of Group’s retail activity, the majority of the biodiversity and ecosystems-related impacts and dependencies originate from the supply chain. In 2024, we identified critical biodiversity impacts associated with Żabka Group entities and Żabka Polska’s value chain on tier-1 suppliers. However, we did not conduct a separate resilience analysis concerning biodiversity and ecosystems.

The process of identifying nature-related impacts and dependencies was conducted based on International Standard Industrial Classification sector data and the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) tool. In conducting the analysis, impacts and dependencies rated with materiality of ‘high’ and ‘very high’ were considered. Additionally, a careful examination was carried out to shortlist only those impacts and dependencies which are applicable to the Group entities, Żabka Polska, and Żabka Polska’s upstream value chain context. Our approach was guided by the Additional sector guidance – Food and agriculture published by the Taskforce on Nature-related Financial Disclosures (TNFD) and the internal risk management mechanisms. The risks and opportunities were assessed over different time horizons (short, medium and long-term, as defined under Disclosure Requirement BP-2). The assessment did not include analysis of ecosystem services that are disrupted or likely to be disrupted.

The assessment revealed the following dependencies to be material:

- Provisioning services: water supply – material for direct operations and upstream value chain.
- Regulating and maintenance services: water purification services, water flow services, soil and sediment retention services – material for direct operations.
- Regulating and maintenance services: water purification services, water flow services, flood mitigation services, storm mitigation services, local (micro and meso), storm quality regulation services, pollination services – material for upstream value chain.

The analysis identified the following opportunity in the biodiversity area, applicable both for direct operations and upstream value chain:

- Percentage reduction in input costs due to increased rate of recycling (plastics, nutrients, water etc.).

The identified physical and transition risks are presented in the tables on the following page.

[E4.SBM-3]

We also conducted a thorough analysis of our investment locations in terms of key biodiversity areas. None of the 29 locations evaluated were found to have a significant impact on biodiversity. In the case of four sites the impact on key biodiversity areas may be considered as moderate. The assessment considered the direct and indirect surroundings of each facility in five categories: proximity to protected areas, proximity to Natura 2000 areas (species and habitats), hydrology, land cover and noise and light.

The results of the analysis confirmed that no direct impact on endangered species was found despite the fact that two facilities are located within a 500-metre buffer zone of Natura 2000 sites. The first facility is near the Dolina Dolnej Odry Natura 2000 site, which primarily protects bird species. The second facility is within a 500-metre buffer of the Râul Moldova între Tupilați și Roman Natura 2000 site.

[E4-2]

The policies related to the management of Żabka Group’s environmental impact cover a wide range of key issues, including biodiversity. For details on policies relating to this topic, please refer to the first page of the [C.3 Environment chapter](#).

Actions and resources related to biodiversity and ecosystems

[E4-3, MDR-A]

Żabka Polska has taken significant steps in promoting sustainable sourcing and improving animal welfare in its own brand products. Since 2023, only branded products with certified palm oil are accepted, contributing to the preservation of rainforest and wildlife habitats. The company has regulated the commodities used in products to ensure sustainable sourcing for plant ingredients, fish and seafood. For instance, all own brand products containing fish and seafood have MSC certification. Żabka Polska has also eliminated cage-laid eggs from its products and own brand items. Additionally, Żabka stores offer coffee certified by the Rainforest Alliance.

Targets related to biodiversity and ecosystems

[E4-4, MDR-T]

In 2024 Żabka Polska continued to fulfil the general objectives outlined in the Biodiversity Policy, which was implemented in 2023. (The Policy is described in the beginning of the [C.3 Environment](#) section, and actions undertaken to achieve its objectives are described under disclosure requirement E4-3.)

To further minimise our impact on nature and better track the effects of the undertaken actions framed in respective deployment roadmaps, the Group intends to adopt measurable targets broadly covering two categories – indirect impacts related to sourcing products and/or materials, and direct impacts of the operational activities of the Group’s entities.

Material biodiversity-related physical and transition risks

In 2024, we identified the following list of biodiversity and ecosystems-related risks as material for the Žabka Group. The risks are presented in two categories: physical and transition risks. Physical risks are a direct result of our dependence on nature. Transition risks arise from changes to the regulatory, policy and societal landscapes in which we operate. Recognising biodiversity as a complex topic, we have initiated the identification of the risks that impact us.

Material biodiversity-related physical risks

Category	Risk	Scope
Physical risks	Increase in production and sourcing costs due to high or extremely high baseline water stress.	Direct Operations; Upstream value chain
	Increase in capital expenditure on water purification and desalination technologies and soil cleaning technologies due to pollution concentration and water stress.	Direct Operations; Upstream value chain
	Increase in capital expenditure on infrastructure repair due to damage by flooding, landslide or other natural disaster in the area of food company operations.	Direct Operations; Upstream value chain
	Decreasing land productivity and climate hazard regulation services as a result of soil health degradation leads to profit loss for farmers due to yield losses and for downstream corporations due to supply chain disruption.	Direct Operations; Upstream value chain
	Increase in production and sourcing costs due to dependency on agricultural products (including meat, dairy and poultry) from areas with concentration of water pollutants.	Upstream value chain
	Asset devaluation due to the proportion of land with soil degradation.	Upstream value chain
	Costs associated with the relocation of agricultural operations and agricultural product suppliers due to lost productivity of agricultural land.	Upstream value chain
	Land asset depreciation, due to concentrated pesticides affecting soil health, and chemical/nutrient concentration affecting water.	Upstream value chain
	Increase in capital expenditure for mechanical and/or hand pollination due to decline in natural pollinators.	Upstream value chain
	Reduction in yield in areas with low to no natural pest control and declining pollinator abundance.	Upstream value chain

Material biodiversity-related transition risks

Category	Risk	Scope
Transition risks	Increased costs of climate hazard insurance due to decreased climate and hazard regulating ecosystem services (storm regulation, micro and meso local climate regulation, flood mitigation, soil and sediment retention etc).	Direct Operations; Upstream value chain
	Loss in revenue due to reputational damage caused by business contamination of groundwater, eutrophication, plastic pollution, deforestation and/or emissions.	Upstream value chain
	Costs of relocating production and/or sourcing areas due to expansion of protected area.	Upstream value chain
	Increased costs due to food sector's GHG emission reduction targets (e.g. change in fodder costs to lower methane emissions).	Upstream value chain
	Expenditure on factors including precision farming technologies, regenerative farming practices, crop varieties with lower water needs, alternative fodder options with low emissions to air etc.	Upstream value chain
	Increase in fines due to failure to meet regulatory limits on pesticide/ antibiotics/ fertiliser use and/or nitrogen efficiency requirements.	Upstream value chain
	Increase in compliance costs due to dependency on forest risk commodities exposed to jurisdictions applying regulatory restrictions.	Upstream value chain
	Loss of licence to operate in markets with regulatory requirements on deforestation-free commodities in the food sector.	Upstream value chain
	Loss of operating area due to collective land rights claims by local communities.	Upstream value chain
	Market share loss due to slow adoption of more environmentally friendly packaging solutions.	Upstream value chain
	Revenue reduction due to increase in crop and livestock pests and disease.	Upstream value chain

Circularity



[E5-2, MDR-A]

Policies related to resource use and circular economy

[E5-1]

Given the comprehensive scope of the Żabka Group's policies addressing environmental impact, these policies are presented collectively. For specific details on policies related to resource use and circularity, please refer to the first page of the [C.3 Environment](#) chapter.

Actions and resources related to resource use and circular economy

[E5-2, MDR-A]

The Group has implemented initiatives across all Group entities to address a wide range of key environmental issues, including resource use and circularity, effectively managing the Żabka Group's environmental actions.

Targets related to resource use and circular economy

[E5-3]

The Group plans to establish measurable targets for all Group entities. The targets related to this area, defined by Żabka Polska's Responsibility Strategy, are presented in the [2024 ESG highlights](#) section of the Report.

Optimised product packaging, including reduced use of virgin plastic

In 2024, the Żabka Group's products packaging contained 51.9% recyclable content.

Within Żabka Polska's own brands, packaging for all own brand products has been aligned with eco-design principles. These changes include using recycled materials (such as rPET) in bottles, trays and bowls; removing black ink from packaging; reducing packaging weight; and switching laminated films to mono-materials. The brands that had the greatest impact on reducing the share of virgin plastic in own brand plastic packaging in 2024 were: Dobra Karma (144 tons of recycled content), Wycisk (128 tons) and Foodini (92 tons). 99.4% of Żabka Polska's own brand PET bottles are 100% made from recycled material and we continuously explore ways to increase this content in other packaging. The company continues to offer reusable and paper bags to reduce plastic waste, and the 'Collective Packaging' initiative has significantly reduced plastic waste by using reusable outer packaging for ready meals and sandwiches.

Eco-design principles enable Żabka Polska to optimise waste management in alignment with the waste hierarchy, in accordance with the EU New Circular Economy Action Plan. They are also incorporated into the Żabka Group's Environmental and Climate Framework Policy. The hierarchy of actions includes prevention, reuse, recycling, recovery and disposal, with the aim of reducing waste production by limiting resource consumption, increasing the use of secondary raw materials and introducing specific guidelines for packaging design and other areas.

Enhancing good resource-related customer behaviour

The Żabka Group recognises the effectiveness of collaborative closed-loop action and actively partners with stakeholders to prevent waste generation and enhance product circularity.

Żabka Polska has tested deposit-return solutions through the 'Green Renewal' project, allowing customers in several cities to return PET bottles and metal cans to Żabka stores. In 2024, the programme was present in five Polish cities. Bydgoszcz and Zielona Góra were the first to join, followed by Tychy, Katowice and Wrocław. Participants are rewarded with żapps points to encourage conscious behaviour. 82.3 tons of PET bottles and 36.9 tons of aluminium cans were collected through automatic and manual selective waste collection in 2024. Furthermore, a bottle return promotion continued, offering customers a discount on their next beer purchase upon returning an empty bottle. Additionally, the ongoing 'reusable cup' initiative offers coffee discounts to customers who bring their own cups, reducing single-use waste and promoting reusable packaging.

As part of the 'Naturally Together' programme, Żabka Polska collaborates with franchisees to separate secondary raw materials, primarily cardboard and foil, from store deliveries. In 2024, Żabka Polska collaborated with partners from retail, waste management and scientific institutions, as part of the Retail ReLooped project. Retail ReLooped rethinks packaging systems for the food retail industry, promoting the transition to a more resource-efficient economy. Through the setting up of a 'living lab' in Żabka Polska's retail chain new systems, practices will be explored to try to enable reduction, recycling and reuse of packaging materials. This initiative is supported by the EU's Interreg South Baltic programme and will continue into 2025.

Reducing food waste

In 2024, Żabka Polska's food waste intensity was reduced by 27.3% compared to the base year.

The Group aims to proactively seek solutions to reduce food waste, including in our own operations, at stores, in the households of our consumers and among our suppliers. Żabka Polska employs artificial intelligence to align store deliveries with local shopping patterns, ensuring product availability while minimising food waste. In 2024, achievements in reducing food waste were driven by an assortment of adjustments, dedicated transportation solutions, monitoring products at risk of expiration, collaboration with NGOs such as Food Banks, and loss analysis. According to the segmentation of different types of Żabka stores, we conducted analyses of high-loss products resulting from the assignment of specific products to particular store types, replacing them with products with higher sales potential and faster turnover.

When donating unsold food was not feasible, waste was repurposed in biogas plants for energy production. Żabka Polska also systematically monitors food waste downstream in its stores, allowing franchisees to offer short-lived products at discounted prices through the 'NIE marnujemy' programme.

Looking ahead, the Group recognises challenges related to dynamic growth and the need for structured measurement of food waste in international operations.

EU Taxonomy

Article 8 of EU Taxonomy (Regulation 2020/852) mandates the Žabka Group to disclose in its consolidated sustainability statement the information on how and to what extent its activities conducted are subject to the Taxonomic classification system of sustainable activities in terms of six environmental objectives:

- Climate change mitigation (CCM),
- Climate change adaptation (CCA),
- Sustainable use and protection of water and marine resources (WTR),
- Transition to a circular economy (CE),
- Pollution prevention and control (PPC),
- Protection and restoration of biodiversity and ecosystems (BIO)s.

The Žabka Group is required to verify the eligibility of its activities and their alignment with the specific technical screening criteria (TSC), as well as to provide the percentage share of the Group's business activities that are eligible and aligned (key performance indicators – KPIs).

In the fiscal year 2024, the Žabka Group implemented these steps for the first time. The process involved representatives from various Group entities, including internal experts from business departments who assessed eligibility and alignment, as well as accounting and Group controlling teams responsible for data collection for KPI calculations. The Group's ESG reporting function conducted and supported the entire process.

Determining eligibility

The Žabka Group has qualified its activities as Taxonomy-eligible based on the descriptions of activities contained in the Taxonomy (an activity was qualified as eligible regardless of whether it meets any or all of the technical screening criteria) and linking the activity to the relevant KPI. This relates to activities that generate revenues and under which investment expenditures or operating expenses are incurred (activities that do not generate revenues and in which no expenses are incurred are not subject to disclosure requirements).

After analysing all types of activities listed in the EU Taxonomy, it was determined that the following of the Group's business activities are eligible to the climate change mitigation objective:

5.5 CCM	Collection and transport of non-hazardous waste in source segregated fractions,
6.5 CCM	Transport by motorbikes, passenger cars and light commercial vehicles,
6.6 CCM	Freight transport services by road,
6.15 CCM	Infrastructure enabling low-carbon road transport and public transport,
7.3 CCM	Installation, maintenance and repair of energy efficiency equipment,
7.5 CCM	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings,
7.6 CCM	Installation, maintenance and repair of renewable energy technologies,
7.7 CCM	Acquisition and ownership of buildings,

and one activity is eligible to the environmental objective related to the transition to a circular economy:

2.3 CE	Collection and transport of non-hazardous and hazardous waste.
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The core business of the Žabka Group is related to the retail sector, which is currently not covered by the EU Taxonomy and its delegated acts, which affects presented KPIs. However, the EU Taxonomy is subject to periodic updates and revisions, including the possibility of adding new technical screening criteria in the future, such as for the retail sector. The Žabka Group will monitor changes in this area.

Determining the alignment with substantial contribution criteria

The process of determining the alignment involved analysing the fulfilment of the specific technical screening criteria for significant contribution to the environmental objectives.

The Žabka Group assessed the criteria established for individual activities in following ways:

- Activities 5.5 CCM, 6.15 CCM, 7.5 CCM and 7.6 CCM: The EU Taxonomy does not include detailed requirements for substantial contribution. It suffices to carry out the activities listed in these points.
- Activity 7.3 CCM: The energy efficiency class of the equipment was assessed.
- Activity 7.7 CCM: The energy efficiency class of buildings was assessed.
- In the case of activity 2.3 CE, relevant criteria regarding waste segregation methods and processes and procedures related were analysed.

Regulatory Framework

The EU Taxonomy consists of the following legal acts: The Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and Commission Delegated Regulations (EU):

- 2021/2139 of 4 June 2021 establishing technical screening criteria for [...] climate change mitigation or adaptation [...],
- 2023/2485 of 27 June 2023 establishing additional technical screening criteria for [...] climate change mitigation or adaptation [...],
- 2022/1214 of 9 March 2022 establishing technical screening criteria for nuclear energy and natural gas-related activities [...],
- 2023/2486 of 27 June 2023 establishing technical screening criteria for [...] the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, or the protection and restoration of biodiversity and ecosystems [...],
- 2021/2178 of 6 July 2021 on the content and presentation of information to be disclosed [...].

Determining alignment with the DNSH criteria

The next step in assessing alignment with the Taxonomy involves verifying the criteria to ensure no significant harm (DNSH) is caused to other environmental objectives. The combination of the substantial contribution criteria and the DNSH aims to ensure consistency between the objectives of the Taxonomy and to avoid situation, where achieving one environmental goal compromises another. The specific DNSH criteria vary depending on the activity involved. The Žabka Group analysed the DNSH criteria related to all activities that meet the substantial contribution criteria. This analysis included, for example:

- climate risk analysis (physical risks) for all activities,
- the assessment of tyres, Euro 6 light-duty emission type-approval and the sound level of motor vehicles (for activities 6.5 CCM),
- several criteria related to waste segregation methods as well as the management system covering environmental, health and safety risks and whether vehicles used for waste management meet the requirement of Euro 5 standards (activity CCM 5.5 and 2.3 CE).

The remaining EU Taxonomy aligned activities did not involve specific DNSH criteria or they are not applicable to the Žabka Group.

Compliance with minimum safeguards

The assessment of the Group's alignment with minimum safeguards was carried out taking into account the recommendations contained in the Final Report on Minimum Safeguards, developed by Platform on Sustainable Finance in October 2022. The analysis focused on assessing our alignment with the following key areas:

- **Human rights:** we have analysed the existence and adequacy of human rights due diligence procedures within the Žabka Group, following the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises. All steps of this process have been found to be implemented in the Group.
- **Anti-corruption:** we maintain a zero-tolerance policy towards corruption and bribery. Our anti-corruption framework includes comprehensive policies, regular employee training and mechanisms for reporting and investigating potential breaches.
- **Fair competition:** we are dedicated to upholding the principles of fair competition and antitrust law ensuring compliance with regulations that promote competitive markets and prevent monopolistic practices.

- **Taxation:** we are committed to maintaining transparency in our tax practices and fulfilling our tax obligations in all jurisdictions where we operate.

The standards of responsible business conduct are reflected in the Žabka Group's internal procedures and processes.

We are committed to continuous improvement and regular review of our policies and practices to address any gaps and align with evolving standards, continually developing our approach to due diligence.

In 2024, the Žabka Group did not identify any final court cases that would significantly impact the assessment of minimum safeguards. Additionally, there were no reports in the registers of the OECD National Contact Point and the Business and Human Rights Resource Centre concerning Zabka Group SA or its subsidiaries.

 [For more information on minimum safeguards, please refer to the Social section of the statement.](#)

The Žabka Group entities do not engage in any activities related to nuclear processes and fossil gas (CCM activities: 4.26, 4.27, 4.28, 4.29, 4.30, and 4.31).

Nuclear and gas energy related activities

Row Nuclear energy related activities

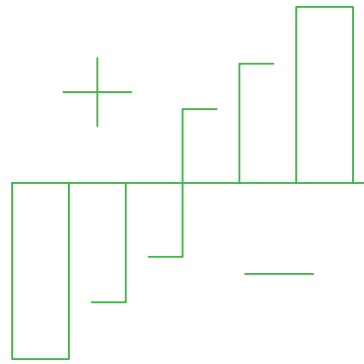
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No

Fossil gas related activities

4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Table summarising the EU Taxonomy activities identified in the Žabka Group in FY2024

EU Taxonomy activity	Description of the Group's activity	The assessment results
Climate change mitigation		
5.5	Collection and transport of non-hazardous waste in source-segregated fractions	Selective waste collection in the logistics centre, investments in waste balers, waste space and Ekomat (RVMs) as well as the costs related to their maintenance. Aligned
6.5	Transport by motorbikes, passenger cars and light commercial vehicles	Leasing of hybrid and petrol cars, electric and petrol motorbikes, as well as the costs related to their repair and maintenance. Partially aligned*
6.6	Freight transport services by road	Leasing and purchase of petrol trucks, as well as the costs related to their repair and maintenance. Non-aligned
6.15	Infrastructure enabling low-carbon road transport and public transport	Installation of charging point at the employees' place of residence, at the headquarters and logistic centres. Aligned
7.3	Installation, maintenance and repair of energy efficiency equipment	Installation and replacement of light sources and heating, ventilation and air-conditioning devices (HVAC) Partially aligned*
7.5	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Installation of smart meters. Aligned
7.6	Installation, maintenance and repair of renewable energy technologies	Installation of solar photovoltaic systems on the roofs of shops and logistics centres. Aligned
7.7	Acquisition and ownership of buildings	Leasing and owning premises (Žabka's stores and the Group's logistics centres and offices). Partially aligned*
The transition to a circular economy		
2.3	Collection and transport of non-hazardous and hazardous waste	Selective waste collection in the logistics centres, investments in waste balers, waste space and Ekomat (RVMs) as well as the costs related to their maintenance. Aligned



Key performance indicators and accounting policies

The Żabka Group presents in this statement the percentage shares of net turnover (derived from the sale of products or services), capital expenditure (CAPEX), and operating expenditure (OPEX) that are related to environmentally sustainable business activities (KPIs).

As at 31.12.2024 the KPIs for the aligned EU Taxonomy activities were as follows:

- KPI CAPEX – CAPEX aligned: 1.3% and CAPEX eligible: 43.1%,
- KPI Turnover – no Turnover eligible for Taxonomy as for 2024,
- KPI OPEX – OPEX as defined by EU Taxonomy is not material to Żabka's business model and Żabka Group has opted to use an exemption allowing the presentation only denominator for this KPI.

KPIs were calculated in accordance with the guidelines outlined in Delegated Regulations (EU) 2021/2178. To determine the proportion of turnover, capital expenditure (CAPEX), and operating expenditure (OPEX), the same accounting principles were applied as those used for the consolidated annual financial statements of the Żabka Group. The calculation of indicators for the Group also incorporated relevant consolidation adjustments used in the preparation of financial statements. To comply with the principle of eliminating the risk of double counting, no financial item was taken into account more than once. In addition, in the case of activities that contribute substantially to multiple environmental objectives (activities: 5.5 CCM and 2.3 CE), the KPI is presented according to the EU Taxonomy rule as follows: the Żabka Group disclosed the KPI once, in one row, indicated both activities (5.5 CCM and 2.3 CE) and marked in bold the most relevant one (which is activity 2.3 CE in this case).

In FY 2024, we implemented the Taxonomy reporting process across the Group for the first time, resulting in no changes to the calculation methods for KPIs. Additionally, no allocations were made.



Turnover KPI

The Group does not recognise turnover from any of its business activities that fall under the scope of the Taxonomy (no eligible and aligned KPI). Consequently, the Żabka Group does not disclose the proportion of its turnover KPI.

The general accounting rule dictates that the KPI related to turnover is calculated by dividing net revenue from the sale of products or the provision of services related to the Group's Taxonomy-eligible activities by the Group's consolidated revenue, as disclosed in the Żabka Group financial statements. The denominator for this KPI is detailed in Note 5.1 of the consolidated financial statements for 2024. In FY 2024, no own consumption occurred in the context of taxonomic activities. Additionally, the Żabka Group did not issue green bonds during this period.



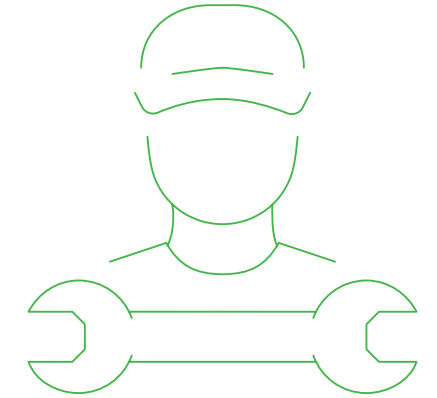
CAPEX KPI

The key indicator related to capital expenditures was determined by dividing the sum of capital expenditures related to eligible and aligned activities by the total capital expenditures of the Żabka Group.

The basis for calculating this key indicator was the capital expenditures of the Żabka Group on additions to property, plant and equipment, internally developed intangible assets, additions to capitalised right-of-use assets, additions acquired through business combinations and additions to investment properties acquired or recognised in the carrying amount that is included in the consolidated financial statements for 2024 (described in Notes 6.2, 6.3 and 6.4).

The Żabka Group does not present a breakdown of the CAPEX KPI due to the fact that 100% of the increase in aligned activities relates to additions to property, plant, equipment and increase in right of use assets.

The Żabka Group did not implement a CAPEX plan as defined in the Taxonomy.



OPEX KPI

The Żabka Group has opted to use an exemption allowing the presentation of individual OPEX KPIs with a numerator of zero, as these costs are not material to its business model.

The denominator for the OPEX KPI as of 31 December 2024 is 261,000 k PLN.

The denominator includes selected types of operating expenses, such as costs related to building renovations, short-term leasing, and the maintenance and repair of the car fleet and buildings.

Additionally, the OPEX KPI encompasses any other direct expenditures related to the ongoing servicing of property, plant, and equipment, whether carried out by the group or outsourced to a third party, to ensure their continued and effective functioning. For operating expenditures, which are defined more narrowly in the Taxonomy than in financial reporting standards, the Żabka Group conducted a thorough review of all accounts to identify items meeting the EU Taxonomy OPEX definition.

More detailed information on the breakdown of the above-mentioned KPIs into each aligned activity is included in the tables attached on the following pages.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2024

Financial year 2024	Year			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						Proportion of turnover/Total turnover				
	Code (2)	Turnover (3)	Proportion of turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)	
		PLN k	%	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	-			
Of which enabling		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	-	E		
Of which transitional		0.0	0.0%	0.0%						Y	Y	Y	Y	Y	Y	Y	-		T	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL											
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%								-			
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		0.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%								-			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities		23,797,040	100.0%																	
TOTAL		23,797,040	100.0%																	

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0%	0.0%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	0.0%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

Legend

- Y - Yes (Taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective)
- N - No (Taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective)
- N/EL - Not eligible (Taxonomy-non-eligible activity for the relevant environmental objective)
- EL - Eligible (Taxonomy-eligible activity for the relevant objective)

The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:

- Climate Change Mitigation: CCM,
- Climate Change Adaptation: CCA,
- Water and Marine Resources: WTR,
- Circular Economy: CE,
- Pollution Prevention and Control: PPC,
- Biodiversity and Ecosystems: BIO.

For example, the Activity 'Afforestation' would have the Code: CCM 1.1.

Proportion of CAPEX from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2024

Financial year 2024	Year			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CAPEX, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
	Economic activities (1)	Code (2)	CAPEX (3)	Proportion of CAPEX, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)				
		PLN k	%	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	%	E	T

A. TAXONOMY-ELIGIBLE ACTIVITIES

A.1. Environmentally sustainable activities (Taxonomy-aligned)

Collection and transport of non-hazardous waste in source segregated fractions /Collection and transport of non-hazardous and hazardous waste	CCM 5.5 / CE 2.3	1,877	0,1%	Y	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	-		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	1,100	0,03%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	-		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	515	0,2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	-	E	
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	1,985	0,1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	-	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	2,070	0,1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	-	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	7,052	0,2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	-	E	
Acquisition and ownership of buildings	CCM 7.7	28,767	0,9%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	-		

Legend

- Y - Yes (Taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective)
- N - No (Taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective)
- N/EL - Not eligible (Taxonomy-non-eligible activity for the relevant environmental objective)
- EL - Eligible (Taxonomy-eligible activity for the relevant objective)

The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:

- Climate Change Mitigation: CCM,
- Climate Change Adaptation: CCA,
- Water and Marine Resources: WTR,
- Circular Economy: CE,
- Pollution Prevention and Control: PPC,
- Biodiversity and Ecosystems: BIO.

For example, the Activity 'Afforestation' would have the Code: CCM 1.1.

Proportion of CAPEX from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2024

Financial year 2024	Year			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						Proportion of CAPEX/Total CAPEX				
	Economic activities (1)	Code (2)	CAPEX (3)	Proportion of CAPEX, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CAPEX, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		PLN k	%	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		43,366	1.3%	1.2%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	Y	Y	Y	Y	Y	Y	Y	-		
Of which enabling		11,622	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	-	E	
Of which transitional		0.00	0.0%	0.0%							Y	Y	Y	Y	Y	Y	Y	-		T

A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)

				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL				
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	8,313	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL				-
Freight transport services by road	CCM 6.6	20,952	0.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL				-
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	24,549	0.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL				-
Acquisition and ownership of buildings	CCM 7.7	1,350,201	40.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL				-
CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1,404,016	41.9%	41.9%	0.0%	0.0%	0.0%	0.0%	0.0%				-
A. CAPEX of Taxonomy-eligible activities (A.1+A.2)		1,447,382	43.1%	43.1%	0.0%	0.0%	0.0%	0.1%	0.0%				-

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES

CAPEX of Taxonomy-non-eligible activities	1,907,239	56.9%
TOTAL	3,354,621	100.0%

Proportion of CAPEX/Total CAPEX		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	1.3%	43.1%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.1%	0.1%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

Legend

- Y - Yes (Taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective)
- N - No (Taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective)
- N/EL - Not eligible (Taxonomy-non-eligible activity for the relevant environmental objective)
- EL - Eligible (Taxonomy-eligible activity for the relevant objective)

The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:

- Climate Change Mitigation: CCM
- Climate Change Adaptation: CCA
- Water and Marine Resources: WTR
- Circular Economy: CE
- Pollution Prevention and Control: PPC
- Biodiversity and Ecosystems: BIO

For example, the Activity 'Afforestation' would have the Code: CCM 1.1.

Proportion of OPEX from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2024

Financial year 2024	Year		Substantial contribution criteria							DNSH criteria ('Does Not Significantly Harm')							Proportion of OPEX/Total OPEX		
	Code (2)	OPEX (3)	Proportion of OPEX, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) OPEX, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		PLN k	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	-		
Of which enabling		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	-	E	
Of which transitional		0.0	0.0%	0.0%						Y	Y	Y	Y	Y	Y	Y	-		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%								-		
A. OPEX of Taxonomy-eligible activities (A.1+A.2)		0.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%								-		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OPEX of Taxonomy-non-eligible activities		261,000	100.0%																
TOTAL		261,000	100.0%																

Proportion of OPEX/Total OPEX		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0%	0.0%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	0.0%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

Legend

- Y - Yes (taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective)
- N - No (taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective)
- N/EL - Not eligible (taxonomy-non-eligible activity for the relevant environmental objective)
- EL - Eligible (Taxonomy-eligible activity for the relevant objective)

The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:

- Climate Change Mitigation: CCM,
- Climate Change Adaptation: CCA,
- Water and Marine Resources: WTR,
- Circular Economy: CE,
- Pollution Prevention and Control: PPC,
- Biodiversity and Ecosystems: BIO.

For example, the Activity 'Afforestation' would have the Code: CCM 1.1.

ESRS E1 Climate Change – Metrics

[E1-1]

Resources allocated to the transition plan

There is no transition plan within the meaning of ESRS E1-1 at the Żabka Group level, meaning the resources allocated to it cannot be disclosed. There was no significant CapEx invested relating to coal, oil or gas-related economic activities in 2024.

[E1-3]

GHG emission reductions relating to the realisation of projects under Żabka Polska's Responsibility Strategy

Data Point	Unit	2024
Achieved GHG emission reductions in 2024	tCO ₂ e	1,770
Expected GHG emission reductions in the following years	tCO ₂ e	353

Contextual information

The reported GHG emission reductions apply only to Żabka Polska's projects under Żabka Polska's Responsibility Strategy. Achieved GHG emission reductions relate to those achieved in 2024 and expected GHG emission reductions relate to those expected in the following years.

[E1-4]

Target-related GHG emission reductions (Żabka Polska)

Data Point	Unit	Baseline value	2024	2026 Target
Scope 1 & 2 GHG Emissions (without offset)	tCO ₂ e	24,273	16,701	-
Emission reduction in Scope 1&2 (without offset) vs. base year	%	-	-31.2%	-25%
Franchise GHG Emission Intensity	tCO ₂ e/m PLN	27.8	9.9	-
Reduction in Franchise GHG Emissions Intensity vs. base year	%	-	-64.4%	-70%
Share of purchasing and expenditure related to business partners involved in science-based reduction targets	%	29%	59%	75%

Contextual information

Since 2021 Żabka Polska has had SBTi validated GHG reduction targets (see the 2024 ESG highlights section for disclosures tagged with E1-4). The baseline year for these targets is 2020 and the baseline value is indicated in the table above. Each year, annual emission targets are set and tracked on a monthly basis. Annual targets are aligned with the reduction pathway validated by SBTi. The decarbonisation programme at Żabka Polska has set governance processes, including monthly meetings. Oversight of the programme as well as decision making is entrusted to the Steering Committee. The operational teams carry out decarbonisation projects and initiatives and the Operational Committee provides monthly feedback from the field. A monthly system to monitor, report and validate GHG emissions data has also been developed, led by the ESG Reporting Lead and a team of controllers.

[E1-5]

Energy consumption

Data Point	Unit	2024
Total energy consumption	MWh	123,648
Total energy consumption from fossil sources	MWh	94,239
Percentage of fossil sources in total energy consumption	%	76
Fuel consumption from coal and coal products	MWh	0
Fuel consumption from crude oil and petroleum products	MWh	67,731
Fuel consumption from natural gas	MWh	15,711
Fuel consumption from other fossil sources	MWh	0
Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	MWh	10,797
Total energy consumption from nuclear sources	MWh	0
Percentage energy consumption from nuclear sources in total energy consumption	%	0
Total energy consumption from renewable sources	MWh	29,409
Percentage of total energy consumption from renewable sources	%	24
Fuel consumption from renewable sources	MWh	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh	29,050
Consumption of self-generated non-fuel renewable energy	MWh	359

Energy production

Non-renewable energy production	MWh	18,104
Renewable energy production	MWh	359

Contextual information

Data on energy consumption and mix was collected and consolidated manually from Żabka Group entities using data collection forms. The data is reported in Mega-Watt-hours (MWh), and calculated based on energy metres and invoices received from suppliers that have been issued in the nominal units for each type of energy. To convert them into MWh, the calorific value rates provided by DEFRA for a given year were used.

We followed the calculation guidance in the ESRS (Disclosure Requirement E1-5). In particular, we report here energy consumed from processes owned or controlled by us, applying the same perimeter applied for reporting GHG scope 1 and 2 GHG emissions. All quantitative energy-related information is reported as final energy consumption, referring to the amount of energy that we actually consumed. Also in line with ESRS, we avoided double counting fuel consumption when disclosing self-generated energy consumption (when we generated electricity from either a non-renewable or renewable fuel source and then consumed the electricity generated, the energy consumption was counted only once under fuel consumption).

[E1-5 continued]

Energy intensity per net revenue

Data Point	Unit	2024
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors	(MWh/ million Polish zloty)	5.19

Contextual information

It is assumed that all activities of the Żabka Group entities are in a high climate impact sector (mostly NACE sector G - Wholesale and retail trade). Therefore all energy consumption disclosed under E1-5 Energy consumption was used as the numerator. The denominator was net revenue which refers to total net sales generated by the Żabka Group.

Net revenue

Data Point	Unit	2024
Total net revenue	Million Polish zloty	23,797
Net revenue from activities in high climate impact sectors	Million Polish zloty	23,797
Net revenue from activities other than in high climate impact sectors	Million Polish zloty	0

[E1-6]

GHG emissions (Żabka Polska)

Data Point	Unit	2024
Scope 1 GHG Emissions		
Gross Scope 1 GHG emissions	tCO ₂ e	15,236
Percentage of Scope 1 GHG emissions from regulated emission trading schemes	tCO ₂ e	0
Scope 2 GHG Emissions		
Gross location-based Scope 2 GHG emissions	tCO ₂ e	18,987
Gross market-based Scope 2 GHG emissions	tCO ₂ e	1,465
Scope 3 GHG Emissions		
Gross Scope 3 GHG emissions	tCO ₂ e	2,957,249
1 Purchased goods and services	tCO ₂ e	2,460,749
2 Capital goods	tCO ₂ e	215,460
3 Fuel and energy-related activities (not included in Scope 1 and Scope 2)	tCO ₂ e	7,904
4 Upstream transportation and distribution	tCO ₂ e	48,596
14 Franchisees	tCO ₂ e	224,540

Data Point	Unit	2024
Percentage of GHG Scope 3 calculated using primary data	%	9
Total GHG emissions location based	tCO ₂ e	3,142,616
Total GHG emissions market based	tCO ₂ e	2,973,950

Contextual information

GHG emissions are presented for Żabka Polska (including Żabka Polska Sp. z o.o.; Żabka Automatic Logistics Sp. z o.o.; Żabka Development Sp. z o.o.; Żabka Construction Sp. z o.o.; Żabka Nano Sp. z o.o.) responsible for the majority of GHG emissions across all scopes.

In addition, Żabka Group has conducted its first carbon footprint calculation for the other entities. The GHG emissions for them are estimated to be 410,599 tCO₂e. We are committed to continuously improving our calculation methods to ensure accuracy and completeness.

Scope 1 GHG emissions are direct emissions from fuel combustion in distribution centres and emissions related to the fleet and refrigerants. When calculating GHG emissions for fuels, the emission factors used were obtained from the DEFRA database (Department for Environment, Food & Rural Affairs, UK). For GHG emissions related to refrigerants, the GWP coefficients were derived from the DEFRA database or data sheets for specific refrigerants.

Scope 2 GHG emissions are indirect emissions from electricity and heat consumption by distribution centres and company headquarters. For the calculation of GHG emissions for electricity, data from The National Centre for Emissions Management (KOBiZE) modified by DEFRA were used for both location- and market-based methods. For the GHG emissions related to purchased grid heat, the emission factors were obtained from the DEFRA database. The difference between location-based and market-based Scope 2 GHG emissions is driven by the consideration of certification of origins.

Scope 3 GHG emissions (which include upstream and downstream GHG emissions):

Scope 3 (upstream): GHG emissions related to purchased services, capital goods, fuel-related activities and transportation to stores. Purchased services and capital goods emissions are calculated using emission factors derived from an environmentally extended multi-regional input-output model based on 2022 EXIOBASE v3.8.2 data. Emission factors used to calculate emissions for fuel-related activities and upstream transport and distribution are sourced from the DESNZ & DEFRA UK Government GHG Conversion Factors for Company Reporting (2024). Purchased goods emissions, from energy and industry (E/I) and forestry, land use and agricultural (FLAG) sources, are calculated separately using emissions factors from the Waste and Resources Action Plan (WRAP) v1.2 FLAG Emissions database (2023) and other scientific, publicly available sources. In the energy and industry (E/I) category, packaging-related emissions are calculated using DEFRA factors.

Scope 3 (downstream): GHG emissions resulting from the consumption of electricity and refrigerants in stores. For GHG emissions related to refrigerants, the GWP coefficients were derived from the DEFRA database or data sheets for specific refrigerants. When calculating GHG emissions for electricity, with the location-based and market-based methods, data from the National Centre for Emissions Management (KOBiZE), the National Centre for Emission Balancing and Management and modified by DEFRA were used.

The difference between location-based and market-based Scope 3 GHG emissions is driven by the consideration of certification of origins.

Scope 3 GHG emissions categories that were considered material are: category 1) Purchased goods and services, category 2) Capital goods, category 3) Fuel- and energy-related activities, category 4) Upstream transportation and distribution and category 14) Franchisees. The remaining categories 5-13 and 15 were excluded from calculation as they are not relevant or not material for the Żabka Polska.

Calculations related to approximately 80% of stores are based on real data (gathered from energy meters). Approximately 20% is estimated.

[E1-6 continued]

GHG emissions intensity (Żabka Polska)

Data Point	Unit	2024
GHG emissions intensity, location-based	(total GHG emissions in metric tonnes of CO ₂ eq per net revenue in million Polish zloty)	137.9
GHG emissions intensity, market-based	(total GHG emissions in metric tonnes of CO ₂ eq per net revenue in million Polish zloty)	130.5
Net revenue used to calculate GHG intensity	Million Polish zloty	22,783

Contextual information

The emission intensity was calculated as the GHG emissions in a given scope divided by the sales revenues in Polish zloty. For Scope 2, GHG emissions calculated on the basis of the market-based criterion were used. GHG emissions are expressed as CO₂ equivalent and include greenhouse gases according to the GHG Protocol.

[E1-7]

GHG removals and GHG mitigation projects financed through carbon credits

In 2024 the Żabka Group did not carry out projects to remove greenhouse gases or reduce of GHG emissions using carbon credits.

[E1-8]

Internal carbon pricing

In 2024 the Group did not use internal carbon pricing schemes.

[E1-9]

Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

For details regarding the conducted analysis of anticipated financial effects from material physical risks please refer to section [C.3.1. Decarbonisation](#). The Żabka Group plans to disclose quantitatively calculated risks in years to come.

ESRS E4 Biodiversity and ecosystems – Metrics

[E4-3]

Biodiversity offsets

In 2024, the Żabka Group did not use biodiversity offsets.

[E4-5]

Impact metrics related to biodiversity and ecosystems change

Data Point	Unit	2024
Number of sites owned, leased or managed in or near protected areas or key biodiversity areas that are negatively affected by our operations	Number of sites	1
Area of sites owned, leased or managed in or near protected areas or key biodiversity areas that are negatively affected by our operations	Hectares	0.38

Contextual information

The site is a warehouse located 600 m from a landscape park (Chojnowski Park Krajobrazowy) and a protected landscape area (Warszawski Obszar Chronionego Krajobrazu). The area of the site presented in the table is the area of the warehouse.

[E4-6]

Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities

The Żabka Group has not yet calculated the anticipated financial risks and opportunities related to biodiversity and ecosystems, but it plans to analyse and calculate the risks in years to come.

ESRS E5 Resource use and circular economy – Metrics

[E5-4]

Resource inflows

Data Point	Unit	2024
Total weight of products and technical and biological materials used during the reporting period	Mg	21,645
Percentage of sustainably sourced biological materials used during the reporting period	%	10
The absolute weight of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture products (including packaging)	Mg	7,342
Percentage of secondary reused or recycled components, secondary intermediary products and secondary materials	%	34

Contextual information

Data on resource inflows cover the following: own brands packaging, imported materials introduced to the market, and logistics materials used for transportation. Biological materials from sustainable sources are packaging that have either FSC or PEFC certifications. The total weight of materials used in 2024 is the denominator for those indicators expressed in percentages.

[E5-5]

Resource outflows - products and materials

Data Point	Unit	2024
The rates of recyclable content in products packaging	%	51.9

Contextual information

Resource outflows are materials and products that come out of an organisation's production processes and that are then put on the market (including packaging). Group entities don't have production processes per se, except for Maczfit (for the manufacture of meals). As a Group, we introduce materials such as glass, plastic, paper, wood and metal to the market, which are used in packaging forms such as trays, bowls, cups, bottles, cans, soft films for sandwich packaging, top films, labels and more. Żabka Polska introduces such materials to the market from the upstream value chain under its own brands, such as Foodini, Wycisk, Dobra Karma, SI etc., which are designed along circular principles. (See section [C.3.3. Circularity](#) under 'Optimised product packaging, including reduced use of virgin plastic' for more details.)

When compiling the rate of recyclable content in product packaging, we used as denominator the overall total weight of the materials (packaging) used during the reporting period. Data on these includes own brand packaging, imported materials introduced to the market and logistics materials used for transport. The numerator is recyclable content in products packaging.

Resource outflows - waste

Data Point	Unit	2024
Total waste generated	Mg	22,743
Hazardous waste diverted from disposal	Mg	0
Preparation for reuse	Mg	0
Recycling	Mg	0
Other recovery operations	Mg	0
Non-hazardous waste diverted from disposal	Mg	19,154
Preparation for reuse	Mg	1
Recycling	Mg	17,369
Other recovery operations	Mg	1,784
Hazardous waste directed to disposal	Mg	33
Incineration	Mg	0
Landfilling	Mg	0
Other disposal operations	Mg	33
Non-hazardous waste directed to disposal	Mg	3,556
Incineration	Mg	606
Landfilling	Mg	2,358
Other disposal operations	Mg	592
Non-recycled waste	Mg	5,374
Percentage of non-recycled waste	%	24
Total amount of hazardous waste	Mg	33
Total amount of non-hazardous waste	Mg	22,710
Total amount of radioactive waste	Mg	0

Contextual information

Data on waste primarily covers waste generated at logistics centres (Żabka Polska), production facilities (Maczfit), and offices. The Group's largest waste streams are paper and plastic packaging waste. Hence, the primary materials present in the waste are paper and plastic. At Żabka Polska we provide for the collection of packaging waste from bulk containers/transport containers in which products are delivered to franchisees. Paper, cardboards and foil are collected at our logistics centres and then transferred for recycling to authorised external entities holding waste processing permits. Data was compiled based on waste collection invoices and Group entities' internal systems.

[E5-6]

Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities

The Żabka Group has not yet calculated the anticipated financial risks and opportunities related to resource use and circular economy, but it plans to analyse and calculate the risks in future years.

Below Materiality Threshold – Environmental Metrics

[GRI 301-3]

Reclaimed products and their packaging materials

Data Point	Unit	2024
Products and their packaging materials reclaimed	Mg	27,014
Products sold	Mg	18,566
Reclaimed products and their packaging materials	%	146

Contextual information

Data on products sold includes own brands packaging, imported materials introduced to the market and logistics materials used for transport. Data on products and their packaging materials reclaimed come from collection in vending machines and stores, as well as cooperation with companies that recover materials from packaging.

[SASB]

Energy

SASB Code	Data Point	Unit	2024
FB-FR-110a.1	Fleet fuel consumed	TJ	235.2
	Percentage of renewable fleet fuel consumed	%	0
FB-FR-110b.1	Gross global Scope 1 emissions from refrigerants	tCO ₂ e	5,059
FB-FR-110b.2	Percentage of refrigerants consumed with zero ozone-depleting potential	%	100
FB-FR-110b.3	Average refrigerant emissions rate	%	20.3
FB-FR-130a.1	Operational energy consumed	TJ	137.5
	Percentage grid electricity	%	24
	Percentage renewable electricity	%	76

[SASB]

Food waste

SASB Code	Data Point	Unit	2024
FB-FR-150a.1	Amount of food waste generated in own operations	Mg	2,061

Contextual information

Own operations mean logistic centres (Żabka Polska) and production facilities (Maczfit).

Social

As a Group, we adopt a holistic approach to managing our social impact, encompassing both employee and customer perspectives. We identify the relevant aspects and implement policies and systemic solutions to address the needs raised by those stakeholders. In the following section of this report, in accordance with the ESRS, we outline the key policies, procedures, and the accompanying actions and results. For Żabka Polska, employee engagement and satisfaction are crucial elements of its Responsibility Strategy. We take great care to create the best workplace possible, by offering good career development opportunities and pay equity.

7 material IROs

related to own workforce and consumers and end-users

5 Group policies

adopted to guide our approach and processes related to our workforce and consumers

2nd place in the Top 100 Global Most Loved Workplaces 2024 list



We received Gallup Exceptional Workplace Award 2024



GALLUP EXCEPTIONAL WORKPLACE AWARD

2024 WINNER

Żabka Group



4,058 employees

A diversified group sharing vision and common goals, dedicated to building a modern convenience ecosystem.

-1.59% Gender Pay Gap

Our focus is on provision of equal opportunities, which include unbiased remuneration.

Żabka Polska

2,662 employees

Over 65% of Group's employees work at Żabka Polska.

32,697 h training hours

Training programmes are developed on entity-level and are tailored to the specific business needs.



For more details on the realisation of Żabka Polska's Responsibility Strategy for years 2021-2026 please see the 2024 ESG highlights section.

Own workforce

Żabka Group's ESG Framework

01 Sustainable lifestyle

02 Mindful business impact

03 Responsible organisation

04 Green planet

[S1-1, MDR-P]

Policies related to own workforce

The Żabka Group has implemented a comprehensive range of policies to manage the material risks, opportunities and dependencies resulting from impacts related to own workforce. Żabka Polska monitors the implementation of its ESG-related policies through the achievement of strategic KPIs defined under its Responsibility Strategy, as well as through the expertise of the owner of specific regulation. The process for monitoring Żabka Group's policies building a workplace based on our values and has to be defined in detail. Group policies and other related solutions (such as specific goals and measures supporting effective and efficient deployment across the Group) are intended to be gradually monitored using quantitative and qualitative measures.

Code of Conduct and Ethics for Employees



Scope

Applies to the Żabka Group. Equivalent codes are also cascaded to the Group entities:

- Żabka International S.à r.l.
- Żabka Polska sp. z. o.o.

Summary

Implemented in 2024, this fundamental document defines the Group's expectations regarding ethical behaviour. The guidelines outlined in the Code serve the Żabka Group's own workforce by establishing the appropriate and ethical conduct that aligns with the Żabka Group's values.

Key issues covered

- Ethical behaviour and compliance
- Attitudes expected in the workplace
- Reporting violations of the Code

Owner of the regulation

The Group Chief People Officer

Human Rights Policy



Scope

Applies to the Żabka Group. Equivalent policies are also cascaded to the following Group entities:

- Żabka International S.à r.l.
- Żabka Polska sp. z. o.o.

The provisions of this document apply to all significant activities of the Żabka Group, considering various key factors such as agreed types of control, business maturity, local context, best business practices, and regulations.

Summary

The Żabka Group expects its own workforce to acknowledge and comply with the Policy, implemented in 2024. It presents the Żabka Group's commitment to responsible business conduct and outlines internationally recognised human rights principles

Key issues covered

- Equal treatment and anti-discrimination
- Addressing grounds for discrimination, including: race, colour, nationality, ethnicity, language, social background, economic status, union membership, religion, gender, age, sexual orientation, disability, family status, genetic characteristics, political views, employment status, and others
- Prohibition of child labour, forced labour and human trafficking
- Freedom of association
- Working hours, remuneration and additional benefits
- A violence-free working environment

Owner of the regulation

The Group Chief People Officer

Diversity, Equity and Inclusion Policy



Scope

Applies to the Żabka Group. Equivalent policies are also cascaded to the following Group entities:

- Żabka International S.à r.l.
- Żabka Polska sp. z. o.o.

Summary

Implemented in 2024, this document defines the essential terms of diversity, equity, and inclusion within the Żabka Group (while Żabka Polska adopted its Equity Policy in 2021). All the Żabka Group's employees and collaborators are required to comply with the Policy. We seek to ensure that we care for one another and all contribute to the creation of an organisation that is fully aware of the impact that our actions have on others. The Policy also governs our interactions with franchise and supplier groups, as well as our business partners.

Key issues covered

- Creating an environment based on a commitment to equal treatment for all
- Non-discrimination rules
- Creating an organisational framework advancing organisational diversity
- Adequate policies, practices and tools
- Education and other efforts to create an open organisational culture

Owner of the regulation

The Group Chief People Officer

Labour Charter



Scope

Applies to Żabka Polska sp. z. o.o.

Summary

Key internal regulation outlining the rules of work at Żabka Polska, specifying the employees' and employer's rights and obligations. This document also contains relevant anti-mobbing and anti-discrimination provisions.

Key issues covered

- Work order and organisation
- Working time, absences and holidays
- Equal pay and treatment at work
- Counteracting mobbing and discrimination
- Wages payments
- Health & safety at work
- Employee liability
- Specific issues arising from the Polish Labour Code

Owner of the regulation

The Group Chief People Officer

ISO 45001 - Occupational health and safety management systems



Scope

Applies to Żabka Polska sp. z. o.o.

Summary

This Policy is an integral component of the Integrated Management System and aligns with international health and safety management standards. It is communicated to all Żabka Polska employees, ensuring its requirements are implemented across all departments, logistic centres, and terminals.

Key issues covered

- Safe and healthy working conditions
- Work-related injuries and diseases
- Hazards and risks, particularly those associated with storage, warehousing and intra-warehouse transport
- Consultations with employee representatives on all significant matters affecting safety and health

Owner of the regulation

The Health and Safety Director

Material Impacts, Risks and Opportunities

ESRS S1

- 8a Employment conditions (employees from agencies and co-workers)
- 8b Production health & safety requirements
- 9a Pay equity (own operations)
- 9b Training and development of employees
- 10 Equality and diversity (own operations)



Interaction of material IROs with our strategy and business model

[S1.SBM-3]

All individuals within the Żabka Group's own workforce who may be materially impacted by the Group are included in the scope of this disclosure. Most of the material risks and opportunities identified, that arise from impacts and dependencies on our workforce, pertain to the entire workforce rather than specific groups. The only exception is working conditions specifically related to temporary workers and co-workers.

As of 2024, the Żabka Group did not identify operations at significant risk of incidents of forced labour or compulsory labour, or operations at significant risk of incidents of child labour.

As of 2024, the Żabka Group did not identify material impacts on its own workforce that may arise from transition plans for reducing negative impacts on the environment. No material restructuring, employment loss or major upskilling is currently envisioned in connection with the Group's long-term GHG emission reduction ambitions.

