



**EUROCASH**

**CONSOLIDATED QUARTERLY REPORT**

**1<sup>st</sup> QUARTER 2019**

**TRANSLATORS' EXPLANATORY NOTE**

The following document is a free translation of the report of the above-mentioned Polish Company.

In the event of any discrepancy in interpreting the terminology, the Polish version is binding.

## **CONTENTS**

- I. SELECTED CONSOLIDATED FINANCIAL DATA**
- II. QUARTERLY ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS**
- III. SELECTED SEPARATE FINANCIAL DATA**
- IV. QUARTERLY ABBREVIATED SEPARATE FINANCIAL STATEMENTS**
- V. MANAGEMENT DISCUSSION OF THE FINANCIAL RESULTS FOR THE  
1Q 2019**

## SELECTED CONSOLIDATED FINANCIAL DATA

	Non audited for the period from 01.01.2019 to 31.03.2019 PLN	Non audited for the period from 01.01.2018 to 31.03.2018 PLN	Non audited for the period from 01.01.2019 to 31.03.2019 EUR	Non audited for the period from 01.01.2018 to 31.03.2018 EUR
Sales	5 482 936 637	4 987 110 498	1 286 379 804	1 171 343 127
Operating profit (loss)	(9 694 037)	(7 098 096)	(2 274 368)	(1 667 159)
Profit (loss) before income tax	(37 457 359)	(17 285 249)	(8 788 063)	(4 059 857)
Profit (loss) for the on continued operations	(40 163 730)	(18 527 708)	(9 423 018)	(4 351 679)
Profit (loss) for the period	(40 163 730)	(18 527 708)	(9 423 018)	(4 351 679)
Net cash from operating activities	(133 921 883)	(54 994 774)	(31 420 098)	(12 916 849)
Net cash used in investing activities	(123 440 391)	(39 753 926)	(28 960 981)	(9 337 168)
Net cash used in financing activities	224 694 396	389 860 855	52 716 701	91 568 220
Net change in cash and cash equivalents	(32 667 878)	295 112 155	(7 664 378)	69 314 204
Weighted average number of shares	139 163 286	139 158 564	139 163 286	139 158 564
Weighted average diluted number of shares	139 163 286	139 158 564	139 163 286	139 158 564
EPS (in PLN / EUR)	(0,28)	(0,11)	(0,07)	(0,03)
Diluted EPS (in PLN / EUR)	(0,28)	(0,11)	(0,07)	(0,03)
Average PLN / EUR rate*			4,2623	4,2576
	Non audited as at 31.03.2019 PLN	Non audited as at 31.12.2018 PLN	Non audited as at 31.03.2019 EUR	Non audited as at 31.12.2018 EUR
Assets	8 176 960 839	6 010 906 273	1 901 618 800	1 441 153 294
Non-current liabilities	1 620 447 354	79 517 996	376 848 222	19 064 949
Current liabilities	5 548 312 497	4 894 979 758	1 290 305 232	1 173 602 762
Equity	1 008 200 988	1 036 408 518	234 465 346	248 485 583
Share capital	139 163 286	139 163 286	32 363 555	33 365 290
Number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Diluted number of shares	142 069 536	142 069 536	142 069 536	142 069 536
Book value per share (in PLN / EUR)	6,81	7,01	1,58	1,68
Diluted book value per share (in PLN / EUR)	6,67	6,86	1,55	1,65
Dividends paid (in PLN / EUR)	-	111 277 151	-	26 679 410
Dividends paid per share (in PLN / EUR)	-	0,80	-	0,19
PLN / EUR rate at the end of the period**			4,3000	4,1709

\* Profit and loss items and cash flow items calculated on basis at a weighted average rate announced by the National Bank of Poland for 1Q 2019,

\*\* Balance sheet items and book value per share have been converted using the official mid-rates announced by the National Bank of Poland prevailing on the balance sheet date.

# **EUROCASH S.A. GROUP**

## **CONDENSED INTERIM**

## **CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 MARCH 2019

### **TRANSLATORS' EXPLANATORY NOTE**

This document is a free translation of the Polish original.  
The binding Polish original should be referred to in matters of interpretation.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## CONTENTS

<b>Introduction to condensed interim consolidated financial statements</b> .....	<b>3</b>
1. Information about the Parent Entity.....	3
2. Bodies of the Parent Entity.....	3
<b>Condensed consolidated income statement for the period from 01.01. to 31.03.2019</b> .....	<b>5</b>
<b>Condensed consolidated statement of comprehensive income for the period from 01.01. to 31.03.2019</b> .....	<b>6</b>
<b>Condensed consolidated statement of financial position as at 31.03.2019</b> .....	<b>7</b>
<b>Condensed consolidated statement of cash flows for the period from 01.01. to 31.03.2019</b> .....	<b>9</b>
<b>Condensed consolidated statement of changes in equity for the period from 01.01. to 31.03.2019</b> .....	<b>10</b>
<b>Supplementary information to the condensed interim consolidated financial statements prepared for the period from 01.01.2019 to 31.03.2019</b> .....	<b>11</b>
1. General information .....	11
2. Notes to the Condensed interim consolidated financial statements prepared for the period from 01.01.2019 to 31.03.2019.....	22

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## INTRODUCTION TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 1. INFORMATION ABOUT THE PARENT ENTITY

#### NAME

EUROCASH Spółka Akcyjna ("Company", "Parent Entity")

#### REGISTERED OFFICE

ul. Wiśniowa 11, 62-052 Komorniki

#### CORE BUSINESS

Non-specialized wholesale trade  
(PKD 4690Z)

#### REGISTRATION COURT

District Court Poznań - Nowe Miasto and Wilda in Poznań, VIII Commercial Department of the National Court Register, KRS 0000213765

#### DURATION OF THE PARENT COMPANY

Indefinite

#### PERIOD COVERED BY THE FINANCIAL STATEMENTS

The reporting period is 1 January 2019 – 31 March 2019.

The consolidated statement of financial position has been prepared as at 31 March 2019 and the comparative figures are presented as at 31 December 2018.

Comparative data has been prepared in accordance to UE-approved IAS 34 – Interim financial reporting.

### 2. BODIES OF THE PARENT ENTITY

#### 2.1. MANAGEMENT BOARD OF THE PARENT ENTITY

As at 31 March 2019 the Parent Entity's Management Board consisted of the following members:

Luis Manuel Conceicao do Amaral – President of the Management Board,  
Rui Amaral – Member of the Management Board,  
Arnaldo Guerreiro – Member of the Management Board,  
Pedro Martinho – Member of the Management Board,  
Katarzyna Kopaczewska – Member of the Management Board,  
Jacek Owczarek – Member of the Management Board,  
Przemysław Ciaś – Member of the Management Board.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## 2.2. SUPERVISORY BOARD OF THE PARENT ENTITY

As at 31 March 2019 the Parent Entity's Supervisory Board consisted of the following members:

João Borges de Assunção – President of the Supervisory Board,  
Francisco José Valente Hipólito dos Santos – Member of the Supervisory Board,  
Hans Joachim Körber – Member of the Supervisory Board,  
Jacek Sz wajcowski – Member of the Supervisory Board,  
Alicja Kornasiewicz – Member of the Supervisory Board.

## 2.3. CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARD

There were no changes in the Management and Supervisory Board during the reporting period.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 01.01. TO 31.03.2019

	Non audited 1 Quarter for the period from 01.01.2019 to 31.03.2019	Non audited 1 Quarter for the period from 01.01.2018 to 31.03.2018
<b>Sales</b>	<b>5 482 936 637</b>	<b>4 987 110 498</b>
Sales of goods	5 451 297 162	4 951 590 436
Sales of services	30 311 293	34 632 787
Sales of materials	1 328 182	887 275
<b>Costs of sales</b>	<b>(4 771 436 382)</b>	<b>(4 405 542 358)</b>
Costs of goods sold	(4 770 139 851)	(4 404 885 072)
Costs of materials sold	(1 296 531)	(657 286)
<b>Gross profit (loss)</b>	<b>711 500 255</b>	<b>581 568 140</b>
Selling expenses	(628 902 211)	(491 391 605)
General and administrative expenses	(94 508 028)	(92 060 011)
<b>Profit (loss) on sales</b>	<b>(11 909 983)</b>	<b>(1 883 476)</b>
Other operating income	19 623 774	11 682 406
Other operating expenses	(17 407 828)	(16 897 026)
<b>Operating profit (loss)</b>	<b>(9 694 037)</b>	<b>(7 098 096)</b>
Financial income	7 380 958	8 024 901
Financial costs	(34 617 743)	(16 789 137)
Share in profits (losses) of equity accounted investees	(526 538)	(1 422 917)
<b>Profit (loss) before tax</b>	<b>(37 457 359)</b>	<b>(17 285 249)</b>
Income tax expense	(2 706 371)	(1 242 458)
<b>Profit (loss) for the period</b>	<b>(40 163 730)</b>	<b>(18 527 708)</b>
Attributable to:		
Owners of the Company	(39 387 877)	(15 826 151)
Non-controlling interests	(775 853)	(2 701 557)
<b>EARNINGS PER SHARE</b>		
	PLN / share	PLN / share
Profit (loss) attributable to Owners of the Company	(39 387 877)	(15 826 151)
Weighted average number of shares	139 163 286	139 158 564
Weighted average diluted number of shares	139 163 286	139 158 564
<b>Earnings per share</b>		
- basic	(0,28)	(0,11)
- diluted	(0,28)	(0,11)