For more details regarding the material risks and opportunities arising from impacts and dependencies on our own workforce, please refer to the section titled 'Material sustainability-related impacts, risks and opportunities' in section C.2. General Information.

Engaging with our own workforce

[S1-2, S1-4]

We are committed to shaping a purpose-led trusted organisation of empowered people. The Żabka Group entities engage in various ways with their own people about impacts, depending on the entity and type of impacts.

Żabka Polska conducts Gallup's Employee Engagement Survey annually for all employees and coworkers. The engagement score reflects the degree to which employees identify with the organisation, its mission and values. Following the annual engagement survey, all managers, together with their direct reports and supported by a dedicated HR team, analyse the results from individual teams. In 2024, Żabka Polska has received the Gallup Exceptional Workplace Award for the second year in a row, making it the first and only Polish company with this achievement. The company also carries out satisfaction surveys, referred to as the 'Pulse Check', to evaluate and monitor the sense of belonging among its own workforce, as well as to gather their valuable feedback. This is usually conducted more than once a year.

At the highest level, workforce engagement initiatives along with the People Strategy are overseen by the Group Chief People Officer (see ESRS 2 GOV-1). Oversight of the findings from the Employee Engagement Survey is the responsibility of the Organisational Culture

Manager, as well as respective team leaders at a more operational level.

At Żabka Polska, regular elections are conducted for employee representatives who engage the employer on matters mandated by local labour regulations, such as health and safety measures and the use of workplace monitoring. Any company employee is eligible to run for this position. Another key avenue for engaging with workforce representatives about impacts is through the Health and Safety Committee, functioning at Żabka Polska, the Żabka Property Fund, Żabka Automatic Logistics and Żabka Nano. The committee's main tasks include reviewing working conditions and collaborating with the company to implement occupational safety and health duties. This committee convenes at least once a quarter.

Additionally, we conduct regular Q&A sessions during organisational town halls at our headquarters and logistics centres, where responses from the Pulse Check survey are presented. This practice is applied during meetings with management where we engage with employees. These meetings, known as Business Unit Forums, are organised separately for various departments at headquarters and for each logistics centre.

There is no predefined Group-level method for assessing the effectiveness of engagement with our workforce or the related actions. Each Group entity evaluates this effectiveness in relation to specific impacts and feedback from employees and their

representatives, as well as survey results and management's professional knowledge. This approach allows tailored assessments to be made that reflect the unique circumstances and insights of each entity.

Remediation and channels to raise concerns

[S1-3]

For details about our whistleblower hotline and the measures we take to protect whistleblowers from retaliation, please refer to section [G1 on business conduct](#).

We ensure our employees are informed about grievance mechanisms by incorporating this awareness into their employee experience. These mechanisms include onboarding at Żabka Polska, which encompasses specific modules of mandatory ethics training.

Any Żabka Polska employee who considers that they have experienced bullying, harassment or discrimination is entitled to submit a complaint to the anti-mobbing committee. Similar solution exists in Maczfit. Additionally, employees may raise concerns during meetings and through other engagement mechanisms described under [Disclosure Requirement S1-2](#).



Targets related to advancing positive impacts and managing material risks and opportunities related to own workforce

[S1-5]

The Group plans to establish measurable targets for all Group entities. We outline our targets and the supporting metrics focused on enhancing positive impacts on our workforce, in alignment with Zabka Polska's strategy under the Responsible organisation pillar described on page 64.

Taking action on material impacts on own workforce

[S1-4, MDR-A]

The Zabka Group has implemented measures to manage various significant impacts concerning its workforce, with the aim of enhancing its positive social impact effectively.

Equality, Diversity and Pay Equity

Diversity and inclusion are key strategic priorities for the Zabka Group, shaping our daily decisions through an approach to equality based on objective, fair, and unbiased evaluation.

As a result of our efforts in this area, Zabka Polska has received a certification from the EQUAL-SALARY Foundation, affirming that gender does not influence employee wages. Additionally, Zabka Polska was recognised in the *Financial Times* Diversity Leaders 2024 ranking.

Employment conditions

The Zabka Group has implemented measures to continually enhance employment conditions for employees from agencies and coworkers. In 2024 we employed 4,058 employees and cooperated with 3,170 co-workers.

These measures include introducing a structured remuneration model, offering comprehensive benefits packages and involving coworkers in engagement surveys. Additionally, Maczfit has established regular meetings for agency employees, allowing them to discuss employment-related questions on subjects including wages, schedules and working hours, with an Agency Coordinator. This process enables Maczfit to identify and implement necessary actions to address any concerns raised.

Maczfit has initiated several measures to enhance conditions for employees from agencies and temporary workers. These initiatives include the introduction of payslips for agency staff and the development of a competency matrix for temporary workers in each production area. The implementation of an employee development process based on this competency matrix is scheduled for 2025.

Health & Safety

The rate of recordable work-related accidents for our own workforce came to 5.60 in 2024 for the Zabka Group.

The Zabka Group actively ensures the health and safety of its employees. All employees of Zabka Polska, Zabka Property Fund, Zabka Automatic Logistics and Zabka Nano, as well as workers employed by temporary agencies, interns, apprentices employed under a civil law contract and students with apprentice contracts, receive health and safety training during onboarding and at regular intervals thereafter.

A Safety and Hygiene+ certification system fully developed by Zabka has been implemented across all our Polish stores, logistics centres and own brand suppliers. Developed in collaboration with the independent accredited certification body TÜV NORD Poland, the system ensures that all Zabka stores successfully completing the audit receive certification.

In 2025, Maczfit plans to introduce comprehensive occupational health and safety management systems. Occupational health and safety service personnel have been appointed and legal requirements have been instituted in accordance with occupational health and safety regulations. Additionally, the workplace is undergoing reconstruction to enhance processing capacity and ensure compliance with safety regulations.

Additionally, the Maczfit headquarters building has been partially adapted to accommodate the needs of individuals with disabilities, with solutions including elevators, dedicated restrooms and designated parking spaces.

Training and development of employees

The employees of the Zabka Group completed 32,697 hours of training during 2024.

The development model implemented at Zabka Polska systematically organises the stages of the employee-development process into an annual framework.

Zabka Polska provides its employees with a comprehensive array of training and development programmes, which include general upskilling and role-specific training, such as the 'Manager ON' and 'Manager UP' programmes for managerial staff. Employees are also granted access to language courses and are encouraged to enrol in university courses through the Zabka Academy.

Since 2024, Zabka Polska has been a strategic partner of Microsoft in the field of AI, enhancing employees' AI competencies through training, workshops and knowledge sharing.

In addition, Maczfit encourages employees to enhance their professional qualifications through a comprehensive training procedure. This procedure outlines the principles of professional development, offering a structured system for training and self-education. It emphasises the systematic development of the attitudes, knowledge and skills essential for the effective performance of tasks, constituting a key component of human resources management. The procedure details various methods for skills enhancement and defines activities related to planning training schedules, including guidelines for selecting employees for training, implementing training programmes and carrying out evaluations. The list of preferred training providers is continuously updated based on the results of these training evaluations.

Zabka Polska also offers an Employee Assistance Programme, a complementary and reliable counselling service that is available to all its employees, coworkers, and their families. This service provides psychological, legal and financial counselling, and supports managers in addressing any day-to-day work challenges that could impact their well-being and performance.

Consumers and end-users

Żabka Group's ESG Framework

01 Sustainable lifestyle

02 Mindful business impact

03 Responsible organisation

04 Green planet

[S4-1, MDR-P]

The Żabka Group has implemented policies to manage the material risks, opportunities and dependencies resulting from impacts related to its customers.

Material Impacts, Risks and Opportunities

ESRS S4

- 11 Customer data privacy
- 12 Social inclusion of consumers and/or end-users (Good nutrition)

Policies related to consumers and end-users

Sustainable Food System Framework Policy



Scope

Applies to the Żabka Group.

Additionally, equivalent policies are cascaded to the following Group entities:

- Zabka International S.à r.l.

Summary

The Policy defines the directional ambitions of the Żabka Group relating to the creation and maintenance of a sustainable food system across our modern convenience offerings. Among its provisions, it expresses our commitment to developing and offering products that meet the highest standards of quality. In the document, the Group commits to clear labelling and transparent communication about the products offered, including their quality and nutrition profiles.

Key issues covered

- Offering variety of choice for consumers starting with our own brands
- Transparent labelling and communication on products and nutrition

Owner of the regulation

The Group Sustainability Director

GDPR Policies



Scope

Apply to the Żabka Group.

Additionally, the Group entities implemented local level policies owned by local data protection officers, which regulate personal data processing.

Summary

A set of policies related to personal data protection and other data privacy-related issues, as outlined in the EU General Data Protection Regulation (GDPR), implemented in 2024.

Key issues covered

- Personal data processing
- Personal data retention
- Processing of data subject requests
- Risk analysis and the impact of processing personal data
- Selection of a personal data processor
- Evaluating and reporting breaches of personal data protection
- Rules around the documentation of organisational and technical data-protection measures

Owner of the regulation

The GDPR Coordinator

Interaction of material IROs with our strategy and business model

[S4.SBM-3]

All consumers and end-users who may be materially impacted by the Żabka Group are included in the scope of the disclosure.

For more details on the material risks and opportunities arising from impacts and dependencies on consumers and end users please refer to the section titled 'Material sustainability-related impacts, risks and opportunities'.

Engaging with our consumers

[S4-2]

The Group functions responsible for leading consumer engagement in nutrition awareness are the Quality Standards and Climate Protection Director and the Sustainable Food Manager. At Żabka Polska, this area is managed by the Quality and Environmental Management Department.

For more details on consumer engagement please refer to chapter C.2 General information, specifically the 'Interests and views of our stakeholders' table.

Taking action on material impacts related to consumers and end-users

[S4-4, MDR-A]

The Żabka Group has initiated several actions to address important issues concerning its customers, such as the promotion of good nutrition and customer data privacy, with the aim of maximising its positive social impact.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities related to consumers

[S4-5]

The Group plans to establish measurable targets for all business units. We outline our targets and supporting metrics focused on enhancing positive impacts for consumers and end-users, as aligned with Żabka Polska's strategy under the Responsible Organisation pillar on page 64 and 62.

Customer data privacy

[S4-4, MDR-A]

The Group's digital offerings, including Żappka, Dietly, Maczfit, Nano, Żabka Jush and delio, are expanding. The collection and consolidation of customer information from these services offer opportunities to better meet customer needs. However, we recognise the potential impact on customer data privacy. The Group complies with applicable data processing laws, such as the EU General Data Protection Regulation (GDPR). As a data controller, we have appointed a Data Protection Officer, who can be contacted via email for any enquiries related to personal data processing. For credible recourse, any individual concerned with unlawful data processing may contact public administrative bodies, such as the Polish Personal Data Protection Office (UODO).

Ensuring cybersecurity is a fundamental aspect of the Żabka Group's digital transformation. Consequently, starting with Żabka Polska in 2022, cybersecurity training has been integrated into the mandatory training programmes. In 2024, 99% of the company's employees had completed this training.



Good nutrition

Good nutrition is one of the key areas covered by the ESG Framework. In the context of the double materiality assessment it is an aspect of our activities that particularly relates to customer service and care. This includes, among others, providing transparent information about all aspects of our products. The Żabka Group offers a diverse selection of products designed to meet consumers' everyday needs, encompassing various nutritional options. This range encompasses food and non-alcoholic beverages as well as over-the-counter medication, tobacco products, beer and alcoholic beverages, and a range of convenience services.

[S4-3]

Due to risks associated with diet-related diseases, we strive to promote more conscious food solution choices by providing consumers with easy access to nutritionally balanced own brand products. We prioritise transparent labelling to help them make informed dietary choices.

Customers can share any nutritional or health concerns, as well as issues related to labelling transparency, through our customer-service channels. Żabka Polska operates a phone customer service phone line available daily from 6 a.m. to 11 p.m. Customers can also contact Żabka Polska via email, by submitting a form in the Żappka application, or through the Messenger chatbot. Complaints are processed on a first-in, first-out (FIFO) basis using the Jira and Freshworks platforms.

In cases where irregularities are identified on the part of Żabka Polska, customers are compensated with either an in-store shopping voucher or loyalty points (Żapps) in the Żappka application, which can be exchanged for available coupons. For more complex issues, complaints are reviewed in consultation with other departments, such as the Quality department.

After each customer interaction, whether written or by phone, a satisfaction survey (NPS) is sent to gather feedback. All communication channels are monitored daily to track both the current number of pending complaints and those resolved as of the previous day.

The Group demonstrates a strong commitment to customer satisfaction and efficient issue resolution through comprehensive support systems. These systems utilise range of communication

channels, such as email, in-app chat, live chat, phone, hotline and web forms to manage user issues, complaints and product shortages. Emphasis is placed on real-time responses for immediate concerns and resolving email inquiries within 24 hours. Customer satisfaction is assessed regularly through surveys and feedback mechanisms, ensuring continuous improvement in service delivery. The companies also prioritise detailed performance metrics and regular audits to enhance their support systems, and have designated personnel managing reports and evaluations to maintain high-quality service standards.

[S4-4, MDR-A]

Suppliers of food and beverages sold in Żabka stores must primarily comply with regulatory requirements to display a list of ingredients for food products. Żabka Polska adheres to the same standards for its own brand products. Suppliers of alcohol and tobacco products are also required to strictly comply with specific sectoral regulations.

Where possible, such as with Żabka Polska's own brand products, we empower consumers to make healthier choices by providing detailed food information, including nutritional labelling on packaging. Each own brand product follows a specific nutritional framework guiding its development and preparation.

The Żabka Group also addresses the needs of customers with specific dietary requirements, such as vegans and diabetics, through the Maczfit catering service. This service facilitates the ordering of high-quality foods that meet various dietary needs.

In 2024, Dietly focused on transparency in nutritional information and promoted healthier food choices through marketing campaigns. The company expanded its range of healthy products and improved market availability for consumers. Consumer engagement was strengthened by leveraging sales data and customer feedback to refine products. Advanced security technologies and strong privacy policies ensure data protection and transparency. Additionally, Dietly prioritised consumer protection through regular safety reviews and robust data protection measures.

Dietly's commitment to consumer protection and product transparency is further reinforced by regular audits and improvement actions in response to incidents, ensuring ongoing compliance with consumer expectations and regulatory requirements.



In 2024, Żabka Polska implemented several key initiatives to enhance its commitment to good nutrition and consumer transparency:

- Sales of products supporting sustainable lifestyle**
Sales of products supporting sustainable lifestyle totalled PLN 1.8 billion over the reporting period, driven by increased consumer awareness and targeted communication strategies, such as the 'Porcja DobreGO!' label added to our own brand products with high nutritional value.
- Nutri-Score**
Achieved 100% Nutri-Score labelling on all own brand food products in Poland*, enabling consumers to make more informed nutritional choices.
- Clean Label Initiative**
Ensured that 22% of own brand food products adhered to clean label standards, enhancing product transparency.
- Plant-Based Product Promotion**
Successfully promoted plant-based food options through initiatives such as Veganuary, resulting in 13% of our own brand products being plant-based.
- Educational Campaigns**
Carried out nationwide digital media campaigns to raise consumer awareness of the nutritional value of products.

These strategic actions underscore Żabka Polska's dedication to promoting healthy and environmentally conscious consumption. They aim to improve access to nutritious food while ensuring transparent information is provided to consumers.

* Nutri-Score labelling is prohibited in Romania due to national regulations.

ESRS S1 Own workforce - Metrics

[S1-6]

Basic information on own workforce - breakdown by gender and type of contract

Data Point	Female	Male	Total
Total number of employees	1,635	2,423	4,058
Total number of permanent employees	1,439	2,088	3,527
Total number of temporary employees	196	335	531
Total number of employees with non-guaranteed hours	0	0	0
Total number of full-time employees	1,606	2,365	3,971
Total number of part-time employees	29	58	87

Contextual information

The Zabka Group's own workforce is first and foremost comprised of its employees - those people who are in an employment relationship with an entity within the Group. We employ thousands of people across Poland (from the employees of eight logistics centres and three terminals to those working in the headquarters of Zabka Polska). With the acquisition of DRIM and Froo Romania Holding S.A. during 2024, we have also become an employer in Romania.

Data regarding employees was collected via data collection forms filled out by Group entities and consolidated for the Group. All numbers are reported in head count as of 31.12.2024. In all own workforce-related metrics, the category of 'Other gender' was not applicable.

Basic information on own workforce - breakdown by gender and region

Data Point	Female	Male	Total
Total number of employees in Poland	1,297	1,772	3,069
Total number of employees in Romania	338	651	989

Contextual information

Above we present employee headcount in countries where we have at least 50 employees representing at least 10% of the total number of our employees as per ESRS requirements. This is why we do not present Luxembourg data.

Rotation index

Data Point	Unit	2024
Total number of employees who left the organisation in the reporting period	Headcount	953
Employee turnover rate	%	24.4

Contextual information

The employee turnover rate was calculated as employees who left the organisation in 2024 divided by employees as of 31.12.2023 (the end of the previous reporting period).

[S1-7]

Basic information on own workforce - people cooperating with the organisation on the basis of contracts other than an employment contract

Data Point	Female	Male	Total
Total number of non-employees in own workforce	1,225	1,945	3,170
Self-employed (B2B, Field Staff)	605	837	1,442
Contracts of mandate, service contracts and deed contracts	169	169	338
People performing work based on an agreement with an agency conducting employment-related activities	451	939	1,390

Contextual information

These numbers represent:

- those workers who are bound to an entity within the Group by a civil law contract, such as interns,
- individual contractors providing services to the Group entities (i.e. self-employed people),
- temporary workers - those who are provided to an entity within the Group by businesses engaged in employment activities, such as temporary employment agencies.

Data regarding non-employees was collected via data collection forms filled out by Group entities and consolidated for the Group. The numbers are reported in head count as of 31.12.2024.

[S1-9]

Information on diversity among top management and all employees

Data Point	Female	Male	Total
Number of people at top management level	46	67	113
Under 30 years old	1	1	2
Between 30 and 50 years old	41	63	104
Over 50 years old	4	3	7
Number of employees	1,635	2,423	4,058
Under 30 years old	485	718	1,203
Between 30 and 50 years old	1,058	1,468	2,526
Over 50 years old	92	237	329

Contextual information

Top managements is defined as members of the management boards of Zabka Group companies and individuals who directly report to them.

[S1-10]

Information on adequate remuneration

Data Point	Unit	2024
Percentage of employees paid below the applicable minimum wage	%	0

Contextual information

All employees receive at least the respective minimum wage in Poland and Romania. We did not include people on long-term leave in the calculations.

[S1-13]

Percentage of employees that participated in regular performance and / or career development reviews

Data Point	Female	Male	Total
Total percentage of employees that participated in regular performance and / or career development reviews	100%	100%	100%

Contextual information

A regular performance review is defined as a review based on criteria known to the employee and his or her superior, undertaken with the knowledge of the employee at least once per year. In most Group entities, this is a review connected to the annual bonus and annual reviews were considered. Participation in reviews was calculated only for individuals who were employed as of 31.12.2024. We did not include people on long-term leave and people under performance review schedules other than annual (such as quarterly) in the calculations.

Average number of training hours offered to and completed by employees

Data Point	Unit	Female	Male	Total
Average number of training hours offered to and completed by employees	Hours	10.2	7.2	8.4

Contextual information

To calculate the total number of training hours, we considered training conducted during 2024 for those that were employed as of 31.12.2024. We did not include people on long-term leave in the calculations. The total number of training hours offered to and completed by employees for the Romanian entities and Cool Logistics was estimated (based on the management's knowledge of the type of training conducted and number of employees participating).

[S1-14]

Health and safety management system coverage

Data Point	Employees	Non-employees	Total
Percentage of people in own workforce who are covered by health and safety management system	100%	63%	84%
Percentage of people in own workforce who are covered by health and safety management system based on legal requirements and (or) recognised standards or guidelines and which has been internally audited and (or) audited or certified by an external party	70%	17%	47%

Contextual information

Above we present the percentage of people in Zabka Group's own workforce who are covered by Group entities' health and safety management systems, defined as the number of employees covered by health and safety management systems (headcount) divided by all employees (headcount). Data was collected from the occupational health and safety units in Group entities as well as entities' personnel and payroll systems.

Fatalities

Data Point	Employees	Non-employees	Other workers working on the organisation's sites	Total
Total number of fatalities resulting from work-related injuries and work-related ill health	0	0	0	0
Fatalities resulting from work-related injuries	0	0	0	0
Fatalities resulting from work-related ill health	0	0	0	0

Accidents in own workforce

Data Point	Employees	Non-employees	Total
Number of recordable work-related accidents	40	12	52
Rate of recordable work-related accidents	6.15	4.31	5.60

Cases of recordable work-related ill health and days lost to work-related injuries, ill health and fatalities related to employees

Data Point	Employees
Cases of recordable work-related ill health	0
Total number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	617
Days lost to work-related injuries	617
Days lost to work-related ill health	0
Days lost to work-related fatalities	0

Contextual information

Above we present data on 2024 work-related injuries and accidents as well as related days lost. Data was gathered manually from registers of work-related accidents from occupational health and safety units in Group entities, as well as entities' personnel and payroll systems.

[S1-16]

Unadjusted gender pay gap

Data Point	2024
Gender pay gap by ordinary basic salary	-1.59%

Contextual information

The data table relates to the unadjusted gender pay gap in the Żabka Group by ordinary basic salary (not taking into account complementary/variable components). It is calculated as the difference between the average gross hourly pay for men and women divided by the average gross hourly pay for men and expressed as the percentage of the average gross hourly pay for men. The negative percentage means that, on average, women's gross hourly earnings were slightly higher than those of men.

Due to the acquisition of new companies and the currently not fully integrated accounting systems, the Group is working to accurately reflect the average gross pay across the Group, including both cash and non-cash components, that the employees receive ('complementary or variable components'). Żabka Group will make the effort to improve the process and include the data in the upcoming years.

Annual remuneration ratio

The annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all Żabka Polska employees (excluding the highest paying individual) is presented for Żabka Polska as the biggest subsidiary and amounted to 1:47.7. The calculations include the main components of compensation, covering both basic and variable remuneration. Exclusions were applied for individuals who were not employed for the full year, as well as for severance and settlement-related components. In the case of entities other than Żabka Polska the ratio was also calculated and that ratio was between 1:3 and 1:11.

[S1-17]

Complaints, discrimination and human rights incidents

Data Point	Unit	2024
Number of complaints filed through channels for people in own workforce to raise concerns	Number	4
Number of complaints filed to National Contact Points for OECD Multinational Enterprises	Number	0
Number of incidents of discrimination and harassment	Number	1
Amount of material fines, penalties, and compensation for damages as result of violations regarding social and human rights factors	Polish zloty	0
Number of severe human rights issues and incidents connected to own workforce	Number	0
Number of severe human rights issues and incidents connected to own workforce that are cases of non respect of UN Guiding Principles and OECD Guidelines for Multinational Enterprises	Number	0
Number of severe human rights cases where undertaking played role securing remedy for those affected	Number	0
Amount of material fines, penalties, and compensation for severe human rights issues and incidents connected to own workforce	Polish zloty	0

Contextual information

Data was compiled from Group entities' appropriate internal registries and whistleblowing platforms as well as the best knowledge of our compliance specialists and lawyers. In 2024, we received 4 employee-related complaints filed through channels for people in own workforce to raise concerns. None of them have been classified as 'severe human rights issues', although we identified one confirmed complaint regarding discriminating behaviour. An employee raised a complaint based on the anti-mobbing and anti-discrimination procedure. An official inter-disciplinary committee was established to investigate the case. The person submitting, witnesses and the accused co-worker were questioned and evidence was reviewed. As a result of an investigation some of the allegations were confirmed and categorised as mobbing. The relevant co-worker was given formal verbal warning and feedback. Eventually, we made a decision to separate from this person based on the findings of an investigation and general assessment of their performance.

ESRS S4 Consumers and end-users - Metrics

[S4-3] [S4-4]

Complaints received from consumers and end-users

Data Point	Unit	2024
Number of complaints received from consumers and end-users	Number	580,395

Contextual information

To illustrate the usage level of channels for consumers and end-users to raise concerns, we disclose the total number of complaints received from consumers and/or end-users during 2024. These are defined as all complaints received by Group entities through all appropriate consumer contact channels (see remaining disclosure S4-3 for more details). These complaints concern a wide range of issues, such as customer care, issues with deliveries, labelling, quality and refunds. The number pertains to all complaints received, regardless of their confirmed nature, severity or topics raised by the consumer. We are intently monitoring any cases of inappropriate behaviour towards customers and treat each breach of customer care standards seriously. The sales partner assigned to the relevant franchisee is obliged to examine such incidents jointly with the franchisee. We oblige our franchisees and their employees through the Code of Ethics and Conduct for the Franchisee to treat customers with respect, courtesy, and non-discrimination, in line with the service standards of Żabka Polska. Moreover, we provide in-store safety measures such as in-store monitoring to record events occurring in the stores. With Żabka Polska's 4.1 million daily customers, and many more across the Group, we strive to pay utmost attention to each and every complaints raised. Such cases have an incidental character as only 1 per 2600 clients contacts us through the above mentioned channels.

Below Materiality Threshold – Social Metrics

[GRI 2-30] [S1-8]

Collective bargaining agreements

Data Point	Unit	2024
Percentage of total employees covered by collective bargaining agreements	%	0

[GRI 202-1]

Ratio of standard entry level wage compared to local minimum wage

Data Point	Female	Male
Ratios of standard entry level wage by gender compared to local minimum wage		
Poland	1.22	1.60
Romania	1.19	1.19

Contextual information

The ratio of standard entry-level wage for each gender was calculated as the ratio of standard entry-level wage of each gender per minimum wage. Minimum wages were identified through publicly available information from national institutions.

[GRI 403-2]

Hazard identification, risk assessment and incident investigation

In 2024, in Polish entities of the Żabka Group 1,390 Health and Safety Patrols were performed. As a result, 2,567 irregularities were detected and for each irregularity an appropriate action was taken. The completion rate of patrols (meaning, actions completed at the end of the reporting period) was 91%.

[GRI 403-3]

Occupational health services

In 2024, in Polish entities of the Żabka Group 1,976 (720 women, 1,256 men) occupational health examinations were carried out (59% of these were initial examinations, 34% were periodic examinations and 7% were follow-up examinations). 100% of employees were deemed able for work.

[GRI 403-5]

Worker training on occupational health and safety

Żabka Polska has prepared Occupational Health and Safety Starter Kits for the distribution staff – they contain binders with all necessary procedures and manuals. All newly hired employees, on completion of the OHS training, receive OHS Knowledge Compendium. As supervisors shoulder a great deal of responsibility for safety at work, a project called Świadomy Przełożony (Aware Supervisor) has been developed, in which it is ensured they have the training, support, advice and additional materials they need.

In the Group, 46 sessions of residential first aid training were conducted, 153 persons were trained as emergency group members and 1,143 hours were dedicated to training.

[GRI 403-7]

Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

87 measurements of the working environment were taken during the year. No transgressions were found in any area. In 2024, a total of sixteen inspections were carried out by the State Sanitary Inspection, three by the State Labour Inspection, and one by the State Fire Service.

[GRI 418-1]

Customer data security

Data Point	Unit	2024
Substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	34
Complaints received from outside parties and substantiated by the organization	Number	33
Complaints from regulatory bodies	Number	1
Total number of identified leaks, thefts, or losses of customer data	Number	7

[SASB]

Data security

SASB Code	Data Point	Unit	2024
FB-FR-230a.1	Number of data breaches	Number	51
FB-FR-230a.1	Percentage involving personally identifiable information (PII)	%	75
FB-FR-230a.1	Number of customers affected	Number	3,814

Contextual information

Data was prepared by Group entities' GDPR specialists and Żabka Polska's monitoring under ISO 27001. Under 'Number of data breaches' for Żabka Polska we included jointly breaches categorised internally as either 'low', 'high', and 'critical', regardless of the impacts on the organization.

[SASB]

Food safety

SASB Code	Data Point	Unit	2024
FB-FR-250a.1	High-risk food safety violation rate		In 2024 there was 1 incident of high-risk food safety violations
	Number of recalls	Number	8
FB-FR-250a.2	Number of units recalled	Number	61,049
	Percentage of units recalled that are private-label products	%	4.2

Contextual information

Due to the diversity in operations between Group entities, the disclosed data on food safety was consolidated only from the relevant Group entities, which included: Żabka Polska, Lite and Maczfit.

Governance

We believe in sustainable and collaborative action, engaging our stakeholders in building relations based on shared values, principles, and trust. Therefore we take a comprehensive approach to enhance our governance and corporate culture. In the following section of this report, in accordance with the ESRS, we outline the key policies, procedures, and the accompanying actions and results relating to business conduct. For Żabka Polska, fostering a robust governance framework and a positive corporate culture are pivotal elements of our Responsibility Strategy. We achieve this through continuous education on ethical behaviour for both our internal and external stakeholders.

4 material IROs
related to business conduct

7 Group policies related to enhancing business ethics and transparency
adopted, strengthening the consistency of business conduct procedures across all entities

The highest platinum medal in the EcoVadis Sustainability Rating



2024 Ethical Company Award by Puls Biznesu



Żabka Group

100%
employees at risk trained on anti-corruption

Ensuring all employees are well-educated in anti-corruption practices.



Compliance Strategy

We implemented a Group-wide strategy to unify our approach and processes.

Code of Conduct for Business Partners

We adopted the Code which guides our approach to business conduct.

Żabka Polska

100%
employees trained on anti-corruption

Anti-corruption education as a proof of the strong commitment to ethical standards and integrity.

82%
suppliers by turnover confirmed their acknowledgement of the Code of Conduct for Business Partners



For more details on the realisation of Żabka Polska's Responsibility Strategy for years 2021-2026 please see the 2024 ESG highlights section.

Governance

Žabka Group's ESG Framework

01 Sustainable lifestyle

02 Mindful business impact

03 Responsible organisation

04 Green planet

Policies and Procedures related to business conduct

[G1-1, G1-3]

The Žabka Group has implemented a comprehensive range of policies to ensure proper business conduct among our employees and business partners. These policies, adopted at the Group level, ensure the consistent application of our business strategy across all operations.

Material Impacts, Risks and Opportunities

ESRS G1

- 13a Corporate culture implementation
- 13b Enhancing corporate culture in international operations
- 13c Determining the Group's business and ESG Strategy
- 14 Anti-corruption practices

Code of Conduct and Ethics for Employees



Scope

Applies to the Žabka Group

Equivalent policies are also cascaded to the following Group entities:

- Zabka International S.à r.l.
- Żabka Polska sp. z o.o.

Summary

This fundamental document shapes our corporate culture and transparently categorises the behaviours that the Group supports and those that we do not tolerate. The Code fosters an inclusive organisational culture that promotes equal opportunities and is devoid of discrimination and harassment, while diligently protecting our brand and reputation through strict adherence to protocols and meticulously structured interactions with business partners. It also prescribes measures for reporting violations of the Code, including anonymous channels for whistleblowers. The Žabka Group does not take any steps to identify persons making anonymous reports.

Key issues covered

- Ethical principles
- Workplace culture
- Fair competition regulations
- Brand and reputation protection
- Non-compliance reporting
- Transparent communication with our stakeholders

Owner of the regulation

The Group Chief People Officer

Code of Conduct for Business Partners

fair business

Scope

Applies to the Žabka Group

Equivalent policies are also cascaded to the following Group entities:

- Zabka International S.à r.l.
- Żabka Polska sp. z o.o.

The provisions are applicable to all significant Group activities and are tailored according to control types, business maturity, risk assessments, local context, best practices, and regulations.

Summary

The Code of Conduct for Business Partners outlines the principles, ethical standards and sustainability-related guidelines that the Group expects its business partners to acknowledge and adhere to throughout the duration of the business relationship.

Key issues covered

- Governance and risk management
- Ethics
- Engagement of subcontractors
- Respect and integrity in the workplace
- Pay and working hours
- Freedom of association
- Occupational health and safety
- Environmental management and compliance
- Use of raw materials and waste management
- Industry guidelines

Owner of the regulation

The Group Sustainability Director

Human Rights Policy for Business Partners



Scope

Applies to the Žabka Group

Equivalent policies are also cascaded to the following Group entities:

- Zabka International S.à r.l.
- Żabka Polska sp. z o.o.

Summary

The Human Rights Policy for Business Partners presents the internationally recognised human rights principles we expect our business partners to acknowledge and comply with throughout the course of our business relationship.

Key issues covered

- Countering human trafficking, child labour and forced labour in the supply chain
- Zero tolerance for discrimination by business partners

Owner of the regulation

The Group Sustainability Director

Compliance Strategy



Scope

Applies to the Žabka Group

Equivalent policies are also cascaded to the following Group entities:

- Zabka International S.à r.l.

Summary

This fundamental document defines the Group's method of operation in a transparent, responsible and fair manner. It sets out the basic principles of compliance management to ensure operations of the Group are conducted according to applicable laws, ethical standards, best business practices as well as internal regulations.

Key issues covered

- Main principles of compliance
- Compliance management processes
- Reporting irregularities
- Compliance culture
- Compliance documents
- Roles and responsibilities

Owner of the regulation

The Compliance Group Officer

Policies and Procedures related to business conduct

Compliance Policy and Procedure



Scope

Applies to Żabka Polska sp. z o.o.

Summary

Żabka Polska conducts its business in a manner consistent with the law, ethical standards and internal regulations. The purpose of implementing the Compliance Policy and Procedure is to establish a compliance management system, and in particular to clearly define the scope of compliance requirements, the compliance management process and to define the roles and responsibilities of its participants. The foundation of the Compliance Policy is the international standard ISO 37301.

Key issues covered

- Main principles of compliance
- Compliance-management processes
- Reporting irregularities
- Compliance culture
- Compliance documents
- Roles and responsibilities

Owner of the regulation

The Director of the Legal and Compliance Department

Whistleblowing Investigation Procedure



Scope

Applies to Zabka Group SA

This Procedure covers reports made by individuals both within and outside the Group who become aware of irregularities in a work-related context. Equivalent procedures are also implemented across Group entities, including Żabka Polska, Żabka Nano, Żabka Automated Logistics, Lite, and Maczfit.

Summary

This Procedure sets out the rules for reporting irregularities, including those related to the violation of provisions on corruption, money laundering and the financing of terrorism, as well as the rules for taking follow-up actions and protecting whistleblowers.

Key issues covered

- Reporting irregularities
- Retaliation
- Procedural rules relating to other reports
- Receiving internal reports and follow-up
- Money-laundering reports
- Register of internal reports
- Corrective actions and reporting
- External reports
- Personal data

Owner of the regulation

The Director of the Legal and Compliance Department

Policy of Anonymous Reporting of Breaches



Scope

Applies to Żabka Polska sp. z o.o.

The Policy applies to Żabka Polska sp. z o.o. It encompasses reports made by all individuals, both internal and external to the company, who have obtained information about irregularities in a work-related context.

Summary

The Policy sets out the rules for reporting irregularities, including those related to the violation of provisions on corruption, money laundering and the financing of terrorism. It also details the rules for taking follow-up actions and provides protections for whistleblowers.

Key issues covered

- Reporting irregularities
- Internal reports and follow-ups
- External reports
- AML reports
- Procedural rules relating to other reports
- Retaliatory actions
- Corrective actions and reporting
- Personal data

Owner of the regulation

The Director of the Legal and Compliance Department

Internal Notification Procedure and Follow-up Instruction



Scope

Applies to Żabka Polska sp. z o.o.

This instruction outlines the procedures for handling reports submitted under the Internal Notification Procedure. It includes guidelines for receiving reports, gathering information on irregularities, conducting formal verification of reports, and performing follow-up actions, including explanatory proceedings. Additionally, it specifies the rules for formulating recommendations for possible corrective actions.

Summary

This instruction outlines the procedures for handling reports submitted under the Internal Notification Procedure. It includes guidelines for receiving reports, gathering information on irregularities, conducting formal verification of reports, and performing follow-up actions, including explanatory proceedings. Additionally, it specifies the rules for formulating recommendations for possible corrective actions.

Key issues covered

- General principles
- Status and protection of whistleblowers
- Receiving and registering reports
- Verification of reports
- Explanatory proceedings and corrective actions
- Register of reports

Owner of the regulation

The Director of the Legal and Compliance Department

Conflict of Interest Management Policy for Employees and Associates



Scope

Applies to the Żabka Group

The Conflict of Interest Management Policy for Employees and Associates establishes rules of conduct designed to identify and mitigate the risk of conflicts of interest among employees and individuals providing services to the Żabka Group under civil law agreements or relevant powers of attorney. It also protects the Żabka Group against the adverse effects of such conflicts.

Summary

The Conflict of Interest Management Policy for Employees and Associates establishes rules of conduct designed to identify and mitigate the risk of conflicts of interest among employees and individuals providing services to the Żabka Group under civil law agreements or relevant powers of attorney. It also protects the Żabka Group against the adverse effects of such conflicts.

Key issues covered

- Prevention of conflicts of interest
- Identifying and reporting such conflicts
- Registering conflicts of interest

Owner of the regulation

The Group Compliance Manager

Anti-fraud Policy



Scope

Applies to the Żabka Group

The aim of the Policy is to minimize the risk of abuse by introducing effective internal control procedures, training for our staff and ensuring appropriate mechanisms for reporting abuse. The document specifies the actions to be taken in response to reported or suspected abuse, as well as measures to eliminate or limit the risk of abuse in all areas of our activity. The Policy introduces a simple and clear policy of zero tolerance for abuse, including corruption and other behaviors inconsistent with applicable law. It applies to all the Żabka Group employees and associates, including the management and senior managers.

Summary

The aim of the Policy is to minimize the risk of abuse by introducing effective internal control procedures, training for our staff and ensuring appropriate mechanisms for reporting abuse. The document specifies the actions to be taken in response to reported or suspected abuse, as well as measures to eliminate or limit the risk of abuse in all areas of our activity. The Policy introduces a simple and clear policy of zero tolerance for abuse, including corruption and other behaviors inconsistent with applicable law. It applies to all the Żabka Group employees and associates, including the management and senior managers.

Key issues covered

- Roles and responsibilities
- Anti-fraud and compliance system
- Fraud risk assessment
- Reporting and monitoring
- Corrective actions

Owner of the regulation

The Group Compliance Officer

Policies and Procedures related to business conduct

Procedure for Giving and Accepting Gifts and Samples



Scope

Applies to Żabka Polska sp. z o.o.

This Procedure applies to all employees and associates of the company. It does not apply to franchisees and agents, whose business relations with the company are governed by separate agreements, arrangements, instructions, or guidelines issued by the company.

Summary

Żabka Polska sp. z o.o. sets out the rules of conduct for the provision and receipt of gifts in relations with business partners, including restrictions and standards for exchanged gifts, as well as rules for handling product samples. Gifts or samples cannot lead to even a suspicion that such action could be considered corruption.

Key issues covered

- Gift giving
- Gift receiving
- Benefit register
- Using samples
- Managerial corruption
- Liability for violations of the Procedure

Owner of the regulation

The Director of the Legal and Compliance Department

Policy of Responsible Communication, Sponsorship and Public Involvement



Scope

Applies to the Żabka Group

This Policy describes the principles by which we carry out our commitments. It also serves as a guideline for our marketing and communications teams, and as a promise to our employees, business partners, suppliers and all others with whom we work. It also defines the rules of public engagement, including sponsorship and philanthropic activities.

Summary

The Policy describes the principles by which we carry out our commitments. It also serves as a guideline for our marketing and communications teams, and as a promise to our employees, business partners, suppliers and all others with whom we work. It also defines the rules of public engagement, including sponsorship and philanthropic activities.

Key issues covered

- Fair external communication
- Responsible sales of products and services
- Community engagement, corporate philanthropy and sponsorship

Owner of the regulation

The Corporate Affairs Director

Public Engagement Policy



Scope

Applies to Żabka Polska sp. z o.o.

This Procedure outlines the principles of conduct when engaging with the public sector. It covers interactions with public sector representatives and establishes guidelines for maintaining appropriate and ethical communication. The Policy introduces a complete ban on offering, giving, accepting or requesting any benefits in contacts with the public sector.

Summary

This Procedure outlines the principles of conduct when engaging with the public sector. It covers interactions with public sector representatives and establishes guidelines for maintaining appropriate and ethical communication. The Policy introduces a complete ban on offering, giving, accepting or requesting any benefits in contacts with the public sector.

Key issues covered

- Rules of conduct in relation to the public sector
- Liability for breach of the Procedure

Owner of the regulation

The Director of the Legal and Compliance Department

Procedure for Payment Terms



Scope

Applies to Żabka Polska sp. z o.o. and its Polish subsidiaries.

The Procedure for Payment Terms aims to standardise payment terms and the related document circulation process with contractors. Polish entities are required to implement and adhere to this Procedure, which covers setting payment terms in commercial relations with contractors. The Procedure includes specific considerations for small and medium-sized enterprises (SMEs) and provides distinct payment terms for these businesses.

Summary

The Procedure for Payment Terms aims to standardise payment terms and the related document circulation process with contractors. Polish entities are required to implement and adhere to this Procedure, which covers setting payment terms in commercial relations with contractors. The Procedure includes specific considerations for small and medium-sized enterprises (SMEs) and provides distinct payment terms for these businesses.

Key issues covered

- Payment deadlines
- Settling liabilities before the deadline
- Preventing delays

Owner of the regulation

The Treasury Director

Responsible Sourcing of Minerals - Conflict Minerals and Cobalt Policy



Scope

Applies to Żabka Polska sp. z o.o.

This Policy covers business partners and suppliers involved in indirect procurement, with certain exceptions.

Summary

The Policy establishes uniform standards for the procurement within the operational activities of Żabka Polska of products containing tantalum, tin, gold, tungsten (commonly referred to as conflict minerals) and cobalt. The guidelines outlined in the Policy pertain to products that utilise tantalum, tin, gold, tungsten and cobalt in their manufacturing processes.

Key issues covered

- Ensuring that business partners subject to the Policy, including product suppliers, adhere to both international and local standards for the responsible extraction, processing, import and utilisation of minerals, as outlined by the Organization for Economic Cooperation and Development (OECD) for due diligence in sourcing minerals from conflict-affected and other high-risk areas
- Ensuring compliance with relevant regulation, including the Regulation on Conflict Minerals, the Directive on Corporate Due Diligence for Sustainable Development, and the Regulation on Batteries and Waste Batteries

Owner of the regulation

The Director of Quality Standards and Climate Protection

Animal Welfare Policy



Scope

Applies to Żabka Polska sp. z o.o.

The Animal Welfare Policy establishes uniform standards for the inclusion of animal products and ingredients in Żabka Polska's own brand products, as well as for eggs from other brands.

Summary

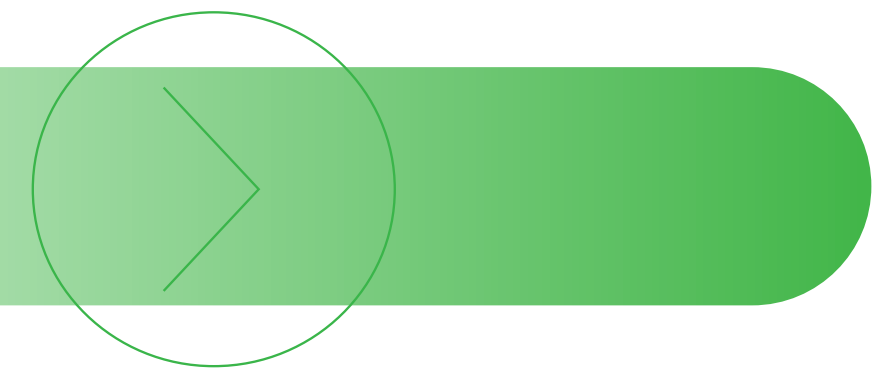
The Animal Welfare Policy establishes uniform standards for the inclusion of animal products and ingredients in Żabka Polska's own brand products, as well as for eggs from other brands.

Key issues covered

- Education and dialogue with business partners
- Support for responsible producers
- Building the range of own brand products
- Raising awareness
- Education of the consumers

Owner of the regulation

The Director of Quality Standards and Climate Protection



Corporate culture and business conduct

[G1-1, G1.GOV-1, G1-3]

The Żabka Group has instituted a comprehensive compliance-management system that is operational across the Group and its subsidiaries. The primary responsibilities are as follows:

- **Management Responsibilities:** Management is responsible for establishing, developing, and maintaining the compliance system, overseeing its operation, and communicating compliance issues within the Group.
- **Management Committee Oversight:** the Management Committee ensures that the Group's activities are in compliance with applicable laws and internal standards.
- **Audit Committee Evaluation:** an Audit Committee is tasked with reviewing the system's effectiveness and efficiency.

The Compliance Officer, who reports to the Management Committee, is responsible for coordinating the operation of the system within the Group. The Compliance Strategy of Zabka Group SA outlines high level rules regarding this area. Specific solutions concerning the compliance management system, including the responsibilities of individual entities involved in its operation, are governed by the Compliance Policy and Compliance Procedure of the Żabka Group.

Zabka Group SA is not required to implement internal reporting channels based on the legal provisions of the law of 16 May 2023 implementing the EU Directive 2019/1937 on the protection of persons who report breaches of Union law. However, the Company has voluntarily adopted a whistleblowing investigation procedure.

The Polish entities of the Group, namely Żabka Polska sp. z o.o., Żabka Automatic Logistics sp. z o.o., Żabka Nano sp. z o.o., Lite e-commerce sp. z o.o., Maczfit Foods sp. z o.o. and MasterLife Solutions sp. z o.o., have implemented whistleblower-protection mechanisms by adopting relevant procedures and internal reporting channels in compliance with the aforementioned directive. There are three channels for whistleblowing, two of which allow anonymous reporting:

- **Oral Reporting:** direct contact with the Responsible Person (Compliance Specialist).
- **Written Reporting:** submission of a traditional letter marked 'Signalling', which is protected from unauthorised access.
- **Electronic Reporting:** via a dedicated email address or the WhistleB Platform at <https://report.whistleb.com/en/zabka>, accessible 24/7 from any internet-enabled device.

At Żabka Polska, submissions may not be processed by persons who, based on the contents of the submission, are suspected of being in any way involved in the irregularity described in the submission. If submissions concern members of the company's (that is Żabka Polska's) management board, the Ethics Committee, or the person responsible for the whistleblowing channel, they should be directed to the Board of Directors of Zabka Group SA via a designated email address.

At Żabka Polska, outcomes of the internal reporting procedure are reported to the Ethics Committee quarterly and yearly by an assigned specialist in the compliance function. The Committee then reports to the Board.

Moreover, Żabka Polska implemented the Compliance Policy, which among other things regulates the conduct of training on business practices. This programme provides practical knowledge about all of Żabka Polska's policies and procedures mentioned in the table above.

All employees and associates of Żabka Polska are required to undergo this training, which is conducted annually via e-learning. Each participant must pass a final test, and this data is meticulously recorded. Additionally, every new employee and co-worker of Żabka Polska receives onboarding training, which is conducted in a face-to-face format. Members of the Company's governing bodies underwent anti-corruption training in 2024.

At Żabka Polska, we take a cautionary approach, and all employees are deemed 'functions that are most at risk in respect of corruption and bribery' regardless of their role. In the remaining group companies, the compliance function, together with the companies' management boards, have analysed and identified the functions that are most at risk in respect of corruption and bribery, in particular functions such as: members of the management board, directors (-1 from the management board), purchasing/sales departments, functions responsible for the financial area, others as agreed with the companies' management boards.

Żabka Nano plans to implement a policy for conducting business ethics training in 2025.

Anti-corruption practices within own operations

[G1-3]

The Żabka Group including Żabka Polska has implemented compliance regulations to prevent and counteract corruption and bribery. These include the policies and procedures listed above.

Policies on corruption and bribery are integral to the employee experience, including specific mandatory ethics and onboarding modules at Żabka Polska.

The Żabka Group is committed to fostering a robust corporate culture throughout its organisation by adhering to the Group policies. This commitment is particularly emphasised in its international operations, notably following expansion into the Romanian market. At Żabka Polska, mandatory training on compliance procedures and Żabka Polska's Code of Ethics is conducted annually. All employees and associates participate in this training, which is delivered via e-learning and concludes with a knowledge test that each employee must pass.

Additionally, 100% of employees (functions at risk) across the Żabka Group have participated in training focused on anti-corruption and anti-bribery protocols. The scope of the training is updated in accordance with current legal changes and changes in the business environment. It also covers the most important issues relevant to the Group's business specifics.



Corporate culture within the value chain

[G1-2] [G1-6]

As a major modern convenience ecosystem operator, the Żabka Group acknowledges its significant impact and is committed to ensuring responsible practices within its operations and throughout its supply chain.

In 2024, based on the action plan, Żabka Polska intensified efforts to implement the Code of Conduct for Business Partners, developed based on, among others, OECD Due Diligence Guidance for Responsible Business Conduct, and to enhance collaboration on non-financial requirements across the supply chain. 82% of Żabka Polska suppliers based by turnover confirmed their acknowledgement with rules indicated in the Code. A dedicated Sustainable Supply Chain team has been established to further develop standards for implementing and enforcing sustainable supply-chain requirements, such as the inclusion of environmental and social clauses in contracts with suppliers. We also tested solutions and approaches to find effective ways of executing non-financial provisions towards suppliers (including a self-assessment survey, SMETA SEDEX Platform and audits for selected own brand and brand suppliers).

The Żabka Group and its subsidiaries are committed to maintaining financial integrity and operational efficiency by avoiding payment delays. To this end, the Polish entities of the Group have implemented the Procedure for Payment Terms, additionally, a rigorous invoice processing procedure has been established to ensure that invoices progress smoothly through the approval path. Payments are executed on a daily basis to maintain this commitment.

Our standard payment terms under the Procedure are dependent on the buying category involved. Under the Procedure, payment to small and medium enterprises (SMEs) should be made within 30-60 days after receipt of the invoice, dependent on the presence of contractual advantage and on the products' shelf life being less than 30 days. All organisational units in Poland are obliged annually to verify contracts and classify contractors in terms of product category and contractual advantage.

Social and environmental criteria are currently taken into consideration in business partners onboarding at Żabka Polska. Depending on the nature of the business conducted by the business partner and the level of risk associated with our work together, assessed on the basis of turnover, strategic importance for the company and type of activity, the supplier-verification process covers a wide range of non-financial themes and is executed based on well-defined processes.

Żabka Group maintains an ongoing dialogue with its business partners and suppliers. In October 2024, Żabka Polska hosted the annual Supplier Meeting in Poznań. This event constituted a forum where the company could present its development vision and strategic goals, as well as share good practices. For the first time, an additional meeting with suppliers was held in Bucharest, hosted by Froo and DRIM Daniel Distributie FMCG. To further strengthen and facilitate cooperation with business partners, Żabka Polska has been using the Fair Business Platform since 2022. It primarily serves to facilitate efficient exchange of information.

In 2025, Żabka Polska will continue to further develop its approach to the supply chain due diligence processes. This will be done by:

- maximising efforts related to the percentage of suppliers familiarised with the suppliers' Code of Conduct,
- expanding the percentage coverage of monitoring and evaluation of suppliers of a number of own brand (incl. on-site audits) and extend population of direct procurement suppliers' compliance with our Code of Conduct,
- improving the suppliers' acceptance and onboarding procedure
- defining pathways to gradually cascade some of the supply chain-related provisions and solutions to selected new activities/entities of the Group,
- further training and collaboration activities, such as through the Fair Business platform.

Recognising its franchisees as critical business partners, Żabka Polska actively seeks to enhance their satisfaction and foster long-term collaboration. The company provides comprehensive support to new franchisees, including a fully equipped store, training, and access to innovative solutions such as the Optiplan programme and the Cyberstore app. Franchisees also have the opportunity to operate stores in a range of modern formats, promoting entrepreneurship.