<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 01.01. TO 31.03.2019**

	Non audited 1 Quarter for the period from 01.01.2019 to 31.03.2019	Non audited 1 Quarter for the period from 01.01.2018 to 31.03.2018
<b>Profit (loss) for the period</b>	<b>(40 163 730)</b>	<b>(18 527 708)</b>
<b>Other comprehensive income for the period</b>	1 409 907	(1 396 302)
Items that may be subsequently reclassified to profit or loss:		
- The result on hedge accounting with the tax effect:	1 409 907	(1 396 302)
<b>Total comprehensive income for the period</b>	<b>(38 753 823)</b>	<b>(19 924 009)</b>
<b>Total Income</b>		
Owners of the Company	(37 977 969)	(17 222 452)
Non-controlling interests	(75 853)	(2 701 557)
<b>Total comprehensive income for the period</b>	<b>(38 753 823)</b>	<b>(19 924 009)</b>

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31.03.2019

	Non audited	
	as at	as at
	31.03.2019	31.12.2018
<i>Assets</i>		
<b>Non-current assets (long-term)</b>	<b>4 881 280 075</b>	<b>3 006 009 506</b>
Goodwill	1 845 576 264	1 783 646 478
Intangible assets	323 836 342	327 745 237
Property, plant and equipment	2 604 968 444	790 197 116
Investment property	953 178	957 103
Investments in equity accounted investees	27 007 054	27 533 591
Other long-term investments	7 204 933	3 621 425
Long-term receivables	17 382 608	20 497 785
Deferred tax assets	52 811 472	50 465 787
Other long-term prepayments	1 539 781	1 344 982
<b>Current assets (short-term)</b>	<b>3 295 680 764</b>	<b>3 004 896 767</b>
Inventories	1 517 493 578	1 292 001 606
Trade receivables	1 373 908 793	1 343 421 596
Current tax receivables	2 662 868	1 370 241
Other short-term receivables	183 693 836	133 224 204
Other short-term financial assets	995 272	-
Short-term prepayments	53 035 444	38 320 268
Cash and cash equivalents	163 890 974	196 558 852
<b>Total assets</b>	<b>8 176 960 839</b>	<b>6 010 906 273</b>

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31.03.2019

	Non audited	
	as at	as at
	31.03.2019	31.12.2018
<i>Equity and liabilities</i>		
<b>Equity</b>	<b>1 008 200 988</b>	<b>1 036 408 518</b>
<b>Equity attributable to Owners of the Company</b>	<b>947 606 196</b>	<b>975 037 874</b>
Share capital	139 163 286	139 163 286
Reserve capital	1 382 470 766	1 381 000 766
Loss on valuation of hedging transactions	(6 228 522)	(7 638 430)
Option for purchase/selling the shares	(48 287 321)	(57 363 613)
Retained earnings	(519 512 012)	(480 124 135)
Accumulated profit / loss from previous years	(480 124 135)	(589 768 309)
Profit (loss) for the period	(39 387 877)	109 644 174
<b>Non-controlling interests</b>	<b>60 594 791</b>	<b>61 370 645</b>
<b>Liabilities</b>	<b>7 168 759 851</b>	<b>4 974 497 754</b>
<b>Non-current liabilities</b>	<b>1 620 447 354</b>	<b>79 517 996</b>
Long-term financial liabilities	1 554 361 461	3 003 350
Other long-term liabilities	54 901 612	63 940 083
Deferred tax liabilities	3 286 269	5 954 698
Employee benefits	7 254 874	5 676 727
Provisions	643 138	943 138
<b>Current liabilities</b>	<b>5 548 312 497</b>	<b>4 894 979 758</b>
Loans and borrowings	858 886 940	542 754 634
Short-term financial liabilities	304 738 537	32 754 903
Trade payables	3 829 179 780	3 813 380 430
Current tax liabilities	56 522 497	55 191 844
Other short-term payables	121 726 897	110 656 630
Current employee benefits	128 101 675	111 240 638
Provisions	249 156 173	229 000 679
<b>Total equity and liabilities</b>	<b>8 176 960 839</b>	<b>6 010 906 273</b>
<b>BOOK VALUE PER SHARE</b>		
	Non audited	
	as at	as at
	31.03.2019	31.12.2018
<b>Equity attributable to Owners of the Company</b>	<b>947 606 196</b>	<b>975 037 874</b>
Number of shares	139 163 286	139 163 286
Diluted number of shares	142 069 536	142 069 536
<b>Book value per share</b>	<b>6,81</b>	<b>7,01</b>
<b>Diluted book value per share</b>	<b>6,67</b>	<b>6,86</b>

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 01.01. TO 31.03.2019

	Non audited 1 Quarter for the period from 01.01.2019 to 31.03.2019	Non audited 1 Quarter for the period from 01.01.2018 to 31.03.2018
<i>Cash flow from operating activities</i>		
<b>Profit (loss) before tax</b>	<b>(37 457 359)</b>	<b>(17 285 249)</b>
<b>Adjustments for:</b>	<b>171 152 477</b>	<b>64 547 393</b>
Depreciation and amortization	131 060 008	46 708 365
Share in profits (losses) of equity accounted investees	526 538	1 422 917
Valuation of motivational program	1 470 000	1 470 000
Gain (loss) on sale of property, plant and equipment	10 071 450	4 193 468
Interest expenses	30 241 720	13 938 701
Interest received	(2 217 238)	(3 186 058)
<b>Operating cash before changes in working capital</b>	<b>133 695 118</b>	<b>47 262 144</b>
Changes in inventory	(218 710 488)	(6 937 428)
Changes in receivables	(77 598 173)	20 286 738
Changes in payables	20 628 141	(100 983 212)
Changes in provisions and employee benefits	34 502 495	19 145 636
Other adjustments	(477 757)	551 103
<b>Operating cash</b>	<b>(107 960 665)</b>	<b>(20 675 019)</b>
Interest received	902 762	653 343
Interest paid	(20 352 001)	(20 455 988)
Income tax paid	(6 511 979)	(14 517 110)
<b>Net cash from operating activities</b>	<b>(133 921 883)</b>	<b>(54 994 774)</b>
<i>Cash flow from investing activities</i>		
Aquisition of intangible assets	(11 169 311)	(6 041 129)
Proceeds from sale of intangible assets, property, plant and equipment	653 294	-
Aquisition of property, plant and equipment tangible fixed assets	(45 056 642)	(41 672 985)
Proceeds from sale of property, plant and equipment	2 119 623	5 953 238
Income/expenses on other short-term financial assets	(3 628 000)	-
Aquisition of subsidiaries, net of cash acquired	(67 611 536)	-
Interest received	1 252 181	2 006 950
<b>Net cash used in investing activities</b>	<b>(123 440 391)</b>	<b>(39 753 926)</b>
<i>Cash flow from financing activities</i>		
Issue of financial debt securities	-	(30 000 000)
Financing for franchisees	1 664 640	1 029 092
Proceeds from loans and borrowings	315 806 604	423 339 624
Income/expenses for liabilities from financial leasing	(71 919 521)	(895 032)
Other interests	(17 689 044)	(1 344 932)
Interests on loans and borrowings	(3 168 283)	(2 267 898)
<b>Net cash used in financing activities</b>	<b>224 694 396</b>	<b>389 860 855</b>
<b>Net change in cash and cash equivalents</b>	<b>(32 667 878)</b>	<b>295 112 155</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>196 558 852</b>	<b>202 600 349</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>163 890 974</b>	<b>497 712 504</b>

**Condensed interim consolidated financial statements of EUROCASH Group.**

<b>Financial statements period:</b>	<b>01.01-31.03.2019</b>	<b>Presentation currency:</b>	<b>Polish zloty (PLN)</b>
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>		