ESRS G1 Business conduct - Metrics

[G1-3] [GRI 205-2]

Information on anti-corruption training programmes coverage

Data Point	Unit	2024
Functions-at-risk covered by training programmes	%	100

Contextual information

As explained earlier, at Żabka Polska, we take a cautious approach. That is why, regardless of their role, we deem all employees to be 'functions that are most at risk in respect of corruption and bribery'. In the remaining group companies, the compliance function, together with the companies' management boards have analysed and identified the functions that are most at risk in respect of corruption and bribery. These include, in particular members of the management board, directors (-1 from the management board), purchasing/sales departments, functions responsible for the financial area and others as agreed with the companies' management boards.

At Żabka Polska there is a period of mandatory anti-corruption training (in 2024 this was from 1 March to the end of September). During this period, 2 393 active employees were employed. Inactive employees (absent due to long-term leaves) were excluded from the calculation. New employees hired in the period from 1 October to 31 December 2024 signed a declaration of familiarisation and compliance with the Code of Ethics.

[G1-4]

Incidents of corruption and bribery

Data Point	Unit	2024
Convictions for violation of anti-corruption and anti- bribery laws	Number	0
Fines for violation of anti-corruption and anti- bribery laws	Polish zloty	0
Confirmed incidents of corruption or bribery	Number	0
Confirmed incidents in which own workers were dismissed or disciplined for corruption or bribery-related incidents	Number	0
Confirmed incidents relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery	Number	0

Contextual information

We did not identified any confirmed incidents of corruption or bribery during 2024 defined as per ESRS Disclosure Requirement G1-4.

[G1-5]

Political contributions and lobbying expenses

Data Point	Unit	2024
Financial and in-kind political contributions made	Million Polish zloty	10.2
Internal and external lobbying expenses	Million Polish zloty	0
Amount paid for membership to lobbying associations	Million Polish zloty	1.9

Contextual information

The data under 'Financial and in-kind political contributions made' relates mostly to charity donations made by Żabka Polska to Federacja Banków Żywności and Wielka Orkiestra Świątecznej Pomocy. Amounts paid for membership associations relate to TUV NORD Polska, The World Business Council for Sustainable Development and others - see below). The monetary value of in-kind contributions made was determined based on Group entities internal accounting systems.

The Żabka Group closely cooperates with leading industry and business organizations whose statutory activities include, among other things, influencing the shape of public policy in areas that are key to the functioning of the trade sector. These activities include initiatives aimed at supporting effective legislative solutions and promoting good practices. In 2024, dialogue was conducted with stakeholders primarily in the area of the introduction of a deposit system on the Polish market, as well as potential regulatory changes in the area of Sunday trading. The Żabka Group remains a member of: Polish Chamber Of Trade (Polska Izba Handlu), Polish Trade and Distribution Organisation (Polska Organizacja Handlu i Dystrybucji), Polish Economic Society (Polskie Towarzystwo Gospodarcze), Polish Confederation Lewiatan (Konfederacja Lewiatan), Employers of Poland (Pracodawcy Rzeczypospolitej Polskiej), The Polish Franchisor Organization (Polska Organizacja Franczyzodawców), Consumer Goods Forum, IMS Luxembourg and UN Global Compact. Representatives responsible in administrative, management and supervisory bodies for oversight of political influence and lobbying activities are the CEO and Corporate Affairs.

[G1-6]

Payment practices

Data Point	Unit	2024
The average number of days to pay an invoice from the date when a contractual or statutory term of payment starts to be calculated	Days	31
Payments aligned with standard payment terms	%	92.3
Outstanding legal proceedings for late payments	Number	0

Contextual information

Above we provide information on the Group's payment practices based on Group entities' accounting systems. It was not feasible to generate this information for two Group entities (Cool Logistics and Lite), and it had to be excluded from the calculation. In one Group entity the 'total number of payments aligned with standard payment terms in the reporting period' was estimated by the accounting unit.

Below Materiality Threshold - Governance Metrics

[SASB]

Activity metrics

SASB Code	Data Point	Unit	2024
FB-FR-000.A	Number of		
	Retail locations	Number	11,069
	Distribution centres	Number	19*
FB-FR-000.B	Total area of		
	Retail space	Stores under the Żabka and Froo brands are run by independent entrepreneurs on a franchisee and agency basis.	
	Distribution centres	Square metre	230,332**

Contextual information

* Includes 11 distribution centres and terminals in Poland and 8 in Romania.

** Includes only Żabka Polska distribution centres and terminals in Poland.

[GRI 2-27]

Compliance with laws and regulations

In 2024, there were no significant breaches of the law or regulations resulting in financial and non-financial penalties. We observed 107 instances of non-compliance with laws and regulations for which fines were incurred, and paid during 2024. The amount of fines was 640,031 PLN.

[GRI 206-1]

Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices

In 2024, no violations of the principles of free competition and no monopolistic practices were observed, and no legal steps were taken by external authorities in this area.

[GRI 205-1]

Operations assessed for risks of corruption

In 2024, in the biggest Group subsidiary, Żabka Polska, we analysed 2 out of our 7 business units for threats related to corruption (29%). These were the units dealing with topics of adaptation, business expansion, real estate services and purchasing. More on our approach to prevention and detection of corruption and bribery can be read under disclosure requirement G1-3.

Appendix

Disclosure requirements - index

[IRO-2]

The following tables list all of the ESRS disclosure requirements in ESRS 2 and the six topical standards material to Žabka that have guided the preparation of our sustainability statements. We have omitted all the disclosure requirements in the topical standards E2, E3, S2 and S3 as these are below our materiality thresholds.

The tables can be used to navigate to information relating to a specific disclosure requirement in this sustainability statement.

The tables also show where the information relating to a specific disclosure requirement lies outside of the sustainability statement and is 'incorporated by reference' to either the management's report or the financial statements within this annual report. Disclosure requirements of ESRS partially incorporated by reference from the management report were ESRS 2 GOV-1, GOV-5, BP-2 DPs 10-14.

Incorporation by reference - ESRS Disclosure Requirements

ESRS DR	Information disclosed	Section of the report	Page
SBM-1	Significant markets	B.1.1. Markets and Opportunities	14-16
	Products and services offered	B.1.2. Ultimate Convenience Ecosystem	17
	Business model and value chain	B.1.3. Strategic aspirations and business model	33
	Significant activity sector	D. Financial statements	128
GOV-1	Identity and expertise of the Board of Directors	B.3.2. Group structure and leadership team	45-46
	Oversight and controls	B.3.3. Audit Committees and Internal Audit	49
GOV-5	Risk assessment and risks	B.3.4. Risk management	50-52

Disclosure Requirements in ESRS covered by the undertaking's sustainability statement

Disclosure requirement	Section/ report*	Page	Additional information	GRI mapping**	Derived from other EU legislation
ESRS 2 - General disclosures					
BP-1	General basis for preparation of the sustainability statement	SUS	67	2-2, 3-1	
BP-2	Disclosures in relation to specific circumstances	SUS	67	2-4, 2-22, 3-2, 3-3	
	Datapoints that derive from other EU legislation	SUS	119-123		
GOV-1	The role of the administrative, management and supervisory bodies		45-46, 68	2-9, 2-12, 2-13, 2-14, 405-1	
	Board's gender diversity paragraph 21 (d)	MR	45		SFDR, BRR
	Percentage of board members who are independent paragraph 21 (e)		46		BRR
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	SUS	68	2-12, 2-13, 2-16, 2-24	
GOV-3	Integration of sustainability-related performance in incentive schemes	SUS	69	2-19, 2-20	
GOV-4	Statement on due diligence	SUS	123		
	Statement on due diligence paragraph 30				SFDR
GOV-5	Risk management and internal controls over sustainability reporting	MR, SUS	50-52, 69	2-14	

Disclosure requirement	Section/report*	Page	Additional information	GRI mapping**	Derived from other EU legislation
SBM-1	Strategy, business model and value chain (products, markets, customers)	MR, SUS	14-17, 74		
	Strategy, business model and value chain (headcount by country)	SUS	106		
	Strategy, business model and value chain (breakdown of revenue)				
	Involvement in activities related to fossil fuel activities paragraph 40 (d) i			2-6, 2-7, 2-22, 3-3, 201-1	SFDR, P3, BRR
	Involvement in activities related to chemical production paragraph 40 (d) ii	FIN	147	Not applicable to Zabka Group in 2024.	SFDR, BRR
Involvement in activities related to controversial weapons paragraph 40 (d) iii				SFDR, BRR	
Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv				BRR	
SBM-2	Interests and views of stakeholders	SUS	70-71	2-12, 2-29	
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	SUS	72-76	2-27, 3-2, 3-3	
IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	SUS	72-73	2-14, 3-1	
IRO-2	Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	SUS	119-123		
ESRS E1 - Climate change					
E1-1	Transition plan for climate change mitigation				
	Transition plan to reach climate neutrality by 2050 paragraph 14	SUS	81, 95		EUCL
	Undertakings excluded from Paris-aligned benchmarks paragraph 16 (g)				P3, BRR
E1-2	Policies related to climate change mitigation and adaptation	SUS	78-80		
E1-3	Actions and resources in relation to climate change policies	SUS	84	3-3, 305-3	

Disclosure requirement	Section/report*	Page	Additional information	GRI mapping**	Derived from other EU legislation
E1-4	Targets related to climate change mitigation and adaptation	SUS	63, 65, 84, 95	3-3, 305-1, 305-2, 305-5	
	GHG emission reduction targets paragraph 34	SUS	65, 95		SFDR, P3, BRR
E1-5	Energy consumption and mix				
	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	SUS	95-96	302-1, 302-3	SFDR
	Energy consumption and mix paragraph 37				SFDR
	Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43				SFDR
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions				
	Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	SUS	96-97	201-1, 305-1, 305-2, 305-3, 305-4	SFDR, P3, BRR
	Gross GHG emissions intensity paragraphs 53 to 55				SFDR, P3, BRR
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	SUS	97	305-5	In 2024 the Group did not use carbon credits.
	GHG removals and carbon credits paragraph 56				EUCL
E1-8	Internal carbon pricing	SUS	97		In 2024 the Group did not use internal carbon pricing schemes.

Disclosure requirement	Section/report*	Page	Additional information	GRI mapping**	Derived from other EU legislation
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	SUS	81-82, 97		
	Exposure of the benchmark portfolio to climate-related physical risks paragraph 66		-	Not reported for 2024	BRR
	Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) & location of significant assets at material physical risk paragraph 66 (c)		-	Not reported for 2024	P3
	Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)		-	Not reported for 2024	P3
	Degree of exposure of the portfolio to climaterelated opportunities paragraph 69		-	Not reported for 2024	BRR
E1.GOV-3	Integration of sustainability-related performance in incentive schemes	SUS	69	2-19	
E1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	SUS	81-83		
E1.IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	SUS	81-83		
ESRS E4 · Biodiversity and ecosystems					
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	SUS	85		
E4-2	Policies related to biodiversity and ecosystems	SUS	78-80		
	Sustainable land / agriculture practices or policies paragraph 24 (b)	SUS	78-80		SFDR
	Sustainable oceans / seas practices or policies paragraph 24 (c)	-	-	Not applicable	SFDR
	Policies to address deforestation paragraph 24 (d)	SUS	78-80		SFDR

Disclosure requirement	Section/report*	Page	Additional information	GRI mapping**	Derived from other EU legislation
E4-3	Actions and resources related to biodiversity and ecosystems	SUS	85, 97	3-3	
E4-4	Targets related to biodiversity and ecosystems	SUS	85	3-3	
E4-5	Impact metrics related to biodiversity and ecosystems change	SUS	97		
E4-6	Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	SUS	97		
E4.IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities				
	paragraph 16 (a) i	SUS	85		SFDR
	paragraph 16 (b)				SFDR
	paragraph 16 (c)				SFDR
ESRS E5 · Resource use and circular economy					
E5-1	Policies related to resource use and circular economy	SUS	78-80		
E5-2	Actions and resources related to resource use and circular economy	SUS	87	3-3, 306-2, 306-3	
E5-3	Targets related to resource use and circular economy	SUS	62, 65, 87	3-3	
E5-4	Resource inflows	SUS	98	301-1, 301-2	
E5-5	Resource outflows			306-2, 306-3	
	Non-recycled waste paragraph 37 (d)	SUS	98		SFDR
	Hazardous waste and radioactive waste paragraph 39				SFDR
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	SUS	99		
E5.IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	SUS	72	3-3	

Disclosure requirement	Section/report*	Page	Additional information	GRI mapping**	Derived from other EU legislation
ESRS S1 - Own workforce					
S1-1	Policies related to own workforce				
	Human rights policy commitments paragraph 20				
	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21				
	processes and measures for preventing trafficking in human beings paragraph 22				
	workplace accident prevention policy or management system paragraph 23				
S1-2	SUS	102		2-12, 2-29, 3-3	
S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns				
	grievance/complaints handling mechanisms paragraph 32 (c)				
S1-4	SUS	102-103		2-24, 203-2, 3-3, 403-9	
S1-5	SUS	64, 103		303	
S1-6	SUS	106		2-7, 401-1, 405-1	
S1-7	SUS	106		2-8	
S1-8	SUS	109	Below materiality threshold		
S1-9	SUS	106		405-1	
S1-10	SUS	107			

Disclosure requirement	Section/report*	Page	Additional information	GRI mapping**	Derived from other EU legislation
S1-13	SUS	107		404-1, 404-3	
S1-14	Health and safety metrics				
	Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)				
	Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)				
S1-16	Remuneration metrics (pay gap and total remuneration)				
	Unadjusted gender pay gap paragraph 97 (a)				
	Excessive CEO pay ratio paragraph 97 (b)				
S1-17	Incidents, complaints and severe human rights impacts				
	Incidents of discrimination paragraph 103 (a)				
S1.SBM-2	Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)				
	Interests and views of stakeholders				
S1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model				
	Risk of incidents of forced labour paragraph 14 (f)				
S4-1	Risk of incidents of child labour paragraph 14 (g)				
	Policies related to consumers and end-users				
S4-1	Policies related to consumers and end-users paragraph 16				
	Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17				

Disclosure requirement	Section/report*	Page	Additional information	GRI mapping**	Derived from other EU legislation
S4-2	Processes for engaging with consumers and end-users about impacts	SUS	71, 104	2-12, 2-29, 3-3	
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	SUS	105, 109	2-25, 2-26, 3-3, 418-1	
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	SUS	104-105, 109	2-24, 2-25, 3-3, 416-1	
	Human rights issues and incidents paragraph 35				SFDR
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	SUS	62, 64, 104	3-3	
S4.SBM-2	Interests and views of stakeholders	SUS	70-71		
S4.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	SUS	75-76, 104	3-3	
ESRS G1 - Business conduct					
G1-1	Business conduct policies and corporate culture				
	United Nations Convention against corruption paragraph 10 (b)	SUS	112-115	2-16, 2-23, 2-24, 2-26	SFDR
	Protection of whistleblowers paragraph 10 (d)				SFDR
G1-2	Management of relationships with suppliers	SUS	116	3-3	
G1-3	Prevention and detection of corruption and bribery	SUS	112-115, 117	2-13, 2-16, 2-26, 3-3, 205-1, 205-2	
	Incidents of corruption or bribery				
G1-4	Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	SUS	117	2-27, 205-3	SFDR, BRR
	Standards of anticorruption and anti-bribery paragraph 24 (b)				SFDR
G1-5	Political influence and lobbying activities	SUS	117	2-9, 415-1	

Disclosure requirement	Section/report*	Page	Additional information	GRI mapping**	Derived from other EU legislation
G1-6	Payment practices	SUS	116, 117		
G1.GOV-1	The role of the administrative, supervisory and management bodies	MR	118	2-12, 2-9	

Legend

* SUS - Sustainability statement, MR - Management report, REM - Remuneration report, FIN - Financial report

** The disclosed GRI mapping was based on EFRAG's draft ESRS-GRI interoperability guide from November 2023. https://www.globalreporting.org/media/z2vmxbks/gri-standards-and-esrs-draft-interoperability-index_20231130-final.pdf

Statement on sustainability due diligence

[GOV-4]

Core elements of due diligence	People Sections in the sustainability statement	Page	Environment Sections in the sustainability statement	Page
Embedding due diligence in governance, strategy and business model	2024 ESG highlights, Policies related to own workforce, Policies related to consumers and end-users	63-64, 101, 104	2024 ESG highlights, Policies related to the environmental area	65, 78-80
Engaging with affected stakeholders in all key steps of the due diligence process	Interests and views of stakeholders, Engaging with our own workforce, Engaging with our consumers	70-71, 102, 104	Interests and views of stakeholders	70-71
Identifying and assessing adverse impacts	Remediation and channels to raise concerns, Customer data privacy, Good nutrition	102, 105, 115	Decarbonisation, Biodiversity, Circularity	81-87
Taking actions to address those adverse impacts	Taking action on material impacts on own workforce, Good nutrition	103, 105	Actions and resources in relation to climate change policies, Actions and resources related to biodiversity and ecosystems, Actions and resources related to resource use and circular economy	84-85, 87
Tracking the effectiveness of these efforts and communicating performance	Engaging with our own workforce, 01 Sustainable lifestyle, 03 Responsible organisation	102, 62, 64	01 Sustainable lifestyle, 04 Green planet	62, 65

GRI reference table

Disclosure requirement	Section/report*	Page	Additional information
General disclosures 2021			
2-1	Organisational details	MR	44
2-3	Reporting period, frequency and contact point	FIN	133
			Any questions concerning the data contained in this Sustainability statement should be submitted to: controlling_ESG@zabka.pl
2-5	External assurance	SUS	127
2-10	Nomination and selection of the highest governance body	MR	45
2-11	Chair of the highest governance body	MR	46
2-15	Conflicts of interest	SUS	113
2-17	Collective knowledge of the highest governance body	MR	46
2-18	Evaluation of the performance of the highest governance body	SUS	68
2-27	Compliance with laws and regulations	SUS	118
2-28	Membership associations	SUS	117
2-29	Approach to stakeholder engagement	SUS	70-71
2-30	Collective bargaining agreements	SUS	109
Economic topics			
Market presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	SUS	109

Disclosure requirement	Section/report*	Page	Additional information
Anti-competitive behaviour 2016			
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	SUS	118
Environmental topics			
Materials 2016			
301-3	Reclaimed products and their packaging materials	SUS	99
Social topics			
Occupational health and safety 2018			
403-2	Hazard identification, risk assessment and incident investigation	SUS	109
403-3	Occupational health services	SUS	109
403-5	Worker training on occupational health and safety	SUS	109
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationship	SUS	109
Customer privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SUS	109

SASB reference table

Disclosure requirement	Section/report*	Page	Additional information
Activity metrics			
FB-FR00A	Number of (1) retail locations and (2) distribution centres	SUS	118
FB-FR00B	Total area of (1) retail space and (2) distribution centres	SUS	118
Environment			
FB-FR-110a.1	Fleet fuel consumed, percentage renewable	SUS	99
FB-FR-110b.1	Gross global Scope 1 emissions from refrigerants	SUS	99
FB-FR-110b.2	Percentage of refrigerants consumed with zero ozone-depleting potential	SUS	99
FB-FR-110b.3	Average refrigerant emissions rate	SUS	99
FB-FR-130a.1	(1) Operational energy consumed (2) Percentage grid electricity (3) Percentage renewable	SUS	99
FB-FR150a.1	(1) Amount of food waste generated, (2) Percentage diverted from the waste stream 1	SUS	99 Regarding (2) we did not consolidate data from this area in the reporting period.
Data Security			
FB-FR-230a.1	(1) Number of data breaches (2) Percentage involving personally identifiable information (PII) (3) Number of customers affected	SUS	110
Food Safety			
FB-FR-250a.1	High-risk food safety violation rate	SUS	110
FB-FR-250a.2	(1) Number of recalls (2) Number of units recalled (3) Percentage of units recalled that are private-label products	SUS	110

Disclosure requirement	Section/report*	Page	Additional information
Product Health & Nutrition			
FB-FR-260a.1	Revenue from products labelled and/or marketed to promote health and nutrition attributes	SUS	62
Labelling & Marketing Product			
FB-FR-270a.1	Number of incidents of no -compliance with industry or regulatory labelling and/or marketing codes	-	- We did not consolidate data from this area in the reporting period.
FB-FR-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labelling practices	-	- We did not consolidate data from this area in the reporting period.
FB-FR-270a.3	Revenue from products labelled as: (1) Containing genetically modified organisms (GMOs) (2) Non-GMO	-	- We did not consolidate data from this area in the reporting period.
Labour practices			
FB-FR-310a.1	1) Average hourly wage and (2) percentage of in-store and distribution centre employees earning minimum wage by region	-	- We did not consolidate data from this area in the reporting period.
FB-FR-310a.2	Percentage of active workforce covered under collective bargaining agreements	-	- We did not consolidate data from this area in the reporting period.
FB-FR-310a.3	(1) Number of work stoppages (2) Total days idle	-	- We did not consolidate data from this area in the reporting period.
FB-FR-310a.4	Total amount of monetary losses as a result of legal proceedings associated with: (1) Labour law violations (2) Employment discrimination	-	- We did not consolidate data from this area in the reporting period.
Management of Environmental & Social Impacts in the Supply Chain			
FB-FR-430a.1	Revenue from products third party certified to an environmental and/or social sustainability sourcing standards	-	- We did not consolidate data from this area in the reporting period.
FB-FR-430a.2	Percentage of revenue from: 1) Eggs that originated from a cage-free environment 2) Pork produced without the use of gestation crates	-	- We did not consolidate data from this area in the reporting period.

Limited assurance report



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**Shape the future
with confidence**

Limited assurance Report on sustainability information prepared in accordance with Compliance Criteria

To the Board of Directors
Zabka Group S.A.
2, rue Jean Monnet
L-2180 Luxembourg
Grand Duchy of Luxembourg

Limited Assurance Conclusion

We conducted a limited assurance engagement on the Sustainability Statement of Zabka Group S.A. (the “Company”) included in section “Sustainability Statements” of the Annual Report (the “Sustainability Statement”) as of 31 December 2024 and for the year then ended.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the accompanying Sustainability Statement is not prepared, in all material respects, in compliance with:

- article 19(a), 29(a) of EU Directive 2013/34/EU (“Directive”);
- the European Sustainability Reporting Standards (“ESRS”), including that the process carried out by the Company to identify the information reported in the Sustainability Statement (the “Process”) is in accordance with the description set out in note ESRS 2 IRO-1;
- the disclosures in “EU Taxonomy” within the environmental section of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the “Taxonomy Regulation”); and
- altogether the “Criteria”.

Basis for Limited Assurance Conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (revised) (“ISAE 3000”), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (“IAASB”) as adopted for Luxembourg by the Institut des Réviseurs d’Entreprises (“IRE”).

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the *Responsibilities of réviseur d’entreprises agréé’s* section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (“IESBA Code”) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (“CSSF”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (“ISQM”) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, issued by the IAASB as adopted for Luxembourg by the CSSF. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other Matter - Comparative information not subject to assurance procedures

No limited assurance procedures have been performed on the Sustainability Statements of the prior year. Consequently, the comparative information in the Sustainability Statements and thereto related disclosures for the year ended 31 December 2023 have not been subject to limited assurance procedures. Our conclusion is not modified in respect of this matter.

Responsibilities of Board of Directors and Those Charged with Governance for the Sustainability Statement

The Board of Directors of the Company is responsible for designing and implementing and maintaining a process to identify the information reported in the Sustainability Statement in accordance with ESRS and for disclosing this process in note ESRS 2 IRO-1 of the Sustainability Statement.

This responsibility includes:

- understanding the context in which the Company’s activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Company’s financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

The Board of Directors of the Company is further responsible for:

- The preparation of the Sustainability Statement in accordance with the Criteria.
- Designing, implementing and maintaining such internal control that Board of Directors determines is necessary to enable the preparation of the Sustainability Statement, in accordance with the Criteria, that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Company’s sustainability reporting process.

Inherent limitations in preparing the Sustainability Statement

As discussed in “About this Report” in the Sustainability Statement “This report may contain forward-looking statements which are inherently associated with risks and are uncertain. These statements can often be identified by the words or phrases such as ‘anticipate’, ‘believe’, ‘estimate’, ‘expect’, ‘plan’, ‘potential’, although it is not an exhaustive list of examples. The Company does not make any representation that factors anticipated in the forward-looking statements will materialize. Therefore such forward-looking statements represent, in each case, only one of many possible scenarios and no reliance should be placed on them. Forward-looking statements included in this Report have been prepared based on circumstances, assumptions and expectations relevant as of the publication date of this Report and we do not commit to updating these statements after the Report’s publication”.

In reporting forward looking information in accordance with ESRS, the Board of Directors of the Company is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Company. Actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Sustainability Statement, the Board of Directors of the Company interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

Responsibilities of the réviseur d’entreprises agréé

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000, we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the Sustainability Statement, in relation to the Process, include:

- Performing procedures, including obtaining an understanding of internal control relevant to the engagement, to identify risks that the process to identify the information reported in the Sustainability Statement does not address the applicable requirements of ESRS, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Designing and performing procedures to evaluate whether the Process to identify the information reported in the Sustainability Statement is consistent with the Company’s description of its Process as disclosed in note ESRS 2 IRO-1.

Limited assurance report - continued

Our other responsibilities in respect of the Sustainability Statement include:

- Performing risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify where material misstatements are likely to arise, whether due to fraud or error, but not for the purpose of providing a conclusion on the effectiveness of the Company’s internal control;
- Designing and performing procedures responsive to where material misstatements are likely to arise in the Sustainability Statement. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. The procedures performed in a limited assurance engagement vary in nature and form, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The nature, timing and extent of procedures selected depend on professional judgement, identification of disclosures where material misstatements are likely to arise in the Sustainability Statement, whether due to fraud or error.

In conducting our limited assurance engagement, with respect of the Process, we:

- obtained an understanding of the Process by performing inquiries to understand the sources of the information used by management, reviewing the double materiality assessment performed by the Company’s management and reviewing the Company’s internal documentation of its Process; and
- evaluated whether the evidence obtained from our procedures about the Process implemented by the Company was consistent with the description of the Process set out in note ESRS 2 IRO-1.

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- obtained an understanding of the Company’s reporting processes relevant to the preparation of its Sustainability Statements by conducting interviews with key personnel;
- evaluated whether all material information identified by the Process is included in the Sustainability Statements;
- evaluated whether the structure and the presentation of the Sustainability Statements is in accordance with the Criteria;
- evaluated the methods, assumptions and data for developing estimates and forward-looking information;
- obtained an understanding of the process to identify the Taxonomy-eligible and the Taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statements;
- performed inquiries of relevant personnel and analytical procedures on selected disclosures in the Sustainability Statements;
- performed substantive assurance procedures based on a sample basis on selected disclosures in the Sustainability Statements;
- compared selected disclosures in the Sustainability Statements with the corresponding disclosures in the Consolidated Financial Statements within the 2024 Annual Report;
- evaluated whether the evidence obtained from our procedures about the Process implemented by the Company was consistent with the description of the Process set out in note ESRS 2 IRO-1.

Other information

The Board of Directors of the Company is responsible for the other information. The other information comprises the Environmental, Social and Governance information included in the consolidated Annual Report, which can be identified under sections “Below Materiality Threshold”. Our conclusion on the Sustainability Statement does not cover the other information and we do not express any form of assurance conclusion thereon.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Luxembourg, 24 March 2025

Alban Aubree

D Financial statements

Consolidated statement of profit or loss and other comprehensive income

Consolidated statement of financial position

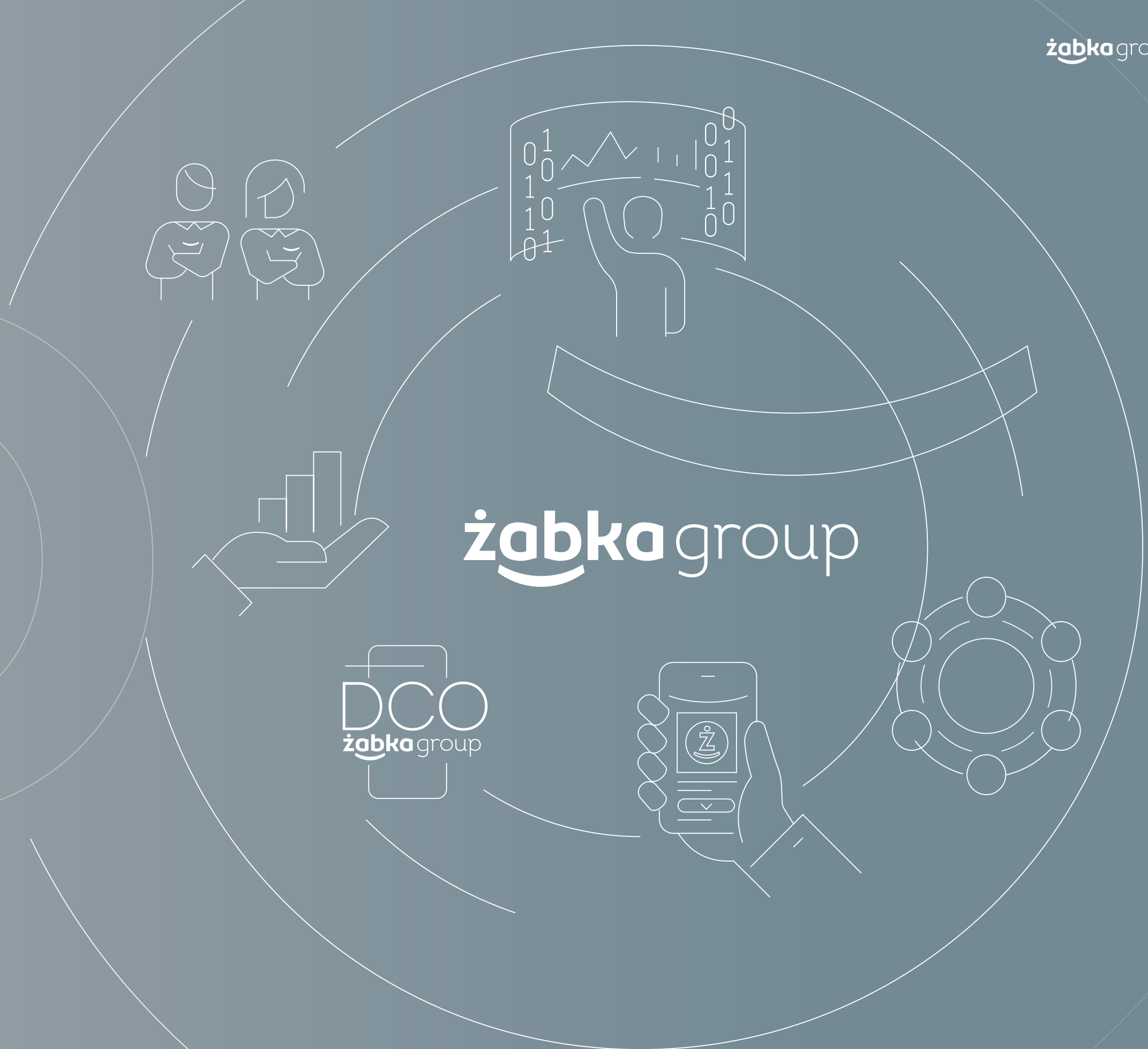
Consolidated statement of cash flows

Consolidated statement of changes in equity

1. General information
2. Basis for the preparation and application of accounting policies
3. Composition of the group and changes in the financial year
4. Segments
5. Explanatory notes to the consolidated statement of profit or loss and other comprehensive income
6. Explanatory notes to the consolidated statement of financial position
7. Debt and capital management
8. Financial instruments, financial risk and liquidity management
9. Other notes

Audit report

Responsibility Statement



Due to rounding, certain numbers, percentages and amounts representing changes over time periods presented throughout this Report may not add up precisely to the totals provided.

This pdf document is not the binding version of the Annual Report of the Zabka Group. The official version of the Annual Report of the Zabka Group, containing the audited Consolidated Financial Statements and the auditor's report thereto are included in the report package which can be found on the corporate website at www.zabkagroup.com.

In any case of discrepancies between the following version and the report package, the report package prevails.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Note		2024	2023
5.1	Revenue	23,797,040	19,805,851
5.2	Cost of sales	(19,406,266)	(16,272,830)
	Gross profit on sales	4,390,774	3,533,021
5.2	Marketing costs	(267,367)	(224,926)
5.2	General and administrative costs	(461,238)	(329,238)
5.2	Costs of technology, innovation and development	(285,720)	(230,483)
5.3	Other operating income	30,801	30,760
5.3	Other operating costs	(37,423)	(33,546)
6.7-6.8	Expected credit losses on trade receivables and other financial assets	(7,030)	(5,977)
	Operating profit before depreciation and amortisation (EBITDA)	3,362,797	2,739,611
6.2-6.4	Depreciation and amortisation	(1,704,012)	(1,359,247)
	Operating profit	1,658,785	1,380,364
5.4	Financial income	175,121	141,553
	<i>Interest income</i>	<i>50,072</i>	<i>47,618</i>
	<i>Other</i>	<i>125,049</i>	<i>93,935</i>
5.4	Financial costs	(1,030,622)	(1,011,763)
	<i>Interest costs</i>	<i>(981,653)</i>	<i>(950,073)</i>
	<i>Other</i>	<i>(48,969)</i>	<i>(61,690)</i>
6.8	Expected credit losses on loans	426	(466)
	Profit before tax	803,710	509,688
5.5	Income tax expense	(210,960)	(153,395)
	NET PROFIT	592,750	356,293
	Attributable to equity holders of the parent	624,262	353,724
	Attributable to non-controlling interests	(31,512)	2,569

Note		2024	2023
	Other comprehensive income		
	Items that will be reclassified to profit or loss:	(101,272)	(18,150)
	<i>Exchange differences on translation of foreign operations</i>	<i>(629)</i>	<i>825</i>
8.1	<i>Cash flow hedge</i>	<i>(100,643)</i>	<i>(18,975)</i>
5.5	Income tax relating to other comprehensive income that will be reclassified to profit or loss	19,122	3,605
	Items that will not be reclassified to profit or loss:	187	524
6.14	<i>Actuarial gains on employee benefits</i>	<i>187</i>	<i>524</i>
5.5	Income tax relating to other comprehensive income that will not be reclassified to profit or loss	(36)	(99)
	Other comprehensive income net of tax	(81,999)	(14,120)
	Total comprehensive income	510,751	342,173
	Total comprehensive income attributable to:	510,751	342,173
	<i>Equity holders of the parent</i>	<i>542,263</i>	<i>339,604</i>
	<i>Non-controlling interests</i>	<i>(31,512)</i>	<i>2,569</i>
	Weighted average number of ordinary shares (million) *	973.64	973.64
5.6	Basic earnings per share (in PLN)	0.62	0.35
5.6	Diluted earnings per share (in PLN)	0.62	0.35

To reflect the change in share classes/numbers as a result of IPO, the Group recalculated the numbers of shares as at 31 December 2023 to ensure comparativeness of EPS.

Material accounting policies and other explanatory notes included on pages 133 to 195 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note		31.12.2024	31.12.2023	Note		31.12.2024	31.12.2023
6.1	Goodwill	3,438,813	3,387,269	7.3	Loans and borrowings	329,886	173,414
6.2	Other intangible assets	1,148,109	1,009,677	6.4	Lease liabilities	764,215	644,105
6.3	Property, plant and equipment	3,939,764	3,392,284	6.12	Trade payables and other financial liabilities	5,870,729	4,742,258
6.4	Right-of-use assets	4,527,088	3,728,150	6.11	Liability for a written put option over non-controlling interest	27,811	120,684
5.5	Deferred tax assets	62,019	42,419	6.13	Refund liabilities	340,448	278,596
6.8	Loans granted	-	201,368	5.5	Income tax liabilities	50,973	4,392
6.8	Shares and stocks	22,735	18,831	6.14	Employee benefits liabilities	113,834	109,174
3.1	Investment in a joint venture	4,543	-	6.16	Contract liabilities	27,931	18,788
6.8	Other financial assets	37,236	22,342	6.15	Other non-financial liabilities and deferred income	39,594	28,406
6.10	Other non-financial assets	7,467	10,143	6.17	Provisions	653	2,846
	Non-current assets	13,187,774	11,812,483		Current liabilities	7,566,074	6,122,663
6.6	Inventory	1,092,314	774,687		Total liabilities	16,180,354	14,672,540
6.9	Right of return assets	12,271	11,259		NET ASSETS	1,388,894	898,129
6.7	Trade receivables	2,277,481	2,079,482	7.2	Share capital	119,790	119,790
5.5	Income tax receivables	101	69	7.2	Share premium	8,382,968	8,114,482
6.8	Loans granted	6,769	5,479	7.2	Legal reserve	-	268,486
6.8	Other financial assets	30,388	82,202	6.11	Put option reserve	(71,613)	(112,001)
6.10	Other non-financial assets	212,572	155,869	9.2	Share-based payments reserve	34,823	-
7.4	Cash and cash equivalents	749,578	649,139		Retained earnings	(6,949,807)	(7,447,360)
	Current assets	4,381,474	3,758,186		Exchange differences on translation of foreign operations	(30,754)	(30,125)
	Total assets	17,569,248	15,570,669		Actuarial gains/ (losses)	378	227
7.3	Loans and borrowings	4,218,930	5,044,955	8.1	Cash flow hedge	(96,891)	(15,370)
6.4	Lease liabilities	4,090,432	3,368,458		Equity attributable to owners of the parent	1,388,894	898,129
6.11	Liability for a written put option over non-controlling interest	71,004	-		Non-controlling interests	-	-
6.14	Employee benefits liabilities	2,826	3,096		Total equity	1,388,894	898,129
6.12	Other financial liabilities	119,671	25,785				
5.5	Deferred tax liabilities	111,110	107,528				
6.15	Other non-financial liabilities and deferred income	307	55				
	Non-current liabilities	8,614,280	8,549,877				

Material accounting policies and other explanatory notes included on pages 133 to 195 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Note	2024	2023	Note	2024	2023		
CASH FLOWS FROM OPERATING ACTIVITIES			CASH FLOWS FROM INVESTING ACTIVITIES				
	Profit before tax	803,710	509,688	7.5	Purchase of property, plant and equipment and intangible assets	(1,507,228)	(1,473,130)
	Adjusted for:				Proceeds from sale of property, plant and equipment and intangible assets	136,573	7,890
6.2-6.4	Depreciation and amortisation	1,704,012	1,359,247	3	Acquisition of subsidiaries, net of cash	(50,180)	(2,430)
	(Gains) / Losses due to foreign exchange differences	(30,631)	(121,476)	3.1	Acquisition of shares in joint venture and non-related entities	(6,300)	-
7.5	(Gains) / Losses from investing activities	13,447	7,106	6.8	Loans granted	(58,708)	(202,707)
	Valuation of financial instruments to fair value	(7,518)	28,872		Repayments from loans granted	247,508	14,259
5.4	Net interest (income) / cost	931,581	902,455	6.8	Other investments (term deposits)	(10,350)	47,039
5.4	Change of estimated cash flows	(71,106)	(43)		Interest received	57,591	33,834
9.2	Share-based payments expense	34,823	-		Net cash flows from investing activities	(1,191,094)	(1,575,245)
	Changes in working capital and provisions:	557,263	(197,500)	CASH FLOWS FROM FINANCING ACTIVITIES			
7.5	Receivables	(224,922)	(439,844)	3	Acquisition of non-controlling interests	(134,918)	-
7.5	Inventory	(266,006)	(178,746)	7.3	Repayment of lease liabilities	(762,768)	(639,197)
6.9	Right of return assets	(1,012)	1,927	7.3	Lease interest paid	(320,195)	(246,767)
7.5	Payables (except loans and borrowings)	931,528	339,234	7.3	Proceeds from loans and borrowings	1,022,215	5,278,472
6.13	Refund liabilities	61,852	52,867	7.3	Repayment of loans and borrowings	(1,633,516)	(3,795,967)
6.16	Contract liabilities	9,143	6,771		Interest rate cap settlement	-	(19,353)
7.5	Prepayments and deferred income	48,873	20,215		Other interest paid	(647,665)	(812,805)
6.17	Provisions	(2,193)	76		Net cash flows from financing activities	(2,476,847)	(235,617)
	Other	(318)	(655)	Net change in cash and cash equivalents			
5.5	Income tax paid	(166,883)	(308,397)		Net change in cash and cash equivalents	100,439	368,435
	Net cash flows from operating activities	3,768,380	2,179,297	7.4	Cash and cash equivalents at the beginning of the period	649,139	280,704
				7.4	Cash and cash equivalents at the end of the period	749,578	649,139

Material accounting policies and other explanatory notes included on pages 133 to 195 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Legal reserve	Put option reserve	Share based payments reserve	Retained earnings	Exchange differences on translation of foreign operations	Actuarial gains/ (losses)	Cash flow hedge	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Note	7.2	7.2	7.2	6.11	9.2				8.1			
As of 01.01.2024	119,790	8,114,482	268,486	(112,001)	-	(7,447,360)	(30,125)	227	(15,370)	898,129	-	898,129
Total comprehensive income for the period	-	-	-	-	-	624,262	(629)	151	(81,521)	542,263	(31,512)	510,751
<i>Net profit / (loss) for the period</i>	-	-	-	-	-	624,262	-	-	-	624,262	(31,512)	592,750
<i>Other comprehensive income for the period</i>	-	-	-	-	-	-	(629)	151	(81,521)	(81,999)	-	(81,999)
Non-available reserve	-	268,486	(268,486)	-	-	-	-	-	-	-	-	-
Transaction with non-controlling interest	-	-	-	40,388	-	(126,709)	-	-	-	(86,321)	31,512	(54,809)
<i>Put option over non-controlling interest</i>	-	-	-	(86,321)	-	-	-	-	-	(86,321)	(19,843)	(106,164)
<i>Acquisition of non-controlling interests (Note 3)</i>	-	-	-	126,709	-	(126,709)	-	-	-	-	(5,779)	(5,779)
<i>Acquisition of subsidiaries</i>	-	-	-	-	-	-	-	-	-	-	57,134	57,134
LTIP and IPO Award	-	-	-	-	34,823	-	-	-	-	34,823	-	34,823
As of 31.12.2024	119,790	8,382,968	-	(71,613)	34,823	(6,949,807)	(30,754)	378	(96,891)	1,388,894	-	1,388,894

	Share capital	Share premium	Legal reserve	Put option reserve	Share based payment reserve	Retained earnings	Exchange differences on translation of foreign operations	Actuarial gains/ (losses)	Cash flow hedge	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Note	7.2	7.2	7.2	6.11	9.2				8.1			
As of 01.01.2023	119,790	8,382,934	34	(95,254)	-	(7,801,084)	(30,950)	(198)	-	575,272	-	575,272
Total comprehensive income for the period	-	-	-	-	-	353,724	825	425	(15,370)	339,604	2,569	342,173
<i>Net profit / (loss) for the period</i>	-	-	-	-	-	353,724	-	-	-	353,724	2,569	356,293
<i>Other comprehensive income for the period</i>	-	-	-	-	-	-	825	425	(15,370)	(14,120)	-	(14,120)
Non-available reserve	-	(268,452)	268,452	-	-	-	-	-	-	-	-	-
Put option over non-controlling interest	-	-	-	(16,747)	-	-	-	-	-	(16,747)	(2,569)	(19,316)
As of 31.12.2023	119,790	8,114,482	268,486	(112,001)	-	(7,447,360)	(30,125)	227	(15,370)	898,129	-	898,129

Material accounting policies and other explanatory notes included on pages 133 to 195 are an integral part of these Consolidated Financial Statements.

1. GENERAL INFORMATION

Basic information about the Group's parent company

Name	Zabka Group société anonyme (parent company)
Headquarters	20, avenue Monterey, L-2163 Luxembourg (until 1 April 2024) 2, rue Jean Monnet, L-2180 Luxembourg (from 1 April 2024)
Registration	the municipality of Luxembourg-City, Grand Duchy of Luxembourg
Duration of the Group	Indefinite
Activities of the Group	<ul style="list-style-type: none"> - Establishing, developing and managing retail stores, - trade in groceries and industrial products and related services, - holding of participating interests, in any form whatsoever, - ownership, administration, development and management of its portfolio, - other business and management consultancy.
The Parent's shares have been listed on the Warsaw Stock Exchange ('WSE') since 17 October 2024.	

The Consolidated Financial Statements of Zabka Group S.A. (and its subsidiaries, together hereinafter referred to as Żabka Group or the Group) were prepared for the year ended 31 December 2024 with comparative information for the year ended 31 December 2023. The financial year of the Company runs from 1 January to 31 December.

Zabka Group S.A. (the Company/ the Parent/ the Parent Company) was incorporated on 2 December 2021 as a public limited liability company "société anonyme" within the definition in the Luxembourg Law 10 August 1915, as amended, on commercial companies for an unlimited period of time. The Company's registered office is established in Luxembourg City.

Zabka Group S.A. succeeded the former parent company of the Group, Heket Holdings S.à r.l., following the Group's internal reorganisation process whereby the former shareholders of Heket Holdings S.à r.l. contributed in kind its entire share capital against new shares issued by Zabka Group S.A. Effectively, the Consolidated Financial Statements of Zabka Group S.A. are a continuation of Heket Holdings S.à r.l.'s (former parent's) Consolidated Financial Statements.

The parent company of Zabka Group S.A. is Heket Topco S.à r.l. CVC Capital Partners indirectly controls and owns 86.13% of the shares in Heket Topco S.à r.l.

The shares of Zabka Group S.A. have been listed on the Warsaw Stock Exchange ('WSE') since 17 October 2024.

The Board of Directors during the reporting period and as of the date of signing the Consolidated Financial Statements

Tomasz Suchański	from 3 May 2024
István Szóke	from 3 May 2024
Krzysztof Krawczyk	from 3 May, 2024
Stephan Schäli	from 3 May, 2024
Giulia Fitzpatrick	from 3 May, 2024
Olga Grygier-Siddons	from 3 May, 2024
Carmen André	from 7 February 2022 till 3 May 2024
Caroline Goergen	from 2 December 2021 till May 3, 2024
Maciej Krzysztof Godek	from 29 July 2022 till 3 May 2024

Authorisation of the Consolidated Financial Statements for issue

These Consolidated Financial Statements were authorised by the Board of Directors of the Company on 24 March 2025. Under Luxembourg law, the consolidated financial statements are approved by the shareholders at their Annual General Meeting.

2. BASIS FOR THE PREPARATION AND APPLICATION OF ACCOUNTING POLICIES

This chapter sets out the basis for the preparation of the Consolidated Financial Statements and Group's material accounting policies, which apply to the consolidated financial statements. This section also explains the new accounting standards as well as the amendments and interpretations that the Group has adopted in 2024 or will adopt in subsequent years.

The material accounting policies applied in the preparation of these Consolidated Financial Statements are presented in the following notes. These policies were applied consistently for all the years presented, except for the first-time application of the new standards and interpretations described in this note.

Basis for the preparation of the Consolidated Financial Statements and statement of compliance

These Consolidated Financial Statements include the financial statements of Zabka Group S.A. and the financial statements of its controlled entities (subsidiaries) prepared for the year ended 31 December 2024.

These Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union ("IFRS EU", "IFRS"), which are effective for annual periods beginning on or after 1 January 2024.

These Financial Statements have been prepared on the historical cost basis, except for financial assets and liabilities measured at fair value, as described in note 8.1 and contingent consideration. These Consolidated Financial Statements are presented in Polish zlotys ("PLN"), and all values, unless otherwise stated, are given in thousands of PLN.

These Consolidated Financial Statements have been prepared under the assumption that the Group will continue their operations as a going concern. When assessing the Group's ability to continue as a going concern, the Management considered the existing and anticipated risks and circumstances described below.

The Group's current liabilities exceeded its current assets by: as at 31 December 2024 PLN 3,184,600 thousand, as at 31 December 2023 PLN 2,364,477 thousand. Most of the difference is related to trade and other short-term liabilities where the Group uses reverse factoring to a large extent. In the opinion of the Management, use of reverse factoring is typical for the fast-moving consumer goods (FMCG) industry to manage its working capital. The Group recorded PLN 592,750 thousand net profit for 2024 financial year and the Group's net operating cash inflow amounted to PLN 3,768,380 thousand.

Significant part of negative cash flows from investing activities can be explained by the fact that the Group is dynamically developing the Ultimate Convenience, increasing the number of operating stores and their profitability. The process of investing into stores is fully under control of the Group and may be slowed down by the Management decision. If necessary, the Group is able to redirect cash from those operations for other purposes. The total amount of the investment planned for 2025 does not differ significantly from previous years.

According to its business plan, the Group has financial stability and no liquidity issues. Actual results are in line with the results included in the Management's forecast.

As at 31 December 2024, the Group had unused factoring limits, unused overdraft limits and unused investment loan limits with the total amount of PLN 1.6 billion (31 December 2023: PLN 1.5 billion). As at 31 December 2024, the terms of the loan agreements have not been breached and in the Management's opinion, there is no risk of termination of these agreements within 12 months from the reporting date. The Management assumed that the Group will be able to use the concluded factoring agreements for at least the next 12 months to the same extent as at the end of 2024.

Detailed information on liquidity risk management is included in note 8.2.

The Management believes that the combination of these initiatives will provide the Group with the necessary liquidity and that there is no going concern threat.

These financial statements are based on current expectations and projections. As of the date of these financial statements, all the operations are based on the assumption that the business will be continued and that these financial statements have been prepared on a going concern basis that contemplates the realization of assets and settlement of liabilities and commitments in the ordinary course of business.

Macroeconomic environment

The Group is exposed to a number of risks in the conduct of its business, arising from macroeconomic environment beyond its control, including, but not limited to credit crunches, interest rates, exchange rates, inflation, government policy (including taxes and labour policy), legislation, consumer behaviour, wars, geopolitics or other events that could potentially impact the Group's business operations.

The Group operates in a highly competitive market that is susceptible to changes in consumer trends, including customer preferences for shopping at discount stores or supermarkets and the demand for e-commerce and q-commerce solutions. Changes in consumer preferences can be driven by factors such as disposable income, unemployment rate, inflation rate, or socio-political situations (e.g., the outbreak of war in Ukraine or elsewhere). These and other trends can lead to increased competition in the market where the Group operates, as consumers may become more price-sensitive and consequently prioritize product prices over shopping convenience.

The modern convenience segment in which the Group operates may be vulnerable to a slowdown due to a range of factors, such as macroeconomic conditions (including high inflation rates), government actions, pandemics or geopolitical events, which may also contribute to changes in customer behaviours and habits.

A separate group of threats related to the Group's cyber security, triggered by the geopolitical situation and the growing use of information technology also exists. The Group has not seen an increased scale of cyber attacks, due to preventive measures taken. However, the Group cannot be ruled out as a target of such attacks in the future.

The Group is responding to the dynamically changing environment and the potential consequences that the changing macroeconomic situation may have on the Group. The Group has implemented processes, which identify risks related to factors described above and then takes appropriate action to the identified and assessed risks, what results in more flexible procedures and building the Group's resilience. For this purpose, the Group has analysed and assessed the following risks, among others:

- changes in the interest rates,
- currency risk,
- liquidity risk,
- the risk of adverse legislative and regulatory changes,
- the risk of an increase in the cost of purchasing electricity,
- the risk of limited availability and increased costs of key services from suppliers,
- changes in consumer behaviour due to competition actions and changes in consumer sentiment,
- risks associated with the development of new business activities,
- cyberattacks.

In the first half of 2024, the Group finalized the acquisition of the DRIM Daniel Distributie FMCG S.R.L conducting business on the Romanian market and began expanding to this market (for details please refer to Note 3). Till the end of 2024 60 convenience stores under Froo brand have been opened. As a result, the Group is now also exposed to risks related to the macroeconomic environment in Romania for example political risk. The Group will take actions appropriate to the scale of its involvement in order to identify and assess threats in this area.

After analysing the above risks, the Group has taken actions to reduce their impact. These actions are adequate to the assessment of the particular risk and the degree of its non-acceptance. Detailed information on financial risk management is provided in note 8.2.

As a part of building the Group's resilience to the volatility of the business environment, a business continuity management system was developed. As a part of analyses and tests, threats that could interrupt the Group's operational processes are identified and adequate actions to improve are taken.

Management assessed that the above risks do not affect the Group's ability to continue as a going concern. In addition, Management found no material impact on the valuation of assets and liabilities.