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 01.01. TO 31.03.2019**

	Share capital	Reserve capital	Option for purchase/selling the shares	Hedge reserve	Retained earnings	Equity attributable to Owners of the Company	Non-controlling interests	Total
<i>Changes in equity in the period from 01.01 to 31.03.2018 - non audited</i>								
<b>Balance as at 01.01.2018 after changes</b>	<b>139 163 286</b>	<b>1 460 760 315</b>	<b>(54 712 448)</b>	<b>(6 483 777)</b>	<b>(572 393 893)</b>	<b>966 333 484</b>	<b>63 671 916</b>	<b>1 030 005 400</b>
<b>Total comprehensive income for the reporting period</b>								
Owners of the Company	-	-	-	-	(15 826 151)	(15 826 151)	-	(15 826 151)
Non-controlling interests	-	-	-	-	-	-	(2 701 557)	(2 701 557)
Net profit presented directly in equity	-	-	-	(1 396 302)	-	(1 396 302)	-	(1 396 302)
<b>Total comprehensive income for the period from 01.01. to 31.03.2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 396 302)</b>	<b>(15 826 151)</b>	<b>(17 222 452)</b>	<b>(2 701 557)</b>	<b>(19 924 009)</b>
Equity-settled share-based payment transactions		1 470 000	-	-	-	1 470 000	-	1 470 000
Other	-	-	-	-	(1 024 999)	(1 024 999)	1 152	(1 023 847)
<b>Total contributions by and distributions to Owners of the Company</b>	<b>-</b>	<b>1 470 000</b>	<b>-</b>	<b>-</b>	<b>(1 024 999)</b>	<b>445 001</b>	<b>1 152</b>	<b>446 153</b>
<b>Balance as at 31.03.2018</b>	<b>139 163 286</b>	<b>1 462 230 316</b>	<b>(54 712 448)</b>	<b>(7 880 079)</b>	<b>(589 245 043)</b>	<b>949 556 032</b>	<b>60 971 512</b>	<b>1 010 527 544</b>
<i>Changes in equity in the period from 01.01 to 31.03.2019 - non audited</i>								
<b>Balance as at 01.01.2019</b>	<b>139 163 286</b>	<b>1 381 000 766</b>	<b>(57 363 613)</b>	<b>(7 638 430)</b>	<b>(480 124 135)</b>	<b>975 037 874</b>	<b>61 370 645</b>	<b>1 036 408 518</b>
<b>Total comprehensive income for the reporting period</b>								
Owners of the Company	-	-	-	-	(39 387 877)	(39 387 877)	-	(39 387 877)
Non-controlling interests	-	-	-	-	-	-	(775 853)	(775 853)
Other comprehensive income	-	-	-	1 409 907	-	1 409 907	-	1 409 907
<b>Total comprehensive income for the period from 01.01. to 31.03.2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 409 907</b>	<b>(39 387 877)</b>	<b>(37 977 969)</b>	<b>(775 853)</b>	<b>(38 753 823)</b>
Equity-settled share-based payment transactions	-	1 470 000	-	-	-	1 470 000	-	1 470 000
Option for purchase/selling the shares	-	-	9 076 292	-	-	9 076 292	-	9 076 292
<b>Total contributions by and distributions to Owners of the Company</b>	<b>-</b>	<b>1 470 000</b>	<b>9 076 292</b>	<b>-</b>	<b>-</b>	<b>10 546 292</b>	<b>-</b>	<b>10 546 292</b>
<b>Balance as at 31.03.2019</b>	<b>139 163 286</b>	<b>1 382 470 766</b>	<b>(48 287 321)</b>	<b>(6 228 522)</b>	<b>(519 512 011)</b>	<b>947 606 197</b>	<b>60 594 791</b>	<b>1 008 200 988</b>

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## SUPPLEMENTARY INFORMATION TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2019 TO 31.03.2019

### 1. GENERAL INFORMATION

#### 1.1. ISSUE OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

According to the resolution of the Management Board dated 9 May 2019, the consolidated financial statements of Eurocash Group for the period from 1 January 2019 to 31 March 2019 were authorized for publication.

According to the information included in the report no. 1/2019 dated 10 January 2019 sent to the Polish Financial Supervision Authority, Eurocash S.A. issues its interim consolidated financial statements on 10 May 2019.

Eurocash S.A. is a listed company and its shares are publicly traded.

#### 1.2. STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements of Eurocash S.A. Group have been prepared in accordance with IAS 34 - Interim Financial Reporting, approved by European Union. These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements of Eurocash S.A. Group as at and for the year ended 31 December 2018, which is available on the website [www.grupaeurocash.pl](http://www.grupaeurocash.pl).

#### 1.3. PRESENTATION CURRENCY, ROUNDINGS

These consolidated interim financial statements are presented in PLN, which is the Parent Entity's functional and presentation currency. All financial information presented in PLN has been rounded to the nearest PLN (unless it is otherwise indicated).

#### 1.4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with UE IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Estimates and underlying assumptions are made based on historical experience and other factors accepted as reasonable in given circumstances, and the results of estimates and judgements are a basis for the determination of the carrying value of assets and liabilities not resulting directly from other sources. Actual results may differ from those estimates. The range of significant judgments, estimates and assumptions was presented in the financial statements for 2018 year and in the current period has not changed.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the current period and any future periods affected, if a change in estimates relates to both the current and future periods.

The Group uses many financial instruments, including contracts for financing the supply chain (reverse factoring) in relation to trade liabilities. In case of the potential impact of this type of agreements on the cash flow and the statement of financial position, the Group prepare the analyse of the content of such agreements on a case-by-case basis. In particular, the Management Board makes the assessment whether the supplier financing program does not incur significant costs related to this program or significant changes in payment dates and future cash flows. In case of significant modifications of terms of

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

repayment of trade liabilities, the group makes appropriate changes to the classification and recognizes liabilities covered by factoring as separate debt financing.

## 1.5. COMPARABILITY OF FINANCIAL STATEMENTS

Accounting principles as well as calculation methods applied in the preparation of these condensed interim consolidated financial statements remained unchanged in comparison to the ones applied in the last annual consolidated financial statements for the financial year ended 31<sup>st</sup> December 2018, excluding the application of new or amended standards and interpretations applicable to annual periods beginning on 1 January 2019 and later.

## 1.6. IMPACT OF NEW STANDARDS AND INTERPRETATIONS ON THE FINANCIAL STATEMENTS OF THE GROUP

### Implementation of IFRS 16

In January 2016, the International Accounting Standards Board issued International Financial Reporting Standard 16 Leasing ("IFRS 16"), which replaced IAS 17 Leasing, IFRIC 4 Determining whether the contract includes leasing, SKI 15 Operating leases - special promotional offers and SKI 27 Substance assessment transactions using the form of leasing. IFRS 16 sets out the accounting principles for leasing in terms of valuation, presentation and disclosure.

IFRS 16 introduces a single model of the lessees accounting and requires the lessee to recognize assets and liabilities resulting from each lease with a period exceeding 12 months, unless the underlying asset is of low value. On the date of the commencement, the lessee recognizes an asset component due to the right of use of the underlying asset and a lease liability that reflects his obligation to make lease payments.

The lessee separately recognizes depreciation of the asset component under the right of use and interest on the lease liability.

The lessee updates the valuation of the lease liability after the occurrence of certain events (eg changes in the leasing period, changes in future lease payments resulting from the change in the index or the rate used to determine these charges). In principle, the lessee recognizes the revaluation of the lease liability as an adjustment to the asset's value due to the right of use.

The Group is a lessee, mainly in the case of lease agreements for rental and means of transport.

Lessor accounting in accordance with IFRS 16 remains substantially unchanged from current accounting in accordance with IAS 17. A lessor will continue to recognize all lease agreements using the same classification principles as in IAS 17, distinguishing between operating leases and financial leasing.

IFRS 16 requires wider disclosures from both the lessee and the lessor than in the case of IAS 17.

The lessee has the right to choose a full or modified retrospective approach, and the transitional provisions provide for some practical solutions.

IFRS 16 is effective for annual periods beginning on January 1, 2019 and later. Earlier application is permitted for entities that apply IFRS 15 from or before the first application of IFRS 16. The Group has not decided to apply IFRS 16 earlier.

The Group has implemented IFRS 16 using a modified retrospective method.

The Group has benefited from the exemption regarding short-term leases.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

In the table below, the Group presented the reconciliation of lease liabilities under IAS 17 as at 31<sup>st</sup> December 2018, and the liability estimated as at 1<sup>st</sup> January 2019 in accordance with IFRS 16:

	Lease liabilities
<b>Finance lease liabilities as at 31 December 2018 (IAS 17)</b>	<b>8 469 417</b>
<b>Liabilities (and their changes) not included in the statement of financial position as at 31 December 2018:</b>	<b>1 801 660 265</b>
Liabilities under operating lease agreements as at 31 December 2018	2 153 781 741
Changes in the method of recognition of contracts for an indefinite period	32 020 910
The value of the discount using the marginal lending rate	(384 142 386)
<b>Lease liabilities as at 01 January 2019</b>	<b>1 810 129 682</b>

#### 1.7. INFORMATION ABOUT THE PARENT ENTITY AND THE GROUP

Eurocash Spółka Akcyjna is the Parent Entity, registered in the District Court Poznań - Nowe Miasto and Wilda in Poznań, VIII Commercial Department of the National Court Register; registration number: KRS 00000213765; located in Komorniki, ul. Wiśniowa 11.

The core business activity of the Parent Entity is non-specialized wholesale trade (PKD 4690Z).

Shares of Eurocash S.A. are traded on Warsaw Stock Exchange.

Eurocash Group comprises Eurocash S.A. and subsidiaries.



**Condensed interim consolidated financial statements of EUROCASH Group.**

<b>Financial statements period:</b>	<b>01.01-31.03.2019</b>	<b>Presentation currency:</b>	<b>Polish zloty (PLN)</b>
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>		

**Entities comprising the Eurocash capital group and associates as at 31.03.2019**

No	1	2	3	4	5	6	7	8
Unit	Eurocash S.A.	Eurocash Serwis Sp. z o.o.	Eurocash Franczyza Sp. z o.o.	Eurocash Trade 1 Sp. z o.o.	Eurocash Trade 2 Sp. z o.o.	Premium Distributors Sp. z o.o.	Przedsiębiorstwo Handlu Spożywczego Sp. z o.o.	DEF Sp. z o.o.
address	ul .Wiśniowa 11 62-052 Komorniki	ul .Wiśniowa 11 62-052 Komorniki	ul .Wiśniowa 11 62-052 Komorniki	ul .Wiśniowa 11 62-052 Komorniki	ul .Wiśniowa 11 62-052 Komorniki	ul. Bokserska 66a 02-690 Warszawa	ul .Wiśniowa 11 62-052 Komorniki	ul. Handlowa 6 15-399 Białystok
core of activity	PKD 4690Z	PKD 4635Z	PKD 8299Z	PKD 4634A	PKD 4634A	PKD 4634A	PKD 4690Z	PKD 4639Z
registration court	District Court Poznań - Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register KRS 0000213765	District Court Poznań - Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register KRS 0000519553	District Court Poznań - Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register KRS 0000259846	District Court Poznań - Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register KRS 0000329002	District Court Poznań - Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register KRS 0000329037	District Court Warszawa, XIII Commercial Division of the National Court Register KRS 0000287947	District Court Zielona Góra, VIII Commercial Division of the National Court Register KRS 0000203619	District Court Białystok, XII Commercial Division of the National Court Register KRS 0000048125
nature of relationship	Parent company	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
applied consolidation method	Full	Full	Full	Full	Full	Full	Full	Full
date of acquisition	n/a	31.03.2006	10.07.2006	06.04.2009	06.04.2009	02.08.2010	02.08.2010	21.12.2011
ownership interest	n/a	75,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100%
voting rights (in %)	n/a	75,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100%

**Condensed interim consolidated financial statements of EUROCASH Group.**

<b>Financial statements period:</b>	<b>01.01-31.03.2019</b>	<b>Presentation currency:</b>	<b>Polish zloty (PLN)</b>
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>		

**Entities comprising the Eurocash capital group and associates as at 31.03.2019 (continued)**

No	9	10	11	12	13	14	15	16
Unit	Lewiatan Podlasie Sp. z o.o.	Euro Sklep S.A.	Ambra Sp. z o.o.	Lewiatan Śląsk Sp. z o.o.	Lewiatan Orbita Sp. z o.o.	Lewiatan Kujawy Sp. z o.o.	Lewiatan Wielkopolska Sp. z o.o.	Lewiatan Opole Sp. z o.o.
address	Porosły 70A 16-070 Choroszcz	ul. Bystrzańska 94a 43-309 Bielsko-Biała	ul. Hutnicza 7 43-502 Czechowice-Dziedzice	ul. Lenartowicza 39 41-219 Sosnowiec	ul. Lubelska 33/15 10-410 Olsztyn	ul. Polna 4-8 87-800 Włocławek	Os. Winiary 54 60-665 Poznań	ul. Światowida 2 45-325 Opole
core of activity	PKD 7010Z	PKD 4711Z	PKD 4645Z	PKD 7022Z	PKD 4690Z	PKD 4711Z	PKD 7740Z	PKD 7740Z
registration court	District Court Białystok, XII Commercial Division of the National Court Register KRS 0000508176	District Court Bielsko Biała, VIII Commercial Division of the National Court Register KRS 0000012291	District Court Katowice-Wschód, VIII Commercial Division of the National Court Register KRS 0000254307	District Court Katowice-Wschód, VIII Commercial Division of the National Court Register KRS 0000175768	District Court Olsztyn, VIII Commercial Division of the National Court Register KRS 0000039244	District Court Toruń, VII Commercial Division of the National Court Register KRS 0000109502	District Court Poznań - Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register KRS 0000133384	District Court Opole, VIII Commercial Division of the National Court Register KRS 000043199
nature of relationship	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
applied consolidation method	Full	Full	Full	Full	Full	Full	Full	Full
date of aquisition	18.03.2014	21.12.2011	21.12.2011	21.12.2011	21.12.2011	21.12.2011	21.12.2011	21.12.2011
ownership interest	100%	100%	100%	100%	100%	100%	100,00%	100,00%
voting rights (in %)	100%	100%	100%	100%	100%	100%	100,00%	100%

**Condensed interim consolidated financial statements of EUROCASH Group.**

<b>Financial statements period:</b>	<b>01.01-31.03.2019</b>	<b>Presentation currency:</b>	<b>Polish zloty (PLN)</b>
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>		

**Entities comprising the Eurocash capital group and associates as at 31.03.2019 (continued)**

No	17	18	19	20	21	22	23	24
Unit	Lewiatan Zachód Sp. z o.o.	Lewiatan Podkarpacie Sp. z o.o.	Lewiatan Holding S.A.	Lewiatan Północ Sp. z o.o.	Eurocash Detal Sp. z o.o.	Eurocash Convenience Sp. z o.o.	Kontigo Sp. z o.o.	Inmedio Sp. z o.o.
address	ul. Przemysłowa 5 73-110 Stargard Szczeciński	ul. Krakowska 47 39-200 Dębica	ul. Kilińskiego 10 87-800 Włocławek	ul. I Dywizji Wojska Polskiego nr 98 84-230 Rumia	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki	ul. Al.Jerozolimskie 174 02-486 Warszawa
core of activity	PKD 6419Z	PKD 8299Z	PKD 7740Z	PKD 4639Z	PKD 4690Z	PKD 7010Z	PKD 7010Z	PKD 4617Z
registration court	District Court Szczecin Centrum, XIII Commercial Division of the National Court Register KRS 0000017136	District Court Rzeszów, XII Commercial Division of the National Court Register KRS 0000186622	District Court Toruń, VII Commercial Division of the National Court Register KRS 0000089450	District Court Gdańsk- North in Gdańsk, VII Commercial Division of the National Court Register KRS 0000322297	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register, KRS 0000499437	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000509266	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000510241	District Court Warszawa, XII Commercial Division of the National Court Register KRS 0000525507
nature of relationship	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
applied consolidation method	Full	Full	Full	Full	Full	Full	Full	Full
date of aquisition	21.12.2011	28.06.2013	21.12.2011	21.12.2011	18.11.2013	05.03.2014	17.04.2014	01.12.2014
ownership interest	100%	100%	67%	100%	100%	100%	100%	51%
voting rights (in %)	100%	100%	71%	100%	100%	100%	100%	51%

**Condensed interim consolidated financial statements of EUROCASH Group.**

<b>Financial statements period:</b>	<b>01.01-31.03.2019</b>	<b>Presentation currency:</b>	<b>Polish zloty (PLN)</b>
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>		

**Entities comprising the Eurocash capital group and associates as at 31.03.2019 (continued)**

No	25	26	27	28	29	30	31	32
Unit	Eurocash VC3 Sp. z o.o.	ABC na kołach Sp. z o.o.	Duży Ben Sp. z o.o.	Firma Rogala Sp. z o.o.	4Vapers Sp. z o.o.	Delikatesy Centrum Sklepy Sp. z o.o.	Eurocash Food Sp. z o.o.	Sushi to go Sp. z o.o.
address	ul. Taśmowa 7 02-677 Warszawa	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki	ul. Grunwaldzka 59 38-350 Bobowa	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki	ul. Piękna 24/26A 00-549 Warszawa
core of activity	PKD 7740Z	PKD 5621Z	PKD 4711Z	PKD 4711Z	PKD 4635Z	PKD 7022Z	PKD 7022Z	PKD 1013Z
registration court	District Court Warszawa, XIII Commercial Division of the National Court Register KRS 0000560795	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000586936	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000577163	District Court Kraków- Śródmieście in Kraków, XII Commercial Division of the National Court Register KRS 0000576321	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000625487	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000567562	District Court Warszawa, XII Commercial Division of the National Court Register KRS 0000605658	District Court Warszawa, XII Commercial Division of the National Court Register KRS 0000492021
nature of relationship	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
applied consolidation method	Full	Full	Full	Full	Full	Full	Full	Full
date of aquisition	11.05.2015	29.12.2015	22.07.2015	29.01.2016	20.06.2016	04.05.2015	04.05.2015	22.06.2016
ownership interest	100%	100%	100%	50%	100%	100,00%	100%	51%
voting rights (in %)	100%	100%	100%	50%	100%	100,00%	100%	51%

**Condensed interim consolidated financial statements of EUROCASH Group.**

<b>Financial statements period:</b>	<b>01.01-31.03.2019</b>	<b>Presentation currency:</b>	<b>Polish zloty (PLN)</b>
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>		

**Entities comprising the Eurocash capital group and associates as at 31.03.2019 (continued)**

No	33	34	35	36	37	38	39	40
Unit	Sushi 2 go Sp. z o.o.	Detal Finanse Sp. z o.o.	Polska Dystrybucja Alkoholi Sp. z o.o.	Żagłoba Sp. z o.o. w likwidacji	ECA Detal Sp. z o.o.	FHC-2 Sp. z o.o.	Madas Sp. z o.o.	Akademia Umiejętności Eurocash Sp. z o.o.
address	ul. Ks. Juliana Chrościckiego 93/105 02-414 Warszawa	ul. Wiśniowa 11 62-052 Komorniki	ul. Hubla 40, Wola Zaradzyńska 95-054 Ksawerów	ul. Stara Huta 7 32-500 Chrzanów	ul. Sempołowskiej 4 95-200 Pabianice	Ul Tysiąclecia 1 38- 400 Krosno	Ul Tysiąclecia 1 38- 400 Krosno	ul .Wiśniowa 11 62-052 Komorniki
core of activity	PKD 8299Z	PKD 6920Z	PKD 4634A	PKD 4634A	PKD 4725Z	PKD 4711Z	PKD 4711Z	PKD 8559B
registration court	District Court Warszawa, XIII Commercial Division of the National Court Register KRS 0000584888	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000618542	District Court Łódź - Śródmieście in Łódź, XX Commercial Division of the National Court Register KRS 0000124474	District Court Kraków - Śródmieście in Kraków, XII Commercial Division of the National Court Register KRS 0000105078	District Court Łódź - Śródmieście in Łódź, XX Division of the National Court Register KRS 0000293684	District Court Rzeszów, XII Commercial Division of National Court Register KRS 0000241137	District Court Rzeszów, XII Commercial Division of National Court Register KRS 0000243880	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000666485
nature of relationship	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
applied consolidation method	Full	Full	Full	Full	Full	Full	Full	Full
date of aquisition	22.06.2016	15.03.2016	30.12.2016	30.12.2016	30.12.2016	16.12.2016	16.12.2016	18.01.2017
ownership interest	74%	100%	100%	66%	100%	50%	50%	100%
voting rights (in %)	74%	100%	100%	66%	100%	50%	50%	100%