The functional currency and the presentation currency of the Consolidated Financial Statements

Accounting policy

Translation of items expressed in foreign currencies

Group's presentation currency is Polish zloty (PLN). Functional currency of the entities located in Poland is PLN. Functional currency of the entities located in Luxembourg (holding entities) and Germany (minor operations) is EUR. Functional currency of the entities located in Romania is RON. Functional and presentation currencies are different because vast majority of the operations of the Group are conducted in PLN.

For entities who have PLN as a functional currency, transactions denominated in currencies other than PLN are translated into Polish zlotys using the average exchange rate established for a given currency by the National Bank of Poland on the day preceding the transaction date.

As at the reporting date, monetary assets and liabilities expressed in currencies other than PLN are translated into Polish zlotys using the average exchange rate established by the National Bank of Poland for a given currency at the end of the reporting period. The resulting exchange differences are recognised respectively as financial income or financial cost or, in cases specified in the accounting policies, are capitalised in the cost of assets.

Non-monetary foreign currency assets and liabilities recognised at historical cost are translated at the historical foreign exchange rate prevailing on the transaction date. Non-monetary foreign currency assets and liabilities recognised at fair value are translated using the foreign exchange rate

prevailing on the date of the fair value measurement. Gains and losses on translation of non-monetary assets and liabilities measured at fair value are recognised in correspondence with gains and losses on the change in fair value of a given asset, meaning that translation gains and losses are posted to other comprehensive income or profit or loss, depending on where the change in fair value is recognised. The accounting policy relating to fair value measurement is presented the note 8.1.

During consolidation, the assets and liabilities of foreign operations are translated into Polish zlotys at the exchange rate applicable on the reporting date (using the average exchange rate of the National Bank of Poland), while their statements of profit or loss and other comprehensive income are translated using the annual average rate of the National Bank of Poland. Exchange differences resulting from translation are recognised in other comprehensive income. Upon disposal of a foreign entity, exchange differences accumulated in equity and relating to a given foreign entity are reclassified from equity to the profit and loss account.

The presentation currency of these Consolidated Financial Statements is the Polish zloty ('PLN').

The following exchange rates were used for translation purposes of items for the consolidated statement of profit or loss and other comprehensive income:

	2024	2023
USD	3.9799	4.2030
EUR	4.3065	4.5437
RON	0.8657	0.9186
GBP	5.0868	5.2230

The following exchange rates were used for reporting date valuation purposes:

	31.12.2024	31.12.2023
USD	4.1012	3.9350
EUR	4.2730	4.3480
RON	0.8589	0.8742
GBP	5.1488	4.9997

Material amounts based on professional judgements and estimates

In the process of applying the accounting principles (policy) the Management has made some judgements, estimates and assumptions that affect the presented revenues, costs, assets and liabilities. Uncertainties in these assumptions and estimates may result in adjustments to the carrying amounts in the future.

For a clearer meaning and better understanding of the information presented in these Consolidated Financial Statements, the judgements (J) and estimates (E) made are presented in relevant notes in accordance with the table below.

Note	Title	J	E
3	Consolidation and business mergers/acquisitions	X	X
5.1	Revenue	X	X
5.5	Taxation	X	X
6.2	Other intangible assets	X	X
6.3	Property, plant and equipment		X
6.4	Right of use assets and lease liabilities	X	X
6.5	Impairment of non-financial fixed assets		X
6.7	Trade receivables	X	X
6.8	Loans granted, shares, stocks and other financial assets		X
6.11	Liability for a written put option over non- controlling interest		X
6.12	Trade payables and other liabilities	X	X
8.1	Financial instruments	X	X
9.2	Share-based payments	X	X

The most material judgements and estimates are indicated in the following table.

Note	Title	J	E
5.1	Revenue: Determining the performance obligations Determining the date of fulfilment of performance obligations	X	
5.1	Revenue: Estimating of variable consideration for price discounts granted		X
6.4	Right-of-use assets and lease liabilities: Sale and leaseback transactions	X	
6.5	Impairment of non-financial fixed assets		X
6.7	Trade receivables: Accounting for factoring arrangements	X	
6.11	Liability for a written put option over noncontrolling interest		X
6.12	Trade payables and other liabilities: Recognition and presentation of settlements for reverse factoring	X	
8.1	Financial instruments: Recognition and valuation of vPPA contracts		X

reducing emissions per PLN million of sales revenue by 70% in franchisees' stores by 2026 compared to the 2020 base year. Linking credit margin to ESG targets is not an embedded derivative, as the indicators of sustainability are non-financial variables specific to the Group.

When preparing these financial statements, the Group took into account climate change, in particular judgements and estimates in relation to the following areas:

- measurement of fair value and value in use, in particular for the purposes of impairment tests. The Group assessed situations where climate risks could have a significant impact, e.g. introducing regulations reducing emissions, which may increase the cost of sales and other costs. These assumptions were included in the cash flow projections,
- determining the useful life of property, plant and equipment,
- provisions,
- going concern assumption.

Currently, the impact of climate issues is not material to the Group's Consolidated Financial Statements.

Changes in accounting and presentation principles

The accounting principles (policies) applied to prepare these Consolidated Financial Statements for the year ended 31 December 2024, are consistent with those applied in the preparation of the Group's Consolidated Financial Statements for the year ended 31 December 2023 except for the application of new or amended standards and interpretations applicable to annual periods beginning on or after 1 January 2024, described below.

The new or amended standards and interpretations that were applicable for the first time in 2024 did not have a material impact on the Group's Consolidated Financial Statements except additional disclosures on supplier finance arrangements. They include:

Climate-related matters

The Group is exposed to climate-related risk, including:

- Physical risk (e.g., risk arising from more frequent and severe weather events);
- Transition risk (e.g., risk associated with energy transition).

For Ultimate Convenience, the Group has conducted a climate-related risk scenario analysis in line with current regulatory expectations (CSRD) and best market practices as a pilot exercise. Climate-related risks are assessed from a double materiality perspective, meaning they refer to both the impact of climate change on ongoing operations of Zabka Group and the impact of the business on climate change. This analysis included a broad range of potential impacts, covering physical and transition risks. Where applicable, the analysis takes into account climate-related issues in its estimates and assumptions

The analysis indicates that the general level of climate risk in the short term (financial year 2025) is lower than in the medium and long term. In the short-term perspective, climate-related risks do not significantly affect the resilience of the business model. This is primarily due to the more predictable environment, the decarbonisation and pro-efficiency measures already undertaken by the Group, such as those in the adopted Responsibility Strategy (ESG) and climate targets validated by the Science Based Target initiative (SBTi), as well as the anticipated increased regulatory pressure related to the implementation of climate targets at the EU level.

The Group assessed the potential impact of climate-related matters on the impairment model and concluded that it is not material.

For detailed methodology assumptions, results and actions we take to address climate risks, please refer to Sustainability Statement.

Analysis will be conducted for the Group using the developed methodology according to the timeline for the ESRS E1-9 phase-in implementation.

In 2023, the Group entered into three Virtual Purchase Power Agreements (vPPA), which have been utilized during 2024: (1) a 10-year contract that will provide more than 0.5 TWh of electricity generated by the photovoltaic group for the duration of the agreement, and (2) two 15-year contracts that will provide more than 1.6 TWh of electricity from photovoltaic and wind farms for the duration of the agreement. Ensuring an adequate volume of renewable energy has a positive impact on the achievement of decarbonisation objectives and reduces the price risk associated with purchasing guarantees of origin as the method of supplying renewable electricity. The impact of the vPPAs on the Consolidated Financial Statements is described in Note 8.1.

In 2024, the Group possesses the portfolio of financing instruments, for which interest rates depend on meeting ESG targets (including decarbonisation), used for the Group's operations: (1) reducing emissions by 25% in its operations by 2026 compared to the 2020 base year, (2)

Standard	Change	Description of the change
IAS 7 and IFRS 7	<i>Disclosures: Supplier Finance Arrangements</i>	The amendments to IAS 7 <i>Statement of Cash Flows</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As a result of implementing the amendments, the Group has provided additional disclosures about its supplier finance arrangements. Please refer to Note 6.12.
IAS 1	<i>Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants</i>	The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify: • What is meant by a right to defer settlement • That a right to defer must exist at the end of the reporting period • That classification is unaffected by the likelihood that an entity will exercise its deferral right • That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.
IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>	The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The Group has not elected to early adopt any of the standards, interpretations or amendments that have been issued but are not yet effective in accordance with the European Union regulations

New standards and interpretations published but not yet effective

The standards and interpretations that have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee, and have not yet come into force are listed below with their potential impact on the Group's Consolidated Financial Statements:

New standards and interpretations endorsed in the European Union

Amendments to IAS 21: *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability* (issued on 15 August 2023) – effective for financial years beginning on or after 1 January 2025;

New standards and interpretations not endorsed in the European Union yet

IFRS 14 *Regulatory Deferral Accounts* (issued on 30 January 2014) – The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard – effective for financial years beginning on or after 1 January 2016;

Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* (issued on 11 September 2014) – the endorsement process of these Amendments has been postponed by EU – the effective date was deferred indefinitely by IASB;

IFRS 18: *Presentation and disclosure in financial statements* (issued on 9 April 2024) – effective for financial years beginning on or after 1 January 2027;

IFRS 19: *Subsidiaries without Public Accountability: Disclosures* (issued on 9 May 2024) – effective for financial years beginning on or after 1 January 2027;

Amendments to IFRS 9 and IFRS 7: *Amendments to the Classification and Measurement of Financial Instruments* (issued on 30 May 2024) – effective for financial years beginning on or after 1 January 2026;

Annual Improvements Volume 11 (issued on 18 July 2024) – effective for financial years beginning on or after 1 January 2026;

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* (issued on 18 December 2024) – effective for financial years beginning on or after 1 January 2026.

Management does not expect the introduction of the above standards, amendments and interpretations, apart from IFRS 18, to have a material impact on the Group's accounting principles (policy).

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements

Effective dates are dates provided by the International Accounting Standards Board. Effective dates in the European Union may differ from the effective dates provided in standards and are published when the standards are endorsed by the European Union.

3. COMPOSITION OF THE GROUP AND CHANGES IN THE FINANCIAL YEAR

This chapter presents the subsidiaries that are part of the Żabka Group and describes the changes that occurred during the financial year, including the business combinations and Group's material accounting policies, which apply to the consolidated financial statements.

Accounting policy

Consolidation and business mergers/acquisitions

Subject to the adjustments made to ensure compliance with IFRS, the financial statements of the subsidiaries are prepared for the same reporting period as the parent's financial statements, by using uniform accounting policies, and with accounting policies which are consistently applied to economic events and transactions of a similar nature.

Any balances and transactions of material value between Group companies, including unrealised gains from transactions within the Group, are fully eliminated. Unrealised losses are eliminated unless they indicate evidence of impairment.

Subsidiaries are consolidated from the date when the Group assumes control over them and cease to be consolidated when the control is lost. The parent controls if it:

- has power over a given entity,
- is exposed or has rights to variable returns from its involvement with a given entity,
- has the ability to use power to affect the amount of the returns.

The Group verifies its control of other entities if there is an indication of change of one or more of the above conditions for exercising control.

If the Group holds less than a majority of voting rights in an investee but the voting rights held are sufficient to direct activities of this entity unilaterally, this means that the Company has control of it. When assessing whether the Group's voting rights in a given entity are sufficient to have control, the Group considers all relevant circumstances, including:

- the portion of the voting rights held compared to the total number of shares and the degree of dispersion of voting rights held by other shareholders,
- potential voting rights held by the Group, other shareholders and other parties,
- rights arising from other contractual arrangements, and
- additional circumstances that may demonstrate that the Group does or does not have the ability to direct relevant actions in decision-making moments, including voting patterns observed at previous shareholder meetings.

Changes in share ownership by the parent which do not result in loss of control over the subsidiary are recognised as equity transactions. In such cases, in order to reflect changes in relative equity interests in the subsidiary, the Group adjusts the carrying amount of the non-controlling interests.

Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised in equity and attributed to the parent's owners.

The Group accounts for business combinations using the acquisition method. As at the date of obtaining control, the Group recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interests in the acquired entity. The Group measures the identifiable assets acquired and liabilities assumed at their fair values as at the date of obtaining control.

If the initial accounting of a business combination is not completed before the end of the reporting period in which the combination occurred, the Group presents approximate amounts for items whose fair values are not yet determined. The accounting process ends when the Group receives the information it sought about facts or circumstances that existed as of the acquisition date or becomes convinced that no further information can be obtained. The period lasts no longer than twelve months from the date of acquisition.

The consideration transferred in a business combination is measured at fair value calculated as the sum, determined as of the acquisition date, of the fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to the previous owners of the acquiree and the equity interests issued by the acquirer. Changes in the fair value of contingent consideration that the acquirer recognises after the acquisition date, if they

are the result of additional information obtained by the acquirer after the acquisition date but that existed as of the acquisition date, are accounted for as period adjustments and are adjusted retrospectively.

If the contingent consideration is classified as equity, the Group does not re-measure it and its subsequent settlement is accounted for within equity. Contingent consideration within the scope of the International Financial Reporting Standard 9 Financial instruments ("IFRS 9") or outside the scope of IFRS 9 is measured at fair value at each reporting date, and changes in fair value are recognised in profit or loss.

Transaction costs associated with acquisitions are recognised in profit or loss as incurred.

As of the acquisition date, the Group measures non-controlling interests in the acquiree that, in the event of liquidation of the acquiree, entitle their holders to a pro rata share of the net assets of the acquiree. Non-controlling interests are measured either at fair value or at a proportionate share (representing a non-controlling interest) in the identifiable net assets of the acquiree.

Amounts based on professional judgement

Identification of non-controlling interests

When less than 100% of the acquiree's shares is acquired in an acquisition and the remaining shares of the acquiree have been put under a put option (put option), the Group makes a judgement as to whether the risks and rewards of holding the put option shares are attributable to the non-controlling interest or the parent. The Group recognises non-controlling interests if the risks and rewards of ownership remain with the non-controlling interests. The Group does not recognise non-controlling interests if the risks and rewards of ownership have been transferred to the parent. In making its judgement, the Group considers the following criteria, among others: whether the put option has a call option symmetrical to it, i.e., based on the same (symmetrical) terms and conditions, whether the price of the shares covered by the put option is fixed, whether the legal owners of the shares have voting rights and rights to receive dividend.

Estimates

The fair value of the contingent payment depending on the future financial results

The terms of the agreement for the contingent consideration that the acquirer provides in exchange for the acquired entity may require estimates. Estimates are necessary, in particular, when the value of contingent consideration is not a fixed amount, but depends on the acquiree's future revenues, the level of normalised EBITDA or other values. The Group determines the amount of future financial results based on prepared forecasts and planned cash flows for future years. If the consideration is long-term, the fair value of the contingent consideration is adjusted by a discount to present value. The discount rate should take into account any factors that may affect the probability that the obligation will or will not be fulfilled.

Information on the option obligation to purchase non-controlling interests is presented in note 6.11. Changes during the year due to the non-controlling interests are presented in the consolidated statements of changes in equity.

List of subsidiaries included in the Group as at 31 December 2024 and as at 31 December 2023:

Name	Headquarters	The main activity	Parent company	Date of obtaining control / incorporation	% of share capital owned as at 31 December	
					2024	2023
Żabka Polska sp. z o.o.	Stanisława Matyi 8, 61- 586 Poznań	franchiser of retail stores	Zabka Group S.A.	10 February 2017	100%	100%
Retail Technology Investments sp. z o.o.	Stanisława Matyi 8, 61- 586 Poznań	activities related to IT consultancy	Żabka Polska sp. z o.o	16 April 2012	100%	100%
Logistic Property Investment sp. z o.o.	Stanisława Matyi 8, 61- 586 Poznań	real estate construction	Żabka Polska sp. z o.o	16 September 2020	100%	100%
Żabka Automatic Logistics sp. z o.o.	Stanisława Matyi 8, 61- 586 Poznań	warehousing and storage of goods	Żabka Polska sp. z o.o	8 October 2020	100%	100%
Żabka Property Fund sp. z o.o.	Stanisława Matyi 8, 61- 586 Poznań	rental and management of own or leased real estate	Żabka Polska sp. z o.o	12 March 2021	100%	100%
Żabka Development sp. z o.o.	Stanisława Matyi 8, 61- 586 Poznań	rental and management of own or leased real estate	Żabka Property Fund sp. z o.o.	12 March 2021	100%	100%
Żabka Construction sp. z o.o.	Stanisława Matyi 8, 61- 586 Poznań	real estate construction	Żabka Property Fund sp. z o.o.	12 March 2021	100%	100%
Kalestico Investments sp. z o.o.	Stanisława Matyi 8, 61- 586 Poznań	real estate construction	Żabka Property Fund sp. z o.o.	6 September 2023	100%	100%
Żabka Nano sp. z o.o.	Stanisława Matyi 8, 61- 586 Poznań	sales of merchandise	Żabka Polska sp. z o.o	12 April 2021	100%	100%
Lite e-commerce sp. z o.o.	Al. Jerozolimskie 44, 00-024 Warszawa	sales of merchandise	Żabka Polska sp. z o.o	24 May 2021	100%	100%
Lite 24 sp. z o.o.	Al. Jerozolimskie 44, 00-024 Warszawa	sales of merchandise	Lite e-commerce sp. z o.o	24 May 2021	100%	100%
Bocastonby Investments sp. z o.o.	Al. Jerozolimskie 44, 00-024 Warszawa	retail sale of tobacco products in specialised stores	Lite e-commerce sp. z o.o	6 June 2023	100%	100%
Maczfit Foods sp. z o.o.	Branickiego 17, 02-972 Warszawa	production of ready meals (box diets)	Żabka Polska sp. z o.o	29 April 2021	98%	95%
Zabka Deutschland GmbH (formerly Catch a Box GmbH)	Storkower Strasse 115A, 10407 Berlin	distribution of ready meals (box diets)	Żabka Polska sp. z o.o	29 April 2021	100%	100%
Masterlife Solutions sp. z o.o.	Chłodna 51, 00-867 Warszawa	software related activities connected with catering platform Dietly	Żabka Polska sp. z o.o	28 May 2021	100%	62%
Food Property Investment sp. z o.o.	Stanisława Matyi 8, 61-586 Poznań	real estate construction	Żabka Property Fund sp. z o.o.	9 March 2022	100%	100%
Żabka BS sp. z o.o. (formerly Baceno sp. z o.o.)	Stanisława Matyi 8, 61-586 Poznań	rental and management of own or leased real estate	Żabka Polska sp. z o.o	9 November 2023	100%	100%
Cool-Logistics sp. z o.o.	Podleśna 30, 05-532 Baniocha	transport of goods	Retail Technology Investments sp. z o.o.	4 March 2022	100%	100%
Froo Romania Holding S.A. (formerly Castle Romanian Holdco S.R.L. and Froo Romania Holding S.R.L.)	133 Calea Serban Voda, Bucharest	activities of holding companies	Zabka International S.à r.l.	14 December 2023	67%	100%
Froo Romania Retail S.R.L.	133 Calea Serban Voda, Bucharest	retail stores	Froo Romania Holding S.A.	31 January 2024	67%	0%
DRIM Daniel Distribuție FMCG S.R.L.	Sat Argeşelu, Comuna Mărăcineni, Nr. 74-J, CAMERA 1, Judet Argeş	distribution of FMCG products	Froo Romania Holding S.A.	29 February 2024	67%	0%
Zabka International S.à r.l.	2, rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg	other activities supporting financial services	Zabka Group S.A	12 February 2024	100%	0%

Acquisition of additional interest in Maczfit Foods sp. z o.o.

On 21 June 2024, the Group acquired an additional 3.3% interest in the voting shares of Maczfit Foods sp. z o.o., increasing its ownership interest to 98.3%. Cash consideration of PLN 43,315 thousand was paid to the non-controlling shareholders. As a result non-controlling interests amount decreased by PLN 4,878 thousand. Additional information on acquisition in Maczfit Foods sp. z o.o. is included in Note 6.11.

Acquisition of additional interest in Masterlife Solutions sp. z o.o

On 3 December 2024, the Group acquired an additional 38% interest in the voting shares of Masterife Solutions sp. z o.o., increasing its ownership

interest to 100%. Cash consideration of PLN 89,173 thousand was paid to the non-controlling shareholders. As a result non-controlling interests amount decreased by PLN 11,504 thousand. Other information on acquisition in Masterlife Solutions sp. z o.o. is included in Note 6.11.

Expansion of the Group during the year ended 31 December 2024

In 2024, the Group established the following companies: Zabka International S.à r.l. (on 12 February 2024) and Froo Romania Retail S.R.L. (on 31 January 2024). In addition, Castle Romanian Holdco S.R.L. was established on 14 December 2023, renamed Froo Romania Holding S.R.L. on 6 February 2024 and renamed Froo Romania Holding S.A. on 29 February 2024.

Acquisition of DRIM Daniel Distribuție FMCG S.R.L.

As at 31 December 2023, the Group was a party to the conditional share purchase agreement of DRIM Daniel Distribuție FMCG S.R.L., Argeșel, Romania, entered into on 20 December 2023. The completion of the transaction envisaged in the above conditional share purchase agreement was subject to the approvals of the Romanian competition and investment protection authorities and other conditions agreed between the parties in the agreement.

On 28 February 2024, Zabka International S.à r.l., with its registered office in Luxembourg, in which Zabka Group S.A. holds 100% of shares, made a cash contribution in the amount of EUR 31,905,982 to its subsidiary based in Romania - Froo Romania Holding S.A.

On 29 February 2024, Froo Romania Holding S.A. acquired a 36% stake in DRIM Daniel Distribuție FMCG S.R.L. for a price of EUR 11,759,619. At the same time, the shareholders of DRIM Daniel Distribuție FMCG S.R.L. (individuals) contributed 64% of this company's shares worth EUR 21,399,755 to Froo Romania Holding S.A. in exchange for taking up shares in the increased share capital of this company.

As a result of these operations, Zabka International S.à r.l. holds 60.0396% of the shares of Froo Romania Holding S.A., while individuals hold 39.9604% of the shares of this company. The voting equity interests are the same as percentage of the shares acquired. Froo Romania Holding S.A. is the sole shareholder of DRIM Daniel Distribuție FMCG S.R.L. and of Froo Romania Retail S.R.L.

The acquisition of DRIM Daniel Distribuție FMCG S.R.L. is a strategic investment that provides the entire Group with a unique perspective for further development and access to the new market through a partnership with one of the largest local distributors of FMCG products.

The fair value of identifiable assets and liabilities at the acquisition date

The assets and liabilities recognised as a result of the acquisition are as follows:

	DRIM Daniel Distribuție FMCG S.R.L.
Other intangible assets	35,968
Property, plant and equipment	3,471
Right-of-use assets	37,983
Inventory	51,621
Trade receivables	44,824
Income tax receivables	519
Other financial assets	1,299
Cash and cash equivalents	610
Total assets	176,295
Loans and borrowings	31,819
Lease liabilities	37,983
Deferred tax liability	5,053
Employee benefits liabilities	6,144
Trade payables and other financial liabilities	36,562
Other non-financial liabilities and deferred income	1,771
Total liabilities	119,332
Identifiable net assets	56,963

	DRIM Daniel Distribuție FMCG S.R.L.
Consideration paid in cash	50,790
Consideration adjustments after closing accounts	1,216
Consideration in exchange for shares	34,338
Total consideration	86,344
Non-controlling interest	22,797
Goodwill at the acquisition date	52,178

Consideration paid for the acquisition of 60.0396% shares in DRIM Daniel Distribuție FMCG S.R.L. consisted of:

- consideration paid in cash amounted to EUR 11,760 thousand (PLN 50,790 thousand),
- consideration adjustments after finalization of closing accounts at DRIM Daniel Distribuție FMCG S.R.L. amounted to EUR 278 thousand (PLN 1,216 thousand) and
- shares in Froo Romania Holding S.A. which fair value¹ amounted to EUR 7,951 thousand (PLN 34,338 thousand).

As a result of final settlement of DRIM Daniel Distribuție FMCG S.R.L., Zabka International S.a r.l. made a cash contribution to Froo Romania Holding S.A. in the amount of RON 38 thousand (PLN 33 thousand), increasing its share in the company from 59.981% to 60.04%.

As of the acquisition date, the goodwill was calculated as the excess of the total consideration (PLN 86,344 thousand) and the amount of non-controlling interest (calculated as 39.9604% of total identifiable net assets) in DRIM Daniel Distribuție FMCG S.R.L. over the identifiable net assets (PLN 56,963 thousand) as of the acquisition date.

Goodwill recognised on acquisition represents expected synergies within the wider Group, intellectual capital and managerial and executive talent. Goodwill is not tax deductible.

The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

The total non-controlling interest recognised on this acquisition amounted to PLN 57,134 thousand and represents 39.9604% in Froo Romania Holding S.A. (Froo Romania Holding S.A. is the sole shareholder of DRIM Daniel Distribuție FMCG S.R.L. and of Froo Romania Retail S.R.L.). The amount includes value of non-controlling interest in:

- DRIM Daniel Distribuție FMCG S.R.L. as calculated above (PLN 22,797 thousand) and,
- Froo Romania Holding S.A. (PLN 34,338 thousand).

The acquisition date fair value of the trade receivables amounts to PLN 44,824 thousand and gross amount of trade receivables is PLN 45,701 thousand.

The customer relationships identified as part of a business combination amounted to PLN 34,790 thousand (recognized as Other intangible assets). DRIM Daniel Distribuție FMCG S.R.L. has relations with over 10,000 customers, including supermarkets, convenience stores, grocery stores, and local stores. This intangible represents the relation between DRIM and its customers. As the Company operates in a highly competitive industry, where customers have strong power and relatively low switching costs, the importance of customer assets is high (an essential value driver for DRIM Daniel Distribuție FMCG S.R.L.).

The customer relationships were recognised at their fair values using a multi-period excess earning method. The revenues used for the valuation of customer relationships were derived from company's 2023 revenue and then forecasted using inflation growth rate until 2028. After 2028, the revenues are forecasted to rise by 2.5% each year, corresponding to the Romanian Inflation Target set by the National Bank of Romania. The revenues were adjusted for the churn rate.

The discount rate was set at 14.11% based on the adjusted cost of equity.

As per Romanian tax rules, since the customer relations are not recognised for statutory financial reporting purposes, tax amortisation of customer relations is prohibited. It is also not allowed to include them as tax-deductible expenses. Hence, no tax amortisation benefits included in the calculations.

The Purchase Price Allocation for this acquisition has been finalised.

¹ Fair value was calculated with the proportionate value of NCI

Cash outflow from acquisition (included in investing activities)

The cash outflow due to acquisition of companies in 2024 is presented below:

	DRIM Daniel Distribuție FMCG S.R.L
Net cash acquired with a subsidiary	(610)
Cash paid	50,790
Net cash outflow	50,180

The amounts of revenue and loss of the acquiree since the acquisition date included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2024 are PLN 500,125 thousand and PLN (16,015) thousand, respectively.

If the combination had taken place at the beginning of 2024, revenue from continuing operations would have been PLN 23,878,151 thousand and net profit from continuing operations for the Group would have been PLN 588,536 thousand.

Acquisition-related costs amounted to PLN 5,536 thousand and were recognised in costs of technology, innovation and development in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Increase of share in Froo Romania Holding S.A

On 18 December 2024, Zabka International S.a r.l. made a cash contribution to Froo Romania Holding S.A. in the amount of EUR 10,979 thousand (PLN 46,802 thousand), increasing its share in the company by 6.96% to 67%. As a result non-controlling interests amount increased by PLN 10,604 thousand.

3.1. Investment in a joint venture

Accounting policy

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its joint venture is accounted for using the equity method.

In December 2024, the Group acquired 49% of interest in Data2Brands sp. z o.o. with its registered office in Poland (hereinafter 'D2B'), the entity performing marketing, technology and advertising services. Remaining 51% is held by the second shareholder. The Group analysed the acquisition agreement, including rules of Management Board and Supervisory Board appointment and activities and concluded that D2B constitutes a joint venture.

For the purpose of accounting in the Group's financial statements, financial data of D2B are restated from local GAAP (the Polish Accounting Act) to IFRS.

As at 31 December 2024 the Group recognized interest in a joint venture amounted to PLN 4,543 thousand.

Call and put option

The remaining 51% of shares in D2B were covered by a put option, according to which the Group made an unconditional and irrevocable offer to purchase the remaining 51% of the shares from the existing shareholder. At the same time, the existing shareholder of D2B made to the Group an unconditional and irrevocable offer to sell (call option) the remaining 51% of the shares in D2B. Both options are symmetrical. They can be executed at the same time (a period of 2 years from 1 January 2030 to 31 December 2031) and for the same price. Since the agreement was executed based on the prevailing market valuations, the intrinsic value of the derivative relating to the option is considered to be 0.

4. SEGMENTS

The following section presents the Group's results by segment for the years ended 31 December 2024 and 31 December 2023. Disclosures relate to revenues generated by reportable operating segments, material expense items and segment results.

The Group identifies reportable operating segments taking into account factors such as the nature of their business activities, the existence of managers responsible for them and information reviewed by the Management.

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

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

The Group's other activities are combined under "Corporate Functions and Other", which include central functions such as finance, HR, IT, PR strategy, risk management and compliance. These are activities relevant to both operating segments: "Ultimate Convenience" and "New Growth Engines" but are not allocated to these segments, as the Management does not apply such allocation and evaluates the performance of operating segments separately from the corporate component. This is in line with how the Group is organised for management purposes and how responsibility for individual activities and functions is allocated among the Management members.

The Management does not analyse operating segments in terms of the value of assets and the value of liabilities.

Financial income and expenses and income taxes are not allocated to individual segments.

Assessment of the Group's financial performance is made mainly on the basis of Adjusted EBITDA. This indicator should be viewed as an addition to, and not a substitute for, the results of operations presented under IFRS. Adjusted EBITDA is not defined in the EU IFRS and may be calculated differently by other entities. The reconciliation and definitions used by the Group are presented in the current note.

EBITDA is one measure of the efficiency of the business presented in the consolidated statement of profit or loss and other comprehensive income. The Group defines EBITDA as net income/(loss) for the reporting period before the effect of income taxes, financing activities and depreciation and amortisation expense.

Adjusted EBITDA is one of the main performance measures of the Group's operations, which is used by the Management in the day-to-day management of the Group and decision-making process. The Group defines this measure as EBITDA adjusted by costs from the following categories:

1. Costs related to changes in the ownership structure and obtaining financing – include costs associated with obtaining bank loans, costs related to Initial Public Offering of Zabka Group on Warsaw Stock Market and cost of Share Based Payment related to the IPO.
2. Funds spent on ensuring business continuity in the face of unforeseen events within the Group's environment, protection of employees, franchisees and society – in 2023 they represent mostly additional costs incurred in connection with the war in Ukraine and the related increase in energy prices caused by the energy crisis.
3. Group reorganization and new businesses setup costs – costs related to the reorganisation of the Group including the development of the Group's long-term strategy and resources for business expansion, the set-up of new companies as well as implementation of pillars of the ESG strategy, in particular advisory and consulting fees.
4. Reclassification of result on the disposal of property, plant and equipment and right of use – result on sale and liquidation of tangible fixed assets and right of use assets, the impairment charge and fixed assets derecognised as a result of stocktake (the category does not include the result of transactions carried out as part of the Group's core business) representing reclassification from other operating costs/income to depreciation and amortization

5. Incentive schemes and additional compensation in connection with the termination of cooperation with key employees – costs related to additional remuneration for key managerial staff related to the change of shareholders, including exit bonuses, incentive schemes, share-based payments and additional remuneration of key management personnel in connection with the termination of cooperation.
6. Transaction costs in respect of M&A – incremental costs directly related to the development of new types of business, including acquisition costs (due diligence and advisory costs).
7. Reclassification of minimal tax in Romania – reclassification from general and administrative costs to income tax expense.
8. Income tax attributed to adjustments – income tax effect of the adjustments and reclassifications.

The financial information reported for each reportable operating segment is determined in line with IFRS (including, in particular, the manner in which income and individual expense items are determined).

Intersegment transactions are eliminated upon consolidation and reflected in the 'consolidation eliminations' column. The Group accounts for intersegment sales/transfers and costs as if the sales/transfers or costs were to third parties on an arm's-length basis in a manner similar to transactions with third parties. The intersegment transactions are accounted in line with IFRS.

The Group operates mainly in Poland. In 2024, it entered into Romanian market. Moreover, a small part of the Group's operations regarding autonomus Nano stores is conducted in Germany (Zabka Deutschland GmbH).

The tables below present a reconciliation of the segment data to the Consolidated Financial Statements. As a listed entity, after the IPO, the Group introduces segment disclosures from the perspective of chief operating decision makers ("CODM").

2024									
Note	Item	Total statutory	Reclassifications	Adjustments	Total	Ultimate Convenience	New Growth Engines	Corporate Functions and Other	Consolidation Eliminations
	Revenue from sales to external customers	23,797,040	-	(7,567)	23,804,607	22,689,676	1,114,013	918	-
	Revenue from inter-segment sales	-	-	-	-	78,503	36,617	3,609	(118,729)
5.1	Total revenue	23,797,040	-	(7,567)	23,804,607	22,768,179	1,150,630	4,527	(118,729)
5.2	Cost of sales	(19,406,266)	-	(11,572)	(19,394,694)	(18,472,307)	(1,017,393)	(4,545)	99,551
5.2	Marketing costs	(267,367)	-	(303)	(267,064)	(220,731)	(46,465)	(157)	289
5.2	General and administrative costs	(461,238)	(5,163)	(85,557)	(370,518)	(117,358)	(76,889)	(177,538)	1,267
5.2	Costs of technology, innovation and development	(285,720)	-	(16,700)	(269,020)	(41,736)	(77,790)	(149,240)	(254)
5.3	Other operating income	30,801	4,417	890	25,494	21,886	2,076	1,532	-
5.3	Other operating costs	(37,423)	(19,802)	(419)	(17,202)	(11,803)	(2,580)	(2,819)	-
6.7-6.8	Expected credit losses on trade receivables and other financial assets	(7,030)	-	-	(7,030)	(6,110)	17	(937)	-
	Operating profit before depreciation and amortisation (EBITDA)	3,362,797	(20,548)	(121,228)	3,504,573	3,920,020	(68,394)	(329,177)	(17,876)
	Depreciation and amortisation	(1,704,012)	15,385	-	(1,719,397)				
	Operating profit	1,658,785	(5,163)	(121,228)	1,785,176				
5.4, 6.8	Profit/ (Loss) on financial activity	(855,075)	-	-	(855,075)				
	Profit before tax	803,710	(5,163)	(121,228)	930,101				
5.5	Income tax expense	(210,960)	5,163	335	(216,459)				
	Net profit	592,750	-	(120,893)	713,642				
	<i>ETR (Effective tax rate)</i>	<i>(-26,2%)</i>			<i>(-23,3%)</i>				
	<i>Reclassifications and Adjustments:</i>								
	1) Costs related to changes in the ownership structure and obtaining financing			80,995					
	2) Funds spent on ensuring business continuity in the face of unforeseen events within the Group's environment, protection of employees, franchisees and society			1,615					
	3) Group reorganization and new businesses setup costs			11,783					
	4a) Reclassification of result on disposal of PP&E and ROU - from Other operating income/ costs		15,385						
	4b) Reclassification of result on disposal of PP&E and ROU - to Depreciation and amortisation		(15,385)						
	5) Incentive schemes and additional compensation in connection with the termination of cooperation with key employees			26,422					
	6) Transaction costs in respect of M&A			413					
	7a) Reclassification of minimal tax paid in Romania - from General and administrative costs		5,163						
	7b) Reclassification of minimal tax paid in Romania - to Income tax expense		(5,163)						
	8) Income tax attributed to adjustments			(335)					
	Reclassifications and Adjustments:		-	120,893					

2023									
Note	Item	Total statutory	Reclassifications	Adjustments	Total	Ultimate Convenience	New Growth Engines	Corporate Functions and Other	Consolidation Eliminations
	Revenue from sales to external customers	19,805,851	-	588	19,805,263	19,334,822	469,925	516	-
	Revenue from inter-segment sales	-	-	-	-	59,303	4,753	3,017	(67,073)
5.1	Total revenue	19,805,851	-	588	19,805,263	19,394,125	474,678	3,533	(67,073)
5.2	Cost of sales	(16,272,830)	-	(51,237)	(16,221,593)	(15,861,013)	(420,971)	(5,338)	65,729
5.2	Marketing costs	(224,926)	-	(862)	(224,064)	(182,658)	(42,083)	(511)	1,188
5.2	General and administrative costs	(329,238)	-	(20,335)	(308,903)	(103,723)	(39,388)	(165,210)	(582)
5.2	Costs of technology, innovation and development	(230,483)	-	(17,372)	(213,111)	(45,312)	(38,041)	(128,050)	(1,708)
5.3	Other operating income	30,760	11,636	515	18,609	16,116	116	2,390	(13)
5.3	Other operating costs	(33,546)	(15,647)	(1,769)	(16,130)	(12,636)	(1,205)	(2,287)	(2)
6.7-6.8	Expected credit losses on trade receivables and other financial assets	(5,977)	-	-	(5,977)	(4,930)	(783)	(249)	(15)
	Operating profit before depreciation and amortisation (EBITDA)	2,739,611	(4,011)	(90,472)	2,834,094	3,199,969	(67,677)	(295,722)	(2,476)
	Depreciation and amortisation	(1,359,247)	4,011	-	(1,363,258)				
	Operating profit	1,380,364	-	(90,472)	1,470,836				
5.4, 6.8	Profit/ (Loss) on financial activity	(870,676)	-	-	(870,676)				
	Profit before tax	509,688	-	(90,472)	600,160				
5.5	Income tax expense	(153,395)		16,964	(170,359)				
	Net profit	356,293	-	(73,508)	429,801				
	<i>ETR (Effective tax rate)</i>	<i>(-30.1%)</i>			<i>(-28.4%)</i>				
	<i>Reclassifications and Adjustments:</i>								
	1) Costs related to changes in the ownership structure and obtaining financing			15,993					
	2) Funds spent on ensuring business continuity in the face of unforeseen events within the Group's environment, protection of employees, franchisees and society			32,195					
	3) Group reorganization and new businesses setup costs			37,240					
	4a) Reclassification of result on disposal of PP&E and ROU - from Other operating income/ costs		4,011						
	4b) Reclassification of result on disposal of PP&E and ROU - to Depreciation and amortisation		(4,011)						
	5) Incentive schemes and additional compensation in connection with the termination of cooperation with key employees			2,676					
	6) Transaction costs in respect of M&A			2,368					
	8) Income tax attributed to adjustments			(16,964)					
	Reclassifications and Adjustments:		-	73,508					

5. EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

5.1. Revenue

Accounting policy

The Group recognises revenue in a way to reflect the delivery of the promised goods or services to the customer in an amount that reflects the remuneration to which - in accordance with the Group's expectations - will be entitled to in exchange for these goods or services. When recognising the revenues, the principles presented below also apply.

Franchise agreements

The main source of the Group's revenues are contracts concluded with franchisees under which the Group, among other things, sells goods, rents out stores with equipment and provides the know-how. The Group identifies one performance obligation under the contracts with the franchisees based on the conducted analysis, which revealed a high correlation between the sale of goods and the delivery of services, their mutual integration and matching.

Revenue is recorded as goods are delivered. Revenue from services that accompany sale of physical goods to the franchisee is, in principle, dependent on the turnover of physical goods and is not separate from that revenue stream. Their value is part of the variable remuneration per performance obligation under the franchise agreement.

The goods offered by the Group are often sold with retrospective discounts and rebates based largely on quantitative indicators, i.e., the value of goods sold by the franchisee. The Group includes part or all of the variable remuneration, relating to retrospective granted price discounts, in the transaction price if the uncertainty about the amount of variable remuneration has ceased. There are further payments made to the franchisee related to the refunds and franchises subventions that are recognised as a deduction of revenue.

The franchisee is obliged to pay for the goods delivered by the Group or the services provided on the next day after the sale of the goods or the provision of the service to the customer.

Financial liabilities between the Group and the franchisee are settled after the end of each calendar month during the term of the agreement.

In evaluating whether collectability of an amount of consideration is probable, the Group considers only the customer's ability and intention to pay that amount of consideration when it is due.

All franchise contracts are concluded under the same conditions and are related to the operation of stores under the "Żabka" brand.

Sales of catering products – Maczfit foods business

The Group recognises revenue based on product delivery. All operations related to the production process and almost all distribution are carried out by the Group. Nutrition plans are offered on a subscription basis. Subscription periods are determined by customers. Revenue is recognised upon monthly product delivery to the customers. Advances received from customers related to future deliveries are recognised as contract liabilities.

Agent's consideration

The Group is a party to contracts in which it acts as an intermediary, i.e., it ensures that goods or services are provided by another entity (franchisee). As a result, the Group recognises revenue in the amount of the commission to which it will be entitled, in line with Group's expectations, in exchange for the provision of goods or services by the franchisee. The Group's fee or commission might be the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party. The Group discloses that revenue stream as commissions, including among others: electronic and postal services.

In addition, the Group acts as an intermediary for two smaller revenue streams: revenue from the Dietly.pl marketplace - taking commissions on catering orders through Dietly.pl not directly from the catering provider, and revenue from CRM payment processing - taking commissions on online payments made by customers ordering catering (CRM subscribers) directly from the catering provider. In both streams, recognised revenues are net of expenses. These combined revenue streams are included as software services in the Revenue by category table.

Incremental costs of obtaining a contract

The incremental costs of obtaining a contract with a customer (e.g., franchisee) are recognised by the Group as an asset within intangible assets if the Group expects to recover these costs. Incremental costs of obtaining a contract are those costs incurred by the Group in order to obtain a contract with a customer (e.g., a franchisee), which the Group would not have incurred if the contract had not been obtained (e.g., a success fee for the recruiter). Costs to obtain a contract that would have been incurred regardless of whether the contract has been obtained, are recognised as an expense when incurred, unless these costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The asset is amortised on a systematic basis, considering the period of providing the customer with the goods or services to which it relates. The Group updates the amortisation period to reflect a significant change in the expected period of providing the customer with the goods or services to which the asset relates.

Values based on professional judgement

The application of the International Financial Reporting Standard 15 *Revenue from contracts with customers* ("IFRS 15") requires the Group to exercise various judgements, including determining whether the criteria for recognising a contract with a customer are met, identifying individual performance obligations, determining when performance obligations are satisfied, selecting the method of measuring the progress towards satisfaction of performance obligations and the method of estimating the stand-alone selling price of a good or service, and whether the collectability of an amount of consideration is probable.

Determining the performance obligations

The main source of the Group's revenues are contracts with franchisees. Under these contracts, the Group has identified one performance obligation, and therefore the entire consideration received from franchisees is assigned to one performance obligation. To assess whether there are one or more performance obligations in agreements with franchisees, the Group has performed an analysis required by IFRS 15 focusing, inter alia, on the assessment of the correlation of the sale of goods with the provision of services, the occurrence of integration or specific matching for the assessed components. The group concluded that due to the significant interdependence, integration and alignment there is one performance obligation.

Determining the date of fulfilment of performance obligations

For the purposes of determining the date of fulfilment of performance obligations, the Group has analysed the following criteria and conditions:

- transfer of legal title,
- transfer of physical possession and confirmation of receipt,
- transfer of significant risks and benefits,
- limitations in the right to return.

In the Group's opinion, the performance obligation under the agreements with franchisees in relation to goods is satisfied at the time of delivery of the goods to the store, because this is the point in time when the franchisee obtains control over the goods, i.e., has the possibility to use them directly (physical disposal and title deed ownership) and obtains basically all benefits (e.g., from sale) and takes over the risks (e.g., due to theft and limited right of return) arising from these goods.

Determining whether the Group acts as a principal or an agent

According to IFRS 15, in the event that another entity is involved in providing goods or services to the customer, the Group determines whether the nature of the Group's promise is a performance obligation to provide the specified goods or services itself (in this case, the Group is the principal) or to arrange for those goods or services to be provided by another entity (in this case, the Group acts as an agent).

The Group has identified contracts under which it acts as an agent, because it does not control specific goods or services provided by other entities, it does not bear the risk of storing stocks, it does not bear the main responsibility for fulfilling the promise to provide a specific good or service, and it does not freely set the price. The Group, as an intermediary, among other things, organizes the settlement system and ensures the provision of services by franchisees to clients on behalf of providers of such services as betting in games of chance, small payments, money transfers.

Estimates

Estimating of variable consideration for price discounts granted and the right to return goods in the event of termination of the franchise agreement

Under the franchise agreement, the Group grants franchisees price discounts, the amount of which depends on the turnover made by the franchisee. In the event of termination of the franchise agreement, franchisees also have the right to return goods of full value.

Therefore, at the end of each reporting period, the Group estimates the amount of remuneration to which it will be entitled in exchange for the transfer of the promised goods or services to the franchisee, taking into account the offered retrospective discounts and expected returns of goods and includes part or all of the variable remuneration in the transaction price only to the extent that there is a high probability that a significant part of the amount of previously recognised accumulated revenues will not be reversed. The amount of the variable remuneration is estimated using the expected value due to the large number of contracts with franchisees.

Customer's option for additional goods or services

When a contract grants a customer the option to acquire additional goods or services, such an option is treated as a separate performance obligation if it gives 'a material right' to the customer. In other words, when it is different from a regular marketing/promotional offer. If this is the case, the customer has in substance prepaid for goods or services to be delivered in the future.

The Group estimates the stand-alone selling price (SSP) of an option in order to allocate a part of transaction price to this option as it is treated as a separate performance obligation.

Revenue relating to the option is recognised when future goods or services are transferred or when the option expires. Also refer to the accounting policy on refund liability in note 6.13.

Revenue by category

	Value		Share %	
	2024	2023	2024	2023
Revenue				
Franchise	22,554,631	19,243,975	94.8	97.2
Own stores and wholesale	682,860	129,939	2.9	0.7
Revenue from sale of products	405,462	326,904	1.7	1.7
Commissions from agency services	83,094	57,494	0.3	0.3
Software services	30,814	24,774	0.1	0.1
Other	40,179	22,765	0.2	0.1
Revenue	23,797,040	19,805,851	100	100

Revenue by segments

2024						
Revenue	Total	Ultimate Convenience	New Growth Engines	Corporate Functions and Other	Adjustments	Consolidation Eliminations
Franchise	22,554,631	22,583,010	-	-	(7,670)	(20,709)
Own stores and wholesale	682,860	77,634	660,395	-	-	(55,169)
Revenue from sale of products	405,462	-	405,695	-	-	(233)
Commissions from agency services	83,094	83,094	-	-	-	-
Software services	30,814	-	65,567	-	-	(34,753)
Other	40,179	24,441	18,973	4,527	103	(7,865)
Revenue	23,797,040	22,768,179	1,150,630	4,527	(7,567)	(118,729)
2023						
Revenue	Total	Ultimate Convenience	New Growth Engines	Corporate Functions and Other	Adjustments	Consolidation Eliminations
Franchise	19,243,975	19,258,242	-	-	33	(14,300)
Own stores and wholesale	129,939	61,485	109,798	-	554	(41,898)
Revenue from sale of products	326,904	-	326,962	-	-	(58)
Commissions from agency services	57,494	57,494	-	-	-	-
Software services	24,774	-	24,774	-	-	-
Other	22,765	16,904	13,144	3,533	1	(10,817)
Revenue	19,805,851	19,394,125	474,678	3,533	588	(67,073)

Revenues from sales under the franchise agreement include all fees from franchisees, revenues from the sale of goods and revenues from store space with equipment. Revenues from own stores and wholesale include Żabka Nano autonomous stores sales, Froo Romania Retail stores sales and DRIM Daniel wholesale.

The increase in revenue in 2024 was attributable, among other things, to an increase in a number of stores. As at 31 December 2024, the Żabka chain consisted of 11,069, stores, with 1,100 new stores opened in 2024, (increase by 11%) and revenue growth per franchisee/store. The increase was driven by a mix of traffic and basket growth.

All revenues are revenues from contracts with customers within the meaning of IFRS 15.

The value of the costs of obtaining franchise agreements is presented in note 6.2 Other intangible assets.

The cost of transactions settled with franchisees in equity instruments as a part of IPO Award was recognised under IFRS 15 as a reduction of revenue. The program is measured (in accordance with IFRS 2) by reference to the fair value of Company's share as at the date of granting rights. More details regarding the cost of IPO Award were presented in note 9.2 "Share Based Payment".

5.2. Costs by nature

Accounting policy

Cost of sales

Cost of sales include:

- cost of goods, including the amount of any write-downs to net realizable value and inventory losses,
- distribution costs,
- operating and maintenance costs of stores (including repair and renovation costs, utility costs),
- costs of external services (including remuneration of the agents running own stores of the Group).

All expenses are recognised when incurred unless they meet specific capitalization criteria.

Cost of goods

When goods are sold, the carrying amount of these goods is determined using the weighted average method and recognised as a cost in the period in which the respective revenues are recognised.

The amount of any write-downs of the value of inventory to the level of net realizable value and all losses in inventory are recognised as a cost of goods sold in the period in which the write-down or loss took place. Reversal of the write-down of inventory, resulting from the increase in their net realizable value, is recognised as a decrease of a cost of goods sold in the period in which the reversal of the write-down took place.

Marketing costs

Marketing costs include expenditure on advertising activities aimed at mass recipients (mass media) and individual recipients (advertising at points of sale). Such costs include among others:

- remuneration of employees,
- costs of materials and external services (including, advertising costs).

General and administrative costs

General and administrative costs include the costs of managing the overall business of the Group and the Group's general costs. Such costs include, among others:

- administrative costs,
- representation costs,
- insurance costs.

Costs of technology, innovation and development

The costs of technology, innovation and development are recognised by the Group as:

- costs related to new technologies and IT, including salaries and advisory services,
- costs of innovative projects (e.g., related to artificial intelligence), mainly including salaries and external services,
- Group development costs, including expansion of operations, costs of the introduction of new products and services and an increase in the number of stores, as well as remuneration and external services costs.

Although the Group does not have a specific department dedicated to research and development, such activities are performed throughout the organization. Development expenditure that meets the capitalization criteria is recognised as an intangible assets. Research and development expenditure that does not meet the capitalization criteria is recognised as an expense as incurred in the staff or other costs.

Development work is the practical application of research findings or other knowledge to plan or design the production of new or substantially improved materials, devices, products, technological processes, systems or services. The Group's development costs relate to production of software containing new or significantly improved functionalities by the technology department and incurred before the software is launched. The value of development work is measured based on expenditures incurred, in particular staff costs and related charges for the employees involved in a project, costs of contractors, costs of third-party services and other project costs.

Unsuccessful developments are expensed on a one-off basis at the time a decision is made to terminate the project.

	2024				
	Cost of sales	Marketing costs	General and administrative costs	Costs of technology, innovation and development	Total
Cost of goods sold	(17,023,016)	-	-	-	(17,023,016)
Materials and energy used	(776,836)	(387)	(6,104)	(2,929)	(786,256)
External services	(1,274,888)	(7,299)	(179,709)	(179,685)	(1,641,581)
Taxes and fees	(8,536)	(4)	(14,292)	(15)	(22,847)
Employee benefits costs	(305,292)	(18,439)	(208,868)	(94,306)	(626,905)
Other costs by nature	(17,698)	(241,238)	(52,265)	(8,785)	(319,986)
Operating costs	(19,406,266)	(267,367)	(461,238)	(285,720)	(20,420,591)

	2023				
	Cost of sales	Marketing costs	General and administrative costs	Costs of technology, innovation and development	Total
Cost of goods sold	(14,138,328)	-	-	-	(14,138,328)
Materials and energy used	(764,979)	(455)	(6,606)	(2,049)	(774,089)
External services	(1,113,863)	(22,365)	(88,553)	(168,394)	(1,393,175)
Taxes and fees	(5,163)	(3)	(2,616)	-	(7,782)
Employee benefits costs	(224,373)	(18,910)	(185,895)	(57,414)	(486,592)
Other costs by nature	(26,124)	(183,193)	(45,568)	(2,626)	(257,511)
Operating costs	(16,272,830)	(224,926)	(329,238)	(230,483)	(17,057,477)

Costs of external services consist of mainly transport, logistics, PP&E repairs and maintenance, IT and communication services and remuneration of the agents running own stores of the Group.

5.3. Other operating income and costs

Accounting policy

Group results are also affected by other operating income and other operating costs that include income and costs from activities that are not the Group's core operating activities.

The key components of other non-core activities mainly include gains and losses resulting from disposal of assets, asset impairment losses, donations and litigation provisions. Accounting policy related to impairment is discussed in note 6.5.

Donations

Donations include transfers of cash and other assets, services and promises made by the Group. Donation costs are donations made for support of Ukraine, due to the ongoing war, and for support of charitable organizations. Donations either in cash or assets are recognised as cost in the period it is given or payable.

	2024	2023
OTHER OPERATING INCOME		
Profit on disposal of assets	2,775	3,006
<i>Intangible assets</i>	618	20
<i>Property, plant and equipment</i>	137	2,986
<i>Gain on sale and leaseback transactions</i>	2,020	-
Remeasurement and termination of lease contracts	3,773	11,069
Impaired receivables recovered as at subsidiary acquisition	1,474	1,484
Refund of losses and contractual penalties received	2,062	4,023
Indemnities from insurers received	6,106	4,291
Sale of materials	8,498	2,877
Donations received	-	776
Other	6,113	3,234
Total other operating income	30,801	30,760

	2024	2023
Other operating costs		
Loss on disposal and liquidation of assets	(3,991)	(3)
<i>Property, plant and equipment</i>	(3,991)	(3)
Remeasurement and termination of lease contracts	-	(15)
Impairment loss	(15,743)	(15,646)
<i>Intangible assets</i>	(238)	(4,501)
<i>Property, plant and equipment</i>	(15,387)	(8,006)
<i>Right-of-use assets</i>	(118)	(3,139)
Donations	(1,208)	(24)
Damage covered by insurance	(8,404)	(5,386)
Change of provisions for litigation	(246)	(176)
Membership fees	(1,954)	(1,464)
Other	(5,877)	(10,832)
Total other operating costs	(37,423)	(33,546)

Gain on sale and leaseback transaction achieved in 2024 relates to the gain realised on the sale and leaseback of a portfolio of properties, in which Zabka stores are operated, described in note 6.4.

5.4. Financial income and costs

Accounting policy

Financial income and costs are related to the financial activities conducted by the Group, that include transactions such as loans, borrowings, sale and purchase of financial instruments.

Interest income is accrued using the effective interest method, which uses the rate that exactly discounts estimated future cash inflows over the expected life of the financial instruments to the net carrying amount of the financial asset.

The costs of debt interest payable are determined based on the effective interest rate as well.

	2024	2023
FINANCIAL INCOME		
Interest	50,072	47,618
<i>Loans</i>	12,904	10,575
<i>Deposits and bank accounts</i>	32,349	33,939
<i>Discount on receivables and liabilities</i>	2,657	2,634
<i>Other</i>	2,162	470
Other	125,049	93,935
<i>Foreign exchange gains</i>	27,993	93,371
<i>Gain on bank loans modifications</i>	92,234	62
<i>Valuation and settlement of other financial instruments</i>	3,627	21
<i>Other</i>	1,195	481
Total financial income	175,121	141,553

	2024	2023
Financial costs		
Interest	(981,653)	(950,073)
<i>Lease agreements</i>	(320,247)	(246,850)
<i>Borrowings</i>	(1,686)	(820)
<i>Bank loans</i>	(468,873)	(505,559)
<i>Other liabilities</i>	(189,284)	(195,159)
<i>Discount on receivables and liabilities</i>	(1,563)	(1,685)
Other	(48,969)	(61,690)
<i>Bank loans</i>	(19,679)	(30,886)
<i>Commissions</i>	(2,034)	(1,801)
<i>Valuation and settlement of other financial instruments</i>	(1,490)	(26)
<i>Changes in expected cash flows resulting from original bank loan agreements</i>	(21,128)	(105)
<i>Loss on valuation and settlement of derivatives</i>	(4,638)	(28,872)
Total financial costs	(1,030,622)	(1,011,763)
Net financial income / costs	(855,501)	(870,210)

Foreign exchange gains/losses mainly relate to the reporting date valuation of bank loans, lease liabilities and loans granted.

Interest presented under other liabilities mainly includes interest on factoring.

Non-interest finance costs included in the "Other" category, such as bank loans and commissions, mainly consist of amortised bank commissions for arranging and providing the revolving credit facility, undrawn credit facilities as well as fees for bank guarantees provided to the Group's suppliers.

Gain on bank loans modification recognized in 2024 is a result of amendment to senior facility agreement described in note 7.3 that was analyzed and assessed as not a substantial modification.

Loss on valuation and settlement of derivatives includes the valuation of forward contracts and options. It includes also ineffective portion of cash flow hedges in the amount of PLN 3,670 thousand (PLN 7,125 thousand for the year 2023). Detailed information on hedge accounting is described in note 8.1.

5.5. Taxation

Accounting policy

Current tax liabilities and receivables for the current and previous periods are measured at the amounts of the expected payment to the tax authorities (subject to reimbursement from tax authorities) using tax rates and tax regulations that have been enacted or substantively enacted at the reporting date.

For financial reporting purposes, deferred tax is calculated using the liability method on all temporary differences as at the reporting date between the tax base of assets and liabilities and their carrying amount as shown in these Consolidated Financial Statements.

The carrying amount of a deferred tax asset is reviewed at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered. The unrecognised deferred tax asset is subject to reassessment at each reporting date and is recognised to the extent that it is probable that the future taxable profit will be available, allowing the asset to be recovered.

Deferred tax assets are also recognised for unused tax losses and are recognised only when it is probable that taxable income will be generated in the future, allowing the temporary differences or tax credits to be utilised on the same type of tax.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates (and tax regulations) that have been enacted or substantively enacted at the reporting date.

Income tax relating to items recognised outside profit or loss is recognised outside profit or loss: in other comprehensive income relating to items recognised in other comprehensive income or directly in equity relating to items recognised directly in equity. The Group offsets deferred tax assets with deferred tax liabilities if and only if it has a legally enforceable right to offset current tax receivables and current tax liabilities, and deferred tax is related to the same taxpayer and the same tax authority.

If, in the Group's opinion, it is probable that a taxation authority will accept an uncertain tax treatment or a group of uncertain tax treatments, the Group determines taxable profit (tax loss), tax base, unused tax losses, unused tax credits and tax rates taking into account the tax treatment approach planned or used in its tax return.

If the Group determines that it is unlikely that a taxation authority will accept an uncertain tax treatment or a group of uncertain tax treatments, the Group reflects the impact of uncertainty in determining taxable profit (tax loss), unused tax losses, unused tax credits or tax rates by using most likely scenario or using the expected value, whichever method better predicts the resolution of the uncertainty.

Values based on professional judgement

Uncertain tax treatment

Regulations concerning value added tax, corporate income tax and social security contributions are subject to frequent changes. These frequent changes result in a lack of appropriate benchmarks, inconsistent interpretations and few established precedents that may be followed. The applicable regulations also contain uncertainties, resulting in differences in opinions as to the legal interpretation of tax regulations, both between government bodies and government bodies and companies.

Tax and other settlements (for example, customs or foreign currency settlements) may be subject to inspection by authorities that are entitled to impose high penalties and fines, and any additional tax liabilities calculated as a result must be paid together with high interest. These conditions mean that the tax risk in Poland is greater than in countries with more established tax systems.

Consequently, the amounts presented and disclosed in these Consolidated Financial Statements may change in the future as a result of the final decision of the tax inspection authority.

As of 15 July 2016, amendments to the Tax Ordinance Act were introduced in Poland to reflect the provisions of the General Anti-avoidance Rule (GAAR). GAAR is targeted to prevent the origination and use of fictitious legal structures designed to avoid paying tax in Poland. GAAR defines tax evasion as an activity performed primarily for the purpose of obtaining a tax advantage, contrary in the given circumstances to the object and purpose of the provisions of the tax act.

According to GAAR, such an activity does not result in obtaining a tax advantage if the mode of operation was artificial. Any instances of (i) unreasonable division of operations, (ii) the involvement of agents despite the lack of economic rationale for such involvement, (iii) mutually exclusive or mutually compensating elements, and (iv) other activities similar to those previously mentioned, may be treated as an indication of the existence of artificial activities subject to GAAR. The regulations require considerable judgement in assessing the tax implications of individual transactions.

The GAAR clause should be applied to transactions performed after its effective date and to transactions that were carried out before the effective date of the GAAR clause, but for which tax gains were or are still achieved after the effective date of the clause. The implementation of the above provisions enables Polish tax inspection authorities to question the legal arrangements and agreements implemented by taxpayers, such as the restructuring and reorganisation of the Group.

The Group discloses and measures current and deferred assets or liabilities using the requirements of IAS 12 *Income Taxes* ("IAS 12") based on taxable profit (tax loss), tax base, unused tax losses, unused tax credits and tax rates, taking into consideration uncertainties related to tax settlements. When there is uncertainty as to whether and to what extent the tax authority will accept individual tax settlements of a transaction, the Group recognises these settlements taking into account the assessment of uncertainty (note 9.1).

Estimates

Deferred tax asset

The Group recognises a deferred tax asset based on the assumption that sufficient taxable profits will be generated in the future that will allow for its use. A deterioration in the future taxable profits may render this assumption unreasonable.

Current tax

Income tax expense

Main components of the income tax cost for the period ended as at 31 December 2024 and as at 31 December 2023 are as follows:

	2024	2023
Current tax	(213,171)	(127,741)
Deferred tax	21,297	(22,148)
Income tax in the statement of profit or loss and other comprehensive income	(191,874)	(149,889)
<i>Profit / Loss</i>	<i>(210,960)</i>	<i>(153,395)</i>
<i>Other comprehensive income</i>	<i>19,086</i>	<i>3,506</i>
	2024	2023
Income tax in profit or loss	(213,171)	(127,741)
Change in income tax receivables / liabilities	47,068	(197,519)
<i>The balance of receivables / (liabilities) at the beginning of the period</i>	<i>(4,323)</i>	<i>(201,842)</i>
<i>Acquisition of subsidiaries</i>	<i>519</i>	<i>-</i>
<i>The balance of (receivables) / liabilities at the end of the period</i>	<i>50,872</i>	<i>4,323</i>
Offsetting the overpayment of other taxes towards the income tax liability	(544)	527
Other	(236)	16,336
Income tax in the statement of cash flows (paid)	(166,883)	(308,397)

The item 'Other' for 2023 includes, among others, interest on tax arrears in the amount of PLN 16,462 thousand relating to the tax burden of the taxpayer Heket Investment S.à r.l. recognised on the basis of the result of the customs and tax inspection described later in this note, which was paid in 2023.

Effective tax rate reconciliation

The reconciliation of the income tax on the accounting profit before taxation according to the statutory tax rate and the income tax calculated according to the effective tax rate of the Group is as follows:

	2024	2023
Profit before tax	803,710	509,688
Tax rate	25%	25%
Tax according to the tax rate	(200,445)	(127,422)
Correction by:		
Permanent differences between accounting regulations and tax law	(43,410)	(54,146)
<i>Interest and exchange differences on loans and advances received</i>	<i>(38,047)</i>	<i>(45,566)</i>
<i>Other</i>	<i>(5,363)</i>	<i>(8,580)</i>
Write-off of deferred tax assets	(2,793)	-
Deferred tax assets not recognised on temporary differences and tax losses not to be recovered	(39,240)	(31,568)
Deferred tax assets recognized on previous years' tax losses	9,747	-
Effect of lower tax rates in Poland (19%) and Romania (16%)	50,427	30,275
Effect of tax relief due to business in Special Economic Zone	10,177	725
Other	4,577	28,741
Income tax in profit or loss	(210,960)	(153,395)
<i>Effective tax rate</i>	<i>26.2%</i>	<i>30.1%</i>

Permanent differences between the accounting and tax law relate mainly to interest and exchange differences on bank loans and borrowings received. The costs of debt financing obtained in order to acquire shares, in accordance with Polish regulations (Art. 16 sec. 1 point 13e) of the Polish Corporate Income Tax Act, do not constitute tax deductible costs.

Deferred tax assets recognized on previous years' tax losses result from the planned change in operations of one subsidiary. According to current tax budgets based on the changed profile previous years' tax losses will be utilized.

Deferred tax

The table below presents the items from which the deferred income tax results.

The abbreviations used mean:

CSoFP	Consolidated statement of financial position
NPL	Net profit/ (loss)
OCI	Other comprehensive income
OB.	Opening balance of acquired subsidiaries

	31.12.2024			31.12.2023		
	Deferred tax included in:			Deferred tax included in:		
	CSoFP	NPL	OB.	CSoFP	NPL	
Deferred tax assets						
Accrued interest on borrowings received at effective interest method	657	(4,485)	-	5,142	2,392	
Unbilled revenue reductions	6,996	2,984	-	4,012	(895)	
Unbilled rebates for franchisees	85,944	15,004	-	70,940	26,626	
Refund liability	64,725	11,731	-	52,994	10,105	
Allowance for expected credit losses on receivables	19,097	(748)	-	19,845	(1,631)	
Allowance for expected credit losses on loans	1,335	821	-	514	111	
Impairment of property, plant and equipment	6,280	2,111	-	4,169	2,020	
Impairment of shares	-	(1,282)	-	1,282	292	
Impairment of inventory	1,694	887	-	807	38	
Temporary difference in property, plant and equipment and intangible assets	11,563	596	-	15,923	85	
Provisions and accruals	94,460	2,083	-	92,377	20,910	
Settlement of trade discounts and rebates	14,858	6,344	-	8,514	3,183	
Lease liability	914,507	151,399	-	763,262	88,226	
Foreign exchange gains and losses	44	(55)	-	99	(1,147)	
Carry-forward of unused tax losses	14,142	4,894	711	3,581	2,131	
Special economic zone tax relief	41,786	10,178	-	31,608	(8,950)	
Deferred income	5,295	5,295	-	-	-	
Valuation of derivatives	-	(1,020)	-	1,020	371	
Other	4,270	928	-	3,408	2,223	
Deferred tax assets	1,287,653	207,665	711	1,079,497	146,090	

	31.12.2024			31.12.2023		
	Deferred tax included in:			Deferred tax included in:		
	CSoFP	NPL	OB.	CSoFP	NPL	
Deferred tax liabilities						
Right of return assets	(2,331)	(192)	-	(2,139)	366	
Accrued interest on bank loans at effective interest method and revaluation of financial instruments as a result of changes of cash flows	(19,313)	(12,133)	-	(7,180)	(6,485)	
Accrued interest on loans at effective interest method and foreign exchange gains and losses	(488)	(549)	-	61	1,656	
Unbilled revenue	(5,810)	(102)	-	(5,708)	(3,405)	
Temporary difference in property, plant and equipment and intangible assets	(359,648)	(51,254)	(5,989)	(302,921)	(34,149)	
Subscription fees settlement and other non-financial assets	(4,077)	141	-	(4,218)	(1,946)	
Settlement of trade discounts and rebates	(105,695)	(8,050)	-	(97,645)	(36,863)	
Right of use assets	(849,955)	(135,827)	-	(714,128)	(82,628)	
Foreign exchange gains and losses	(9,096)	(1,513)	-	(7,583)	(7,352)	
Discount of the deposit received	-	-	-	-	1,751	
Accrual for invoices	-	-	-	-	667	
Non-interest costs related to loans	(2,676)	1,921	-	(4,597)	1,648	
Other	(294)	2,104	-	(2,102)	(5,052)	
Deferred tax liabilities	(1,359,383)	(205,454)	(5,989)	(1,148,160)	(171,792)	
Set-off amount	1,287,653	(205,454)	711	1,079,497	146,090	
Net deferred tax assets/ (liabilities)	(71,730)	2,211	(5,278)	(68,663)	(25,702)	

	31.12.2024		OB.	31.12.2023	
	Deferred tax included in:			Deferred tax included in:	
	CSoFP	OCI		CSoFP	OCI
Deferred tax assets					
Actuarial gains and losses	(89)	(36)	-	(53)	(99)
Cash flow hedge	22,728	19,122	-	3,606	3,605
Deferred tax assets	22,639	19,086	-	3,553	3,506
Net deferred tax assets/ (liabilities)	22,639	19,086	-	3,553	3,506

	31.12.2024	31.12.2023
TOTAL NET DEFERRED TAX ASSETS/ (LIABILITIES)	(49,091)	(65,109)
<i>Deferred tax assets in CSoFP</i>	<i>62,019</i>	<i>42,419</i>
<i>Deferred tax liabilities in CSoFP</i>	<i>(111,110)</i>	<i>(107,528)</i>

On 14 November 2023, Żabka Polska sp. z o.o. and four subsidiaries (Żabka Nano sp. z o.o., Lite e-commerce sp. z o.o., Reatil Technology Investments sp. z o.o., Żabka BS sp. z o.o.) entered into a Tax Group Agreement, with 2024 being the first year of the Tax Group's existence. The Tax Group has become the corporate income tax payer in place of the previous five corporate income tax paying companies, with Żabka Polska sp. z o.o. acting as the parent of the Tax Group.

The Group recognised the deferred tax asset for tax losses as at 31 December 2024 and 31 December 2023 in several subsidiaries. These companies or Tax Capital Group (in case of companies that have joined the Group) may reduce income in the next 5 consecutive tax years by the amount of the reported loss, provided that the amount of the reduction in any of these years does not exceed 50% of the amount of this loss. These companies will generate enough revenue to offset tax losses over 5 years according to the forecasts.

Tax losses of subsidiaries for which a deferred tax asset has not been recognised amount to PLN 191,374 thousand for 2024, PLN 166,147 thousand for 2023. Under the applicable tax law, the tax losses of these companies can be used over the period of 5 years in Poland and over the period of 17 years in Luxembourg. Unrecognized deferred tax asset resulting from those tax losses amounts to PLN 39,240 thousand as at 31 December 2024, PLN 31,568 thousand as at 31 December 2023.

On 15 February 2023 one of the Group's subsidiaries received the decision from the Tax Office, being a result of the inspection related to the reliability of fulfilling the obligation to pay corporate income tax on the income under Polish regulations referred to in Art. 21 of the Act of 15 February 1992 on corporate income tax for the years 2018 and 2019 (in particular with regard to the capitalisation of interest on the loan received by the subsidiary from its direct shareholder Heket Investments S.à r.l.) that was initiated on 10 February 2021.

Despite Żabka Polska sp. z o.o. providing documentation showing that Heket Investments S.à r.l. had actual operations in Luxembourg, the authority disputed the right to apply the interest exemption. The authority concluded that Heket Investments S.à r.l. was acting only as an intermediary with respect to the financing provided to Żabka Polska sp. z o.o. in 2017.

The Group disagrees with the authority's position as to the obligation to collect tax on capitalised and paid interest. However, in 2023 the Group and its subsidiary, as a tax payer, decided to comply with the inspection result and pay PLN 43,496 thousand (increased by the late payment interest in the amount of PLN 17,740 thousand at the time of payment). At the same time Żabka Polska sp. z o.o., as the legal successor of the taxpayer i.e. Heket Investments S.à r.l., has applied to the authority for a declaration of overpayment and tax refund. The proceedings of this case have not been resolved yet. No tax/assets receivables from tax authorities have been recognized.

On 5 November 2020 one of the Group's subsidiaries received a decision on support, entitling it to a long-term corporate income tax relief for the Group's new investment. On 31 October 2023 an amended decision was issued, extending the deadline to meet the conditions of the original decision. Public support depends on fulfilment of the following conditions:

1. the entity has to create at least 30 new workplaces by 31 December 2023 and maintain this level for 5 consecutive years,
2. the entity has to incur qualifying investment costs in the amount at least PLN 180,000 thousand by 30 June 2024,
3. the maximum level of qualifying costs amounts to PLN 234,000 thousand,

4. other minor qualitative conditions related mainly to the development of the R&D activities, creation of new workplaces for skilled and highly paid specialists, pursuit of activities with minor impact on the environment and support in education and improving qualifications.

In the Management's opinion, as at the reporting date, there is reasonable assurance that the conditions for obtaining the tax relief have been met, taking into account starting the investment maintenance period. The investment was completed within the time specified in the support decision, i.e. 30 June 2024.

Therefore, the investment maintenance period began on 1 July 2024. Accordingly, the Group recognised a deferred tax asset arising from the unused tax relief available as at the reporting date for incurred qualified costs, to the extent that it is probable that future taxable income will be available against which it can be utilised. The amount of PLN 41,786 thousand recognised as at 31 December 2024 (PLN 31,608 thousand as at 31 December 2023) was determined based on tax forecasts prepared up to the end of the exemption period resulting from the support decision using the best available knowledge of the economic content of events and tax regulations.

The support received is conditional and is associated with the probability of the occurrence of tax inspections. If the entity fails to fulfil the relevant requirements, the decision on support may be revoked, resulting in the obligation to pay outstanding tax liabilities with interest. The decision may be revoked if the entity:

1. ceases business activities specified in the decision on support in the area indicated in the decision, or
2. violates the conditions specified in the support decision, or
3. fails to address deficiencies in the implementation of the conditions referred to in point 2, as found during the inspection, in due time.

Accordingly, the amounts disclosed in the Consolidated Financial Statements may change at a later date, once their final amount is determined by the tax authorities.

International Tax Reform – Pillar Two rules – Amendments to IAS 12

The Group is within the scope of the OECD/EU Pillar Two rules. Pillar Two legislation has been enacted in the jurisdictions in which the Group operates. The Ultimate Parent Entity (i.e. Zabka Group SA) is located in Luxembourg. The legislation came into effect for the Group's financial year beginning on 1 January 2024.

Under the legislation, the Group is liable to pay a top-up tax for the difference between its Pillar Two effective tax rate per jurisdiction and the 15% minimum tax rate.

The Group performed an impact assessment of the OECD transitional safe harbour rules (as transposed into national legislation). The Group concluded that all jurisdictions where the group has a presence are expected to meet one of the transitional safe harbours. Hence, the group did not recognise any Pillar Two current tax for the year.

The group applies the IAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

5.6. Earnings per share

Accounting policy

Basic earnings per share is calculated by dividing the net profit for a given period by the weighted average number of ordinary shares of Zabka Group outstanding during the given period.

Diluted earnings per share is calculated by dividing the net profit for a given period by the weighted average number of ordinary shares outstanding during the period adjusted for the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

The calculation of the basic and diluted earnings per share is presented below.

	2024	2023*
The number of shares used as the denominator of the formula		
Weighted average number of shares	973,635,854	973,635,854
Diluting effect of call options (weighted average number of ordinary shares subject to recall)	26,364,146	26,364,146
Diluted weighted average number of shares	1,000,000,000	1,000,000,000
Earnings		
Net profit attributable to the equity holders of the parent (Net profit attributable to outstanding ordinary shares)	607,804	344,398
Net profit attributable to the ordinary shares subject to recall	16,458	9,326
Net profit attributable to ordinary equity holders of the parent	624,262	353,724
Earnings per share		
Basic earnings per share in PLN	0.62	0.35
Diluted earnings per share in PLN	0.62	0.35

*To reflect the change in share classes/numbers as a result of IPO, the Group recalculated the numbers of shares as at 31 December 2023 to ensure comparativeness of EPS.

In the period between the balance sheet date and the date of approval of these Consolidated Financial Statements, there were no other transactions involving ordinary shares or potential ordinary shares.

6. EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

6.1. Goodwill

Accounting policy

Goodwill on acquisition of a business is initially measured at cost, being the amount of the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and in the case of a business combination achieved in stages, the fair value at the date of acquisition of the interest in the acquiree previously held by the acquirer over the fair value of the acquired identifiable assets, liabilities and contingent liabilities determined as at the date of acquisition.

Goodwill is not amortised. As at the acquisition date, goodwill acquired is allocated to each of the cash generating units (CGU) that may benefit from the synergies of the business combination. An impairment loss is determined by estimating the recoverable amount of the cash-generating unit to which goodwill has been allocated.

Goodwill as at 31 December 2024 and as at 31 December 2023 by acquisitions:

Note	Żabka Polska S.A.	Maczfit Foods sp. z o.o.	Masterlife Solutions sp. z o.o.	DRIM Daniel Distribuție FMCG S.R.L.	Total goodwill
CGU	Ultimate Convenience	Maczfit Foods activity	Masterlife Solutions activity	DRIM Daniel Distribuție FMCG S.R.L.	
Acquisition date	April 2017	April 2021	May 2021	February 2024	
As at 01.01.2024	3,166,432	175,746	45,091	-	3,387,269
3 Acquisitions - final settlement	-	-	-	52,178	52,178
Exchange differences	-	-	-	(634)	(634)
As at 31.12.2024	3,166,432	175,746	45,091	51,544	3,438,813
<i>Gross carrying amount</i>	<i>3,166,432</i>	<i>175,746</i>	<i>45,091</i>	<i>51,544</i>	<i>3,438,813</i>
<i>Accumulated impairment</i>	-	-	-	-	-

Note	Żabka Polska S.A.	Maczfit Foods sp. z o.o.	Masterlife Solutions sp. z o.o.	DRIM Daniel Distribuție FMCG S.R.L.	Total goodwill
CGU	Ultimate Convenience	Maczfit Foods activity	Masterlife Solutions activity	DRIM Daniel Distribuție FMCG S.R.L.	
Acquisition date	April 2017	April 2021	May 2021		
As at 01.01.2023	3,166,432	175,746	45,091	-	3,387,269
As at 31.12.2023	3,166,432	175,746	45,091	-	3,387,269
<i>Gross carrying amount</i>	<i>3,166,432</i>	<i>175,746</i>	<i>45,091</i>	-	<i>3,387,269</i>

On 20 April 2017, the Group purchased all the shares in Żabka Polska S.A. The purchased company establishes, develops and manages grocery stores, offering cooperation based on a franchise agreement, trades in food products and provides services related to this activity on the Polish market.

The rise in goodwill in 2021 was due to the Group's acquisition of Maczfit Foods sp. z o.o. in April 2021, that specializes in diet catering, ready meals, and meals manufacturing. In May 2021, the Group also acquired Masterlife Solutions sp. z o.o., a diet catering platform and software business.

The rise in goodwill in 2024 was due to the Group's acquisition of DRIM Daniel Distribuție FMCG S.R.L. in February 2024, that is a distributor of FMCG products on the Romanian market.

Goodwill is not amortised for both accounting and income tax purposes. Information on the impairment tests performed is presented in note 6.5.

6.2. Other intangible assets

Accounting policy

The Group identifies and recognises an intangible asset when the following criteria are met: it is identifiable, it is controlled by the Group as a result of past events and from which the Group is expected to obtain future economic benefits. Intangible assets acquired in a separate transaction or developed (if they meet the recognition criteria for development costs) are initially measured at cost. The cost of intangible assets acquired in a business combination is equal to their fair value as at the acquisition date.

After initial recognition, intangible assets are measured at cost less accumulated amortisation and impairment losses. Expenditure incurred on internally generated intangible assets, except for capitalised development costs, are not capitalised and are charged against profit in the period in which they were incurred.

The initial value of software licenses and copyrights recognised as intangible assets also includes costs incurred in implementing, coding, configuring, or customizing the software.

In case of cloud computing arrangements, the Group recognises an intangible asset when both the definition and the criteria for recognition are met, in particular when it receives a resource that it can control.

One situation in which an intangible asset for a software licence is recognised in a cloud computing arrangement is when both of the following are met at the inception of the arrangement:

- the Group has the contractual right to take possession of the software during the hosting period without significant penalty, and
- it is feasible for the Group to run the software on its own hardware or contract with another party unrelated to the supplier to host the software.

A contract that conveys to the Group only the right to receive access to the supplier's application software in the future is a service contract, for which costs are expensed when the service is received. If the Group pays a supplier before receiving a service, it recognises a prepayment asset.

Where costs incurred to configure or customise cloud computing arrangements, which do not give rise to an intangible asset, result in the creation of a resource that is identifiable, and from which the Group has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits (in particular: development of a new software or new functionalities to existing software) costs are recognised as a separate intangible software asset. Costs that are capitalisable for developing software or obtaining a software licence included in a cloud computing arrangement include payroll and payroll related costs (benefits) for employees who are directly involved with and who devote time to developing the cloud computing system, to the extent the time is directly attributed to preparing the asset for use.

Where costs incurred to configure or customise do not result in the recognition of a separate intangible software asset, then those costs that provide the Group with a distinct service (in addition to the cloud computing service) are recognised as expenses when the supplier provides the service. When such costs incurred do not provide a distinct service, costs are recognised as expenses over the duration of the cloud computing arrangement.

The useful lives of intangible assets are assessed by the Group to be either finite or indefinite. Intangible assets with a finite useful life are amortised throughout their useful life and tested for impairment each time when there is an indicator of impairment (more information in note 6.5). Both period and method of amortisation of intangible assets with a finite useful life are reviewed at least once at the end of each financial year.

Intangible assets with an indefinite useful life as well as those not yet available for use are tested for impairment each year in relation to individual assets or at the level of the cash generating unit (more information in note 6.5).

The policies applied in relation to the Group's intangible assets are summarised as follows:

Software, copyrights and other licenses - for licenses used on the basis of a fixed-term contract, the estimated useful life takes into account the additional period for which the use may be extended. Amortisation is recognised using the straight-line method.

Trademarks - the useful life is indefinite, Assets with an indefinite useful life are not amortised or revalued.

Relationships with franchisees and customers - the estimated useful life is based on the expected period of cooperation. The amortisation method reflects the pattern in which the relationships' future economic benefits based on the revenue are expected to be consumed by the Group.

Gains or losses resulting from the derecognition of intangible assets from the balance sheet are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss upon their derecognition from the balance sheet.

Borrowing costs

Borrowing costs are capitalized as part of the cost of intangible assets. Borrowing costs include interest calculated using the effective interest rate method and finance costs under lease contracts as well as foreign exchange differences arising in connection with external financing to the extent they are regarded as an adjustment to the interest cost.

Capitalisation rules apply only for qualified assets.

Estimates

Amortisation rates

The amortisation rates are determined on the basis of the expected period of economic useful lives of intangible assets. The annual amortisation rates for software, copyrights and other licences and costs of obtaining franchise agreements are within the 20-50% range. The amortisation period for relationships with franchisees is 7 years and for relationships with customers depending on the expected period of cooperation.

	Software, copyrights and other licences	Trademarks	Relationships with franchisees	Relationships with customers	Costs of obtaining franchise agreements	Intangible assets under construction	Total
Net carrying amount as at 01.01.2024	363,182	335,903	6,000	7,749	32,085	264,758	1,009,677
<i>Gross carrying amount</i>	<i>709,856</i>	<i>367,908</i>	<i>429,000</i>	<i>16,541</i>	<i>93,205</i>	<i>269,259</i>	<i>1,885,769</i>
<i>Accumulated amortisation</i>	<i>(346,674)</i>	<i>(32,005)</i>	<i>(423,000)</i>	<i>(8,792)</i>	<i>(61,120)</i>	-	<i>(871,591)</i>
<i>Accumulated impairment</i>	-	-	-	-	-	(4,501)	<i>(4,501)</i>
Net carrying amount as at 01.01.2024	363,182	335,903	6,000	7,749	32,085	264,758	1,009,677
Increase due to acquisition of subsidiaries	1,178	-	-	34,790	-	-	35,968
Additions	727	-	-	-	26,400	324,007	351,134
Disposals	-	-	-	-	-	(2,369)	(2,369)
<i>Gross carrying amount</i>	<i>(67,619)</i>	-	-	-	-	<i>(6,706)</i>	<i>(74,325)</i>
<i>Accumulated amortisation</i>	<i>67,619</i>	-	-	-	-	-	<i>67,619</i>
<i>Accumulated impairment</i>	-	-	-	-	-	4,337	<i>4,337</i>
Transfers from intangible assets under construction	262,648	-	-	-	-	(262,648)	-
Amortisation	(210,219)	-	(6,000)	(7,531)	(22,123)	-	(245,873)
Exchange differences	(13)	-	-	(415)	-	-	(428)
Net carrying amount as at 31.12.2024	417,503	335,903	-	34,593	36,362	323,748	1,148,109
<i>Gross carrying amount</i>	<i>906,773</i>	<i>367,908</i>	<i>429,000</i>	<i>50,916</i>	<i>119,605</i>	<i>323,912</i>	<i>2,198,114</i>
<i>Accumulated amortisation</i>	<i>(489,270)</i>	<i>(32,005)</i>	<i>(429,000)</i>	<i>(16,323)</i>	<i>(83,243)</i>	-	<i>(1,049,841)</i>
<i>Accumulated impairment</i>	-	-	-	-	-	(164)	<i>(164)</i>

	Software, copyrights and other licences	Trademarks	Relationships with franchisees	Relationships with customers	Costs of obtaining franchise agreements	Intangible assets under construction	Total
Net carrying amount as at 01.01.2023	285,081	335,903	16,000	11,057	32,122	193,186	873,349
<i>Gross carrying amount</i>	<i>512,137</i>	<i>367,908</i>	<i>429,000</i>	<i>16,541</i>	<i>72,415</i>	<i>194,029</i>	<i>1,592,030</i>
<i>Accumulated amortisation</i>	<i>(227,056)</i>	<i>(32,005)</i>	<i>(413,000)</i>	<i>(5,484)</i>	<i>(40,293)</i>	-	<i>(717,838)</i>
<i>Accumulated impairment</i>	-	-	-	-	-	(843)	<i>(843)</i>
Net carrying amount as at 01.01.2023	285,081	335,903	16,000	11,057	32,122	193,186	873,349
Additions	47,786	-	-	-	20,790	234,727	303,303
Disposals	-	-	-	-	-	-	-
<i>Gross carrying amount</i>	<i>(8,721)</i>	-	-	-	-	<i>(843)</i>	<i>(9,564)</i>
<i>Accumulated amortisation</i>	<i>8,721</i>	-	-	-	-	-	<i>8,721</i>
<i>Accumulated impairment</i>	-	-	-	-	-	843	<i>843</i>
Transfers from intangible assets under construction	158,654	-	-	-	-	(158,654)	-
Amortisation	(128,339)	-	(10,000)	(3,308)	(20,827)	-	(162,474)
Impairment loss for the year	-	-	-	-	-	(4,501)	(4,501)
Net carrying amount as at 31.12.2023	363,182	335,903	6,000	7,749	32,085	264,758	1,009,677
<i>Gross carrying amount</i>	<i>709,856</i>	<i>367,908</i>	<i>429,000</i>	<i>16,541</i>	<i>93,205</i>	<i>269,259</i>	<i>1,885,769</i>
<i>Accumulated amortisation</i>	<i>(346,674)</i>	<i>(32,005)</i>	<i>(423,000)</i>	<i>(8,792)</i>	<i>(61,120)</i>	-	<i>(871,591)</i>
<i>Accumulated impairment</i>	-	-	-	-	-	(4,501)	<i>(4,501)</i>

The value of interest on bank loans capitalised under intangible assets in 2024 amounted to PLN 6,095 thousand (in 2023: PLN 0 thousand).

Increase in intangible assets for the year ended 31 December 2023 is mainly due to purchase of licenses, computer programmes and copyrights, in particular related to the implementation of franchisee applications and additional SAP modules.

As for the year ended 31 December 2024 increase in intangible assets is mainly due to implementation of new client application, ERP platform and customized backend software.

In connection with the acquisition of shares in Żabka Polska S.A. in April 2017, the following intangible assets were recognised:

- trademarks that include the trademarks "Żabka", "Zielone Okienko", "Freshmarket", and
- relationships with franchisees, which include commercial relationships between the acquired company and franchisees running stores.

In connection with the acquisition of shares in Maczfit Foods sp. z o.o. the Group recognised:

- the "Maczfit" trademark and,
- relations with customers through Maczfit's website and mobile application.

In connection with the acquisition of shares in Masterlife Solutions sp. z o.o. the Group recognised:

- the "Dietly" trademark and,
- relations with customers through Dietly's online comparison engine.

In connection with the acquisition of shares in DRIM Daniel Distributie FMCG S.R.L. the Group recognised:

- relations with customers, which include supermarkets, convenience stores, grocery stores and local stores.

The table below presents their description, fair value as at the acquisition date and a carrying amount as at 31 December 2024 and as at 31 December 2023.

Position	Description	Fair value at the acquisition date	Carrying amount as at	
			31.12.2024	31.12.2023
„Żabka”	Trademarks used by stores engaged in retail trade in food, alcohol and tobacco products, managed by the Group	277,000	277,000	277,000
„Freshmarket”		32,000	-	-
„Zielone okienko”	Services provided under the "Zielone Okienko" trademark include: payment acceptance services that enable customers to pay bills in Żabka stores, photocopying services, prepayments for mobile telephone	1,200	1,200	1,200
„Maczfit”	Trademark used by internet website and mobile application used to deliver professional dietary catering	47,671	47,671	47,671
„Dietly”	Trademark used by comparison website that helps customers to find and order the most accurate dietary catering	10,037	10,037	10,037

Position	Description	Fair value at the acquisition date	Carrying amount as at	
			31.12.2024	31.12.2023
Trademarks total		367,908	335,908	335,908
Relationships with franchisees	Commercial relations of Żabka Polska S.A. with franchisees running stores	429,000	-	6,000
Relationships with franchisees total		429,000	-	6,000
Relationships with customers of "Maczfit"	B2C relations of Maczfit Foods sp z o.o. with customers of its internet website and mobile application "Maczfit"	14,801	3,948	6,908
Relationships with customers of "Dietly"	B2B relations of Masterlife Solutions sp. z o.o. with customers of "Dietly" comparison website	1,740	493	841
Relationships with customers of "DRIM Daniel"	B2B relations of DRIM Daniel Distributie FMCG S.R.L. with customers which include supermarkets, convenience stores, grocery stores and local stores	34,790	30,152	-
Relationships with customers total		51,331	34,593	7,749

The Group determines indefinite useful life for the trademarks: "Żabka", "Zielone Okienko", "Maczfit" and "Dietly". Based on our analysis of all the relevant factors, there is no foreseeable limit to the period over which those trademarks are expected to generate net cash inflows for the Group.

In connection with the assumption of an indefinite useful life for the above-mentioned trademarks, the Group performed an impairment test - details are presented in note 6.5.

The "Freshmarket" trademark was fully amortised at the end of September 2020 due to the completed chain remodelling process.

Description of collaterals established on intangible assets

A registered pledge was established on intangible assets in particular on trademarks in favour of a syndicate of banks based on the concluded loan agreement (for more information, see note 7.3).

6.3. Property, plant and equipment

Accounting policy

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The initial cost of an item of property, plant and equipment includes its purchase price increased by all costs directly attributable to bringing the asset to working condition for its intended use. The cost also includes the cost of replacing components of machines and devices when incurred, if the recognition criteria are met. Costs incurred after the date of putting the fixed asset into use, such as maintenance and repair costs, are charged to profit or loss when incurred.

The Group recognises expenditure on the adaptation of rented premises (leasehold improvements) as property, plant and equipment.

Property, plant and equipment, at the time of their purchase, are divided into components that represent items of significant value, for which a separate useful life can be allocated. Major overhauls also represent an asset component.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset, amounting to:

Type	Period
Land	No depreciation
Buildings and structures	10-22 years
Machines, devices and other:	
Machines and technical devices including:	3-10 years
Air-conditioning devices	5 years
Refrigerating racks	8 years
Refrigerating units and installations	10 years
Alarm systems	10 years
Office equipment	5 years
Vehicles	5 years

Type	Period
Computers	3 years
Leasehold improvements	10 years

The residual value and depreciation method of assets are reviewed annually and, if necessary, adjusted prospectively.

The useful life is reviewed on a systematic basis and the effect of change is recognized prospectively.

An item of property, plant and equipment may be derecognised from the balance sheet after it is sold or when no economic benefits are expected from the further use of such an asset. Any profits or losses resulting from derecognition of a given asset from the balance sheet (calculated as the difference between any net disposal proceeds and the carrying amount of a given item) are recognised in profit and loss for the period in which derecognition takes place.

Assets under construction relate to property, plant and equipment under construction or assembly and are recognised at purchase price or cost of construction, less any impairment losses. If the purchase price or cost of construction includes variable / contingent consideration, the Group takes into account the fair value of all contingent consideration in the initial measurement of the asset. Fixed assets under construction are not depreciated until the construction is completed and the fixed asset is ready to be used.

Property, plant and equipment also include advances paid for fixed assets and fixed assets under construction.

Borrowing costs

Borrowing costs are capitalised as part of the cost of property, plant and equipment. Borrowing costs include interest calculated using the effective interest rate method and finance costs under lease contracts as well as foreign exchange differences arising in connection with external financing to the extent they are regarded as an adjustment to the interest cost.

Capitalisation rules apply only for qualified assets.

Values based on professional judgement and estimates

Depreciation rates

The depreciation rates are determined based on the expected economic useful lives of property, plant and equipment. The Group reviews the applied economic useful lives based on current estimates.

	Land	Buildings and structures	Machines, devices and other	Assets under construction	Total
Net carrying amount as at 01.01.2024	51,972	701,555	2,069,634	569,123	3,392,284
<i>Gross carrying amount</i>	<i>51,972</i>	<i>1,049,303</i>	<i>3,453,997</i>	<i>569,123</i>	5,124,395
<i>Accumulated depreciation</i>	-	<i>(347,748)</i>	<i>(1,366,919)</i>	-	(1,714,667)
<i>Accumulated impairment</i>	-	-	<i>(17,444)</i>	-	(17,444)
Net carrying amount as at 01.01.2024	51,972	701,555	2,069,634	569,123	3,392,284
Increase due to acquisition of subsidiaries	-	-	2,651	820	3,471
Additions	17,951	44	6,399	1,299,462	1,323,856
Disposals	-	(110,454)	(5,621)	(1,600)	(117,675)
<i>Gross carrying amount</i>	-	<i>(144,177)</i>	<i>(159,298)</i>	<i>(1,600)</i>	(305,075)
<i>Accumulated depreciation</i>	-	<i>33,723</i>	<i>153,677</i>	-	187,400
Transfer from assets under construction	-	382,341	927,516	(1,309,857)	-
Depreciation	-	(126,097)	(520,356)	-	(646,453)
Impairment loss for the year	-	-	(8,782)	(6,470)	(15,252)
Exchange differences	-	(127)	(204)	(136)	(467)
Net carrying amount as at 31.12.2024	69,923	847,262	2,471,237	551,342	3,939,764
<i>Gross carrying amount</i>	<i>69,923</i>	<i>1,287,381</i>	<i>4,231,047</i>	<i>557,812</i>	6,146,163
<i>Accumulated depreciation</i>	-	<i>(440,119)</i>	<i>(1,733,584)</i>	-	(2,173,703)
<i>Accumulated impairment</i>	-	-	<i>(26,226)</i>	<i>(6,470)</i>	(32,696)

	Land	Buildings and structures	Machines, devices and other	Assets under construction	Total
Net carrying amount as at 01.01.2023	3,094	619,440	1,556,892	665,230	2,844,656
<i>Gross carrying amount</i>	<i>3,094</i>	<i>895,254</i>	<i>2,586,579</i>	<i>666,236</i>	4,151,163
<i>Accumulated depreciation</i>	-	<i>(275,814)</i>	<i>(1,020,224)</i>	-	(1,296,038)
<i>Accumulated impairment</i>	-	-	<i>(9,463)</i>	<i>(1,006)</i>	(10,469)
Net carrying amount as at 01.01.2023	3,094	619,440	1,556,892	665,230	2,844,656
Additions	48,878	633	3,893	994,320	1,047,724
Disposals	-	(684)	(2,155)	(2,159)	(4,998)
<i>Gross carrying amount</i>	-	<i>(38,188)</i>	<i>(33,139)</i>	<i>(3,165)</i>	(74,492)
<i>Accumulated depreciation</i>	-	<i>37,504</i>	<i>30,983</i>	-	68,487
<i>Accumulated impairment</i>	-	-	-	<i>1,006</i>	1,006
Transfer from assets under construction	-	191,604	896,664	(1,088,268)	-
Depreciation	-	(109,438)	(377,678)	-	(487,116)
Impairment loss for the year	-	-	(7,981)	-	(7,981)
Net carrying amount as at 31.12.2023	51,972	701,555	2,069,634	569,123	3,392,284
<i>Gross carrying amount</i>	<i>51,972</i>	<i>1,049,303</i>	<i>3,453,997</i>	<i>569,123</i>	5,124,395
<i>Accumulated depreciation</i>	-	<i>(347,748)</i>	<i>(1,366,919)</i>	-	(1,714,667)
<i>Accumulated impairment</i>	-	-	<i>(17,444)</i>	-	(17,444)

The value of interest on bank loans capitalised under property, plant and equipment amounted to PLN 0 thousand (in 2023: PLN 5,224 thousand).

Increases in property, plant and equipment in 2023-2024 mainly include purchases related to the investment in the construction of new logistics centres, automated warehouse, acquisition of equipment for new stores and costs for remodelling and modernisation in existing locations (including Żabka Cafe 2.0).

The 2024 disposals include a portfolio of properties, in which Żabka stores are operated presented in note 6.4.

The table below presents the carrying amount of prepayments for future deliveries of property, plant and equipment and the carrying amount of assets not invoiced classified as assets under construction, over which the Group exercised control as at 31 December 2024 and as at 31 December 2023 (the carrying amount of assets not invoiced is charged to the Group's liabilities):

	31.12.2024	31.12.2023
Advances for future deliveries	85,400	56,910
Assets not invoiced	149,688	144,394

Most of the assets under construction are expenditure related to the adaptation of new "Żabka" stores and the replacement of equipment operating in the chain of stores.

Description of collaterals established on property, plant and equipment

Registered pledge was established on all property, plant and equipment in favour of the syndicate of banks pursuant to the concluded loan agreement (for more information, see note 7.3).

6.4. Right-of-use assets and lease liabilities

Accounting policy

In the case of lease, rental and other agreements that fall under the definition of lease in accordance with the requirements of the International Financial Reporting Standard 16 Leases ("IFRS 16"), the Group recognises right-of-use assets (ROU) due to the right to use the underlying assets and, on the other side, lease liabilities due to lease payments.

The assets used by the Group on the basis of lease agreements include, among others: stores, office space, logistic centres, warehouses, cars, equipment (including payment terminals).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The depreciation period corresponds to the term of the contract or estimates of the lease term for contracts concluded for an indefinite period (more on in the section significant values based on professional judgement), which is:

Type	Period
Buildings and structures	10-15 years
Vehicles	3-5 years
Machines, devices and other	5 years
Contracts concluded for an indefinite period, for which the lease term is estimated	10 years

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventory) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group applies the exemptions provided for in IFRS 16 and does not recognise right-of-use assets in the case of short-term leases and leases involving low-value assets. Short-term leases are defined as leases that have a term of no more than 12 months at the commencement date including periods for which the lease can be extended if the lessee is reasonably certain to exercise the right and does not include an option to purchase the underlying asset. The short-term lease exemption is made by class of underlying asset to which the right of use relates. Low value assets are those which, when new, do not exceed USD 5 thousand (as at 31 December 2024: PLN 21 thousand and as at 31 December 2023: PLN 20 thousand) and simultaneously analyses the nature of the asset in order to assess whether a leased asset qualifies for the low-value asset exemption. The amount of USD 5 thousand, is not a quantitative threshold but an example to illustrate a general principle. The types of assets that qualify for the low-value asset exemption might change over time if, due to technological or market developments, the price of a particular type of asset changes. The assessment of whether an underlying asset is of low-value is performed on a lease-by-lease basis. A lease does not qualify as a lease of a low-value asset if a lessee sub-leases, or expects to sub-lease, the leased asset.

If the class of assets includes service components considered by the Group to be insignificant, the Group applies a practical expedient and treats the lease and non-lease components together as one combined lease component and treats as lease payments also the fees assigned to non-lease components.

In the case of a lease modification that is not recognised as a separate lease, on the date of the modification, the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate and recognises the remeasurement of the lease liability by decreasing the carrying amount of a right-of-use asset to reflect the partial or full termination of a lease for lease modifications that decrease the scope of the lease. The Group recognises in the profit or loss any gain or loss relating to the partial or full termination of the lease.

Sale and leaseback transactions

In situations where the Group transfers an asset to another entity and leases that asset back from the buyer-lessor, the Group assesses whether the transfer of the asset constitutes a sale within the meaning of IFRS 15.

If the transfer of an asset is a sale, the Group as the seller-lessee determines right-of-use asset under the leaseback in proportion to the previous carrying amount of the asset, which relates to the right-of-use retained by the Group. Accordingly, the Group recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. Any below-market payments are recognised as prepaid lease payments, and above-market payments are recognised as additional financing provided by the buyer-lessor.

If the transfer of an asset is not a sale, the Group continues to recognise the transferred asset and also recognises a financial liability corresponding to the proceeds of the transfer.

Values based on professional judgement

The application of IFRS 16 requires the Group to make various judgements, including determining which contracts meet the definition of a lease, which parameters (including the amount of the lease payments, length of the lease term, or the discount rate) should be used to measure the lease liability and whether there are indicators that it is necessary to reassess the lease term, discount rate or variable lease payments.

Lease term

Some lease contracts include options to extend or terminate the lease. The Group also concludes contracts for an indefinite period. Management makes a judgement to determine the period over which it can be assumed with reasonable certainty that such contracts will be continued.

The Group determines the lease term taking into account the non-cancellable period of the lease during which the Group has the right to use the underlying asset, together with:

- the periods for which the lease can be extended, if it can be assumed with reasonable certainty that the Group will exercise this right, and
- the periods during which the lease may be terminated if it can be assumed with reasonable certainty that the Group will not exercise this right.

When assessing the length of the non-cancellable lease period and determining the lease term, the Group takes into account the terms of the agreement and past practices regarding leases of a particular type of assets.

When assessing the probability of exercising the contract extension option, the Group considers all relevant facts and circumstances that give rise to the existence of economic incentives to exercise or not to exercise such an option, including, for example, the importance of the underlying asset to the Company's operations or costs relating to the termination of the lease, including relocation costs and costs of identifying another underlying asset suitable for the lessee's needs. When assessing the probability of exercising the option to terminate the lease, the Group considers all relevant facts and circumstances that create an economic incentive for exercising such an option.

For indefinite period leases, the Group determines the lease term based on economic considerations (leasehold improvements and their depreciation period) and adopts a 10-year lease term for such leases.

Sale and leaseback transactions

Determining whether the transaction should be accounted for as a sale and leaseback, the Group as the seller-lessee applies the requirements in IFRS 15 on when an entity satisfies a performance obligation by transferring control of an asset. Making this judgement, the Group considers all relevant facts and circumstances. Indicators of the transfer of control include in particular: having a present right to payment for the asset, the transfer of legal title of an asset, the transfer of physical possession of the asset, the transfer of the significant risks and rewards of ownership of an asset, the customer's acceptance of an asset. If the Group as the seller-lessee has a substantive repurchase option for the underlying asset or if the lease term is for the major part of the economic life of the asset, no sale has occurred because the buyer-lessor has not obtained control of the asset.

Non-lease components

The subject of judgement is to determine whether a given contract contains non-lease components which, in accordance with the accounting policy selected by the Group for a given asset class, should be separated or treated together with the lease component as a single lease component for the purposes of recognising the contract in accordance with IFRS 16.

Rental of stores to franchisees

As described in note 5.1, the Group rents out stores to franchisees as a part of its services offering. Due to integration of the rental component with other services offered, the Group assumes existence of one performance obligation for such services and recognises rental revenues in accordance with IFRS 15.

Estimates

Lessee's incremental borrowing rate

The Group determines the lessee's incremental borrowing rate (IBR) as the sum of the risk-free rate and the Group's credit risk premium.

The Group defines the risk premium as the credit margin for the financial liabilities contracted on market terms in the period preceding the valuation.

The Group determines the risk-free rate based on the available interest rate curves (yields on treasury bonds) corresponding to the currencies in which the lease contracts are denominated and the maturity periods of cash flows resulting from the concluded contracts.