**Condensed interim consolidated financial statements of EUROCASH Group.**

<b>Financial statements period:</b>	<b>01.01-31.03.2019</b>	<b>Presentation currency:</b>	<b>Polish zloty (PLN)</b>
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>		

**Entities comprising the Eurocash capital group and associates as at 31.03.2019 (continued)**

No	41	42	43	44	45	46	47	48
Unit	Eko Holding S.A.	Ledi Sp. z o.o.	Jim Sp. z o.o.	EC VC7 Sp. z o.o.	Cerville Investments Sp. z o.o.	Mila S.A.	Investpol 700 Mila spółka akcyjna sp.j.	Mila Holding S.A.
address	ul. R. Chomicza 13C Nowa Wieś Wrocławska 55-080 Kąty Wrocławskie	ul. R. Chomicza 13C Nowa Wieś Wrocławska 55-080 Kąty Wrocławskie	ul. R. Chomicza 13C Nowa Wieś Wrocławska 55-080 Kąty Wrocławskie	ul. Wiśniowa 11 62-052 Komorniki	ul. Czerniewieckiej 2B 02.705 Warszawa	ul. Świętokrzyska 22 88-100 Inowrocław	ul. Świętokrzyska 22 88-100 Inowrocław	ul. Świętokrzyska 22 88-100 Inowrocław
core of activity	PKD 4690Z	PKD 4711Z	PKD 7830Z	PKD 4690Z	PKD 4110Z	PKD 4711Z	PKD 6820Z	PKD 6420Z
registration court	District Court Wrocław - Fabryczna in Wrocław, IX Division of the National Court Register KRS 0000302877	District Court Wrocław - Fabryczna in Wrocław, IX Division of the National Court Register KRS 0000116761	District Court Wrocław - Fabryczna in Wrocław, IX Division of the National Court Register KRS 0000370167	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000666652	District Court Warszawa, XIII Commercial Division of the National Court Register KRS 0000495219	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000644111	District Court Bydgoszcz, VIII Commercial Division of the National Court Register KRS 0000550561	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000666862
nature of relationship	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
applied consolidation method	Full	Full	Full	Full	Full	Full	Full	Full
date of aquisition	04.01.2017	04.01.2017	04.01.2017	18.01.2017	13.12.2017	29.05.2018	29.05.2018	29.05.2018
ownership interest	100%	100%	100%	100%	100%	100%	100,00%	100,00%
voting rights (in %)	100%	100%	100%	100%	100%	100%	100,00%	100,00%

<b>Condensed interim consolidated financial statements of EUROCASH Group.</b>					
<b>Financial statements period:</b>	<b>01.01-31.03.2019</b>	<b>Presentation currency:</b>	<b>Polish zloty (PLN)</b>		
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>				

**Entities comprising the Eurocash capital group and associates as at 31.03.2019 (continued)**

No	49	50	51	52	53
Unit	"Koja-Mila Spółka Akcyjna" Sp. j.	Domelius Limited	ABC Sp. z o.o.	Groszek Sp. z o.o.	Partner Sp. z o.o.
address	os. Na Stoku 1 31-701 Kraków	43 Demostheni Severi Avenue Nicosia, 1080 Cyprus	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki	Os. Armii Krajowej 6a 87-600 Lipno
core of activity	PKD 6831Z	-	PKD 7490Z	PKD 7490Z	PKD 4711Z
registration court	District Court Kraków- Śródmieście in Kraków, XI Commercial Division of the National Court Register KRS 0000303300	Company under Cypriot law	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000746077	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000745820	District Court Toruń, VII Commercial Division of the National Court Register KRS 0000229327
nature of relationship	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
applied consolidation method	Full	Full	Full	Full	Full
date of aquisition	29.05.2018	29.05.2018	18.07.2018	18.07.2018	01.03.2019
ownership interest	100%	100%	100%	100%	100%
voting rights (in %)	100%	100%	100%	100%	100%

In addition, Inmedio Sp. z o.o. has subsidiary Inmedio Sp. z o.o. Sp. k., in which Inmedio Sp. z o.o. (as a general partner) holds 99.9999% of shares and Eurocash Franczyza Sp. z o.o. (as a limited partner) holds 0.0001% of shares.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

**Entities comprising the Eurocash capital group and associates as at 31.03.2019**

No	1	2
Unit	FRISCO S.A.	Partnerski Serwis Detaliczny S.A.
address	ul. Omulewska 27 04-128 Warszawa	ul. Grażyny 15 02-548 Warszawa
core of activity	PKD 4791Z	PKD 6499Z
registration court	District Court Warszawa, XIII Commercial Division of the National Court Register KRS 0000401344	District Court Warszawa, XIII Commercial Division of the National Court Register KRS 0000280288
nature of relationship	Associate	Joint venture
method of ownership	Equity method	Equity method
ownership interest	44,03%	50%
voting rights (in %)	44,03%	50%



<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## 1.8. GOING CONCERN ASSUMPTION

These financial statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future. As at the date of approval of these financial statements, there are no circumstances indicating the threat to the Group's continued operations.

## 2. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2019 TO 31.03.2019

### NOTE 1.

#### ACQUISITION OF SHARES IN A SUBSIDIARIES

On 1 March 2019 Eurocash finalised a transaction to acquire a 100% stake in Partner, which operates 25 Lewiatan franchise stores.

On 21 December 2018, Eurocash received from the Office of Competition and Consumer Protection (UOKiK) agreement for concentration in connection with the planned acquisition of shares in the company Partner Sp. z o.o. based in Lipno.

#### GENERAL INFORMATION CONCERNING BUSINESS ACQUISITION OF THE UNITS

1. Name of acquired company	Partner Sp. z o.o.
2. Acquisition date	01.03.2019
3. Acquisition cost	72 060 525

#### Settlement of business acquisition

Due to the short period between the acquisition of the Company and the preparation of these condensed consolidated interim financial statements, these condensed consolidated interim financial statements present a initial settlement of the acquisition price of Partner shares. The Group is in the process of identification and measurement of assets acquired and liabilities assumed.

In the initial settlement of the purchase price, the net assets have been adopted due to the book value (corrected by the adjustments to the Eurocash Group policy); the purchase cost is the final price.

The acquisition took place market conditions. The goodwill was recognized basing on the Group's business plans.

Condensed interim consolidated financial statements of EUROCASH Group.

Financial statements period: 01.01-31.03.2019 Presentation currency: Polish zloty (PLN)

Level of round-offs: All amounts are expressed in Polish zloty (unless indicated otherwise)

NET ASSETS ACQUIRED	Settlement of the acquisition as at 01.03.2019
<i>Assets</i>	
<b>Non-current assets (long-term)</b>	<b>5 691 834</b>
Intangible assets	3 126
Tangible fixed assets	5 452 316
Deferred income tax assets	236 393
<b>Current assets (short-term)</b>	<b>16 906 427</b>
Inventory	10 662 480
Trade receivables	3 018 301
Other short-term receivables	81 400
Other short-term financial assets	995 272
Short-term prepayments	370 877
Cash and cash equivalents	1 778 096
<b>Total assets</b>	<b>22 598 261</b>
<i>Equity nad liabilities</i>	
<b>Liabilities</b>	<b>13 702 492</b>
<b>Non-current liabilities</b>	<b>1 251 382</b>
Employee benefits	1 251 382
<b>Current liabilities</b>	<b>12 451 110</b>
Trade liabilities	9 745 821
Current income tax liabilities	96 013
Other short-term liabilities	1 265 114
Current employee benefits	1 344 163
<b>Total liabilities</b>	<b>13 702 492</b>
<b>Net assets</b>	<b>8 895 769</b>
Net assets acquired (100 %)	8 895 769
Goodwill on acquisition	63 164 756
<b>Acquisition cost</b>	<b>72 060 525</b>

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## NOTE 2. OPERATING SEGMENTS

The Group presents the following segments, which correctly show the diverse of the activity:

- *Wholesale* - The segment includes wholesale operations carried out by the following distribution formats and companies: Eurocash Cash & Carry, Eurocash Alkohole, Eurocash Serwis Sp. z o.o., PayUp Polska S.A., Eurocash Trade 1 Sp. z o.o., EC VC7 Sp. z o.o. and Polska Dystrybucja Alkoholi Sp. z o.o. as well as sales transacted by those distribution formats whose clients have long-term agreements with Eurocash Group, e.g. franchise systems or clients from the HoReCa segment, as well as operations of such a franchise systems as: Lewiatan, Groszek and Euro Sklep. The segment involves the operations of the following companies: Eurocash S.A., Euro Sklep S.A., Lewiatan Śląsk Sp. z o.o., Lewiatan Podlasie Sp. z o.o., Lewiatan Holding S.A., Lewiatan Zachód Sp. z o.o., Lewiatan Wielkopolska Sp. z o.o., Lewiatan Kujawy sp. z o.o., Lewiatan Opole Sp. z o.o., Lewiatan Orbita Sp. z o.o., Lewiatan Północ Sp. z o.o., Lewiatan Podkarpacie Sp. z o.o. Moreover, this segment includes sales transacted by the Eurocash Gastronomia format, as well as sales realized by Eurocash Dystrybucja under entity Eurocash S.A. and sales realized by DEF Sp. z o.o. and Ambra Sp. z o.o., 4vapers Sp. z o.o.
- *Retail* - retail sale of Eurocash Group companies within the following entities: Inmedio Sp. z o.o., Firma Rogala Sp. z o.o., FHC-2 Sp. z o.o., Madas Sp. z o.o., EKO Holding S.A., Eurocash Detal Sp. z o.o., Mila S.A., Investpol 700 Mila spółka akcyjna sp.j., and Mila Holding S.A., Domelius, „Koja-Mila spółka akcyjna” spółka jawna, Partner Sp. z o.o., as well as mark Delikatesy Centrum, as well as developed by Eurocash S.A. e.g. project of distribution of fresh products.
- *Projects* – this operating segment comprises the Group's new projects and retail formats in their initial phase of development, operating as the following entities: Eurocash Convenience Sp. z o.o., Kontigo Sp. z o.o., ABC na kołach Sp. z o.o., Duży Ben Sp. z o.o., Sushi 2Go Sp. z o.o.
- *Other* – sales realized by Eurocash Trade 2 Sp. z o.o., Eurocash VC3 Sp. z o.o. Detal Finanse Sp. z o.o., Akademia Umiejętności Eurocash Sp. z o.o. and the Group's general and administrative expenses not allocated to any operating segment.

There are varying levels of relationships between the segments in the Group. These relationships include mutual sales of merchandise, provision of marketing services, logistics, administrative support, and other services. The accounting policies of each specific reporting segment are the same as the policies of the whole Group.

Eurocash Group operates only in the territory of Poland which, considering the economic conditions and business risks, can be treated as a uniform territory.

In the FMCG wholesale sector, sales in the first quarter of the year are traditionally lower than in the remaining quarters. Highest sales are generated in the summer season, to flatline in Q4.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-31.03.2019</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

Basic information about each reportable segment is shown below.

**REVENUES AND PROFITS BY BUSINESS SEGMENTS IN THE PERIOD FROM 01 JANUARY 2018 TO 31 MARCH 2019**

	Wholesale	Retail	Projects	Other	Exclusions	Total
<b>Sales</b>	<b>4 494 010 007</b>	<b>1 622 997 776</b>	<b>16 776 328</b>	<b>1 274 379</b>	<b>(652 121 853)</b>	<b>5 482 936 637</b>
External sales of goods	4 108 163 164	1 327 404 434	15 729 565	-	-	5 451 297 162
Other external sales	11 070 508	20 070 464	426 298	72 205	-	31 639 475
Inter-segmental sales	374 776 336	275 522 878	620 465	1 202 174	(652 121 853)	-
<b>Operating profit</b>	<b>32 772 630</b>	<b>(6 247 013)</b>	<b>(12 750 106)</b>	<b>(23 469 548)</b>	<b>-</b>	<b>(9 694 037)</b>
Finance income						7 380 958
Finance costs						(34 617 743)
Share in losses of companies consolidated with the equity method						(526 538)
<b>Profit before income tax</b>						<b>(37 457 359)</b>
Income tax						(2 706 371)
<b>Net profit (loss)</b>						<b>(40 163 730)</b>

*Condensed interim consolidated financial statements of EUROCASH Group.*

Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Due to the change in the presentation of business segments, the comparative data for 2018 have been transformed to the current form.

**REVENUES AND RESULTS BY BUSINESS SEGMENTS IN THE PERIOD FROM 01 JANUARY 2018 TO 31 MARCH 2018 (restated)**

	Wholesale	Retail	Projects	Other	Exclusions	Total
<b>Sales</b>	<b>4 323 450 999</b>	<b>1 272 334 881</b>	<b>12 785 996</b>	<b>50 400</b>	<b>(621 511 778)</b>	<b>4 987 110 498</b>
External sales of goods	3 970 206 767	969 334 722	12 048 947	-	-	4 951 590 436
Other external sales	13 419 580	22 091 565	8 916	-	-	35 520 062
Inter-segmental sales	339 824 652	280 908 593	728 133	50 400	(621 511 778)	-
<b>Operating profit</b>	<b>19 788 378</b>	<b>3 399 601</b>	<b>(11 668 674)</b>	<b>(18 617 402)</b>	<b>-</b>	<b>(7 098 096)</b>
Finance income						8 024 901
Finance costs						(16 789 137)
Share in losses of companies consolidated with the equity method						(1 422 917)
<b>Profit before income tax</b>						<b>(17 285 249)</b>
Income tax						(1 242 458)
<b>Net profit (loss)</b>						<b>(18 527 708)</b>

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

**NOTE 3.  
TRANSACTIONS WITH SUBSIDIARIES**

Transactions with subsidiaries did not differ from transactions concluded in previous reporting periods and were concluded on market conditions.

**NOTE 4.  
ITEMS NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION**

**CONTINGENTIES AS AT 31 MARCH 2019**

Beneficiary	Title	Currency	as at	as at	
			31.03.2019	31.12.2018	
1	Bank 1	Surety for the obligations due to the "Franchise partners financing program" for the Franchisee Delkatesy Centrum"	PLN	3 283 622	4 815 009
			<b>3 283 622</b>	<b>4 815 009</b>	

\* debt value as at balance sheet date

**BANK GUARANTEES AS AT 31 MARCH 2019 - SECURITIES FOR RENT LIABILITIES**

The Issuer	Title	Currency	as at	as at	
			31.03.2019	31.12.2018	
1	Bank 1	Security for rent liabilities	PLN	1 966 310	1 961 687
2	Bank 2	Security for rent liabilities	PLN*	36 167 932	36 349 913
3	Bank 3	Security for excise duty	PLN	300 000	300 000
4	Bank 4	Security for using of the national roads	PLN	620 100	620 100
5	Bank 5	The liabilities of the promotion lottery	PLN	2 228 125	1 547 098
6	Bank 6	Security payments to suppliers	PLN	62 115 000	56 615 000
7	Bank 7	Security payments to suppliers	PLN*	15 375 615	15 414 936
8	Bank 8	Security payments to suppliers	PLN	46 000 000	46 000 000
9	Bank 9	Security for rent liabilities	PLN	997 197	999 747
10	Bank 10	Security payments to suppliers	PLN	1 970 000	1 970 000
11	Bank 11	Security for rent liabilities	PLN	9 097 518	9 097 518
			<b>176 837 796</b>	<b>170 875 999</b>	

\* - Guarantee in EUR is translated into PLN at the average exchange rate of NBP:  
as at 31.03.2019: 1 EUR = 4,3013 PLN,  
as at 31.12.2018: 1 EUR = 4,3000 PLN.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## COLLATERALS

### SECURITIES RELATED TO ASSETS AS AT 31 MARCH 2019

Title	Secured property	Amount secure in PLN
Bank 1 security on the credit line agreement *	Deposit on inventories Eurocash S.A.	90 000 000
Securing a framework agreement to provide bank guarantees Bank 2 *	Deposit on inventories Eurocash Serwis Sp. z o.o.	80 000 000
Bank 3 security on the credit line agreement *	Deposit on inventories Eurocash S.A.	88 000 000
Security on the consolidated loan agreement to the amount 700.000.000 PLN *	Deposit on inventories Eurocash Serwis Sp. z o.o.	9 547 300
Security on the consolidated loan agreement to the amount 700.000.000 PLN *	Deposit on inventories Eurocash Franczyza Sp. z o.o.	3 800 000
Financial leasing agreements (due to net value of fixed assets at the balance sheet date)	Ownership of fixed assets in financial leasing	794 076

\* security nominal value

## NOTE 5.

### FINANCE RISK MANAGEMENT

As at 31 March 2019, there was a surplus of current liabilities of the Group over its current assets in the amount of PLN 2.2 billion which is typical for the industry in which the Eurocash Group provides the activity, in which a significant part of sales is made on cash conditions, stock levels are minimized and suppliers provide deferred payment terms. At the same time, the Group is developing the retail network by involving its own funds and from external financing sources. The financial plans of the Management Board indicate that the Group will maintain liquidity. Conditions related to credit agreements are being monitored, as at the balance sheet date, 31 March 2019, the terms of loan agreements were not broken. In addition, the Group has not used credit limits. Considering the above, as at the date of approval of these separate financial statements, there are no circumstances indicating a threat of a loss of financial liquidity by the Group.