Right-of-use assets

	Buildings and structures	Vehicles	Machines, devices and other	Total
Net carrying amount as at 01.01.2024	3,613,929	90,237	23,984	3,728,150
<i>Gross carrying amount</i>	<i>6,066,763</i>	<i>173,211</i>	<i>46,767</i>	<i>6,286,741</i>
<i>Accumulated depreciation</i>	<i>(2,450,135)</i>	<i>(82,974)</i>	<i>(22,783)</i>	<i>(2,555,892)</i>
<i>Accumulated impairment</i>	<i>(2,699)</i>	-	-	<i>(2,699)</i>
Net carrying amount as at 01.01.2024	3,613,929	90,237	23,984	3,728,150
Increase due to acquisition of subsidiaries	17,168	20,815	-	37,983
New lease agreements and modifications	1,534,170	39,144	36,387	1,609,701
Termination of lease agreements	(32,237)	(2,518)	-	(34,755)
<i>Gross carrying amount</i>	<i>(120,424)</i>	<i>(24,247)</i>	-	<i>(144,671)</i>
<i>Accumulated depreciation</i>	<i>86,888</i>	<i>21,729</i>	-	<i>108,617</i>
<i>Accumulated impairment</i>	<i>1,299</i>	-	-	<i>1,299</i>
Depreciation	(749,232)	(52,760)	(10,724)	(812,716)
Impairment loss for the year	(118)	-	-	(118)
Exchange differences	(819)	(338)	-	(1,157)
Net carrying amount as at 31.12.2024	4,382,861	94,580	49,647	4,527,088
<i>Gross carrying amount</i>	<i>7,496,766</i>	<i>208,552</i>	<i>83,154</i>	<i>7,788,472</i>
<i>Accumulated depreciation</i>	<i>(3,112,387)</i>	<i>(113,972)</i>	<i>(33,507)</i>	<i>(3,259,866)</i>
<i>Accumulated impairment</i>	<i>(1,518)</i>	-	-	<i>(1,518)</i>

	Buildings and structures	Vehicles	Machines, devices and other	Total
Net carrying amount as at 01.01.2023	3,209,080	89,953	25,362	3,324,395
<i>Gross carrying amount</i>	<i>5,165,004</i>	<i>151,369</i>	<i>37,550</i>	<i>5,353,923</i>
<i>Accumulated depreciation</i>	<i>(1,955,924)</i>	<i>(61,416)</i>	<i>(12,188)</i>	<i>(2,029,528)</i>
Net carrying amount as at 01.01.2023	3,209,080	89,953	25,362	3,324,395
New lease agreements and modifications	1,102,416	52,572	9,217	1,164,205
Termination of lease agreements	(40,738)	(6,727)	-	(47,465)
<i>Gross carrying amount</i>	<i>(200,657)</i>	<i>(30,730)</i>	-	<i>(231,387)</i>
<i>Accumulated depreciation</i>	<i>159,919</i>	<i>24,003</i>	-	<i>183,922</i>
Depreciation	(654,221)	(45,561)	(10,595)	(710,377)
Impairment loss for the year	(2,699)	-	-	(2,699)
Exchange differences	91	-	-	91
Net carrying amount as at 31.12.2023	3,613,929	90,237	23,984	3,728,150
<i>Gross carrying amount</i>	<i>6,066,763</i>	<i>173,211</i>	<i>46,767</i>	<i>6,286,741</i>

	Buildings and structures	Vehicles	Machines, devices and other	Total
<i>Accumulated depreciation</i>	<i>(2,450,135)</i>	<i>(82,974)</i>	<i>(22,783)</i>	<i>(2,555,892)</i>
<i>Accumulated impairment</i>	<i>(2,699)</i>	-	-	<i>(2,699)</i>

The value of depreciation capitalised in the initial value of leasehold improvements for the year ended 31 December 2024 amounted to PLN 1,030 thousand, for the year ended 31 December 2023 PLN 719 thousand.

Lease liabilities

	2024	2023
As at 1 January	4,012,563	3,598,839
Increase due to acquisition of subsidiaries	37,983	-
New lease agreements and modifications	1,631,531	1,160,569
Termination of lease agreements	(41,568)	(56,048)
Payments	(1,082,967)	(885,965)
Interest cost	320,247	246,850
Exchange differences	(23,142)	(51,682)
As at 31 December	4,854,647	4,012,563
<i>Current</i>	<i>764,215</i>	<i>644,105</i>
<i>Non-current</i>	<i>4,090,432</i>	<i>3,368,458</i>

In 2024, the Group completed a sale and leaseback transaction of a portfolio of properties, in which Żabka stores are operated. Proceeds from the sale are included in cash flow from investing activities amounting to PLN 121,199 thousand. The result of the transaction is presented in note 5.3. As the transfer of the properties constituted a sale under IFRS 15, the Group recognised an asset under the lease contract in proportion to the previous carrying amount of the properties, which relates to the right-of-use asset retained by the Group and the lease liability. The lease term was assumed to be the basic term under the lease contract, which is for 20 years. Under the contract, this period can be extended by a total of 20 years.

Increases in the right-of-use assets in 2023-2024 are mainly due to new contracts and modifications to existing leases of stores, logistics centres and the Group's headquarters, as well as car and forklift. The decrease is mainly related to the termination of store lease contracts. Store lease contracts are usually concluded for 10 years. In the case of contracts with indefinite period, the Group treats them as having a 10-year contractual term in line with the other contracts. The Group determines the lease term, for contracts concluded for an indefinite period, based on economic considerations (leasehold improvements and the period of their amortisation).

Impact on the consolidated statement of profit or loss and other comprehensive income

The table below presents the amounts resulting from concluded lease contracts, recognised in the consolidated statement of profit or loss and other comprehensive income.

	2024	2023
Depreciation of right-of-use assets	(812,716)	(710,377)
Impairment of right-of-use assets	(118)	(2,699)
Interest on lease liabilities	(320,247)	(246,850)
Exchange differences	23,142	51,682
Short-term leases	(5,192)	(4,644)
Gain or loss on remeasurement and termination of lease agreements	6,813	8,339
The impact of lease contracts on profit (loss) before tax	(1,108,318)	(904,549)

Regarding the sale and leaseback of the portfolio of properties in which Żabka stores are operated, in 2024 the Group recognised only the amount of profit that relates to the rights transferred to the buyer-lessor.

The short term leases are presented within the general and administrative costs or cost of sales depending on the nature of the lease subject.

Impact on the consolidated statement of cash flows

The table below presents the amounts resulting from the concluded lease contracts included in the consolidated statement of cash flows:

	2024	2023
Operating activities	(5,192)	(4,644)
Financial activities	(1,082,963)	(885,964)
<i>Payment of the principal amount</i>	<i>(762,768)</i>	<i>(639,197)</i>
<i>Interest paid</i>	<i>(320,195)</i>	<i>(246,767)</i>
Impact of lease agreements on cash flows	(1,088,155)	(890,608)

Cash flows resulting from lease contracts recognised as a part of operating activities mainly relate to payments resulting from short-term lease contracts and lease contracts for which the underlying asset is considered low value, that the Group recognises in a simplified manner.

6.5. Impairment of non-financial assets

Accounting policy

At each reporting date, the Group assesses whether there are any indicators that any of the non-financial fixed assets may be impaired.

Due to the intangible assets with indefinite useful lives (trademarks) and goodwill recognised as a result of business combinations, the Group performs an annual impairment test to assess whether the entire cash-generating unit, to which non-financial assets are also allocated, has been impaired.

If such an indication exists, or in case an annual impairment test is required, the Group estimates the recoverable amount of a given asset being the higher of its fair value less costs to sell and its value in use.

When a given non-financial non-current asset does not generate cash inflows independently, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

However, when the Group intends to sell or liquidate such an asset, the Group determines its recoverable amount based on the fair value less costs to sell and recognises an appropriate impairment loss.

Impairment losses of non-financial assets are recognised as costs in the statement of profit or loss and other comprehensive income.

An impairment loss recognised for goodwill is not reversed in subsequent period.

The reversal of an impairment loss of assets other than goodwill is preceded by an analysis of the occurrence of an indication for the reversal of the impairment, and in the event of its occurrence, the carrying amount of the asset is increased to its recoverable amount. The increased amount shall not exceed the carrying amount of the asset that would have been determined (after depreciation or amortisation) if no impairment loss had been recognised for this asset in previous years. The reversal of an impairment loss of an asset is recognised immediately as income.

Values based on professional judgement and estimates

Impairment of non-financial assets

The Group carried out impairment tests for goodwill, other intangible assets (brands and trademarks), right-of-use assets and property, plant and equipment, which required estimating the recoverable amount. The recoverable amount of cash-generating units was determined based on the calculation of the fair value, which required the use of assumptions. The assumptions applied, along with the explanation and analysis of the sensitivity of the recoverable amount to the change in the assumptions applied, are presented in this note.

With respect to non-financial non-current assets that do not generate cash inflows independently and which the Group intends to liquidate, the Group recognised impairment losses as at 31 December 2024 and as at 31 December 2023 which are disclosed in note 6.3. While with regard to goodwill and other intangible assets with an indefinite useful life, the Group performed an impairment test.

Goodwill and other intangible assets with an indefinite useful life arising from acquisition of Żabka Polska S.A. were assigned to one cash-generating unit - the Ultimate Convenience - due to the adopted strategy and implementation by the Group to unify the stores visualisation and trademark used.

Goodwill and other intangible assets with an indefinite useful life resulting from the acquisition of Maczfit Foods sp. z o.o. and Masterlife Soultions sp. z o.o. in 2021 and DRIM Daniel Distribuție FMCG S.R.L. in 2024 have been allocated to three separates cash-generating units - Maczfit Foods business, Masterlife Solutions business and DRIM Daniel business.

The Group's Management assumes that the market value of the trademarks "Żabka", "Zielone Okienko" "Maczfit" and "Dietly" will increase in the future. The Group does not intend to discontinue or significantly limit the activities carried out under the above-mentioned trademarks.

The recoverable amount estimated for the purposes of the test was determined on the basis of fair value less costs to sell. The fair value was calculated using a cash flow forecast based on financial forecasts approved by the Management for a five-year period, consistent with the planning horizon of the Group's owners and lenders.

The table below presents the carrying amounts of cash-generating units tested for impairment as at 31 December 2024 and as at 31 December 2023.

CGU	31.12.2024	31.12.2023
Ultimate Convenience*	5,284,534	5,087,656
Maczfit Foods activity*	279,197	287,683
Masterlife Solutions activity*	81,717	60,056
DRIM Daniel Distribuție FMCG S.R.L.*	238,647	-
Total net carrying value	5,884,095	5,435,395

Amounts at 30 November 2024. Starting 2024 the Group performs impairment tests for Ultimate convenience, Dietly and Maczfit at 30 November. There are not impairment indicators for those CGUs and the Group will confirm every year end that impairment tests performed at 30 November are still up to date.

As at 31 December 2024 and as at 31 December 2023 the recoverable amount of individual cash generating units, including goodwill and other intangible assets with an indefinite useful life exceeded their carrying amount. Information on intangible assets with an indefinite lives is disclosed in note 6.2.

Key assumptions used to calculate the recoverable amount

For the purpose of key assumptions determination the Group uses its past experience. Revenues and results applied to the model have been input from the Group's budgets and projections. The Group expects to grow its revenue primarily through new store openings and increased sales of existing network driven by continuous improvement of the offer for customers.

	Ultimate Convenience	
	31.12.2024	31.12.2023
The rate of increase in revenues during the forecasted period	7,5% - 16,2%	10,0% - 16,0%
Operating profit margin (based on IFRS revenue):		
<i>during the forecasted period</i>	7,8%-10%	8,0% - 9,0%
<i>during the residual period</i>	8,9%	9,0%
Discount rate:		
<i>before tax</i>	10,5%	10,7%
<i>after tax</i>	8,9%	8,7%
The growth rate used to estimate cash flows in the residual period	2,5%	2,5%

	Maczfit Foods activity	
	31.12.2024	31.12.2023
The rate of increase in revenues during the forecasted period	22,4%	12,6%
Operating profit margin (based on IFRS revenue):		
<i>during the forecasted period</i>	3,3% - 8,3%	4,0% - 13,0%
<i>during the residual period</i>	8,3%	13,0%
Discount rate:		
<i>before tax</i>	13,4%	15,2%
<i>after tax</i>	11,7%	12,3%
The growth rate used to estimate cash flows in the residual period	2,5%	2,5%

	Masterlife Solutions activity	
	31.12.2024	31.12.2023
The rate of increase in revenues during the forecasted period	20,5%	21,9%
Operating profit margin (based on IFRS revenue):		
<i>during the forecasted period</i>	35% - 38%	28,4% - 29,7%
<i>during the residual period</i>	35,6%	29,7%
Discount rate:		
<i>before tax</i>	13,9%	15,2%
<i>after tax</i>	11,7%	12,3%
The growth rate used to estimate cash flows in the residual period	2,5%	5,0%

	DRIM Daniel Distributie FMCG	
	31.12.2024	31.12.2023
The rate of increase in revenues during the forecasted period	41,3%	-
Operating profit margin (based on IFRS revenue):		
<i>during the forecasted period</i>	2,5% - 3,1%	-
<i>during the residual period</i>	3,1%	-
Discount rate:		
<i>before tax</i>	17,5%	-
<i>after tax</i>	12,3%	-
The growth rate used to estimate cash flows in the residual period	2,5%	-

Żabka Polska sp. z o.o.

Żabka stores revenue growth rate adopted by the Group in the forecasted period is based on the increases achieved in previous years and it reflects the planned increase in the number of stores (more than 11,000 stores at the end of 2024). Discount rates reflect the Management's estimation of the risk specific to the Group inherent in the cash flow forecast. This is the benchmark used by the Management to assess operating efficiency (performance) and to evaluate future investment proposals. Cash flows after the five-year period are estimated using a growth rate at the level of Poland's long-term inflation target.

Management believes that any reasonable possible change in any of the key assumptions will not cause the carrying amount of the assets tested to significantly exceed its recoverable amount.

Maczfit Foods sp. z o.o.

The Maczfit Foods impairment test is based on certain key assumptions, including revenue growth. The forecasted revenue is derived from further growth of D2C meals stream as well as development of B2B sales benefiting from Maczfit's capacity and abilities to produce ready-made meals. Furthermore, the forecasted revenue is driven by the market dynamics, company's pricing strategy, marketing efforts and product portfolio adjustments to meet evolving customer needs, as well as strengthening of Żabka Group's collaboration and synergies.

D2C revenue growth rates are based on the product planned market penetration, estimated rate of product loss, and general trends in Poland towards healthy lifestyles and fitness, supported by an increasing consumer affluence. B2B revenue stream is based mainly on ready-made meals production for Żabka Polska and Dietly and collective feeding purposes. The company assumes gradual development of that revenue stream throughout 2025-2027.

The company's business plan is to invest in acquisition of new customers, and gradual restoration of business profitability in 2025-2027 (the forecast period). Higher margins will be achieved primarily through (i) greater market penetration and customer growth; (ii) gradual diversification and price increases; (iii) cost optimization supported by the ERP system implementation and partial automation of production process; (iv) own products supplied through own logistics network, and (v) moderate capital expenditures and achieving required net working capital. The Group recognizes that achieving the CAGR mentioned above is contingent on reaching revenue growth targets in 2025. Based on the strategy the Group assumes higher revenue growth in the first 2 years and lower revenue growth in the remaining forecasted period.

Management believes that any reasonable possible change in any of the key assumptions will not cause the carrying amount of the assets tested to significantly exceed its recoverable amount.

Masterlife Solutions sp. z o.o.

The ready meals segment in Poland's direct-to-consumer (D2C) market, in which Masterlife Solutions (operator of Dietly.pl) operates, has several characteristics that are conducive to market penetration, including a highly fragmented D2C seller base, D2C merchants' focus on production while outsourcing many other elements of the value chain, and high internet adoption in Poland with a penetration rate of approximately 90%. The business model of Dietly, which combines a leading software as a service model (SaaS) and marketplace software provider expertise, offers an attractive mix of subscription and take rate commission, supported by a high-growth profitable platform. The company, responding to market needs, has also started developing white-label applications, which it provides to its largest clients. This solution allows partners to use Dietly's advanced software under their own brand, increasing their operational flexibility and enabling better adaptation to their business specifics. As a result, Dietly strengthens its position as a key technology provider in the D2C segment, supporting the growth of its partners and accelerating the digitalization of the ready-meals market in Poland. This is reflected in the platform's high EBITDA margin, which is above the Group's EBITDA margin at the consolidated level. Management believes that any reasonably possible change in any of the key assumptions will not cause the carrying amount of the assets tested to significantly exceed its recoverable amount.

The Group anticipates that Dietly will transition from an early-stage marketplace to a mature platform, requiring bolstering its lead generation capabilities and expanding its services (e.g. logistics, pricing/profit management) in response to market trends. Additionally, the Group expects Dietly's already advanced SaaS software to continue its steady growth.

The Group's investment (through Żabka Polska sp. z o.o.) in Lite e-commerce group (Lite e-commerce sp. z o.o. and Lite24 sp. z o.o.)

The Lite e-commerce group was established in 2021 as the Group's response to the fast-growing q-commerce segment. The group introduced two brands in the market: Żabka Jushi, launched in 2021, offering around 4,000 SKUs that can be ordered through a dedicated app and delivered within 15 minutes; and Delio, launched in 2022 with approximately 6,000 SKUs (currently expanding to a broader variety of approximately 10,000 SKUs) targets 2-3 hours home delivery time using a delivery slot method. These initiatives are part of the Group's digitalization strategy in the retail sector and aim to provide customers with a convenient and fast shopping experience. Lite e-commerce benefits from the Group's scale of operations and number of synergies between Jushi, delio and the Group: Group purchasing power; darkstore replenishment with Group logistics; AI-driven darkstore location selection; single, unified app; common technology and physical infrastructure; and the upgraded Żabka consumer app expected to grow user base.

The Group management team regularly (on a monthly basis) analyses the key financial and non-financial indicators of Jush and Delio services. The Group successfully launched the service in Warsaw and Cracow including creating applications and websites and opening a number of "dark stores". The Group also established a customer base and has achieved a high rate of repeat purchases indicating customer retention. It has also experienced growth in Gross Merchandise Value (GMV) and revenue from both services. As a result, the Lite group is expected to achieve its long-term strategic goals expressed in the Value Creation Plan, and the Group's investments will continue in the coming years. The focus will be on increasing the scale of operations, optimising promotion and customer acquisition costs, and building cost efficiencies by reducing the unit cost of transport, reducing warehouse waste, and optimising staffing.

Accordingly, as at 31 December 2024, the Management did not identify indications of impairment of the Lite e-commerce CGU. The carrying amount of Lite cash-generating unit as at 31 December 2024 is PLN 30,606 thousand.

DRIM Daniel Distributie FMCG

DRIM distributes fast-moving consumer goods (FMCG) to customers across Romania. The Company distributes essential consumer products from its partners and its own brands and offers additional services, including sales, logistics, distribution, after-sales support, and marketing. These services enable clients to focus on their core activities and thus reduce costs.

- The Company was founded in 1994. Over its 30 years of operation, DRIM has established an extensive logistical structure, allowing it to supply approximately 10,000 traditional trade stores today.

- Currently, the Company employs over 800 people and operates 11 distribution centres, primarily located in southern Romania.

- In addition to Romania, the Company distributes products to 13 other countries.

DRIM's traditional revenue remains stable over the budgeted period and is expected to grow only in line with the inflation.

In the long term DRIM's revenue growth is mainly driven by the rapid expansion of Froot stores in Romania. DRIM is a logistics operator and distributor for a growing number of Froot stores. Its long term growth is linked directly with the increase of Froot operations in Romania and is expected to remain profitable at 3.1-3.2% which is the combination of the margins from the traditional business, mark-up on the goods distribution and mark-up on logistics costs.

6.6. Inventory

Accounting policy

Inventory is measured at the lower of two values: the cost of inventory and its net realisable value.

The cost of each inventory component includes all purchase costs, costs of conversion and other costs incurred in bringing the inventory to its present location and condition. In determining the purchase price, discounts, rebates and other similar items are deducted. The purchase price is measured net of value added taxes.

The purchase price of goods is determined using the weighted average method, and the cost of materials is measured using the weighted average method or "first in, first out" depending on the nature and destination of the materials.

The net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to complete the sale.

The write-down of materials is presented on a net basis i.e. increase and reversal of write-downs are presented combined in the statement of profit or loss and other comprehensive income under the item 'Other operating costs'.

The write-down of merchandise inventories is presented on a net basis in the consolidated statement of profit or loss and other comprehensive income under the item 'Cost of sales'.

Rabates from suppliers

The cost of sales is reduced by the rebates received by the Group. The rebates netting the cost of sales result from contractual agreements signed by the Group with their suppliers. These agreements include rebates based on the turnover and certain thresholds of purchases of goods made. The Group allocates allowances from its suppliers between costs of sales and inventory. Amounts allocated to goods that have been sold at the reporting date are deducted from cost of sales and amounts allocated to inventories are recognized as a reduction of their carrying amount.

	31.12.2024	31.12.2023
Materials	23,088	19,168
Merchandise	1,066,548	751,757
Advances for deliveries	11,784	8,007
Total inventory (gross)	1,101,420	778,932
Revaluation write-down	(9,106)	(4,245)
Total inventory (net)	1,092,314	774,687

The table below presents changes in the write-down of inventory:

	2024	2023
Write-downs on inventory at the beginning of the period	(4,245)	(4,045)
Increase	(8,760)	(3,025)
Utilised	1,897	706
Reversed	2,002	2,119
Write-downs on inventory at the end of the period	(9,106)	(4,245)

Inventory write-down mainly applies to merchandise and its reversal resulted from the negotiated possibility of returning goods to suppliers or acquiring new opportunities for their sale.

Description of collaterals established on inventory

Registered pledge was established on all inventory in favour of the syndicate of banks based on the concluded loan agreement (for more information, see note 7.3).

6.7. Trade receivables

Accounting policy

Trade receivables are recognised and carried at the amounts originally invoiced, taking into account the allowance for expected lifetime credit losses. Receivables are adjusted for expected discounts, rebates and settlements based on offset arrangements with franchisees.

If the effect of the time value of money is significant, the value of receivables is determined by discounting the estimated future cash flows to the present value, using a discount rate reflecting current market assessments of the time value of money. If discounting is used, any increase in the receivable due to the passage of time is recognised as financial income.

Contract assets and receivables

Under contract assets, the Group recognises rights to consideration in exchange for the goods or services it has transferred to the customer, if the right is subject to a condition other than the passage of time (for example, the entity's future performance). The Group assesses the impairment of a contract asset in the same way as for a financial asset in accordance with IFRS 9.

The Group recognises the rights to consideration in exchange for goods or services that have been transferred to the customer as receivables, if the right is unconditional (the only condition for the payment to be made is the lapse of a specified period of time). The Group recognises a receivable in accordance with IFRS 9. After initial recognition of receivables, any differences between the measurement of receivables in accordance with IFRS 9 and the corresponding amount of revenues previously recognised are presented by the Group as a cost (impairment loss).

Values based on professional judgement

Accounting for factoring arrangements

As part of the working capital management, the Group uses a factoring agreement in relation to its receivables, under which it submits selected sales invoices for some franchisees for factoring. Receivables as well as rights under the trade receivables insurance policy are subject to assignment to the factor and are in 90% financed by the factor. Considering the potential impact of this type of agreement on the consolidated statement of cash flows and the consolidated statement of financial position, the Group makes a judgement as to whether, regarding the use of factoring, qualification exists for derecognition of receivables.

The receivables that are the subject to factoring do not expire because the franchisees are still owed the entire amount due and are obliged to pay it back on the agreed date. The Group is responsible for collecting the receivables and transferring them to the factoring company, whereby the assignment of the receivables means that the Group transfers the rights to receive cash flows from these receivables. The Group has mitigated its credit risk exposure by using factoring services, where the factor assumes a majority of the credit risk for the receivables sold. However, the Group is still exposed to the risk of late payments from the buyers, as it incurs interest expense paid to the factor. Despite this, the Group's exposure

to credit losses is limited to only 10% of the receivables' value, as the factor assumes the remaining credit risk. In the Group's opinion, the Group neither transfers nor retains substantially all the risks and rewards associated with factoring receivables. When assessing the transfer of risks and rewards, the Group compares its exposure, before and after the transfer, with the variability in the amount and timing of net cash flows of the transferred asset.

As a result of concluding a receivable factoring transaction, the Group's exposure to credit risk is reduced, but not completely eliminated. In line with Group's judgement, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the transferred asset and retains control (taking into account no practical possibility of selling the insured receivables by the factor) of the transferred asset and therefore recognises the transferred asset to the extent of its continuing involvement, i.e. in the amount of 10 % of the value of the receivable.

Estimates

Impairment of trade receivables

The Group uses a provision matrix to measure the allowance for expected credit losses in relation to trade receivables. In order to determine expected credit losses, trade receivables have been grouped based on the similarity of credit risk characteristics.

The Group uses its historical credit loss data, the history regarding cooperation with debtors and the security held, adjusted for the impact of forward-looking information as appropriate.

When assessing the future economic conditions, the Group focuses on economic factors such as change in GDP ratio and how it affects unemployment rates which in turn affect the overall capacity of its debtors to pay off their debts. Additionally, those ratios are considered at the regional level to account for regional differences in Poland.

	31.12.2024	31.12.2023
Trade receivables (gross)	2,357,029	2,156,703
Loss allowance for expected credit losses	(79,548)	(77,221)
Trade receivables (net)	2,277,481	2,079,482

There is no significant concentration of credit risk in the Group. Credit risk related to receivables is minimised due to the large number of customers. Moreover, receivables are mostly secured with inventory located in "Zabka" stores. As a result, in the view of the Management, there is no additional credit risk beyond the level determined by the loss allowance for expected credit losses. Information on the Group's exposure to credit risk related to trade receivables is presented in note 8.2.

The table below presents changes in the loss allowance for expected credit losses:

	2024	2023
Loss allowance for expected credit losses at the beginning of the period	(77,221)	(74,006)
Increase	(15,191)	(13,804)
Utilised	3,999	2,729
Reversed	8,849	7,860
Exchange differences	12	-
Loss allowance for expected credit losses at the end of the period	(79,552)	(77,221)

Information on the presentation of settlements due to factoring of receivables and insurance of receivables is presented in note 6.8.

Receivables from franchisees are insured and this fact has been reflected in the calculation of allowance for expected credit losses.

6.8. Loans granted, shares, stocks and other financial assets

Accounting policy

Loans granted

The loans granted by the Group mainly relate to loans to other related entities.

Loans granted are classified as financial assets measured at amortised cost because they passed the SPPI test and are reported as held to collect cash flows in line with the business model.

At each reporting date, the Group assesses whether the credit risk related to the loans granted has increased significantly since its initial recognition. In order to make such an assessment, the Group compares default risk for a given loan as at the reporting date with default risk for that loan as at the date of initial recognition, taking into account reasonable and supportable information that is available without undue cost or effort and that indicates a significant increase in credit risk from the initial recognition. If, as at the reporting date, the credit risk related to a loan has not increased significantly since its initial recognition, the Group measures the loss allowance for expected credit losses for this loan in the amount equal to 12-month expected credit losses. If credit risk has increased significantly since the initial recognition, the Group measures loss allowance for expected credit losses in an amount equal to lifetime expected credit losses.

The Group measures expected credit losses on loans granted on the basis of the estimated probability of default determined based on credit default swap (CDS) quotations and on statistical market data on the recovery of unsecured corporate debt.

Shares and stocks

The item shares and stocks consists of shares in entities not listed on public securities markets. The Group has classified these financial instruments as assets at fair value and has not elected to measure them through other comprehensive income.

Other financial assets

Other financial assets consist of, in particular, deposits paid relating to long-term store lease contracts.

Other financial assets also include receivables subject to factoring. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of transferred receivables and retains control over them, it continues to recognise them to the extent of its continuing involvement in them. These receivables are due from the factor and therefore are not included in trade receivables.

Also included within other financial assets are deposits with an original maturity of more than three months, not classified as cash and cash equivalents.

The description of the Group's accounting policies relating to financial instruments is presented in note 8.1.

Estimates

Impairment of loans granted

The loans granted by the Group mainly relate to loans to other related entities that are not listed on public securities markets and do not have external credit ratings. The assessment of loans default is therefore mainly related to the assessment of the operating activities of these entities and their financial situation.

The Group estimates the potential credit rating for related entities based on the historical financial data of these entities and the credit ratings of companies with a similar profile and financial situation and uses such rating to calculate the allowance for expected credit losses. Due to the similar credit risk characteristics, all loans are grouped together for the expected loss estimation. The amount of the borrowers expected credit loss due to default was estimated by the Group on the basis of historical repayment statistics and forward-looking information.

Loans granted

	31.12.2024	31.12.2023
Loans granted to other related parties	-	201,368
Non-current loans granted	-	201,368
Loans granted to other related parties	-	1,048
Loans to franchisees	4,211	3,548
Other	2,558	883
Current loans granted	6,769	5,479
Loans granted	6,769	206,847

The table below presents items recognised as loans granted in the consolidated statement of financial position and their carrying amount as at 31 December 2024 and as at 31 December 2023:

	Type of relation	The date the loan was granted	Loan amount (in thousands)	Currency	Maturity date	Interest	Carrying amount	
							31.12.2024	31.12.2023
Loan 2	Other related parties	03-04.04.2023	44,072	EUR	03-04.04.2026	Fixed	-	201,368
Non-current loans granted							-	201,368
Loan 1	Other related parties	21.09.2022	220	EUR	31.12.2024	EURIBOR + margin	-	1,048
Loan 2	Other	24.09.2023	216	PLN	30.04.2025	WIBOR + margin	240	396
Loan 3	Other	16.10.2023	395	PLN	30.04.2025	WIBOR + margin	436	218
Loan 4	Other	24.11.2023	270	PLN	30.04.2025	WIBOR + margin	295	269
Loan 5	Other	21.06.2024	665	PLN	30.04.2025	WIBOR + margin	687	-
Loan 6	Other	27.12.2024	912	PLN	30.04.2025	WIBOR + margin	900	-
Loans to franchisees						Fixed	4,211	3,548
Current loans granted							6,769	5,479

All loans were granted on market conditions.

The table below presents changes in the loss allowance for expected credit losses for loans granted:

	2024	2023
Loss allowance for expected credit losses at the beginning of the period	(466)	-
Increase	(388)	(486)
Reversed	814	20
Loss allowance for expected credit losses at the end of the period	(40)	(466)

Shares and stocks

The table below presents shares and stocks as at 31 December 2024 and as at 31 December 2023:

	31.12.2024	31.12.2023
Shares and stocks in non-related entities	22,735	18,831
<i>Biały Obrus sp. z o.o.</i>	1,000	1,000
<i>AiFi Inc</i>	8,109	7,831
<i>Synerise S.A.</i>	13,626	10,000
Shares and stocks	22,735	18,831

Information on the measurement is presented in note 8.1.

Other financial assets

The table below presents other financial assets as at 31 December 2024 and as at 31 December 2023:

	31.12.2024	31.12.2023
Deposits	37,236	21,374
Derivatives	-	968
Non-current other financial assets	37,236	22,342
Security deposits	3,274	4,825
Receivables from the factor	22,487	13,609
Receivables from proceedings to secure claims	-	60,648
Other	4,627	3,120
Current other financial assets	30,388	82,202
Other financial assets	67,624	104,544

In July 2023, cash held in bank accounts of one of the Group companies (PLN 55,427 thousand and EUR 1,201 thousand) was seized based on the decision of the Regional Court in Cracow of 17 June 2023 granting security in connection with a lawsuit brought by a building contractor against the Group company. After the Group's appeal and the out-of-court settlement reached in 2023, the lawsuit was withdrawn on 3 January 2024 and the cash was fully returned on 26 January 2024.

Receivables from the factor presented among other financial assets represent the Group's continuing involvement in the receivables financed by the factor. The total amount of these receivables as at 31 December 2024 was PLN 224,874 thousand, including PLN 202,387 thousand financed by the factor. The total amount of these receivables as at 31 December 2023 was PLN 136,091 thousand, including PLN 122,482 thousand financed by the factor.

The table below presents changes in loss allowance for other financial assets:

	2024	2023
Loss allowance for expected credit losses from other financial assets at the beginning of the period	(293)	(265)
Increase	(692)	(33)
Utilised	73	5
Reversed	4	-
Loss allowance for expected credit losses from other financial assets at the end of the period	(908)	(293)

The loss allowance for other financial assets relates to the deposit.

6.9. Right of return assets

Accounting policy

A right of return asset (and corresponding adjustment to cost of goods sold) is recognised for the right to recover the goods from the franchisees.

	31.12.2024	31.12.2023
Right of return assets	12,271	11,259
Total right of return assets	12,271	11,259

6.10. Other non-financial assets

Accounting policy

Other non-financial assets include, in particular, prepayments and receivables from tax authorities. Receivables from tax authorities are presented under other non-financial assets, except for corporate income tax receivables, which are presented as a separate item in the consolidated statement of financial position.

	31.12.2024	31.12.2023
Prepayments	7,430	9,210
<i>Arrangement fees and commitment fees of revolving loan facility</i>	<i>5,726</i>	<i>7,381</i>
<i>Software</i>	<i>156</i>	<i>567</i>
<i>Insurance premiums</i>	<i>-</i>	<i>123</i>
<i>Marketing and advertisements</i>	<i>61</i>	<i>65</i>
<i>Other</i>	<i>1,487</i>	<i>1,074</i>
Other	37	933
Non-current other non-financial assets	7,467	10,143
Prepayments	20,351	25,057
<i>Arrangement fees and commitment fees of revolving loan facility</i>	<i>1,786</i>	<i>7,222</i>
<i>Software</i>	<i>11,332</i>	<i>13,051</i>
<i>Insurance premiums</i>	<i>2,882</i>	<i>1,858</i>
<i>Marketing and advertisements</i>	<i>1,011</i>	<i>1,186</i>
<i>Other</i>	<i>3,340</i>	<i>1,740</i>
Receivables from tax authorities	171,413	115,321
Non-financial assets relating to advances	16,145	14,751
Other	4,663	740
Current other non-financial assets	212,572	155,869
Other non-financial assets	220,039	166,012

Receivables from tax authorities mainly include receivables from value added tax. The amount resulting from the difference between liabilities and receivables due to value added tax is paid to relevant tax authorities on a monthly basis.

The net amount of value added tax recoverable or payable to the tax authorities is recognised in the consolidated statement of financial position as part of receivables or liabilities.

Non-financial assets relating to advances include advances for services and amounts of value added tax on advances paid for which no advance invoice had been received by the reporting date.

6.11. Liability for a written put option over non-controlling interest

Accounting policy

The Group conducts an assessment to determine if it has ownership of the shares subject to the put option. If the Group does not have ownership, non-controlling interests are recognised, and the Group undertakes additional analysis to identify any other liabilities associated with these interests.

Any contractual obligation to purchase non-controlling interest - such as an NCI put - gives rise to a financial liability measured at the present value of the redemption amount which is subsequently measured in accordance with IFRS 9.

While the NCI put remains unexercised, at the end of the reporting period:

(a) The Group determines the amount that would have been recognised for the NCI, including an update to reflect allocations of profit or loss, allocations of changes in OCI and dividends declared for the reporting period.

(b) The Group derecognises the NCI as if it was acquired at that date.

(c) The Group recognises a financial liability at the present value of the amount payable on exercise of the NCI put in accordance with IFRS 9.

The difference between (b) and (c) is accounted for as an equity transaction.

If the NCI put is exercised, the same treatment is applied up to the date of exercise. The amount recognised as the financial liability at that date is extinguished by the payment of the exercise price. If the NCI put expires unexercised, the position is unwound so that the NCI is recognised at the amount it would have been, as if the put option had never been granted (i.e., measured initially at the date of the business combination, and remeasured for subsequent allocations of profit or loss, OCI and changes in equity attributable to the NCI). The financial liability is derecognised, with a corresponding credit to the same component of equity that was previously reduced.

Estimates

Determining the amount of the liability for a written put option over non-controlling interest

The Group recognised an option liability for a purchase of non-controlling interests during the period covered by the Consolidated Financial Statements.

Determining the amount of the option liability requires an estimate of:

- valuation of the option liability depending on, among other things, revenue or normalised EBITDA as of the last day of the period of twelve full calendar months preceding the moment of option valuation, i.e. acceptance of the offer to buy or sell and the estimate of net debt as of the moment of option valuation,
- determination of the most probable moment of option exercise in the time frame indicated in the agreement with the owners of the shares covered by the option commitment.

Determining the discount rate to establish present value of the liability

When determining the discount rate for calculating the present value of the liability, the Group takes into account its credit risk (creditworthiness) and other factors that could impact the likelihood of a liability being met.

The following table shows the option liability to purchase non-controlling interest by acquisition as at 31 December 2024 and as at 31 December 2023:

	31.12.2024	31.12.2023
Acquisition of DRIM Daniel Distribuție FMCG S.R.L.	71,004	-
Non-current liability for a written put option over non-controlling interest	71,004	-
Acquisition of Maczfit Foods sp. z o.o.	27,811	65,861
Acquisition of Masterlife Solutions sp. z o.o.	-	54,823
Current liability for a written put option over non-controlling interest	27,811	120,684
Liability for a written put option over non-controlling interest	98,815	120,684

Acquisition of Maczfit Foods sp. z o.o.

The liability for call and put option to buy out non-controlling interests was recognised due to the acquisition of Maczfit Foods sp. z o.o. on 29 April 2021. As part of the acquisition, the Group acquired 95% of the shares in the target company. The remaining 5% of shares in Maczfit Foods sp. z o.o. were covered by the put option, according to which the Group submitted an unconditional and irrevocable offer to purchase the remaining 5% of shares from the current shareholder. At the same time, the existing shareholder submitted to the Group an unconditional and irrevocable offer to sell (call option) the remaining 5% of shares in Maczfit Foods sp. z o.o. Both options are symmetrical. They can be realised at the same time (3- year period from 30 April 2024 to 30 April 2027) and for the same price.

The option price, in accordance with the agreement between the parties, is based on the revenues of Maczfit Foods sp. z o. o. for 12 full calendar months preceding the option exercise date.

The decrease in the liability's valuation results in particular from the exercise of the option in relation to 3% of shares, which took place in June 2024.

Acquisition of Masterlife Solutions sp. z o.o.

The liability for call and put option to buy out non-controlling interests was recognised due to the acquisition of Masterlife Solutions sp. z o.o. on 28 May 2021. As part of the acquisition, the Group acquired 62% of the shares in the target company. The remaining 38% of shares in Masterlife Solutions sp. z o.o. were covered by the put option, according to which the Group submitted an unconditional and irrevocable offer to purchase the remaining 38% of shares from the current shareholders. At the same time, each of the existing partners submitted to the Group an unconditional and irrevocable sale offer (call option) of the remaining 38% of shares in Masterlife Solutions sp. z o.o. Both options were symmetrical. They could be realised at the same time (a period of 4 years after 36 months from the date of purchase) and for the same price.

The option price, in accordance with the agreement between the parties, was determined on the basis of the Masterlife Solutions sp. z o.o. valuation model, calculated as the product of normalised EBITDA in the period of 12 full calendar months preceding the option exercise date and the net debt.

The decrease in the liability's valuation results from the exercise of the option in relation to 38% of shares, which took place in December 2024.

Acquisition of DRIM Daniel Distribuție FMCG S.R.L.

The liability for call and put option to buy out non-controlling interests was recognised due to the acquisition of DRIM Daniel Distribuție FMCG S.R.L. on 29 February 2024. As of the transaction date, the Group held approximately 60.0396% of the shares of Froo Romania Holding S.A. (Froo Romania Holding S.A. is the sole shareholder of DRIM Daniel Distribuție FMCG S.R.L. and of Froo Romania Retail S.R.L.) The remaining 39.9604% of shares in Froo Romania Holding S.A. were covered by the put option, according to which the Group submitted an unconditional and irrevocable offer to purchase the remaining 39.9604% of shares from the current shareholders. At the same time, each of the existing partners submitted to the Group an unconditional and irrevocable sale offer (call option) of the remaining 39.9604% of shares in DRIM Daniel Distribuție FMCG S.R.L. in total. Both options are symmetrical. They can be realised at the same time (after a period of 6.5 years starting from the date of purchase, which means after 31 August 2030) and for the same price. However, in accordance with agreement, the share capital of Froo Romania Holding S.A. may be increased by the issuance of new shares that will be subscribed only by Zabka International S.à r.l. As a result of this transaction, Zabka International S.à r.l. may increase its share to the maximum level of 85%. The Group is planning to increase its shares in Froo Romania Holding S.A. by issuance of new shares to the level of 85% and the remaining 15% of shares are covered by the put option. As of 31 December 2024, the Group held approximately 67% of the shares of Froo Romania Holding S.A.

The amount of the liability was estimated as the discounted¹ purchase price of 15% shares in the year 2030 based on (i) projected LTM EBITDA and net debt of Froo Romania Holding S.A. as of 30 June 2030² and (ii) the Zabka's Group EV/EBITDA multiple discounted by 15%. The Zabka Group multiple incorporates 2025's broker consensus as of 31 December 2024 to reflect the expectations for the Zabka Group multiple in the future.

6.12. Trade payables and other financial liabilities

Accounting policy

Current liabilities due to deliveries and services are presented as trade payables.

Presentation of settlements for reverse factoring

Trade payables subject to reverse factoring are presented within trade payables and other liabilities if, due to submission for reverse factoring, the nature of the liability has not changed significantly.

Presentation of settlements due to factoring of receivables

Regarding factored trade receivables, the factor authorised the Group to perform activities aimed at collecting the receivables purchased by the factor. The Group (the factoring agent) took on itself to transfer to the factor all benefits received from the Group's customers for the repayment of the factored receivables. The Group presents liabilities to the factor in this respect as other liabilities.

The description of the presentation of settlements due to factoring of receivables is presented in note 6.8.

Non-invoiced liabilities

Non-invoiced liabilities are accruals directly related to operating activities as well as general management. The condition for recognising a non-invoiced liability (accruals) in the accounting books is:

- an event that requires the Group to pay for goods or services that have been received or supplied and which have not been invoiced or formally agreed with the supplier, where
- it is reasonable and, at the same time, possible to reliably estimate the costs (or losses) necessary to meet the Group's obligations.

Rabates from suppliers

The cost of sales is reduced by the rebates received by the Group. The rebates netting the cost of sales result from contractual agreements signed by the Group with their suppliers. These agreements include rebates based on the turnover and certain thresholds of purchases of goods made. The Group allocates allowances from its suppliers between costs of sales and inventory. Amounts allocated to goods that have been sold at the reporting date are deducted from cost of sales and amounts allocated to inventories are recognized as a reduction of their carrying amount.

¹ Discounted to 31 December 2024

² 30 June 2030 ends the latest calendar quarter before the option can be excised on 31 August 2030

Values based on professional judgement and estimates

Recognition and presentation of settlements for reverse factoring

As part of the working capital management, the Group uses reverse factoring agreements in relation to its liabilities, under which it submits invoices relating to purchases from selected suppliers for factoring. Considering the potential impact of such agreements on the consolidated statement of cash flows and the consolidated statement of financial position, the Group makes a judgement on whether the nature of the liability changes significantly due to the use of factoring and whether it is necessary to change its presentation to debt liabilities (for both the statement of financial position presentation and the classification of payments made in the statement of cash flows). In making this judgement, the Group analyses and takes into account the agenda decision of the IFRS Interpretations Committee published in December 2020 regarding reverse factoring and its presentation in the Consolidated Financial Statements.

In making this judgement, the Group analysed the nature of liabilities covered by the reverse factoring. These liabilities are part of the working capital used in the normal operating cycle of the Group, because they are actually an obligation to make payments for the delivery of goods in the course of current operating activities, on terms agreed with suppliers. For the purpose of calculating covenants, liabilities covered by the reverse factoring are not considered as debt. Moreover, under reverse factoring there is no obligation to provide additional collaterals specific to loans and similar debt instruments - the factor requires a blank promissory note. Comparing this security with other securities required by the financing entities, it

is a typical security for trade payables (in the case of debt liabilities, tangible security on the Group's assets is most often required). In addition, the counterparty retains its obligations to perform the contract as a supplier (e.g. in relation to guarantees), and reverse factoring from the Group's perspective is not only aimed at reducing the cost of trade interest, but also at facilitating payments from an operational point of view due to the supplier fragmentation (the factor acts as the paying agent).

In line with the Group's judgement, the liabilities subject to reverse factoring do not differ significantly from the liabilities for deliveries and services to suppliers, as long as the total repayment period does not exceed the agreed terms with suppliers and the period of financing by the factor does not exceed 180 days. The Group presents liabilities due to reverse factoring as part of trade payables and other financial liabilities. Taking into account the judgement related to the classification of liabilities due to reverse factoring, for the purposes of disclosure, the Group treats liabilities to the factor as a separate class of liabilities. This is because legally these obligations are owed to the factor and not to the supplier. At the same time, payments to the factor are presented in the consolidated statement of cash flows as part of net cash flows from operating activities, as they are de facto payments for the supply of goods.

	31.12.2024	31.12.2023
Derivatives	119,619	25,314
Non-invoiced liabilities	-	412
Other	52	59
Non-current other financial liabilities	119,671	25,785
Trade payables	2,643,396	1,872,693
<i>related to supplies and services</i>	<i>2,317,535</i>	<i>1,659,882</i>
<i>related to purchase of property, plant and equipment and intangible assets</i>	<i>325,861</i>	<i>212,811</i>
Trade payables covered by reverse factoring	2,736,424	2,444,351
<i>related to supplies and services</i>	<i>2,725,927</i>	<i>2,433,718</i>
<i>related to purchase of property, plant and equipment and intangible assets</i>	<i>10,497</i>	<i>10,633</i>
Non-invoiced liabilities	308,111	253,088
Liabilities related to franchisee deposits	78,716	67,011
Liabilities to the factor (factoring of receivables)	67,612	57,515
Other	36,470	47,600
Current trade payables and other financial liabilities	5,870,729	4,742,258
Total trade payables and other financial liabilities	5,990,400	4,768,043

The whole amount presented as trade payables covered by reverse factoring has been already paid by a factor.

In 2024 trade payables covered by reverse factoring have been settled between 13-171 days from the invoice date and trade payables that are not covered by reverse factoring have been settled between 4-148 days from the invoice date. The significant ranges of settlements for trade payables are a result of the Groups operations with many suppliers from different sectors and industries. There are legal requirements regarding the maximum payment dates for entities depending on the sector they are representing size of the company (e.g. to 60 days for SME, above 60 days for big entities, contractual advantage/no contractual advantage) and kind of goods they are selling (longer payment dates for slow-rotating goods/shorter period for perishable products).

The derivatives item includes embedded derivatives that are part of virtual Power Purchase Agreements ("vPPAs"), which are hedging instruments in applied cash flow hedge accounting. Details of this item are described in note 8.1.

Non-invoiced liabilities relate primarily to electricity, marketing and logistics, as well as store and headquarters maintenance.

The other item mainly consists of Group's settlements relating to being an agent in case of some services provided by franchisees: newspaper delivery, lottery services and minor bill payments. In addition, the item other includes liabilities resulting from the incentive scheme described in note 9.2. As at 31 December 2024 the current portion of these liabilities amounted to PLN 16,466 thousand and as at 31 December 2023 PLN 19,828 thousand.

6.13. Refund liabilities

Accounting policy
The Group recognises a refund liability if, after receiving a consideration, it expects to refund some or all of that consideration to the customer. Refund liability is measured at the amount of the consideration received (or receivables) to which - as expected by the Group - it is not entitled in exchange for the goods or services provided due to rebates and discounts or the return of goods (i.e. in the amount not recognised in the transaction price). Refund liability (and the corresponding change in the transaction price) is updated at the end of each reporting period in line with changing circumstances.

	31.12.2024	31.12.2023
Rebates	304,300	252,485
Right to return the merchandise	16,698	15,278
"Żappka" programme	19,450	10,833
Refund liabilities	340,448	278,596

The Group is the organiser of the "Żappka" programme, the purpose of which is to enable its participants to take advantage of promotions available in "Żabka" stores. Programme participants are awarded with the loyalty points (Żappsy), that are exchanged for vouchers entitling to the awards issued by the franchisees. In connection with that, the Group undertakes franchisee reimbursement for the goods sold (the amount of the payment received or the amount due), that the Group will not be entitled for in the exchange for goods handed over by franchisees to programme participants. When determining the value of the liability, the Group takes into account the expectations as to the extent of use of points by programme participants and the value of the reimbursement due to the franchisees.

6.14. Employee benefits liabilities

Accounting policy

The Group pays employees the following benefits that may result in liabilities towards employees at the reporting date:

- salaries and social security contributions (except for retirement and disability insurance),
- paid absences,
- incentive bonuses, cash rewards,
- additional benefits,
- retirement and disability benefits,
- posthumous benefits.

In compliance with the applicable laws in effect, the Group pays retirement and disability pension contributions determined by the gross salary for each employee to the Social Insurance Institution (ZUS). The Group is required to pay contributions as they fall due only for the period of the person's employment. The Group has no legal or constructive obligation to pay future benefits. If the Group ceases to employ plan members, it has no obligation to pay the benefits earned by its own employees in previous years. For this reason, these benefits are a defined contribution plan. The Group's obligation under those plans for each period is determined by the amounts to be contributed for the year. Under International Accounting Standard 19 *Employee benefits* ("IAS 19"), no actuarial assumptions are required to measure the obligation or cost and there is no possibility of any actuarial gain or loss.

The Group's employees are entitled to retirement and disability benefits, therefore, a liability for retirement and disability is created. Retirement and disability benefits are paid when retirement or disability occur. The retirement and disability severance pay is due for an amount corresponding to one month's salary, regardless of the length of service of the given person in the Group. According to IAS 19, retirement benefits are post-employment defined benefit plans. The Group also creates a provision for posthumous benefits, which are due for the amount that depends on the length of service, in accordance with the provisions of the Labour Code. The present value of these liabilities is calculated by an independent actuary. The accrued liabilities are equal to discounted payments to be made in the future, taking into account employee rotation, and relate to the period until the reporting date. Both demographic and employment rotation information are based on historical data. Re-measurement of employee benefit obligations related to defined benefit plans, including actuarial gains and losses, is recognised in other comprehensive income and is not subject to subsequent reclassification to profit or loss.

	31.12.2024	31.12.2023
Provision for retirement, disability and posthumous benefits	2,826	2,428
Other	-	668
Non-current employee benefits liabilities	2,826	3,096
Liabilities to employees in respect of remuneration and functions performed	94,004	94,698
Liabilities for paid absences	17,632	14,105
Provision for retirement, disability and posthumous benefits	322	371
Other	1,876	-
Current employee benefits liabilities	113,834	109,174
Employee benefits liabilities	116,660	112,270

Provision for retirement, disability and posthumous benefits

The table below presents changes in the provision for retirement and disability benefits as well as posthumous benefits:

	2024	2023
Provision for retirement, disability and posthumous benefits at the beginning of the period	2,799	2,612
Costs included in the financial result	706	818
<i>Interest cost</i>	<i>127</i>	<i>169</i>
<i>Current and past service costs</i>	<i>579</i>	<i>649</i>
Actuarial (gains) / losses recognised in other comprehensive income	(187)	(524)
Paid benefits	(170)	(107)
Provision for retirement, disability and posthumous benefits at the end of the period	3,148	2,799
<i>Current</i>	<i>322</i>	<i>371</i>
<i>Non-current</i>	<i>2,826</i>	<i>2,428</i>

Key assumptions used to measure the provision for retirement, disability and posthumous benefits

	31.12.2024	31.12.2023
Discount rate	5.6%	5.0%
Projected inflation rate	2.5%	2.5%
Employee turnover rate depending on age	1.8%-11.2%	0.9% - 11.7%
Projected wage growth rate	5.1%-7%	8.0%
Average age of employees	35	35

Sensitivity to changes in assumptions

The table below presents the impact of the changes to key assumptions used for measurement of the retirement provision, disability and posthumous benefits as at 31 December 2024 and as at 31 December 2023.

		31.12.2024	31.12.2023
Discount rate	- 0.25 p.p.	76	775
	+ 0.25 p.p.	(73)	(720)
Employee turnover rate	- 0.25 p.p.	39	490
	+ 0.25 p.p.	(38)	(468)

6.15. Other non-financial liabilities and deferred income

Accounting policy

Deferred income

If there is a reasonable certainty that the grant will be received and that all related conditions will be met, then government grants are recognised at their fair value.

If a grant relates to an asset, then its fair value is recognised as deferred income, and then gradually, by equal annual amortisation, is recognised in profit or loss over the estimated useful life of the related asset.

Other non-financial liabilities

Other non-financial liabilities consist mainly of particular public law liabilities. Other non-financial liabilities are recognised at the amount due.

	31.12.2024	31.12.2023
Non-current deferred income	307	55
Current deferred income	707	795
Total deferred income	1,014	850
	31.12.2024	31.12.2023
Non-current other non-financial liabilities	-	-
Liabilities to social insurance and personal income tax	28,945	26,841
Excise duty liabilities	126	6
VAT liabilities	7,933	701
Other	1,883	63
Current other non-financial liabilities	38,887	27,611
Other non-financial liabilities	38,887	27,611
Current	39,594	28,406
Non-current	307	55
Total other non-financial liabilities and deferred income	39,901	28,461

6.16. Contract liabilities

Accounting policy

The Group recognises contract liabilities when there is an obligation to provide goods or services to the customer for which the Group has received consideration (or the amount is due) from the customer.

	2024	2023
Contract liability at the beginning of the period	18,788	12,017
Prepayments received from customers	336,544	243,714
Recognised as revenue in the period	(325,023)	(236,943)
Reversed	(2,378)	-
Contract liability at the end of the period	27,931	18,788

6.17. Provisions

Accounting policy

Provisions are recognised when the Group has a present obligation (legal or constructive) resulting from past events, and when it is probable that the settlement of this obligation will result in an outflow of resources embodying economic benefits and the amount of this obligation can be reliably estimated. If the Group expects that some or all of the provision will be reimbursed, for example under an insurance contract, then the reimbursement is recognised as a separate asset, but only when it is virtually certain that the reimbursement will actually take place. The cost related to any provision is presented in the consolidated statement of profit or loss and other comprehensive income less or net of any reimbursement.

If the effect of the time value of money is significant, the amount of the provision is determined by discounting the expected future cash flows to the present value, using a discount rate that reflects the current market assessments of the time value of money and the possible risk specific to the liability. If discounting is used, the increase in the provision due to the passage of time is recognised as a financial cost.

	2024	2023
Provisions at the beginning of the period	2,846	2,770
Increase	2,336	302
Utilised	(2,075)	(183)
Reversed	(2,454)	(43)
Provisions at the end of the period	653	2,846
<i>Current</i>	<i>653</i>	<i>2,846</i>

The provisions recognised as at 31 December 2024 and as at 31 December 2023 include provisions for litigation.

The table below summarizes court cases for which a provision was recognised (probable outflow of resources embodying economic benefits) and those for which provision was not recognised (outflow of resources embodying economic benefits is not probable) as at 31 December 2024 and as at 31 December 2023.:

	31.12.2024	31.12.2023
An outflow of resources embodying economic benefits is probable		
Number of lawsuits	15	11
The value of liabilities for individual lawsuits	1 - 392	2 - 2,636
The value of the provision	653	2,846
An outflow of resources embodying economic benefits is not probable		
Number of lawsuits	16	11
The value of liabilities for individual lawsuits	8 - 620	8 - 70
Total value of lawsuits for which no provisions were recognised	3,191	1,836

7. DEBT AND CAPITAL MANAGEMENT

7.1. Capital management

The main objective of the Group's capital management is to maintain a good credit rating and safe capital ratios that would support the Group's operating activities and increase the value for its shareholders. The Group is not subject to any externally imposed capital requirements.

The Group manages the capital structure and introduces changes to it as a result of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may change the dividend payment to shareholders, return capital to shareholders or issue new shares. In the reporting periods ended 31 December 2024 and 31 December 2023, no changes were made to the objectives, rules and processes in this area.

The Group monitors equity using the leverage ratio, which is the ratio of net debt to total equity plus net debt. The Group's net debt includes interest-bearing loans and borrowings and lease liabilities, less cash and cash equivalents. Equity comprises of equity attributable to owners of the parent. The leverage ratio at the Group is significantly impacted by long-term lease and rental contracts.

Note		31.12.2024	31.12.2023
7.3	Loans and borrowings	4,548,816	5,218,369
	<i>Bank loans</i>	4,531,137	5,196,354
	<i>Borrowings</i>	17,679	22,015
6.4	Lease liabilities	4,854,647	4,012,563
7.4	Less cash and cash equivalents	(749,578)	(649,139)
	Net debt	8,653,885	8,581,793
7.2	Equity	1,388,894	898,129
	Equity and net debt	10,042,779	9,479,922
	Leverage ratio	86%	91%

The Group actively manages the level of the leverage ratio as part of liquidity management as described in note 9.2. The Group monitors liquidity risk with a specific focus on interest payable within the next 12 months and both short and long-term instalments payable. Liquidity is monitored with support of the periodic liquidity planning tool. This tool takes into account the maturity / maturity dates of both liabilities and financial assets (e.g. receivables, other financial assets) and forecast cash flows from operating activities.

7.2. Equity

Share capital

Composition of shareholders as at 31 December 2024:

Shareholder	Number of shares	% of shares / % of shareholders voting rights
Heket Topco S.à r.l.	451,368,993	45.14%
PG Investment Company 1113B S.à r.l.	126,420,770	12.64%
Other minority shareholders	122,210,237	12.22%
Free float	300,000,000	30.00%
Total	1,000,000,000	100.00%

On 10 October 2024, the shareholders resolved to convert all the existing class A and B Ordinary Shares, and class A and B Preference Shares with nominal value of EUR 0.01, each by the creation of 1,000,000,000 ordinary shares with the same voting and dividend rights without nominal value without nominal value according to the formula set out in the conversion agreement dated 31 December 2021.

The Company's shares have been incorporated in compliance with Luxembourg law and have been listed on the Warsaw Stock Exchange since 17 October 2024.

As of 31 December 2024, the subscribed and fully paid up capital amounting to PLN 119,790 thousand (EUR 26,039 thousand) was represented by 1,000,000,000 ordinary shares without nominal value.

As at 31 December 2023 the share capital was PLN 119,790 thousand, which comprised of 2,604,016,020 shares with a nominal value of EUR 0.01 each. All shares have been fully paid up and have been issued on 2 December 2021:

Share classes	Issue date	Number	Value in EUR thousand	Value in PLN thousand
Class A Ordinary Shares	2 December 2021	52,927,471	529	2,435
Class B Ordinary Shares	2 December 2021	8,610,989	86	396
Class A Preference Shares	2 December 2021	2,505,139,020	25,051	115,241
Class B Preference Shares	2 December 2021	37,338,540	373	1,718
Total		2,604,016,020	26,039	119,790

Share premium and legal reserve

On 20 March 2023 the Group entered into certain transactions assimilated to the financial assistance in accordance with Articles 430-19, 430-20, 430-21 and 430-23 of the Luxembourg Law of 10 August 1915 (the "Financial Assistance"). Under the Financial Assistance, in accordance with article 430-19 (1) 3 of the Luxembourg Law of 10 August 1915, the Group created a reserve unavailable for distribution (other non-available reserve) for an amount of PLN 255,067 thousand, that shall increase by the accrued interest amount. It was reclassified from share premium to legal reserve.

On 17 October 2024, following the termination of the Financial Assistance legal reserve has been reallocated to the share premium.

As at 31 December 2024, the share premium amounts to PLN 8,382,968 thousand (as at 31 December 2023: PLN 8,114,482 thousand) and the legal reserve amounts to PLN 0 thousand (as at 31 December 2023, PLN 268,486 thousand).

7.3. Debt

Accounting policy

The Group classifies liabilities due to loans, borrowings and leases as debt.

Upon initial recognition, all bank loans, borrowings and debt securities are recognised at fair value, less costs related to obtaining the loan or borrowing. After the initial recognition, interest-bearing loans, borrowings and debt securities are measured at amortised cost using the effective interest rate method.

When determining the amortised cost, the costs related to obtaining the loan or borrowing as well as discounts or premiums obtained in relation to the liability are taken into account.

In the case of floating-rate financial liabilities, periodic reassessment of cash flows is performed to reflect changes in market interest rates, including those resulting from changes in margins and it alters the effective interest rate.

Any gains or losses are recognised in profit or loss when a liability is derecognised from the balance sheet and as a result of using the effective interest rate method.

The description of the accounting policy applied and the judgements and estimates made in relation to lease liabilities are presented in note 6.4.

The reconciliation of changes in liabilities resulting from financing activities is presented below:

	Bank loans	Loans	Lease liabilities	Total
As at 01.01.2024	5,196,354	22,015	4,012,563	9,230,932
Monetary changes				
Cash inflows	1,022,215	-	-	1,022,215
Payment	(2,094,232)	(6,022)	(1,082,963)	(3,183,217)
<i>Capital repayment</i>	<i>(1,629,180)</i>	<i>(4,336)</i>	<i>(762,768)</i>	<i>(2,396,284)</i>
<i>Interest paid</i>	<i>(465,052)</i>	<i>(1,686)</i>	<i>(320,195)</i>	<i>(786,933)</i>
Non-monetary changes				
Acquisition of subsidiaries	31,819	-	37,983	69,802
Accrued interest	475,004	1,686	320,247	796,937
Exchange differences from valuation	(13,639)	-	(23,143)	(36,782)
Expected cash flows changes	(84,432)	-	-	(84,432)
Other non-monetary changes	(1,952)	-	1,589,960	1,588,008
As at 31.12.2024	4,531,137	17,679	4,854,647	9,403,463
<i>Current</i>	<i>325,466</i>	<i>4,420</i>	<i>764,215</i>	<i>1,094,101</i>
<i>Non-current</i>	<i>4,205,671</i>	<i>13,259</i>	<i>4,090,432</i>	<i>8,309,362</i>

Detailed information on loan and bank loan agreements is presented in the table below:

Type	Granting entity	The date of conclusion of the contract	Loan / borrowing amount (in thousands)	Currency	Interest*	Repayment method	Maturity date	Carrying amount	
								31.12.2024	31.12.2023
Bank loan (tranche 1)	Bank	14.07.2021	4,974	PLN	WIBOR + variable margin	semi-annual instalments	30.11.2027	2,793	3,652
Bank loan (tranche 2)	Bank	14.07.2021	14,603	PLN	WIBOR + variable margin	semi-annual instalments	30.11.2027	8,417	11,081
Bank loan (tranche 3)	Bank	14.07.2021	91,049	PLN	WIBOR + variable margin	semi-annual instalments	30.11.2027	54,173	71,927
Bank loan (tranche 4)	Bank	14.07.2021	34,916	PLN	WIBOR + variable margin	semi-annual instalments	30.11.2027	23,255	30,938
Bank loan (tranche 1)	Syndicate of banks	09.01.2023	140,000	PLN	WIBOR 1M + variable margin	semi-annual increasing capital instalments starting from 30 June 2024	23.01.2029	119,846	-
Bank loan (tranche A)	Syndicate of banks	09.01.2023	1,200,000	PLN	WIBOR 1M + margin	semi-annual increasing capital instalments starting from 30 June 2024	23.01.2029	873,884	1,183,135
Bank loan (tranche A)	Syndicate of banks	09.01.2023	55,819	EUR	EURIBOR 1M + margin	semi-annual increasing capital instalments starting from 30 June 2024	23.01.2029	179,805	239,232
Bank loan (tranche B1)	Syndicate of banks	09.01.2023	1,500,000	PLN	WIBOR 1M + margin	one-time repayment	23.07.2029	562,019	1,476,609
Bank loan (tranche B1)	Syndicate of banks	09.01.2023	130,245	EUR	EURIBOR 1M + margin	one-time repayment	23.07.2029	446,503	557,501
Bank loan (tranche B2)	Syndicate of banks	09.01.2023	1,300,000	PLN	WIBOR 1M+ margin	one-time repayment	23.07.2029	1,183,964	1,279,727
Bank loan (tranche 2.1)	Syndicate of banks	10.02.2023	73,240	PLN	WIBOR 1M+ variable margin	semi-annual increasing capital instalments starting from 30 June 2024	23.01.2029	66,243	-
Bank loan (tranche 2.2)	Syndicate of banks	10.02.2023	66,760	PLN	WIBOR 1M+ variable margin	semi-annual increasing capital instalments starting from 30 June 2024	23.01.2029	60,399	-
Non-bank borrowing	Financing entity	18.05.2023	19,091	PLN	WIBOR 1M + margin	monthly instalments starting from 25 July 2023	25.06.2028	14,260	17,818
Bank loan (tranche 1)	Bank	24.05.2023	152,602	PLN	WIBOR 3M + margin	semi-annual increasing capital instalments starting from 30 June 2024	24.05.2029	140,722	152,089

	Bank loans	Loans	Lease liabilities	Total
As at 01.01.2023	3,874,532	-	3,598,839	7,473,371
Monetary changes				
Cash inflows	5,254,885	23,587	-	5,278,472
Payment	(4,377,194)	(2,392)	(885,964)	(5,265,550)
<i>Capital repayment</i>	<i>(3,794,412)</i>	<i>(1,555)</i>	<i>(639,197)</i>	<i>(4,435,164)</i>
<i>Repayment of capitalised bank commission</i>	<i>(1,138)</i>	-	-	<i>(1,138)</i>
<i>Interest paid</i>	<i>(581,644)</i>	<i>(837)</i>	<i>(246,767)</i>	<i>(829,248)</i>
Non-monetary changes				
Accrued interest	510,783	820	246,850	758,453
Exchange differences from valuation	(67,454)	-	(51,682)	(119,136)
Expected cash flows changes	44	-	-	44
Other non-monetary changes	758	-	1,104,520	1,105,278
As at 31.12.2023	5,196,354	22,015	4,012,563	9,230,932
<i>Current</i>	<i>169,391</i>	<i>4,023</i>	<i>644,105</i>	<i>817,519</i>
<i>Non-current</i>	<i>5,026,963</i>	<i>17,992</i>	<i>3,368,458</i>	<i>8,413,413</i>

Other non-monetary changes in lease liabilities result from new lease contracts, termination of lease contracts and from modification and remeasurement of lease contracts to reflect changes in lease payments. Other information on the lease liabilities is presented in note 6.4. Whereas, income, costs, gains and losses from financial instruments (including loans, borrowings and lease liabilities) are presented in note 8.1.

Type	Granting entity	The date of conclusion of the contract	Loan / borrowing amount (in thousands)	Currency	Interest*	Repayment method	Maturity date	Carrying amount	
								31.12.2024	31.12.2023
Bank loan (tranche 1)	Bank	24.05.2023	3,692	EUR	EURIBOR 3M + margin	semi-annual increasing capital instalments starting from 30 June 2024	24.05.2029	14,647	16,073
Bank loan (tranche 2)	Bank	24.05.2023	157,392	PLN	WIBOR 3M + margin	semi-annual increasing capital instalments starting from 30 June 2024	24.05.2029	145,098	157,793
Bank loan (tranche 2)	Bank	24.05.2023	3,808	EUR	EURIBOR 3M + margin	semi-annual increasing capital instalments starting from 30 June 2024	24.05.2029	15,090	16,597
Non-bank borrowing	Financing entity	20.06.2023	4,496	PLN	WIBOR 1M + margin	monthly instalments starting from 15 August 2023	15.07.2028	3,419	4,197
Bank loan (tranche B3)	Syndicate of banks	29.03.2024	59,000	PLN	WIBOR 1M + variable margin	one-time repayment	23.07.2029	54,441	-
Bank loan (tranche B4)	Syndicate of banks	29.03.2024	94,000	PLN	WIBOR 1M + variable margin	one-time repayment	23.07.2029	86,744	-
Bank loan (tranche B5)	Syndicate of banks	29.03.2024	76,500	PLN	WIBOR 1M + variable margin	one-time repayment	23.07.2029	70,603	-
Bank loan (tranche B6)	Syndicate of banks	29.03.2024	45,000	PLN	WIBOR 1M + variable margin	one-time repayment	23.07.2029	41,535	-
Bank loan (tranche B7)	Syndicate of banks	29.03.2024	73,400	PLN	WIBOR 1M + variable margin	one-time repayment	23.07.2029	67,754	-
Bank loan (tranche B1)	Syndicate of banks	29.03.2024	200,000	PLN	WIBOR 1M + variable margin	one-time repayment	23.07.2029	184,468	-
Bank loan (tranche B2)	Syndicate of banks	29.03.2024	100,000	PLN	WIBOR 1M + variable margin	one-time repayment	23.07.2029	92,259	-
Revolving Facility	Bank	04.07.2024	12,000	EUR	ROBOR / EURIBOR 1M + 1.5% p.a.	daily payments	30.06.2025	36,475	-
Total loans and bank loans								4,548,816	5,218,369

* Under the signed bank loan agreements with Syndicate of the banks (Credit facility agreement concluded on 9 January 2023) and Credit facility agreement concluded on 24 May 2023, the Group may choose a one-month, three-month or six-month interest period or another period agreed with the lenders. The interest rate as at 31 December 2024 and as at 31 December 2023 was WIBOR 1M + margin.

Credit facility agreement concluded on 9 January 2023

On 9 January 2023, Zabka Group S.A. and Żabka Polska sp. z o.o. concluded a new credit facility agreement with a bank syndicate for the amount of PLN 5,110,000 thousand and EUR 186,064 thousand. The first tranches under the new credit facility agreement were drawn on 23 January 2023 in the amount of PLN 4,000,000 thousand and EUR 186,063 thousand.

On 10 February 2023, the credit facility agreement was extended by an additional PLN 140,000 thousand under an Incremental Facility to refinance capital expenditure. Under the credit facility agreement of 9 January 2023, tranches A, the Capex tranche and the Incremental Facility to refinance capital expenditure will be repaid in semi-annual instalments starting from June 2024, and the last instalment will be repaid in January 2029. Tranches B will be repaid on a one-off basis in July 2029.

As at 31 December 2023, the agreement included the following credit facilities:

- tranche A PLN of PLN 1,200,000 thousand - credit facility drawn in full,
- tranche A EUR of EUR 55,819 thousand - credit facility drawn in full,
- tranche B1 PLN of PLN 1,500,000 thousand - credit facility drawn in full,
- tranche B1 EUR of EUR 130,245 thousand - credit facility drawn in full,
- tranche B2 PLN of PLN 1,300,000 thousand - credit facility drawn in full,
- Capex tranche of PLN 610,000 thousand - undrawn credit facility,
- Incremental Facility Capex tranche of PLN 140,000 thousand - undrawn credit facility,
- revolving loan tranches totalling PLN 500,000 thousand - PLN 55 thousand drawn in connection with the provision of bank guarantees for the Company's liabilities.

In connection with the execution of the credit facility agreement, the Group provided the following security for the security agent:

- registered and financial pledges over bank accounts,
- registered pledges over the Group's assets,
- registered pledges under Polish law over intangible assets, in particular over significant trademarks owned by the Group and registered in Poland,
- registered pledge over Group shares,
- declaration of voluntary submission to enforcement,
- assignment in relation to the Group's rights under the subsidiary acquisition documents and any security agreements concluded by the Group,

- assignments of all material (in terms of value) contracts concluded by the Group, in particular loans granted by the Group, and insurance policies.

On 29 March 2024 Zabka Group SA and Żabka Polska sp. z o.o. concluded Incremental Facility Notice Relating to a PLN Capex Incremental Facility B (the "Incremental Facility") under the Senior Facilities Agreement with base currency amount PLN and other commercial conditions as per PLN Facility B1. The total amount of the Incremental Facility shall not exceed PLN 1,500,000 thousand. Incremental Facility shall be utilised for refinancing of capital expenditure requirements of the Group and all related fees, costs and expenses excluding mergers and acquisitions.

Conclusion of an annex to the facilities agreement with institutions financing the Issuer's capital group

On 16 December 2024, Zabka Group SA and Żabka Polska sp. z o.o. concluded an annex (the "Annex") to the senior facilities agreement of 9 January 2023 (as amended by an annex of 8 May 2023) (the "Facilities Agreement"), the parties to which include the Company, Żabka Polska sp. z o.o., ING Bank N.V., London Branch (as agent and collateral agent) and other financial institutions (the "Financing Institutions").

Pursuant to the Annex, the Facilities Agreement was amended in particular with regard to:

1. limitation of the collateral catalogue to (a) pledges established on shares of direct subsidiaries of the Issuer and shares of Żabka Automatic Logistics sp. z o.o., and (b) guarantees provided by direct subsidiaries of the Issuer and other material subsidiaries;
2. removal of restrictions on, among other things, transfer of funds and disposal of assets between members of the Issuer's capital group (the "Group");
3. allowing Group members to issue unsecured bonds up to a total amount of PLN 1,000,000,000 within the existing limits of indebtedness; and
4. change of the interest rate on the financing under the Facilities Agreement by reducing the facilities margin by 75 bps, which, taking into account the earlier decrease of the margin from 17 October 2024 by an additional 25 bps in connection with the admission of the Company's shares to trading on the Warsaw Stock Exchange, results in a total decrease of 100 bps of the facilities margin.

The Annex also amended other provisions of the Facilities Agreement that do not significantly affect its general terms but, among other things, adjust the content of the Facilities Agreement to the situation and the Company's current needs.

The amendments to the Facilities Agreement referred to above entered into force on the date of execution of the Annex.

The Group performed 10% test and concluded that the modification of loan terms is not a substantial modification and does not result in derecognition of financial liability. Modification gain has been accounted for directly in P&L as financial income (please refer to note 5.4).

As at 31 December 2024, the rolled term facilities commitments were as follows:

- tranche A PLN of PLN 897,991 thousand - credit facility drawn in full,

- tranche A EUR of EUR 43,308 thousand – credit facility drawn in full,
- tranche B1 PLN of PLN 586,402 thousand – credit facility drawn in full,
- tranche B1 EUR of EUR 109,245 thousand – credit facility drawn in full,
- tranche B2 PLN of PLN 1,235,332 thousand – credit facility drawn in full,
- Capex tranche of PLN 569,415 thousand - credit facility drawn in the amount of PLN 123,001 thousand,
- Capex tranche B of PLN 1,425,383 thousand - credit facility drawn in the amount of PLN 615,670 thousand,
- Incremental Facility Capex tranche of PLN 140,000 thousand– credit facility drawn in full,,
- revolving Credit Facilities (including Ancillary Facilities) in total PLN 479,592 thousand - undrawn credit facilities.

The credit facility agreement obliges the Group to meet specific financial covenants (regarding the leverage ratio, interest cover ratio, etc.) and introduces some restrictions on the payment of dividends.

The credit facility agreement is subject to covenants based on consolidated EBITDA, net debt and interest expense. The covenants are tested at the end of each quarter. As at 31 December 2024, all financial covenants were fulfilled. The Group has no indication that it will have difficulty complying with these covenants.

Credit facility agreement concluded on 24 May 2023

On 24 May 2023, the Group entered into a credit facility agreement with a bank to finance and refinance capital expenditure up to a total maximum amount of PLN 309,994 thousand and EUR 7,500 thousand.

On 19 October 2023, the Group drew the first tranche of the credit facility provided under the agreement, in the amount of PLN 152,602 thousand and EUR 3,692 thousand. On 8 December 2023, the Group drew a second tranche of the credit facility, in the amount of PLN 157,392 thousand and EUR 3,808 thousand, thus drawing down the entire amount available under the agreement.

In accordance with the terms of the credit facility agreement, the debt under the credit facility will be repaid in semi-annual principal instalments starting from June 2024, and the last instalment will be repaid in May 2029.

In connection with the execution of the credit facility agreement, the Group has provided, through the security agent for the bank, the same security as in the case of the bank syndicate.

The credit facility agreement obliges the Group to meet specific financial covenants (regarding the leverage ratio, interest cover ratio, etc.) and introduces some restrictions on the payment of dividends.

The credit facility agreement is subject to covenants based on consolidated EBITDA, net debt and interest expense. The covenants are tested at the end of each quarter. As at 31 December 2024, all financial covenants were fulfilled. The Group has no indication that it will have difficulty complying with these covenants.

Export Credit Facility Agreement (ECA) concluded on 14 July 2021

On 14 July 2021, Żabka Automatic Logistics sp. z o.o. (ŻAL), as borrower, entered into an export credit agreement (as amended and/or restated) governed by English law (the “ECA”) with a bank acting as Mandated Lead Arranger, Agent and ECA Agent (the “ECA Agent”) and certain other financial institutions. The ECA is an ESG-linked product. Pursuant to the ECA, a term facility for a total amount not exceeding PLN 184,600 thousand was made available to ŻAL (the “Facility”). As at 31 December 2024 the outstanding balance of the facility was PLN 86.639 thousand, as at 31 December 2023: PLN 117,598 thousand.

The facility agreement benefits from the same security package as the security packaged securing the senior facilities agreement dated 9 January 2023 and the export credit cover.

The credit facility agreement is subject to covenants based on consolidated EBITDA, net debt and interest expense. The covenants are tested at the end of each quarter. As at 31 December 2024, all financial covenants were fulfilled. The Group has no indication that it will have difficulty complying with these covenants.

Revolving facility agreement concluded on 4 July 2024

On 4 July 4 2024, the Group entered into a Credit Facilities Agreement (the “Agreement”) for a total maximum amount of EUR 12,000 thousand (with utilization possible in RON or EUR up to the maximum limit).

Pursuant to the terms of the Agreement, the credit limit may be used by for:

- Issuance of bank guarantees.
- Credit line – general purposes.

The obligations have been secured by a corporate guarantee provided by Żabka Polska sp. z o.o. The borrowers may utilize the credit limit until 30 June 2025. The Group has received waiver from the bank covenant until 30.06.2025.

Non-bank borrowings

Non-bank borrowings include sale and leaseback transactions for which the transfer of assets is not a sale within the meaning of IFRS 15 because control of underlying assets does not pass to the buyer-lessor. Therefore, these transactions are accounted for as financing transactions secured by fixed assets.

Amendments to the credit facility agreements made after the reporting date are described in note 9.7. Events after the reporting date.

As at 31 December 2024 the amount of bank and insurance guarantees issued at the request of Żabka Polska sp. z o.o. amounted to PLN 182,491 thousand (PLN 165,641 thousand as at 31 December 2023). The guarantees issued were unconditional and constituted, to a large extent, security for the proper performance of the agreements concluded by the company.

7.4. Cash and cash equivalents

Accounting policy

Cash and cash equivalents disclosed in the consolidated statement of financial position and the consolidated statement of cash flows include cash at bank and in hand as well as short-term deposits with an original maturity of three months or less.

Cash at bank bears interest at variable interest rates, the amount of which depends on the interest rate on overnight bank deposits. Short-term deposits are made for various periods, from one day to one month, depending on the Group's current demand for cash, and bear interest at the interest rates set for them.

Accounting policy for financial instruments is presented in note 8.1.

	31.12.2024	31.12.2023
Cash at bank	749,060	649,055
Cash in hand	518	84
Cash and cash equivalents	749,578	649,139
Fair value	749,578	649,139

Cash is a collateral for a bank loan, pursuant to the terms of the loan agreement (as described in note 7.3). Information on the risks to which cash is exposed is presented in note 8.2.

7.5. Explanatory notes to the consolidated statement of cash flows

The tables below explain the differences between changes in some of the items in the consolidated statement of financial position and changes presented in the consolidated statement of cash flows.

	2024	2023
Change in receivables presented in the consolidated statement of financial position	(221,592)	(452,174)
<i>(increase) / decrease in trade receivables</i>	<i>(197,999)</i>	<i>(416,533)</i>
<i>(increase) / decrease current and non current other financial assets</i>	<i>36,920</i>	<i>(13,415)</i>
<i>(increase) / decrease in current and non current other non-financial assets (excluding prepayments)</i>	<i>(60,513)</i>	<i>(22,226)</i>
Increase due to acquisition of subsidiaries	46,123	-
Effect of receivables discount and interest	2,657	2,634
Receivables from proceedings to secure claims	(60,793)	60,793
Receivables due to cash deposits	9,653	(46,011)
Receivables from deposits related to sale/leaseback transactions	-	(6,054)
Other	(970)	968
(Increase) / decrease in receivables presented in the consolidated statement of cash flows	(224,922)	(439,844)
	2024	2023
Change in inventory presented in the consolidated statement of financial position	(317,627)	(178,746)
Increase due to acquisition of subsidiaries	51,621	-
(Increase) / decrease in inventory presented in the consolidated statement of cash flows	(266,006)	(178,746)
	2024	2023
Change in payables except loans and borrowings, presented in the consolidated statement of financial position	1,183,412	307,647
<i>increase / (decrease) in current trade payables and other financial liabilities excluding non-invoiced liabilities</i>	<i>1,073,448</i>	<i>256,783</i>
<i>increase / (decrease) in non-current other financial liabilities excluding non-invoiced liabilities</i>	<i>94,298</i>	<i>33,243</i>
<i>increase / (decrease) in employee benefits liabilities</i>	<i>4,390</i>	<i>17,493</i>
<i>increase / (decrease) in other non-financial liabilities</i>	<i>11,276</i>	<i>128</i>
Increase due to acquisition of subsidiaries	(44,477)	-
Change in capital expenditure liabilities	(105,938)	62,030
Change in employee benefit accounted for in other comprehensive income	187	524
Effect of discounting liabilities	(1,563)	(1,684)
Change in accruals due to factoring interest	(4,611)	235
Valuation of derivatives	(94,304)	(29,518)
Other	(1,178)	-
Increase / (decrease) in payables presented in the consolidated statement of cash flows	931,528	339,234

	2024	2023
Change in prepayments, accruals and deferred income presented in the consolidated statement of financial position	61,261	(3,194)
<i>(increase) / decrease in prepayments</i>	<i>6,486</i>	<i>(3,166)</i>
<i>increase / (decrease) in deferred income</i>	<i>164</i>	<i>(315)</i>
<i>increase / (decrease) in non-invoiced liabilities</i>	<i>54,611</i>	<i>287</i>
Non-interest loan-related costs	(12,341)	23,409
Other	(47)	-
(Increase) / decrease in the balance of prepayments, accruals and deferred income presented in the consolidated statement of cash flows	48,873	20,215
	2024	2023
Purchase of property, plant and equipment and intangible assets		
Additions of property, plant and equipment	(1,323,856)	(1,047,724)
Additions of intangible assets	(351,134)	(303,303)
Change in capital expenditure payables	105,938	(62,029)
Depreciation charge capitalised as leasehold improvements	1,030	719
Seizure/return of funds in proceedings to secure claims of a building contractor	60,793	(60,793)
Purchase of property, plant and equipment and intangible assets presented in the consolidated statement of cash flows	(1,507,229)	(1,473,130)
	2024	2023
(Gains) / Losses from investing activities		
(Gains) / Losses on disposal and decommissioning of property, plant and equipment	(1,496)	(8,542)
Impairment of property, plant and equipment and intangible assets	15,370	14,155
Other	(427)	1,493
(Gains) / losses from investing activities presented in the consolidated statement of cash flows	13,447	7,106

Information on cash flows resulting from concluded lease agreements is presented in note 6.4.

8. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND LIQUIDITY MANAGEMENT

8.1. Financial instruments

Accounting policy

Financial assets

Classification of financial assets

Financial assets are classified into the following measurement categories:

- measured at amortised cost,
- measured at fair value through profit or loss,
- measured at fair value through other comprehensive income.

The Group classifies a financial asset based on its business model of financial asset management and the contractual cash flow characteristics of the financial asset (the so-called "SPPI criterion"). The Group reclassifies investments in debt instruments when and only when the business model for managing these assets changes.

Initial recognition measurement (except for certain trade receivables)

At initial recognition the Group measures a financial asset at its fair value, which in the case of financial assets not measured at fair value through profit or loss is increased by transaction costs that can be directly attributed to the acquisition of these financial assets.

Derecognition

Financial assets are derecognised when:

- the contractual rights to receive cash flows from financial assets expire or
- contractual rights to obtain cash flows from financial assets are transferred and the Group transfers substantially all risks and rewards of ownership.

Measurement subsequent to initial recognition

For the purposes of measurement subsequent to initial recognition, financial assets are classified into one of the four categories:

- a. debt instruments measured at amortised cost,
- b. debt instruments measured at fair value through other comprehensive income,
- c. equity instruments measured at fair value through other comprehensive income,
- d. financial assets measured at fair value through profit or loss.

The Group does not currently have any instruments classified under B or C.

A. Debt instruments - financial assets measured at amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met:

- the financial asset is held according to a business model whose objective is to hold the financial assets in order to collect the contractual cash flows, and
- the contractual terms of the financial asset give rise to cash flows on specified dates that are only payments of principal and interest on the principal amount outstanding.

To the category of financial assets measured at amortised cost, the Group classifies:

- trade receivables,
- loans that meet the SPPI classification test, which, according to the business model, are reported as held to collect the contractual cash flows,
- cash and cash equivalents.

Interest income is calculated using the effective interest rate method and is presented in the consolidated statement of comprehensive income under "Financial income".

B. Debt instruments - financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held in the 'hold to collect and sell' business model (business model whose objective is achieved by both collecting contractual cash flows and selling financial assets), and
- the contractual terms of the financial asset give rise to cash flows on specified dates that are only payments of principal and interest on the principal amount outstanding.

Interest income, foreign exchange differences and impairment gains and losses are recognised in profit or loss and calculated in the same way as for financial assets measured at amortised cost. Other changes in fair value are recognised in other comprehensive income. Upon derecognition of a financial asset, the total profit or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

Interest income is calculated using the effective interest rate method and is presented in the consolidated statement of comprehensive income under "Financial income".

There are no such instruments held by the Group as at the reporting date.

C. Equity instruments - financial assets measured at fair value through other comprehensive income

On initial recognition, the Group may make an irrevocable election to recognise in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading or is not a contingent consideration recognised by the acquirer in a business combination to which International Financial Reporting Standard 3 *Business combinations* ("IFRS 3") applies. This choice is made separately for each equity instrument. Cumulative gains or losses previously recognised in other comprehensive income are not reclassified to profit or loss. Dividends are recognised in the consolidated statement of comprehensive income when the entity's right to receive the dividend arises, unless the dividends obviously represent the recovery of part of the investment costs.

There are no such instruments held by the Group as at the reporting date.

D. Financial assets measured at fair value through profit or loss

Financial assets that do not meet the criteria of measurement at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss. The gain or loss on the measurement of debt investments at fair value is recognised in profit or loss (financial income or financial costs). The Group classifies equity investments at fair value through profit and loss.

The Group includes shares and stocks as well as factoring receivables in this category. In the Group's opinion, the carrying amount of factoring receivables does not differ from the fair value due to the short term and high credit rating of franchisees covered by factoring.

Dividends are recognised in the consolidated statement of profit or loss and other comprehensive income when the Group's right to receive a dividend arises.

In a situation where the Group:

- has a valid legal right to set off the recognised amounts, and
- intends to settle the net amount or simultaneously realizes the asset and the liability,

the financial asset and the financial liability are offset and disclosed in the consolidated statement of financial position in the net amount.

Expected credit losses

At each reporting date, the Group recognises a loss allowance for expected credit losses related to the financial asset carried at amortized cost. The Group estimates that the credit risk associated with a financial instrument has increased significantly since its initial recognition if the delay in payment is more than 90 days.

The Group has not identified cases of a significant increase in credit risk related to financial instruments.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

Assets recognised at amortised cost

At each reporting date, the Group recognises a loss allowance for expected credit loss on a financial instrument in an amount equal to the lifetime expected credit loss, if the credit risk associated with a given financial instrument has increased significantly since the initial recognition, regardless of whether it was assessed individually or collectively - taking into account all reasonable and supportable information, including forward-looking information.

If, as at the reporting date, the credit risk related to a financial instrument has not significantly increased since the initial recognition, the Group measures the allowance for expected credit loss for that financial instrument in the amount equal to a 12-month expected credit loss.

The Group always measures the loss allowance at an amount equal to expected lifetime credit loss in relation to trade receivables or contract assets resulting from transactions that are within the scope of IFRS 15.

The Group measures expected credit losses on financial instruments in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- time value of money, and
- reasonable and supportable information that is available without undue cost or effort at the reporting date regarding past events, current conditions and forecasts of future economic conditions.

When assessing the future economic conditions, the Group focuses on economic factors such as change in GDP ratio and how it affects unemployment rates which in turn affect the overall capacity of its debtors to pay off their debts towards the Group. Additionally those ratios are considered at the regional level to account for differentiation of regions in Poland.

The Group recognises an impairment gain or loss of expected credit losses that is required to adjust the loss allowance for expected credit loss, in profit or loss. The Group assesses the risk or probability of a credit loss occurring, taking into account the possibility of a credit loss occurrence and the possibility of no credit loss occurring, even if the probability of a credit loss occurrence is very low.

Financial liabilities

Financial liabilities measured at fair value through profit or loss include financial liabilities measured in such a manner at initial recognition or thereafter in accordance with paragraph 6.7.1 of IFRS 9 and financial liabilities that must meet the definition of held for trading in IFRS 9. Financial liabilities are classified as held for trading if they are contracted with an intention to buy them back in the near future.

Financial liabilities may be initially classified as measured at fair value through profit or loss if the following criteria are met: (i) such classification eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising gains and losses on them on different bases; or (ii) the liabilities are part of a group of financial liabilities that are managed and measured at fair value, in accordance with a documented risk management strategy; or (iii) the financial liabilities contain an embedded derivative that should be separately recognised.

As at reporting dates, no financial liabilities were classified as measured at fair value through profit or loss.

Financial liabilities measured at fair value through profit or loss are measured at fair value, taking into account their market value as at the reporting date, excluding sales transaction costs. Changes in the fair value of these instruments are recognised in profit or loss as financial costs or income.

Other financial liabilities different than financial instruments measured at fair value through profit or loss are measured at amortised cost using the effective interest rate method.

The Group derecognises a financial liability from its balance sheet when the liability expires - that is, when the obligation specified in the contract is fulfilled, cancelled or it expires. The replacement of the previous debt instrument by an instrument with substantially different terms and conditions between the same entities is recognised by the Group as the expiration of the original financial liability and the recognition of a new financial liability.

Similarly, significant modifications to the terms of an agreement relating to an existing financial liability are recognised by the Group as the expiration of the original and recognition of a new financial liability. The difference of the respective carrying amounts arising from the replacement is recognised in profit or loss.

Derivatives

The Group classifies a financial instrument or other contract within the scope of IFRS 9 as a derivative if:

- its value changes in response to the change in the value of the underlying instrument,
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors,
- it is settled at a future date.

The Group separates embedded derivatives from the host contract if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks inherent in the host contract and the host contract is not measured at fair value through profit or loss.

Derivatives, including separated embedded derivatives, are classified as held for trading unless they are considered effective hedges.

Derivatives classified as held for trading are measured at fair value at initial recognition and subsequently at fair value through profit or loss.

Hedge accounting

The Group applies hedge accounting in accordance with IFRS 9 for its cash flow hedges. A cash flow hedge is a hedge against exposure to cash flow variability that is attributable to a specific risk associated with a recognised asset or liability or a highly probable forecast transaction.

The Group applies cash flow hedging to mitigate the energy price volatility risk associated with purchases of electricity at volatile (spot) prices. The Group uses embedded derivatives that are part of vPPAs as hedging instruments.

Virtual Power Purchase Agreements (vPPAs)

In order to implement its financial risk management strategy, the Group enters into virtual Power Purchase Agreements ("vPPAs").

Each time when the new vPPA contract is entered into, the Group performs the accounting consideration:

1. In regards to the purchase of other non-financial assets (the host contract, i.e. guarantee of origin):
 - a. whether the contract has been entered into and is maintained for the purpose of receiving non-financial components according to the entity's expected needs for delivery, sale, or utilisation of these components (i.e., whether it meets the conditions of the "own-use exemption", meaning it uses non-financial positions for its own use, as per IFRS 9 paragraph 2.4. or
 - b. whether the agreement falls under IFRS 9.
2. In regards to the financial settlement: whether it meets the definition of a derivative, and whether it is closely related to the host contract. Financial settlements that are not closely related, are separately recognised and measured.

In terms of vPPAs entered into, the Group concluded that the agreements meet the "the own-use exemption" criteria for the purchase of guarantees of origin. At the same time, the Group classifies financial settlement (which is contract for difference and a swap to change the price of electricity from variable to fixed) as a derivative and separates it from the host contract due to the fact that the contract for difference formula based on electricity prices is not closely related to the prices of guarantees of origin.

A contract for difference is recognised on the date on which the Group becomes a party to the contract and the contract is irrevocable (usually upon signing a vPPA). The Group designates contracts for difference entered into under vPPAs as hedging instruments in its cash flow hedge accounting.

The Group uses contracts for difference exclusively for the purpose of hedging financial risks and not for speculative purposes.

The fair values of individual classes of financial instruments

The best evidence of the fair value of a financial instrument at initial recognition is usually the transaction price (i.e. the fair value of the consideration paid or received). As the initial transaction price should represent fair value at initial recognition, the Group calibrates the fair value model which uses unobservable inputs to defer the difference between the fair value resulting from the model at initial recognition and the transaction price.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities that are measured at fair value or when their fair value is disclosed in these Consolidated Financial Statements are classified in the fair value hierarchy as described below based on the lowest input data that is significant to the fair value measurement taken as a whole:

Level 1 - Quoted (unadjusted) market prices in an active market for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level of input data that is relevant to the fair value measurement as a whole is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level of input data that is relevant to the fair value measurement as a whole is unobservable.

At each reporting date, in the case of assets and liabilities existing in these Consolidated Financial Statements, the Group assesses whether there have been transfers between the levels of the hierarchy by reassessing the classification to individual levels, taking into account the materiality of the input data from the lowest level that is significant for fair value measurements taken as a whole.

Amounts based on professional judgement

Hedge effectiveness

To be able to apply hedge accounting to vPPA contracts, the Group should meet the qualifying criteria under IFRS 9. The principal component of hedge accounting is the hedging relationship. At the time the hedging relationship is established, the Group documents, among other things, the economic relationship between the hedge instruments and the hedged items, including the extent to which changes in the cash flows of the hedge instrument offset changes in the cash flows of the hedged item (hedge effectiveness).

As long as the hedge relationship meets the criteria for hedge accounting, gains or losses arising from changes in the fair value of the hedging instrument are recognised in other comprehensive income (as a separate item of equity), to the extent that the hedging instrument is an effective hedge of the related hedged item. The ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss.

Estimates

Fair value of contracts for differences incorporated into a vPPA

In order to measure contracts for difference separately from vPPAs, the Group applies generally accepted valuation techniques. Future cash flows associated with commodity swaps are based on electricity prices sourced from commodity exchanges. For unobservable inputs spanning a longer

time horizon, these cash flows are based on projected prices calculated by an external advisor. The valuation is based on the projected amounts of electricity to be generated by wind and solar farms.

The valuation of hedge instruments takes into account the discounted value of projected net settlements of contracts for difference under vPPAs. The valuation takes into account projected future electricity prices, the profile cost of renewable assets, credit valuation adjustment ("CVA") or debit valuation adjustment ("DVA"), and the fair value adjustment at the date of initial recognition. Contracts for difference, entered into at arm's length between unrelated parties, are classified as Level 3 of the fair value hierarchy.

The main financial instruments used by the Group include bank loans, borrowings, lease agreements, loan assets, cash and short-term deposits. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group also has other financial instruments, such as trade receivables and liabilities that arise directly in the course of its operations.

In accordance with a policy followed by the Group currently and throughout the reporting period, the Group does not trade in financial instruments.

Carrying amounts of financial instruments

The table below presents the carrying amounts of all financial instruments of the Group, broken down into individual classes and categories of assets and liabilities. The abbreviations used mean:

AC	Financial instruments valued at amortised cost
FVPL	Financial instruments valued at fair value through profit or loss
FVHA	Financial instruments valued at fair value designated for hedge accounting

Note	Item	Category	31.12.2024	31.12.2023
6.8	Long-term loans granted	AC	-	201,368
6.8	Short-term loans granted	AC	6,769	5,479
6.8	Shares in non-related entities (non current)	FVPL	22,735	18,831
	Other financial assets, including:		67,624	104,544
	<i>Factored receivables</i>	<i>FVPL</i>	<i>22,487</i>	<i>13,609</i>
	<i>Deposits</i>	<i>AC</i>	<i>40,510</i>	<i>26,199</i>
	<i>CAP option</i>	<i>FVPL</i>	<i>-</i>	<i>968</i>
	<i>Receivables from proceedings to secure claims</i>	<i>AC</i>	<i>-</i>	<i>60,648</i>
	<i>Other</i>	<i>AC</i>	<i>4,627</i>	<i>3,120</i>
6.7	Trade receivables	AC	2,277,481	2,079,482
7.4	Cash and cash equivalents	AC	749,578	649,139
	Financial assets		3,124,187	3,058,843

Note	Item	Category	31.12.2024	31.12.2023
7.3	Bank loans	AC	4,531,137	5,196,354
	Borrowings	AC	17,679	22,015
6.4	Lease liabilities	AC	4,854,647	4,012,563
6.11	Liability for a written put option over non-controlling interest	FV	98,815	120,684
6.12	Trade payables and other financial liabilities	AC	5,990,400	4,768,043
	<i>Trade payables</i>	<i>AC</i>	<i>2,643,396</i>	<i>1,872,693</i>
	<i>Trade payables covered by reverse factoring</i>	<i>AC</i>	<i>2,736,424</i>	<i>2,444,351</i>
	<i>Contracts for difference (virtual power purchase agreements)</i>	<i>FVHA</i>	<i>119,619</i>	<i>25,314</i>
	<i>Other</i>	<i>AC</i>	<i>490,961</i>	<i>425,685</i>
	Financial liabilities		15,492,678	14,119,659

Fair values of financial instruments

According to the Group's assessment, the fair value of cash, short-term deposits, trade receivables, trade payables, bank loans, borrowings and other financial assets and liabilities does not significantly differ from the carrying values.

The carrying amount of cash and cash equivalents and short-term bank deposits reflects their fair value due to the short maturity of these instruments.

The carrying amount of trade receivables, other receivables, liabilities and accruals approximates their fair value due to the short payment terms of these instruments.

The carrying amount of loans receivable from related entities approximates their fair value due to the market interest rate.

The carrying amount of bank loans approximates their fair value due to the variable nature of interest rates.

The carrying amount of financial instruments measured at fair value as of the respective reporting dates is presented below:

Item	Level 1	Level 2	Level 3
31.12.2024			
Investments in equity shares	-	-	22,735
Contracts for difference (virtual power purchase agreements)	-	-	(119,619)
Item	Level 1	Level 2	Level 3
31.12.2023			
Investments in equity shares	-	-	18,831
Interest rate cap	-	968	-
Contracts for difference (virtual power purchase agreements)	-	-	(25,314)

In the years ended 31 December 2024 and 31 December 2023 there were no transfers between level 1 and level 2 of the fair value hierarchy, nor were any of the instruments moved from / to level 3 of the fair value hierarchy.

For investments in equity shares, the Group estimated the fair value using:

- observable transaction price paid for an identical or a similar instrument of the investments during the year
- the multiples method.

The multiples method involves determining the value of an entity based on the valuation of comparable listed companies or on the basis of buy/sell transactions of similar companies in the private market. The Group uses a revenue multiplier for this purpose.

Income, costs, gains and losses on financial instruments recognised in the statement of profit or loss and other comprehensive income

	Category	2024	2023
Interest income/ (costs)		(931,581)	(902,455)
Trade receivables	AC	(602)	(933)
Other receivables	AC	1,727	-
Loans granted	AC	12,904	10,575
Cash and cash equivalents	AC	32,349	33,912
Bank loans	AC	(468,873)	(505,559)
Borrowings	AC	(1,686)	(820)
Lease liabilities	AC	(320,247)	(246,850)
Trade payables and other financial liabilities	AC	(189,284)	(195,132)
Other long-term financial liabilities	AC	2,131	2,352
Profits/ (Loss) due to changes in the fair value of financial instruments		(2,491)	(28,872)
CAP option	FVPL	(968)	(18,385)
Currency forward	FVPL	-	(3,362)
Shares	FVPL	2,147	-
Contracts for difference (virtual power purchase agreements)	FVHA	(3,670)	(7,125)
Profits/ (Costs) from the changes in expected cash flows from financial instruments		71,106	(43)
Gain on bank loans modification	AC	92,506	-
Changes in expected cash flows resulting from original bank loan agreements	AC	(21,400)	(43)
(Losses) from impairment		(6,604)	(6,444)
Trade receivables	AC	(7,030)	(5,978)
Loans granted	AC	426	(466)

	Category	2024	2023
Profits/ (Losses) from exchange differences		27,993	93,542
Trade receivables	AC	(85)	(100)
Loans granted	AC	(3,330)	(15,817)
Cash and cash equivalents	AC	(5,973)	(9,872)
Bank loans	AC	13,228	67,454
Borrowings	AC	(52)	-
Lease liabilities	AC	22,068	51,682
Trade payables and other financial liabilities	AC	2,137	195
Non-interest costs and other charges		(21,078)	(32,374)
Trade receivables	AC	-	(89)
Trade payables and other financial liabilities	AC	(1,703)	(1,228)
Bank loans	AC	(19,375)	(31,057)
Profits/ (Losses) from the settlement of financial instruments		550	826
Bank loans	AC	550	826

Items above are recognised in the consolidated statement of profit or loss and other comprehensive income under the financial income (costs) position, except for impairment income (costs), which is presented:

- for trade receivables and other financial assets - in the line "Loss allowance for expected credit losses on trade receivables" in operating activities,
- for loans granted - in the line "Loss allowance for expected credit losses on loans" in financing activities.

Virtual Power Purchase Agreements (vPPAs)

As at 31 December 2024, the Group held a portfolio of hedging instruments consisting of long-term contracts for difference separated within vPPAs. The Group uses various types of vPPAs – both baseload and pay-as-produce PPAs.

The Group enters into vPPAs, which are hybrid contracts combining a cash-settled commodity swap for the purchase of electricity, classified as a derivative, and a guarantee of origin. The Group uses the guarantees of origin for its own business purposes and applies the own-use exemption. The Group separates derivatives from host contracts and measures them separately. Contracts for difference, which are derivatives measured at fair value, are fully designated for cash flow hedge accounting as hedging instruments.

Fair value of derivatives (contracts for difference incorporated into a vPPA)

The key assumption for the valuation model is the value of the expected net cash flows from the contracts for difference, based on the prices in the contracts, forecast electricity prices and forecast energy volumes. The expected cash flows, disclosed below, have been estimated using energy price forecasts from an external advisor and, to determine the fair value of the derivative, are then subject to a calibration adjustment in accordance with the mechanism described in note 8.2).

	up to 6 months	6-12 months	1-5 years	over 5 years	Total - undiscounted
Cash flows determined on the basis of energy price forecasts before calibration (undiscounted) as at 31.12.2024	(7,484)	(5,921)	(61,619)	(21,402)	(96,427)
	up to 6 months	6-12 months	1-5 years	over 5 years	Total - undiscounted
Cash flows determined on the basis of energy price forecasts before calibration (undiscounted) as at 31.12.2023	3,764	7,677	28,823	58,002	98,266

Derivatives designated for cash flow hedge accounting as at 31 December 2024 and as at 31 December 2023 are shown in the table below:

As at 31 December 2024

	Hedged item	Maturity date	Nominal value of the hedging instrument	Carrying amount of the hedging instrument		Increase / (Decrease) in the fair value of the hedging instrument used to calculate the ineffectiveness of the hedging strategy	Increase / (Decrease) in the fair value of the hedged item used to calculate the ineffectiveness of the hedging strategy	Cash flow hedge reserve (amount in OCI)
				Assets	Liabilities			
Commodity swap	Purchases of electricity at volatile prices	1 May 2023 - 31 December 2033; 27 June 2023 - 31 December 2038	2285 GWh	-	119,619	(119,619)	141,932	(100,643)

As at 31 December 2023

	Hedged item	Maturity date	Nominal value of the hedging instrument	Carrying amount of the hedging instrument		Increase / (Decrease) in the fair value of the hedging instrument used to calculate the ineffectiveness of the hedging strategy	Increase / (Decrease) in the fair value of the hedged item used to calculate the ineffectiveness of the hedging strategy	Cash flow hedge reserve (amount in OCI)
				Assets	Liabilities			
Commodity swap	Purchases of electricity at volatile prices	May 1, 2023 - December 31, 2033; June 27, 2023 - December 31, 2038	2285 GWh	-	25,315	(25,315)	19,937	(18,975)

The table below shows changes in the hedge reserve in equity:

	2024			2023		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Cash flow hedge reserve at the beginning of the period						
- energy price risk	(18,975)	3,605	(15,370)	-	-	-
Effective portion of profits/ (losses) on hedging instruments	(111,583)	21,200	(90,383)	(15,490)	2,943	(12,547)
Reclassification to the statement of profit or loss, adjusting:						
- Operating costs	10,940	(2,078)	8,862	(3,485)	662	(2,823)
Cash flow hedge reserve at the end of the period						
- energy price risk	(119,618)	22,727	(96,891)	(18,975)	3,605	(15,370)

The ineffective portion of cash flow hedges recognised in financial costs in 2024 amounted to PLN 3,670 thousand (in 2023 PLN 7,125 thousand).