## NOTE 6.

### FAIR VALUE OF FINANCIAL INSTRUMENTS

As at 31 March 2019, the fair value of financial instruments approximated their carrying value. The Group implements interest rate risk security instruments (IRS), which are measured at their fair value. For these IRSs, the fair value was qualified to level 2 of the hierarchy - fair value is determined based on the values observed on the market yet not being direct market quotes (e.g. determined by direct or indirect reference to similar instruments existing on the market). In connection with the applied hedge accounting, the effect of valuation is recognized in other comprehensive income.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## NOTE 7.

### UNCERTAIN TAX TREATMENT

Regulations regarding VAT, corporate profits tax and social security contributions are subject to frequent changes. These changes result in there being little point of reference and few established precedents that may be followed. The binding regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies.

Tax and other settlements (e.g. customs or foreign currency settlements) may be subject to inspection by administrative bodies authorised to impose high penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with high interest. The above circumstances mean that tax exposure is greater in Poland than in countries that have a more established taxation system.

Accordingly, the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

In the previous reporting periods, companies within the Group carried out transactions and participated in restructuring processes, which may be the subject of analysis and control of tax authorities.

On 15 July 2016, amendments were made to the Tax Ordinance to introduce the provisions of General Anti-Avoidance Rule (GAAR). GAAR are targeted to prevent origination and use of factitious legal structures made to avoid payment of tax in Poland. GAAR define tax evasion as an activity performed mainly with a view to realising tax gains, which is contrary, under given circumstances, to the subject and objective of the tax law. In accordance with GAAR, an activity does not bring about tax gains, if its modus operandi was false. Any instances of (i) unreasonable division of an operation (ii) involvement of agents despite lack of economic rationale for such involvement, (iii) mutually exclusive or mutually compensating elements, as well as (iv) other activities similar to those referred to earlier may be treated as a hint of artificial activities subject to GAAR. New regulations will require considerably greater judgment in assessing tax effects of individual transactions.

The GAAR clause should be applied to the transactions performed after clause effective date and to the transactions which were performed prior to GAAR clause effective date, but for which after the clause effective date tax gains were realised or continue to be realised. The implementation of the above provisions will enable Polish tax authority challenge such arrangements realised by tax remitters as restructuring or reorganization.

The Group accounts for current and deferred tax assets and liabilities based on the requirements of IAS 12 Income taxes, based on taxable profit (tax loss), taxable base, carry-forward of unused tax losses and carry-forward of unused tax credits, and tax rates, while considering the assessment of uncertainty related to tax settlements. If uncertainty exists as to whether and to what extent tax authority will accept individual tax treatments of made transactions, the Group discloses these settlements while accounting for uncertainty assessment.

On 19 June 2017 a report from the tax control was delivered to Eurocash S.A. in which the tax authorities questioned the possibility of making depreciation write-offs concerning the values of certain trademarks. The tax depreciation costs amounted in the year 2011 to PLN 41 million.

Based on the external experts' tax analysis on 5 July 2017 the Company subjected its response to the tax report.

On 28 September 2017, the Head of the Customs and Revenue Office for Wielkopolska Region in Poznań issued a decision to Eurocash S.A., in which he stated in the case above that the Company had an understatement of tax liability for 2011 of PLN 8 million. On the basis of an external legal expert analysis, on 17 October 2017, the Company appealed against this decision. It mentions a number of arguments for the correctness of the tax settlements made by the Company, including confirmation of the correctness of the settlements through the positive interpretations of tax law.

By decision of 19 March 2019, the Director of the Tax Administration Center in Poznan, after considering the appeal of Eurocash SA, completely overturned the above decision of the Head of the Wielkopolska Customs and Tax Office in Poznan and remitted the case. In view of the above, as at 31 March 2019, in the opinion of the Company's Management Board, there is no reason for creating any provisions due to this case.



<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

On 28 February 2018, the Head of the Customs and Revenue Office for Wielkopolska Region in Poznan initiated an audit of corporate income tax for 2016. On 31 March 2019 the audit hasn't been completed.

#### **NOTE 8.**

##### **THE DAMAGE SUFFERED BY THE COMPANY AS A RESULT OF THE ACTIVITIES OF EXTERNAL ENTITIES PARTICIPATING IN THE VAT FRAUD MECHANISM**

The audit of VAT settlements by the Eurocash Group companies did not reveal any irregularities of a nature identical to the irregularities disclosed in 2017. Despite the above, taking into account the turnover of the remaining companies of the Group, gained on transactions concerning intra-Community delivery of goods, the risks associated with such potential irregularities are not material.

Eurocash S.A. stopped execution of such transactions concerning intra-Community delivery of goods. On 30 January 2018, the Prosecutor of the Regional Prosecutor's Office in Poznan commenced the investigation of the notification of 24 August 2017.

#### **NOTE 9.**

##### **SIGNIFICANT EVENTS DURING THE PERIOD COVERED BY THE FINANCIAL STATEMENTS**

###### **1. Planned acquisition in Partner Sp. z o.o.**

On 1 March 2019 Eurocash finalised a transaction to acquire a 100% stake in Partner, which operates 25 Lewiatan franchise stores.

On 21 December 2018, Eurocash received from the Office of Competition and Consumer Protection (UOKiK) agreement for concentration in connection with the planned acquisition of shares in the company Partner Sp. z o.o. based in Lipno.

#### **NOTE 10.**

##### **IMPORTANT EVENTS AFTER THE PERIOD COVERED BY THE FINANCIAL STATEMENTS**

###### **1. Dividend distribution proposal for the year 2018**

Eurocash S.A. Management Board informs that on April 8th, 2019 adopted a resolution according to which it decided to present to the Ordinary General Assembly of the Company convened for May 9th, 2019 a proposal to the net profit for the year 2018 in the amount of PLN 149,621,055.00 shall be distributed as follows:

1. shareholders of record on May 29th, 2019, shall be eligible to receive the dividend in amount PLN 1.00 (one zloty) per one Company's share; the dividend shall be payable by June 19th, 2019; and
2. the remaining part of the profit for 2018 shall be transferred to the Company's reserve capital.

This proposal was positively evaluated by the Supervisory Board of the Company on April 8th, 2019.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

#### SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

Position	Name and surname	Date	Signature
Member of the Management Board Financial Director	Jacek Owczarek	9 <sup>th</sup> May 2019	
Member of the Management Board	Katarzyna Kopaczewska	9 <sup>th</sup> May 2019	

## SELECTED SEPARATE FINANCIAL DATA

	Non audited for the period from 01.01.2019 to 31.03.2019 PLN	Non audited for the period from 01.01.2018 to 31.03.2018 PLN	Non audited for the period from 01.01.2019 to 31.03.2019 EUR	Non audited for the period from 01.01.2018 to 31.03.2018 EUR
Net sales	3 378 810 577	3 352 283 508	785 185 577	801 770 708
Operating profit (loss)	8 128 280	9 471 811	1 888 892	2 265 387
Profit (loss) before tax	(11 692 799)	1 641 819	(2 717 233)	392 676
Net Profit (loss) on continued operations	(10 523 824)	268 503	(2 445 581)	64 218
Net profit (loss)	(10 523 824)	268 503	(2 445 581)	64 218
Net operating cash flow	(114 485 783)	(38 368 022)	(26 604 802)	(9 176 538)
Net investment cash flow	(107 374 444)	(16 898 550)	(24 952 232)	(4 041 652)
Net financial cash flow	196 837 461	353 208 878	45 742 113	84 477 501
Net change in cash and cash equivalents	(25 022 766)	297 942 306	(5 814 921)	71 259 311
Weighted average number of shares	139 163 286	139 158 564	139 163 286	139 158 564
Weighted average diluted number of shares	139 163 286	139 158 564	139 163 286	139 158 564
EPS (in PLN / EUR)	(0,08)	0,00	(0,02)	0,00
Diluted EPS (in PLN / EUR)	(0,08)	0,00	(0,02)	0,00
Average PLN / EUR rate*			4,3032	4,1811
	Non audited as at 31.03.2019 PLN	Non audited as at 31.12.2018 PLN	Non audited as at 31.03.2019 EUR	Non audited as at 31.12.2018 EUR
Assets	6 399 524 436	5 354 939 291	1 487 811 693	1 245 334 719
Long-term liabilities	789 350 872	74 392 609	183 514 489	17 300 607
Short-term liabilities	4 566 950 607	4 229 679 808	1 061 760 539	983 646 467
Equity	1 043 222 958	1 050 866 874	242 536 665	244 387 645
Share capital	139 163 286	139 163 286	32 353 774	32 363 555
Number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Diluted number of shares	142 069 536	142 069 536	142 069 536	142 069 536
Book value per share (in PLN / EUR)	7,50	7,55	1,74	1,76
Diluted book value per share (in PLN / EUR)	7,34	7,40	1,71	1,72
Dividend paid (in PLN / EUR) ***	-	101 589 199	-	23 625 395
Dividend paid per share (in PLN / EUR)	-	0,73	-	0,17
PLN / EUR rate at the end of the period**			4,3013	4,3000

\* Profit and loss items and cash flow items calculated on basis at a weighted average rate announced by the National Bank of Poland for 1Q 2019.

\*\* Balance sheet items and book value per share have been converted using the official mid-rates announced by the National Bank of Poland prevailing on the balance sheet date.