8.2. Objectives and principles of financial risk management

The table below presents the Group's exposure to financial risk and the manner in which this risk may affect the Group's future financial results.

Risk	Source	Measurement	Risk management
Market risk - interest rate risk	Cash and cash equivalents with variable interest rates Financial liabilities (loans and borrowings, trade payables and other liabilities) with a variable interest rate	Sensitivity analysis	- Current observation of financial market and hedging (interest rate option CAP) if relevant.
Market risk - foreign currency risk	Sale or purchase transactions in currencies other than the functional currency Financial assets (loans granted) in currencies other than the functional currency Financial liabilities (borrowings, lease liabilities) in currencies other than the functional currency	Sensitivity analysis	- Hedging the price with derivatives (this method is not used for the periods presented) - Monitoring of planned payments in currencies other than the functional currency
Credit risk	Trade receivables Other financial assets (loans granted) Cash and cash equivalents	Age analysis Credit ratings	- Credit verification of customers before granting a trade loan - Minimising the concentration of credit risk due to the large number of customers - Most receivables secured by inventory - Monitoring the status of receivables
Liquidity risk	Financial liabilities (loans and borrowings, lease liabilities, liability for a written put option over non-controlling interest, trade payables and other liabilities)	Maturity analysis	- Monitor projected cash flows using the periodic liquidity planning tool - Conclusion of reverse factoring contracts with several factors - Maintaining unused factoring and credit limits
Market risk - volatile electricity prices (spot)	Highly likely planned power purchase transactions at volatile price	Regression analysis Scenario analysis	- Entering into vPPAs - Applying cash flow hedge accounting

The Group reviews and agrees rules for managing each of these risks - these rules are briefly discussed below. The Group also monitors market price risk with respect to all of its financial instruments.

Market risk - interest rate risk

The Group's exposure to the risk of changes in interest rates results mainly from the investment of cash and the use of external financing sources. The Group manages interest costs by using both fixed and variable interest rate obligations.

Fixed rate items that are measured at amortised cost do not expose the Group to the risk of cash flow volatility or volatility of financial result as a result of changes in interest rates. Therefore, the following sensitivity analysis does not include assets and financial liabilities that bear a fixed interest rate and are measured at amortised cost.

The items exposed to the interest rate risk are presented below, taking into account the value of the variable interest rate.

	31.12.2024			31.12.2023		
	Net carrying amount	including floating interest rate		Net carrying amount	including floating interest rate	
		amount	share		amount	share
Cash and cash equivalents	749,578	749,578	100%	649,139	649,139	100%
Loans granted	6,769	2,558	38%	206,847	9,473	5%
Other financial assets	67,624	1,578	2%	104,544	334	0%
Loans and borrowings	(4,548,816)	(4,548,815)	100%	(5,218,369)	(5,196,354)	100%
Trade payables and other financial liabilities	(5,990,400)	(2,736,424)	46%	(4,768,043)	(2,444,351)	51%
Lease liabilities	(4,854,647)	(49,041)	1%	(4,012,563)	(86,465)	2%

In the case of loans and borrowings, the Group is exposed to the risk of changes in the interest rate as the interest rate is based on the WIBOR and EURIBOR rates.

Interest rate risk - sensitivity to changes

The table below shows the sensitivity of gross financial result to reasonably possible changes in interest rates, assuming that other factors remain unchanged, broken down into individual items exposed to interest rate risk.

	Change of interest rate	31.12.2024	31.12.2023
Cash and cash equivalents	+1 p.p. (+100 bp)	7,496	6,491
	-1 p.p. (-100 bp)	(7,496)	(6,491)
Loans granted	+1 p.p. (+100 bp)	26	95
	-1 p.p. (-100 bp)	(26)	(95)
Other financial assets	+1 p.p. (+100 bp)	16	3
	-1 p.p. (-100 bp)	(16)	(3)
Loans and borrowings	+1 p.p. (+100 bp)	(45,488)	(51,964)
	-1 p.p. (-100 bp)	45,488	51,964
Trade payables and other financial liabilities	+1 p.p. (+100 bp)	(27,364)	(24,444)
	-1 p.p. (-100 bp)	27,364	24,444
Lease liabilities	+1 p.p. (+100 bp)	(490)	(865)
	-1 p.p. (-100 bp)	490	865

Market risk - foreign currency risk

The Group is exposed to the currency risk arising from transactions it executes. Such risk arises as a result of sales or purchases, due to indebtedness, loans granted, and lease contracts in currencies other than the functional currency. The Group did not conclude any material sale transactions denominated in currencies other than in the functional currencies of particular entities within the Group.

The table below shows the sensitivity of the profit before tax (regarding the change in the carrying value of monetary assets and liabilities) and other comprehensive income of the Group to reasonably possible fluctuations in the currency exchange rate, assuming that other factors remain unchanged:

	31.12.2024			31.12.2023		
	Exposure in foreign currency	Changes of exchange rate +1% Profit before tax	Changes of exchange rate -1% Profit before tax	Exposure in foreign currency	Changes of exchange rate +1% Profit before tax	Changes of exchange rate -1% Profit before tax
EUR						
Cash and cash equivalents	3,115	133	(133)	1,468	64	(64)
Loans granted	-	-	-	46,528	2,023	(2,023)
Trade receivables	740	32	(32)	600	26	(26)
Other financial assets	31,247	1,335	(1,335)	118	5	(5)
Loans and borrowings	(154,901)	(6,619)	6,619	(190,755)	(8,294)	8,294
Lease liabilities	(183,505)	(7,841)	7,841	(133,564)	(5,807)	5,807
Trade payables and other financial liabilities	(6,534)	(279)	279	(10,098)	(439)	439
Total	(309,838)	(13,239)	13,239	(285,703)	(12,422)	12,422
GBP						
Cash and cash equivalents	112	6	(6)	115	6	(6)
Trade receivables	22	1	(1)	-	-	-
Trade payables and other financial liabilities	(11)	(1)	1	-	-	-
Total	123	6	(6)	115	6	(6)
USD						
Cash and cash equivalents	228	9	(9)	2,098	83	(83)
Trade receivables	694	28	(28)	87	3	(3)
Trade payables and other financial liabilities	(1,946)	(80)	80	(131)	(5)	5
Total	(1,024)	(42)	42	2,054	81	(81)
RON						
Cash and cash equivalents	103	1	(1)	-	-	-
Trade receivables	45	-	-	-	-	-
Other financial assets	14	-	-	-	-	-
Total	162	1	(1)	-	-	-

Credit risk

The Group defines credit risk as the possibility of untimely or total failure of the Group's counterparty to meet its obligations, or the possibility of not recovering the funds invested. Credit risk mainly relates to trade receivables, loans granted and cash and cash equivalents in bank accounts.

The maximum exposure to credit risk as at 31 December 2024 and as at 31 December 2023 is presented in the table below.

Note	Item	31.12.2024	31.12.2023
6.8	Loans granted	6,769	206,847
6.8	Other non-current financial assets	37,236	22,342
6.7	Trade receivables	2,277,481	2,079,482
6.8	Other current financial assets	30,388	82,202
7.4	Cash and cash equivalents	749,578	649,139
	Total assets	3,101,452	3,040,012

Credit risk related to trade receivables

All customers who wish to use trade credits are subject to initial credit verification procedures. Credit risk that relates to receivables is minimised due to the large number of customers. There is no significant concentration of credit risk in the Group. In addition, receivables are mostly secured with inventory located in "Zabka" stores, and thanks to ongoing monitoring of receivables, the Group's exposure to the risk of bad debts is insignificant. The method of measuring expected credit losses in relation to trade receivables is presented in note 6.7.

The Group's exposure to credit risk is presented in the table below:

As at 31.12.2024							
Category	current	up to 30 days	31-90 days	91-180 days	181-360 days	over 361 days	Total
Gross value at risk	2,197,018	55,454	9,192	5,554	10,442	78,931	2,356,591
Loss allowance for expected credit losses	(2,443)	(788)	(1,300)	(1,813)	(3,049)	(69,717)	(79,110)
Total net value	2,194,575	54,666	7,892	3,741	7,393	9,214	2,277,481
Expected credit loss rate	0%	1%	14%	33%	29%	88%	3%

As at 31.12.2023							
Category	current	up to 30 days	31-90 days	91-180 days	181-360 days	over 361 days	Total
Gross value at risk	2,037,503	21,116	11,562	4,813	7,140	74,568	2,156,702
Loss allowance for expected credit losses	(3,359)	(880)	(1,188)	(1,773)	(2,991)	(67,029)	(77,220)
Total net value	2,034,144	20,236	10,374	3,040	4,149	7,539	2,079,482
Expected credit loss rate	0%	4%	10%	37%	42%	90%	4%

Credit risk related to cash in bank accounts and deposits included within other financial assets is limited due to the fact that the parties to the transaction are banks with high credit ratings, which are obtained from international rating agencies. Information on the allowance for expected credit losses for the loans granted is presented in note 6.8.

Liquidity risk

The Group monitors liquidity risk by using the periodical liquidity planning tool. This tool takes into account maturity / maturity dates of both liabilities and financial assets (e.g. accounts receivable, other financial assets) and forecast cash flows from operating activities.

As part of its liquidity management, the Group uses reverse factoring agreements in relation to its liabilities, under which it submits for factoring invoices relating to purchases from selected suppliers as well as a factoring agreement with regard to its receivables, under which it submits sales invoices for selected franchisees for factoring.

The Group minimises the liquidity risk resulting from the use of reverse factoring agreements by selecting reliable, long-term partners who are also lenders in syndicated agreements and by diversifying them (10 financial institutions, the involvement of none of them exceeds 20%). In line with market practice, reverse factoring agreements are entered into by the Group for an indefinite period (with one month's notice) or with a term of up to 12 months. Since the launch of the factoring programme in 2017, no financial institution has terminated its cooperation with the Group in this area (none of the agreements have been terminated). The Management assumed that the Group will be able to use the concluded factoring agreements for at least the next 12 months to the same extent as at the end of 2024.

The Group maintains unused factoring limits, an unused overdraft limit and an unused investment loan limit, which totalled PLN 1,555,582 thousand as at 31 December 2024, and PLN 1,478,301 thousand as at 31 December 2023.

As part of the working capital management, the Group also uses a factoring agreement for its receivables, under which it factors sales invoices for selected franchisees.

The amount of receivables financed by the factor as at 31 December 2024 amounted to PLN 202,387 thousand and as at 31 December 2023: PLN 122,482 thousand.

In order to improve Group's liquidity sale and leaseback transactions are entered into.

The tables below present the Group's financial liabilities as at 31 December 2024 and as at 31 December 2023, by maturity based on contractual undiscounted payments.

Note	Item	up to 6 months	6-12 months	1-5 years	over 5 years	Total - undiscounted	Total - carrying amount
7.3	Loans and borrowings	(347,941)	(345,989)	(5,366,210)	-	(6,060,140)	(4,548,816)
	Bank loans	(330,139)	(343,199)	(5,366,861)	-	(6,040,199)	(4,531,137)
	Borrowings	(17,802)	(2,790)	651	-	(19,941)	(17,679)
6.4	Lease liabilities	(610,481)	(537,604)	(3,407,982)	(1,748,979)	(6,305,046)	(4,854,647)
6.11	Liability for a written put option over non-controlling interest	(27,811)	-	-	(188,977)	(216,788)	(98,815)
6.12	Trade payables and other financial liabilities	(5,838,231)	(18,691)	(161,879)	(122,207)	(6,141,008)	(5,990,400)
	Trade payables	(2,643,396)	-	-	-	(2,643,396)	(2,643,396)
	Trade payables covered by reverse factoring	(2,736,424)	-	-	-	(2,736,424)	(2,736,424)
	Contracts for difference (virtual power purchase agreements)*	(13,119)	(10,939)	(114,648)	(87,619)	(226,325)	(119,619)
	Other	(445,292)	(7,752)	(47,231)	(34,588)	(534,863)	(490,961)
	Balance at the end of the period - 31.12.2024	(6,824,464)	(902,284)	(8,936,071)	(2,060,163)	(18,722,982)	(15,492,678)

*The undiscounted cash flows relating to power purchase contracts for difference have been presented by taking into account the calibration used in the fair value valuation technique for these hedging instruments based on unobservable inputs so that on initial recognition the result of the valuation technique corresponds to the transaction price.

Note	Item	up to 6 months	6-12 months	1-5 years	over 5 years	Total - undiscounted	Total - carrying amount
7.3	Loans and borrowings	(310,836)	(357,400)	(2,958,845)	(4,093,855)	(7,720,936)	(5,218,369)
	Bank loans	(307,920)	(354,484)	(2,937,292)	(4,093,855)	(7,693,551)	(5,196,354)
	Borrowings	(2,916)	(2,916)	(21,553)	-	(27,385)	(22,015)
6.4	Lease liabilities	(523,357)	(452,146)	(3,416,739)	(981,067)	(5,373,309)	(4,012,563)
6.11	Liability for a written put option over non-controlling interest	(118,254)	(2,430)	-	-	(120,684)	(120,684)
6.12	Trade payables and other financial liabilities	(4,684,651)	(7,703)	(54,061)	(50,808)	(4,797,223)	(4,768,043)
	Trade payables	(1,872,693)	-	-	-	(1,872,693)	(1,872,693)
	Trade payables covered by reverse factoring	(2,444,351)	-	-	-	(2,444,351)	(2,444,351)
	Contracts for difference (virtual power purchase agreements)*	(1,470)	2,736	(13,871)	(29,797)	(42,402)	(25,314)
	Other	(366,137)	(10,439)	(40,190)	(21,011)	(437,777)	(425,685)
	Balance at the end of the period - 31.12.2023	(5,637,098)	(819,679)	(6,429,645)	(5,125,730)	(18,012,152)	(14,119,659)

Market risk – volatile electricity prices (spot)

The Group makes physical purchases of electricity consumed for business purposes at market prices (volatile prices – spot prices). To mitigate the risk of electricity price volatility resulting from purchases made at spot prices, the Group enters into vPPAs. For a detailed description of the vPPAs concluded by the Group, see note 8.1.

As part of its financial risk management strategy, the Group anticipates that in the event of a rise in electricity prices in the Polish market, the exposure arising from the Group's physical purchases of electricity at market prices will be counterbalanced by increased cash payments stemming from contracts for difference under VPPAs, and vice versa.

Upon entering into a vPPA, the Group documents the establishment of a hedge relationship and designates the contracts for difference entered into as part of vPPAs in their entirety as hedging instruments. For the fair values of derivative financial instruments designated in hedging relationships, see note 8.1.

Within each hedging relationship, the hedged item is the volatile electricity price component contained in power purchase agreements. Other risk elements driving the volatility of the purchase price are separately identifiable and reliably measurable, and are not part of the hedge (among them are electricity transmission and distribution fees, taxes, certificates, etc.). The Group believes, based on its long-term business plans, that the planned power purchase transactions covered by hedging are highly probable. Furthermore, the hedged electricity volumes do not exceed 50% of the total projected electricity consumption, as estimated by the Group using its historical consumption profile.

Volumes of hedged items are determined as at the date of designation of hedge relationships based on expected farm output and are fixed throughout the duration of the relationship. In volume terms, the hedging ratio is 100% for each designation.

An assessment of hedge effectiveness is made at the time the hedging relationship is established and regularly at each reporting date or in the event of a material change in circumstances, whichever occurs first. The existence of an economic relationship is considered and evaluated separately for each designated hedging relationship through a combination of qualitative and quantitative analysis.

In the quantitative analysis, the Group evaluates hedge effectiveness using the dollar offset method and the hypothetical derivative method: comparing changes in the fair value of the hedge instrument (the vPPA contract for difference) with changes in the fair value of the hedged item on a cumulative basis (calculated using the hypothetical derivative method).

The Group conducts a scenario analysis to check the sensitivity of the potential effectiveness of the hedge relationship to changes in the key variables of the hedge relationship (prices in the energy market, profile costs, generation volumes in the case of pay-as-produce agreements, etc.) that may lead to hedge ineffectiveness during the life of the contract and the hedging relationship.

The main causes of ineffectiveness of vPPA hedges include:

- changes in consumption cost profile or production profile,
- changes in credit risk,
- changes in the expected and actual production volume of a renewable asset (in the case of pay-as-produce agreements),
- changes in inflation above the contractual level resulting in an adjustment of the fixed vPPA price,
- difference between vPPA settlement prices and prices at which the Group purchases energy.

The sensitivity analysis carried out by the Group showed that a potential increase/decrease of 10% in electricity prices used for the measurement of derivatives hedging electricity price risk, with the other parameters of the valuation model unchanged, would result in a change in the fair value of these instruments affecting the amount of equity as at 31 December 2024 by PLN 42,724 thousand (as at 31 December 2023 by PLN 55,556 thousand), in case of an increase of 10% or PLN (42,963) thousand (as at 31 December 2023 by PLN (57,674) thousand), in case of a decrease of 10% and the financial result by PLN 620 thousand (as at 31 December 2023 by PLN 6,301), in case of an increase of 10% or PLN 0 thousand (as at 31 December 2023 by PLN (6,339)), in case of a decrease of 10%.

9. OTHER NOTES

9.1. Contingent liabilities

Pursuant to the information presented in note 7.3, a registered pledge for the benefit of the banks granting loans has been established over movables and property rights.

Tax settlements

Tax settlements and other areas of activity subject to regulations (e.g. customs or foreign exchange matters) may be the subject of control of administrative authorities, which are authorised to impose high penalties and sanctions. The lack of reference to established legal regulations in Poland results in the occurrence of ambiguities and inconsistencies in the applicable provisions. Frequently occurring differences in opinions as to the legal interpretation of tax regulations, both within government bodies and between government bodies and companies, create uncertainties and conflicts. Due to the above, the tax risk in Poland is significantly higher than that usually existing in countries with a more developed tax system.

Tax settlements may be inspected for a period of 5 years, starting from the end of the year in which the tax was paid. As a result of the inspections, the current tax settlements of the Group may be increased by additional tax liabilities. As at 31 December 2024, Zabka Polska was in the process of a corporate income tax audit for 2022. The audit is at an early stage and the outcome is not yet known. As at 31 December 2023, there were no open tax audits of the Company. The Group believes that no additional provision for tax risks was required as at 31 December 2024 and as at 31 December 2023.

9.2. Share-based payments

Accounting policy

The cost of transactions settled with employees in equity instruments is measured by reference to the fair value as at the date of granting rights. The measurement of transactions settled in equity instruments takes into account market vesting conditions and conditions other than vesting conditions.

The cost of transactions settled in equity instruments is recognised together with the corresponding increase in the value of equity (Share-based payment reserve) in the period in which the conditions of effectiveness / performance and / or the rendering work or services are met, ending on the date on which specific employees will be fully entitled to benefits ("vesting date"). The cumulative cost recognised for equity-settled transactions at each reporting date up to the vesting date reflects the extent to which the vesting period has expired and the number of awards to which rights, in the opinion of the Group's Management as at that date, based on the best estimate of the number of equity instruments, will be finally acquired.

No cost is recognised for awards that are not ultimately vested, except for awards where vesting is subject to market conditions or non-vesting conditions, which are deemed to be vested regardless of whether the market conditions are met or other than vesting conditions, provided that all other conditions of effectiveness / performance and / or rendering work or services are met.

If the terms of granting equity-settled awards are modified, costs are recognised as if the terms had not changed. In addition, costs are recognised for each increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-based award is cancelled, it is treated as if it had vested on the date of cancellation, and any award costs not yet recognised are immediately recognised. This also applies to awards where the conditions other than vesting conditions under the control of the Group or the employee are not met. However, if the cancelled award is replaced with a new award - defined as the replacement award on the date it was awarded, the cancelled award and the new award are treated as if they were a modification of the original award, i.e. as described in the paragraph above.

Values based on professional judgement and estimates

Management Incentive Plan (2017-2025)

During 2017, the Group introduced an incentive scheme. Within the scheme key personnel ("the Management") were given the opportunity to acquire shares in Heket Investments S.à r.l. The key personnel comprised of representatives of key personnel of Zabka Polska sp. z o.o. and representatives of key personnel of the then parent company. The scheme was designed in such a way that it combines the profits of the managers in the program with the value of the Company and the Group, and therefore it was classified as subject to the International Financial Reporting Standard 2 *Share-based payment* ("IFRS 2"). In accordance with IFRS 2, the program was valued at fair value at the grant date, taking into account all the

conditions of the program, market conditions and the risks associated with the instruments. The value of instruments granted to managers of the Group, according to the best estimate of the Management, did not differ significantly from the fair value and was the same as the value of respective instruments acquired by the majority shareholder at that moment.

The Management considers the valuation and treatment of the granted equity instruments as a fixed pool of instruments, taking into account that the allocation and principles of allocating shares within this fixed pool are known to the participants of the program from the moment of its launch.

Consequently, subsequent changes / reallocations to such a fixed pool of equity instruments do not affect the measurement of the pool and the Group's financial statements.

Long-Term Incentive Plan (2025-2027)

The Company introduced a long-term incentive plan under which the rights to the Shares have been granted to certain: executive directors members of the Management Committee as well as key managers and employees of the Group (the "LTIP"). It is intended that the LTIP will provide incentive for the achievement of targets covering the financial years 2025-2027 approved by the Board of Directors.

For the Long-Term Incentive Plan, the allocation of rights to beneficiaries is subject to the level of achievement of Target EBITDA, Sales and ESG KPI.

All aforementioned KPIs (EBITDA, Sales and ESG) are treated as the non-market conditions within the meaning of IFRS 2.

IPO Award

Because franchise partners do not render services for the Group (they buy goods and services from the Group entities), IPO award granted to them was recognized under IFRS 15.

In 2024 and 2023 the following share-base payment programs were active:

- Management Incentive Plan (2017 - 2025)
- IPO Award
- Long-Term Incentive Plan (2025-2027) (LTIP)
- Incentive plan for Lite key employees

Management Incentive Plan (2017 - 2025)

The shares based scheme for the key management of the Group has been classified as equity-settled due to the fact that the Group does not have any obligation or intention to settle the obligation arising under the program by delivering cash to the participants.

The Group analysed the program and the prices at which the managers acquired the shares and concluded that they were acquired at their fair value as at that date and the fair value of the award was 0.

IPO Award

The IPO Award is a one-off award grant, in the form of Company's shares to the Group employees, B2B contractors as well as franchise partners (together: "IPO Awards Participants") in connection with the IPO based with at least 2 years of service in the Group at the last day of the calendar month when the IPO occurred. The IPO Awards Participants will be entitled to receive a one-off grant of shares on the first anniversary of the IPO for no consideration with a condition that the participant remains actively engaged by the Group both on the IPO date and on the first anniversary of the IPO and is not in a notice period on any of these dates. LTIP Participants (defined below in the section *Long-Term Incentive Plan 2025 - 2027*) are not entitled to the IPO Award.

IPO Award granted to employees and B2B contractors has been classified as equity-settled program, and the part granted to franchise partners has been accounted for under IFRS 15.

The grant date was stipulated on 22 October 2024 which is a date when on which the terms and conditions of the program was shared with Participants.

The grant date fair value of the awards is determined based on the closing price of Parent Company shares listed on the Warsaw Stock Exchange on the grant date and equals PLN 20,005. At a grant date there is fixed amount of shares and equals 465 shares per person.

The whole IPO Award vest after 1 year from IPO which is 17 October 2025.

Long-Term Incentive Plan (2025-2027) (LTIP)

The Group has adopted the Long Term Incentive Plan (2025-2027)(the 'LTIP') in 2024. The LTIP is a plan under which awards in the form of performance share units ('PSUs') and restricted stock units ('RSUs') may be granted to employees of the Group. LTIP program has been classified as the equity settled share based payment considering the fact that the LTIP Participants will obtain the equity instruments of the Company.

Awards under the LTIP may be granted in the form of PSUs or RSUs which give the participants a right to receive shares without payment on completion of a vesting period and, in the case of PSUs, subject to the satisfaction of performance conditions.

The awards will normally be delivered following the receipt of audited financial results.

The service vesting condition (for RSU and PSU) and non-market performance conditions (for PSU) are reflected in the calculation of the number of awards that will vest. The Group performs the periodic reassessment of the number of awards that are expected to vest resulting in an impact on the total cost of the LTIP program recognised over the vesting period. Those adjustments are mostly driven by fluctuation of the number of units granted under the LTIP program, due to changes in employment.

Performance Share Units (PSUs) and Restricted Share Units (RSUs) are designed for the Management Committee and key roles of the Group. The period of achieving the performance targets starts in January 2025 and will last until December 2027.

LTIP is subject to two vesting conditions to be entitled to the Company shares and includes:

- (i) service condition (Participant needs to complete a specified period of service during which services are provided to the entity), and
- (ii) performance condition (only for PSUs).

The performance condition contains a performance target (EBITDA Growth, Revenue Growth, ESG KPIs) that is not related to the market price of the equity instrument of the Company i.e. the total number of shares that the Participant may receive is connected to the cumulative results of EBITDA Growth, Revenue Growth and ESG KPIs that the Group achieves within the 3-year-period of the LTIP program.

The final number of shares received depends on the target achievement of those KPIs and ranges from 0% to 110 % for each performance conditions, their weights and provided that overall achievement of performance conditions is capped at 100%.

Restricted Stock Units are not subject to any performance conditions related to target achievement. If a holder of RSU leaves before the end of the vesting period, all shares due to vest at future vesting dates shall lapse.

The grant date was stipulated as 23 October 2024 and 27 November 2024 which are dates when number of shares granted to each individual participant as well as terms and conditions of the program was shared with them. The grant date fair value of the awards is determined based on the closing price of Parent Company shares listed on the Warsaw Stock Exchange on the grant date and equals PLN 19,1220 and PLN 18,2500 respectively.

The LTIP award is subject to different vesting periods. Each of these installments (tranche) is accounted for as a separate award. This is known as 'staged' vesting (or 'tranchéd' or 'graded' vesting) in accordance with IFRS 2.

Recognition of the estimated cost of the program with corresponding increase in equity reflects the vesting period of specific tranche :

Tranche	Split of tranche	Vesting period (from grant date)
Tranche for 2025	1/3 delivered immediately	until audited results for 2025
	1/3 deferred	until audited results for 2026
	1/3 deferred	until 31.12.2027
Tranche for 2026	1/3 delivered immediately	until audited results for 2026
	2/3 deferred	until 31.12.2027
Tranche for 2027	3/3 delivered immediately	until 31.12.2027

The table below presents all the outstanding shares under the incentive programs introduced by the Group.

Maximum number of shares to be vested	LTIP	IPO Awards
As at 01.01.2024	-	-
Granted during the year	21,069,739	3,974,820
Forfeited during the year	-	(103,695)
Vested during the year	-	-
Outstanding but not vested at 31.12.2024	21,069,739	3,871,125

The expense has been recognized as follows:

	LTIP	IPO Awards
Revenue	-	(7,725)
Cost of sales	(1,907)	(2,936)
Marketing costs	(300)	(98)
Costs of technology, innovation and development	(7,785)	(820)
General and administrative costs	(12,329)	(923)
Total	(22,321)	(12,502)

The Group recognised cost from the date when the Group advises participants of the terms of a share award (October 2024).

The weighted average fair value of shares granted during the year was PLN 18.712 for LTIP and PLN 20.000 for IPO Award.

Incentive plan for Lite key employees

In 2021, Żabka Polska sp. z o. o. and Lite e-commerce sp. z o.o. included selected key employees of the subsidiary in an incentive plan based on IFRS 2. The plan has two components: fixed and variable. Participants in the plan acquire rights to a certain number of the company shares, which will be repurchased by Żabka Polska sp. z o.o within a certain period of time(note 6.12).

9.3. Transactions with related parties

The tables below present transactions with related entities for particular years:

	Other related parties	Total
Transactions in the period 2024	12,464	12,464
Interest income	12,186	12,186
Revision of estimated contractual cash flows	278	278
As at 31.12.2024	-	-
Loans granted	-	-

	Other related parties	Total
Transactions in the period 2023	9,869	9,869
Interest income	9,869	9,869
As at 31.12.2023	202,416	202,416
Loans granted	202,416	202,416

The terms of loans granted to related entities are presented in note 6.8.

The terms of transactions between related entities were not more favourable than the terms of similar transactions possible to be carried out on market terms with unrelated entities.

As part of the restructuring of the Group described in note 3 the loan from the parent has been extinguished.

9.4. Compensation of the key management personnel of the Group

	2024	2023
Short-term employee benefits	29,944	23,262
Share based payments	9,768	-
Compensation of key management personnel of the Group	39,712	23,262

The key management personnel of the Group are members of the Board of Directors of the Parent Company and members of the Management Committee that are also members of the Management Board of Żabka Polska sp. z o.o.

As a result of change in governance structure which took place in 2024, the Group reassessed the approach to key management personnel and decided to disclose the compensation of the members of the Board of Directors and Management Committee as indicated above. In previous years amounts disclosed as compensation of the key management personnel of the Group included the remuneration of the Management Board of Zabka Group and Żabka Polska sp. zo.o. and their key directors and managers and the Supervisory Board of Żabka Polska sp. z o.o. The compensation of the Group personnel treated as key management personnel in previous years would be PLN 130,336 thousand for 2024 (2023: PLN 104,440 thousand).

For details of share-based payment please refer to note 9.2.

9.5. Employment

The average number of the Group's employees for the year ended 31 December 2024 was 3,881, for the year ended 31 December 2023: 2,969.

9.6. Information on the remuneration of the entity authorised to audit financial statements

	31.12.2024	31.12.2023
Statutory annual audit	4,198	736
Half-year reviews	2,856	-
Other non-audit services	3,209	-
Auditor's remuneration	10,263	736

The entity authorised to audit the Group's financial statements for 2024 and 2023 was Ernst & Young Société anonyme.

Other non-audit services included mainly other assurance services related to IPO (before the Group was listed) and Limited Assurance Report on CSRD Reporting.

9.7. Events after the reporting date

On 31 January 2025 the Group signed the Amendment and Restatement Agreement with European Bank of Reconstruction and Development (Credit facility agreement concluded on 24 May 2023). The Amendment i.a. decreased the margin by 0.75 pp. and released the registered pledges on all assets other than the shares.

On 20 February 2025, Zabka International S.a r.l. made a cash contribution to Froo Romania Holding S.A. in the amount of EUR 14,500 thousand (PLN 60,498 thousand), increasing its share in the company by 6.18% to 73.18%.

In January, February and March 2025 the Group drew 3 tranches of PLN 389,000 thousand from the Capex line with a total value of PLN 569,415 thousand (under a bank loan agreement dated 9 January 2023).

Audit report

Audit report



Shape the future with confidence

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Autorisations d'établissement :
00117514/13, 00117514/14, 00117514/15, 00117514/17, 00117514/18, 00117514/19

Independent auditor's report

To the Shareholders of
Zabka Group S.A.
2, rue Jean Monnet
L-2180 Luxembourg

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Zabka Group S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Company as at 31 December 2024, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter:	Accounting for bonuses and discounts granted to franchisees
Description of Key Audit Matter:	<p>In the consolidated financial statements, the Group presents revenues from franchisees for the year ended 31 December 2024 amounting to PLN 22 554 631 thousand. The main source of the Group's revenues are contracts concluded with franchisees under which the Group, among other things, sells goods, rents out stores with equipment and provides the know-how. The Group identifies one performance obligation under contracts with franchisees.</p> <p>Revenue is recorded as goods are delivered. Revenue from services that accompany sale of physical goods to franchisees is, in principle, dependent on the turnover from physical goods and is not separate from that revenue stream. Their value is part of the variable remuneration per performance obligation under the franchise agreement. Under the franchise agreement, the Group grants to franchisees price discounts and volume bonuses the amount of which depends on the turnover made by franchisees.</p> <p>The accrual for bonuses and discounts granted to franchisees is accounted for against revenue and presented on a net basis in the consolidated statement of profit or loss.</p> <p>At the end of each reporting period, the Group estimates the amount of remuneration to which it will be entitled in exchange for the transfer of the goods or services to franchisees, taking into account the expected discounts and bonuses, as well as potential returns of goods. The expected discounts and bonuses and expected returns of goods represent a variable component in the remuneration of the transaction price. This variable remuneration is recognized only to the extent that there is a high probability that the amount previously recognized as revenue will not be reversed. The amount of the variable remuneration is determined based on an estimation calculated by the Management.</p> <p>Due to the inherent subjectivity and complexity involved in estimating this variable remuneration with franchisees the matter was considered as a Key Audit Matter. The estimates made by management could materially affect the revenue recognition as well as the accrual for refund liabilities.</p> <p>The accounting policies adopted by the Group in this respect are presented in note 5.1 "Revenue" to the consolidated financial statements.</p>

Our Response:	<p>We assessed the appropriateness of the Group's accounting principles relating to the recognition of accruals for bonuses and discounts granted to franchisees in accordance with IFRS.</p> <p>We obtained an understanding of the Group's internal processes for entering into contracts with franchisees as well as the internal controls implemented to ensure appropriate settlement of the bonuses and discounts granted to franchisees.</p> <p>As part of our audit, we have also performed procedures, which included among others:</p> <ul style="list-style-type: none"> inspecting a sample of the franchise agreements and identifying the terms that give rise to variable consideration (bonus and discounts); recalculation of the bonus amount based on contractual terms included in the agreements signed by franchisees; verification of accruals for bonuses and discounts recognized at year end to actual settlement after the reporting date; analysis of historical data on bonuses and discounts provided to franchisees to assess the accuracy and reliability of management's estimates; reconciliation of the key inputs embedded into the model to the underlying supporting documentation; analytical procedures on franchisees' financial results and rationalization of bonuses and discounts to which franchisees are entitled; assessment of the adequacy and accuracy of disclosures in the consolidated financial statements.
Key Audit Matter:	<h3>Recognition of rebates related to contracts with suppliers</h3> <p>Description of Key Audit Matter:</p> <p>In the consolidated financial statements, the Group presents cost of sales for the year ended 31 December 2024 amounting to PLN 19 406 266 thousand.</p> <p>The Group receives various types of supplier rebates, which are included in cost of sales. These rebates are associated with supply contracts with vendors and take various forms such as credits and discounts. Such rebates obtained from contracts are considered as a component of the cost of the inventory and are recognized in the income statement when the products are sold (according to IAS 2 "Inventories").</p> <p>Given the large number of contracts with suppliers and diversity of terms and conditions, as well as the complexity of the calculation model, we considered this area as a Key Audit Matter.</p> <p>The accounting policies adopted by the Group in respect to the recognition and presentation of rebates related to contracts with suppliers are presented in note 6.6 "Inventory", 6.12. "Trade payables and other financial liabilities", in the consolidated financial statements.</p>

Our Response:	<p>We assessed the appropriateness of the Group's accounting principles relating to the recognition of rebates related to contracts with suppliers in accordance with IFRS.</p> <p>During our audit we also obtained an understanding of the Group's internal processes for entering into contracts with suppliers as well as the internal controls implemented to ensure appropriate settlement of the rebates with suppliers.</p> <p>We have also performed procedures, which included among others:</p> <ul style="list-style-type: none"> ▪ for a selected sample of suppliers, we assessed whether the methodology applied in calculating the rebates was in line with contractual terms and arrangements with suppliers; ▪ for a selected sample of suppliers, we tested arithmetical accuracy of the calculations; ▪ for a selected sample of suppliers, we obtained audit evidence in respect to the value of purchases; ▪ reconciliation of the key inputs embedded into the model to the underlying supporting documentation; ▪ performing retrospective review of prior year management's calculation by testing subsequent collections of supplier rebate balances as well as by testing subsequent transactions after the financial position date.
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Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report: strategy and business model, financial overview, corporate governance and leadership team and remuneration report, but does not include the consolidated financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors is also responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format, as amended ("ESEF Regulation").

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Assess whether the consolidated financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 26 April 2024 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is four years.

The management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The corporate governance statement, included in the consolidated management report, is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2024 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the financial statements. For the Group, it relates to:

- Financial statements prepared in valid xHTML format;
- The XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of the Group as at 31 December 2024, identified as zabkagroup-2024-12-31-0-en/reports/zabkagroup-2024-12-31-0-en, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Alban Aubrée

Responsibility Statement

Responsibility Statement



Luxembourg, 24 March 2025

Zabka Group Société anonyme

Rue Jean Monnet 2, L – 2180 Luxembourg

Grand Duchy of Luxembourg

R.C.S. Luxembourg: B263068

RESPONSIBILITY STATEMENT

The Board of Directors of Zabka Group Société anonyme (the “**Company**”) confirms that, to the best of its knowledge:

The annual 2024 Consolidated Financial Statements prepared in accordance with the IFRS Accounting Standards as adopted by the European Union (IFRS) and Standalone Financial Statements prepared in accordance with Generally Accepted Accounting Principles in Luxembourg, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and that the Management Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approved by the Board of Directors on its behalf by:

Krzysztof Krawczyk

Chairman of the Board of Directors

24 March 2025

Tomasz Suchański

Group Chief Executive Director

Glossary and KPI definitions (APMs)

Definitions used in the Report

Name	Definition
● Adjusted EBITDA	EBITDA adjusted for certain non recurring costs, including changes in ownership structure, raising new financing, group reorganisation, asset disposals, M&A transaction costs, and incentive programs (detailed reconciliation and explanations provided in the Financial review chapter).
Adjusted EBITDA margin	Adjusted EBITDA divided by Sales to End Customers.
● Adjusted EBITDA (post-rent)	Adjusted EBITDA reduced by rent (real estate rent cost as incurred).
● Adjusted Net Profit	Net profit /(loss) from continuing operations adjusted for EBITDA Adjustments taxed at corporate nominal tax rate.
Adjusted Net Profit margin	Adjusted Net Profit divided by Sales to End Customers.
APM, Alternative Performance Measures	Alternative performance measure within the meaning of the European Securities and Markets Authority Guidelines on Alternative Performance Measures. Reconciliation and explanations of APMs are provided in the Financial review chapter.
Audit Committee	The audit committee of the Company.
Board of Directors	The board of directors of the Company.
CAGR	Compound Annual Growth Rate.
● CAPEX	Sum of additions to other intangible assets and property, plant and equipment.
CEO	The Chief Executive Officer of the Company.
CFO	The Chief Financial Officer of the Company.
Chairman	The Chairman of the Board of Directors.
Company, Zabka Group SA	Zabka Group, a public limited liability company (société anonyme), with its registered office in Luxembourg.
● CSRD	Corporate Sustainability Reporting Directive - a regulatory framework adopted by the European Union to enhance and standardize the disclosure of sustainability-related information by companies.
CVC, CVC Capital Partners	A Luxembourg-based private equity and investment advisory firm, the shareholder in Zabka Group holding a controlling interest.
Cyberstore	A platform containing a set of applications dedicated to franchisees, allowing remote control over store activities.
D2C	Direct to Consumer.

● Alternative Performance Measures (APM) ● ESG definitions

Name	Definition
DAM	Directly Addressable Market.
Dark store	A retail outlet or distribution centre that caters exclusively to online shopping. A dark store is generally a warehouse that can either be used to facilitate a click- and-collect service, where a customer collects an item they have ordered online, or as an order fulfilment platform for online sales.
DCO, Digital Customer Offering	An advanced digital offering of the Group which includes D2C meal solutions (Maczfit), a SaaS-enabled D2C meal marketplace (Dietly), eGrocery businesses (delio, Zabka Jush) and autonomous stores (Nano).
delio	A part of Lite e-commerce group, an e-grocery solution offering a range of approximately 6,000 products.
Dietly	Masterlife Solutions sp. z o.o., with its registered office in Warsaw, en software-as-a-service (SaaS) marketplace, providing online access to meal plans in Poland.
Digital Active Shoppers	Yearly active shopper across the digital ecosystem; making at least one transaction over the past 12 months.
Directors	Executive Directors and Non-Executive Directors of the Company
DRIM	DRIM Daniel Distributie FMCG S.R.L. with its registered office in Argeselu Village, Maracineni Commune (Romania), is a leading distribution network company . specializing in FMCG. It uses strong logistic platforms to efficiently supply a wide range of products to retail and distribution outlets across the region.
● EBITDA	The Group's net income/(loss) for the reporting period before the effect of income taxes, financing activities and depreciation and amortisation expense.
EcoVadis	A global provider of a standardised and independent sustainability rating system.
ETR, Effective Tax Rate	The actual percentage of taxes paid by a company based on its pre-tax income.
eGrocery	A practice of purchasing groceries and household products online with home delivery or pickup.
● ESG	Environment, Social and Governance.
● ESRS	European Sustainability Reporting Standards -a set of guidelines and requirements developed to support the implementation of the CSRD within the European Union.
Executive Directors	Executive directors of the Board of Directors and all the members of the Management Committee of the Company.
EU	The European Union.
Eurostat	The statistical office of the European Union.

Definitions used in the Report

Name	Definition
● FCF, Free Cash Flow	Means Adjusted EBITDA (post-rent) minus CAPEX plus cost of the Sale and Leaseback Transaction plus changes in working capital and provisions.
● Free Cash Flow Conversion	Free Cash Flow divided by Adjusted EBITDA (post-rent).
FMCG	The Fast-Moving Consumer Goods.
Franchisee margin	The amount the franchisee earns on selling products, accounting for the incentives received from the Group.
Froo	Refers to Froo Romania Retail S.R.L., a registered office based in Bucharest that operates a growing network modern convenience store under brand Froo, which are similar to Żabka stores in Poland.
Gallup, Gallup Q12 survey	A Gallup Institute survey that measures employee engagement; it consists of 12 questions that measure the level of engagement of employees in an organisation.
GDP	Gross Domestic Product.
General Meeting	The ordinary (annual) or extraordinary general meeting of shareholders of the Company.
● GHG	Greenhouse gases, gases that include Carbon dioxide (CO ₂), Methane (CH ₄), Nitrous Oxide (N ₂ O), Sulphur hexafluoride (SF ₆), Nitrogen trifluoride (NF ₃), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs). Gases are listed in Part 2 of Annex V of Regulation (EU) 2018/1999 of the European Parliament and of the Council.
● GRI standards	Sustainability reporting standards developed by the Global Reporting Initiative – the independent, international organization that helps businesses and other organizations take responsibility for their impacts, by providing them with the global common language to communicate those impacts.
Group entity	A company within the Żabka Group, which includes Żabka Polska Sp. z o.o., Żabka Nano Sp. z o.o., Żabka Property Fund Sp. z o.o., Maczfit Foods Sp. z o.o., Cool-Logistics Sp. z o.o., Masterlife Solutions Sp. z o.o., Froo Romania Holding S.A., and DRIM Daniel Distributie FMCG S.R.L.
IFRS	The International Financial and Reporting Standards, the International Accounting Standards and their interpretations adopted and approved by the European Union.
IPO	Initial Public Offering; the first public sale of a Company's shares to raise capital.
Law	The Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders in general meetings of listed companies and implementing Directive 2007/36/EC of the European Parliament and the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies, as amended by the law of 18 December 2015 (implementing Directive 2014/59/EU) and the law of 1 August 2019 (implementing Directive (EU) 2017/828).
● IROs	Impact, Risks and Opportunities.

● Alternative Performance Measures (APM) ● ESG definitions

Name	Definition
LfL, LfL sales growth	Like for Like, comparison of sales to end customers in Żabka stores, taking into account the sales of stores operating on the same day in both the current and previous period.
Lite e-commerce	Lite e-commerce, a Polish start-up within the Żabka Group since 2021, is based in Warsaw and specialises in e-commerce technology.
Luxembourg	The Grand Duchy of Luxembourg.
LTIP	The long-term incentive plans in the form of financial instruments of the Company.
Maczfit	Maczfit Foods sp. z o.o., with its registered office in Warsaw, is a subscription-based direct-to-consumer meal provider. The company is well-known for delivering high-quality, ready-made meals directly to customers doors.
Management Committee	The management committee (comité de direction) appointed by the Board of Directors on 20 June 2024.
Managing Directors	Members of the Management Committee.
● Net Debt (excluding lease liabilities) / Adjusted EBITDA (post-rent)	Net Debt excluding lease liabilities divided by Adjusted EBITDA (post-rent) for the preceding twelve months.
● Net Debt (excluding lease liabilities)	Sum of loans and borrowings, less cash and cash equivalents.
● Net Debt (including lease liabilities) / Adjusted EBITDA	Net Debt including lease liabilities divided by Adjusted EBITDA for the preceding twelve months.
● Net Debt, Net Debt (including lease liabilities)	Sum of loans and borrowings, lease liabilities less cash and cash equivalents.
Net profit	IFRS measure representing net profit from continuing operations.
Net profit margin	Net profit / (loss) from continuing operations divided by Sales to End Customers.
New Growth Engines	Groups reporting segment that comprises Digital Customer Offering and operations in Romania under Froo and DRIM brands.
Non-Executive Directors	Non-executive directors of the Board of Directors.
NPS	Net Promoter Score.

Definitions used in the Report

Name	Definition
Number of franchisees	The number of franchisees running a Żabka store at the end of the reporting period.
OC&C	OC&C Strategy Consultants.
OECD	Organisation for Economic Cooperation and Development.
OptiPlan	An efficiency and management tool to increase productivity at the store level.
● Own workforce	Own workforce means: 1) employees – those individuals who are in an employment relationship with an entity within the Group; 2) non-employees / co-workers – those workers who are bound to an entity within the Group by a civil law contract, individual contractors providing services within the Group, and self-employed people (B2B); temporary workers – those who are provided to an entity within the Group by entities engaged in employment activities, such as temporary recruitment agencies.
● Physical risk	Risk that is a direct result of the Company's dependence on nature. Physical risk arises when natural systems are compromised, due to the impact of climatic events, geologic events or changes in ecosystem equilibria, which affect the ecosystem services the Company depends on. Physical risk can be acute, chronic, or both.
POS (points of sale)	Total number of Żabka stores, including unmanned Żabka Nano stores.
QMS	Quick Meal Solutions.
QSR	Quick Service Restaurant.
Real GDP	Means an inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year (expressed in base-year prices), calculated by dividing nominal GDP over a GDP deflator.
Remuneration Policy	The Remuneration Policy of Zabka Group SA adopted by the Board of Directors on 30 September 2024.
Remuneration Report	The remuneration report of the Management Board and Management Committee of Zabka Group SA for the financial year 2024.
Sales to End Customers	Represents sales to end customers from Żabka stores, as well as of New Growth Engines, and does not represent the Group's revenue.
● SASB	Industry-specific sustainability reporting standards developed by the Sustainability Accounting Standards Board.
SKU	Stock Keeping Unit.
TAM	Total Addressable Market.
● TNFD	The Taskforce on Nature-related Financial Disclosures - an initiative aimed at developing a framework for organizations to report and act on evolving nature-related risks and opportunities.

Name	Definition
● Transition plan	A specific type of action plan that is adopted by the company in relation to a strategic decision and addresses: (i) public policy objective, and/or (ii) company-specific action plan organised as a structured set of targets and actions associated with strategic decisions, major change in business model, and/or particularly important actions and allocated resources.
● Transition risk	Risk that results from a misalignment between the company's strategy and management and the changing regulatory, policy or societal landscape in which it operates. Transition risk refer to risk arising from the transition away from fossil fuels and other GHG-emitting activities.
WSE	The Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) and, unless the context requires otherwise, the regulated market operated by such company.
WSE Best Practices	Code of Best Practices for WSE Listed Companies 2021, which constitutes a set of rules and recommendations regarding corporate governance applicable to companies listed on the WSE.
YoY	Year over Year.
Żabka	Brand of Żabka.
Żabka Group, the Group	The Company and its subsidiaries.
Żabka Jush!	A part of Lite e-commerce group, a brand offering 15-minute deliveries of approximately 4,000 products ordered via the Żabka Jush app.
Żabka Nano	Żabka Nano sp. z o.o. with its registered office in Poznań is a 24/7 autonomous D2C store that offers convenient shopping and can be customised for various locations. It complements traditional stores by expanding potential sites and allowing placement in hard-to-reach areas.
Żabka Polska	Żabka Polska sp. z o.o., with its registered office in Poznań.
Żappka	Żabka mobile application for customers.
Żapps	Loyalty points collected by customers in Żappka app.

● Alternative Performance Measures (APM)
● ESG definitions

Endnotes

- 1 Source: OC&C, 2024.
- 2 Source: OECD, 2023.
- 3 Source: GfK, "% of Polish population using retailer apps", 2024.
- 4 Source: PMR, "% of Polish population using grocery loyalty schemes", 2024.
- 5 Source: OC&C, Żabka Consumer Segments (CAS) analysis, 2023-2024.
- 6 Source: OC&C, Żabka Consumer Segments (CAS) analysis, 2023-2024.
- 7 Source: OC&C, Market Trends Report 2024.
- 8 Source: OC&C, "Total Addressable Market Outlook", 2024.
- 9 Source: OC&C, "Directly Addressable Market Outlook", 2024.
- 10 Source: OC&C, "Digital and Meal Market Growth Analysis", 2024.
- 11 Source: OC&C, "Directly Addressable Market Outlook", 2024.
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- 13 Source: Eurostat, "Individuals using the internet daily", 2024.
- 14 Source: OC&C, "Split of shopping missions", 2024.
- 15 Source: Kantar, "Tracking brand health", 2024 average.
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- 17 Source: OC&C Strategy Consultants, "The Future of Food" 2023.
- 18 Source: Oxford Economics, 2024.
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- 20 Source: OC&C, Market Trends Report, 2024.
- 21 Source: OC&C, "CAGR on Real Disposable Income in Romania 2023-2028", 2024.
- 22 Source: World Bank, "Urban Population in Romania", 2024.
- 23 Source: World Bank, "Urban Population in Western Europe", 2024.
- 24 Source: Eurostat, 2023.
- 25 Source: Eurostat, 2023.
- 26 Source: Eurostat, 2024.
- 27 Source: Eurostat, 2024.
- 28 Source: World Bank, "Personal remittances", 2023.
- 29 Source: OC&C, Romania Consumer Survey, 2022.
- 30 Trade Dimensions, NielsenIQ, Jan 2025.
- 31 Source: Central Statistical Office, Poland.
- 32 Adjusted EBITDA divided by Sales to End Customers - all margins presented in this chapter are calculated with Sales to End Customers in denominator.
- 33 Adjusted EBITDA divided by Sales to End Customers - all margins presented in this chapter are calculated with Sales to End Customers in denominator.
- 34 Net Debt (excluding Leases) divided by Adjusted EBITDA post-rent.
- 35 Payback period for stores opened in 2023, excluding Capex for street food ovens roll-out Net Debt (excluding Leases) divided by Adjusted EBITDA post-rent.
- 36 Source: Central Statistical Office, Poland.
- 37 Żabka's growth based on Nielsen estimates differing slightly from our reported figures.
- 38 Source: Nielsen data.
- 39 Source: Central Statistical Office, Poland, Average real monthly YoY growth salary in the production sector.
- 40 Source: TGE - avg monthly spot prices of electricity.
- 41 Source: Basing on Nielsen data.
- 42 Source: Basing on Nielsen data.