**EUROCASH S.A.**

**CONDENSED INTERIM  
SEPARATE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 MARCH 2019

**TRANSLATORS' EXPLANATORY NOTE**

The following document is a free translation of the report of the above-mentioned Polish Company.  
In the event of any discrepancy in interpreting the terminology, the Polish version is binding.

KOMORNIKI, 9<sup>th</sup> May 2019

---

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.03.2019</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

## CONTENTS

<b>Introduction to condensed interim separate financial statements .....</b>	<b>3</b>
1. Information about the company .....	3
2. Bodies of the company .....	3
<b>Condensed separate income statement for the period from 01.01.2019 to 31.03.2019 .....</b>	<b>5</b>
<b>Condensed separate statement of comprehensive income for the period from 01.01.2019 to 31.03.2019 .....</b>	<b>6</b>
<b>Condensed separate statement of financial position as at 31.03.2019 .....</b>	<b>7</b>
<b>Condensed separate statement of cash flows for the period from 01.01.2019 to 31.03.2019.....</b>	<b>9</b>
<b>Condensed separate statement on changes in equity in the period from 01.01.2019 to 31.03.2019.....</b>	<b>10</b>
<b>Supplementary information to the condensed interim separate financial statements prepared for the period from 01.01.2019 to 31.03.2019 .....</b>	<b>11</b>
1. General information .....	11
2. Notes to condensed interim separate financial statements prepared for the period from 01.01.2019 to 31.03.2019 .....	13

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## INTRODUCTION TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

### 1. INFORMATION ABOUT THE COMPANY

#### NAME

EUROCASH Spółka Akcyjna

#### REGISTERED OFFICE

ul. Wiśniowa 11, 62-052 Komorniki

#### CORE BUSINESS

Non-specialized wholesale trade  
(PKD 4690Z)

#### REGISTRY COURT

District Court Poznań - Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register,  
Registration number: KRS 0000213765

#### DURATION OF THE COMPANY

Indefinite

#### PERIOD COVERED BY THE FINANCIAL STATEMENTS

The reporting period is 1 January 2019 – 31 March 2019.

The separate statement of financial position has been prepared as at 31 March 2019 and the comparative data has been prepared as at 31 December 2018.

### 2. BODIES OF THE COMPANY

#### 2.1. MANAGEMENT BOARD

As at 31 March 2019 the Company's Management Board consisted of the following members:

Luis Manuel Conceicao do Amaral – President of the Management Board,  
Rui Amaral – Member of the Management Board,  
Arnaldo Guerreiro – Member of the Management Board,  
Pedro Martinho – Member of the Management Board,  
Katarzyna Kopaczewska – Member of the Management Board,  
Jacek Owczarek – Member of the Management Board,  
Przemysław Ciaś – Member of the Management Board.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.03.2019</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

## **2.2. SUPERVISORY BOARD**

As at 31 March 2019 the Company's Supervisory Board consisted of the following members:

João Borges de Assunção – President of the Supervisory Board,  
Francisco José Valente Hipólito dos Santos – Member of the Supervisory Board,  
Hans Joachim Körber – Member of the Supervisory Board,  
Jacek Szwajcowski – Member of the Supervisory Board,  
Alicja Kornasiewicz – Member of the Supervisory Board.

## **2.3. CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARD**

There were no changes in the Management and Supervisory Board during the reporting period.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## CONDENSED SEPARATE INCOME STATEMENT FOR THE PERIOD FROM 01.01.2019 TO 31.03.2019

	Non audited 1 Quarter for the period from 01.01.2019 to 31.03.2019	Non audited 1 Quarter for the period from 01.01.2018 to 31.03.2018
<b>Sales</b>	<b>3 378 810 577</b>	<b>3 352 283 508</b>
Sales of goods	3 361 532 867	3 332 868 789
Sales of services	17 277 710	19 414 719
<b>Costs of sales</b>	<b>(2 986 002 129)</b>	<b>(2 981 142 644)</b>
Cost of goods and services sold	(2 986 002 129)	(2 981 142 644)
<b>Gross profit (loss)</b>	<b>392 808 448</b>	<b>371 140 864</b>
Selling expenses *	(319 468 077)	(302 565 660)
General and administrative expenses *	(67 265 461)	(63 210 082)
<b>Profit (loss) on sales</b>	<b>6 074 910</b>	<b>5 365 122</b>
Other operating income	9 679 845	8 606 234
Other operating expenses	(7 626 474)	(4 499 544)
<b>Operating profit (loss)</b>	<b>8 128 280</b>	<b>9 471 811</b>
Financial income	6 065 417	5 827 455
Financial costs *	(25 886 496)	(13 657 447)
<b>Profit (loss) before tax</b>	<b>(11 692 799)</b>	<b>1 641 819</b>
Income tax expense	1 168 974	(1 373 316)
<b>Profit (loss) for the period</b>	<b>(10 523 824)</b>	<b>268 503</b>

### NET EARNINGS PER SHARE

	PLN / share	PLN / share
Net profit (loss)	(10 523 824)	268 503
Weighted average number of shares	139 163 286	139 158 564
Weighted average diluted number of shares	139 163 286	139 158 564
- basic	(0,08)	0,00
- diluted	(0,08)	0,00



<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.03.2019</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

**CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 01.01.2019  
TO 31.03.2019**

	Non audited 1 Quarter for the period from 01.01.2019 to 31.03.2019	Non audited 1 Quarter for the period from 01.01.2018 to 31.03.2018
<b>Profit (loss) for the period</b>	<b>(10 523 824)</b>	<b>268 503</b>
<b>Other comprehensive income (loss) for the period</b>	<b>1 409 907</b>	<b>(1 396 302)</b>
Items that may be subsequently reclassified to profit or loss:		
- The result on hedge accounting with the tax effect:	1 409 907	(1 396 302)
<b>Total comprehensive income (loss) for the period</b>	<b>(9 113 917)</b>	<b>(1 127 798)</b>

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31.03.2019

	Non audited as at 31.03.2019	as at 31.12.2018
<i>Assets</i>		
<hr/>		
<b>Non-current assets (long-term)</b>	<b>4 135 109 611</b>	<b>3 222 629 262</b>
Goodwill	862 819 840	862 819 840
Intangible assets	521 519 688	523 056 721
Property, plant and equipment	1 288 434 074	447 770 647
Investment real property	953 178	957 103
Investments in subsidiary companies	1 360 846 630	1 291 451 999
Investments in associates and joint ventures	40 586 757	40 586 757
Other long-term investments	49 501 643	45 932 683
Long-term receivables	9 414 773	9 298 123
Other long-term prepayments	1 033 028	755 389
<hr/>		
<b>Current assets (short-term)</b>	<b>2 264 414 825</b>	<b>2 132 310 029</b>
Inventories	953 007 119	851 055 722
Trade receivables	1 102 400 114	1 083 188 629
Other short-term receivables	92 238 662	66 788 792
Other short-term investments	4 412 872	3 410 994
Short-term prepayments	39 284 846	29 771 917
Cash and cash equivalents	73 071 210	98 093 976
<hr/>		
<b>Total assets</b>	<b>6 399 524 436</b>	<b>5 354 939 292</b>

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## CONDENSED SEPARATE STATEMENT OF THE FINANCIAL POSITION AS AT 31.03.2019

	Non audited as at 31.03.2019	as at 31.12.2018
<i>Equity and liabilities</i>		
<b>Equity</b>	<b>1 043 222 958</b>	<b>1 050 866 874</b>
Share capital	139 163 286	139 163 286
Reserve capital	681 670 006	680 200 006
Hedging reserve	(6 228 522)	(7 638 430)
Retained earnings	228 618 188	239 142 012
Accumulated profit (loss) from previous years	239 142 012	89 520 957
Profit (loss) for the period	(10 523 824)	149 621 055
<b>Liabilities</b>	<b>5 356 301 478</b>	<b>4 304 072 417</b>
<b>Non-current liabilities</b>	<b>789 350 872</b>	<b>74 392 609</b>
Other long-term financial liabilities	715 975 548	281 330
Other long-term liabilities	1 164 100	1 061 800
Deferred tax liabilities	68 928 990	69 767 245
Employee benefits	3 282 234	3 282 234
<b>Current liabilities</b>	<b>4 566 950 607</b>	<b>4 229 679 808</b>
Loans and borrowings	1 258 200 389	1 014 433 854
Short-term financial liabilities	159 232 785	28 882 096
Trade liabilities	2 828 949 208	2 887 356 977
Current tax liabilities	40 241 660	40 241 661
Other short-term payables	57 080 908	49 419 392
Current employee benefits	76 201 846	68 627 054
Provisions	147 043 811	140 718 774
<b>Total equity and liabilities</b>	<b>6 399 524 436</b>	<b>5 354 939 292</b>

### BOOK VALUE PER SHARE

	as at 31.03.2019	as at 31.12.2018
<b>Book value</b>	<b>1 043 222 958</b>	<b>1 050 866 874</b>
Number of shares	139 163 286	139 163 286
Diluted number of shares	142 069 536	142 069 536
<b>Book value per share</b>	<b>7,50</b>	<b>7,55</b>
<b>Diluted book value per share</b>	<b>7,34</b>	<b>7,40</b>

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## CONDENSED SEPARATE STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 01.01.2019 TO 31.03.2019

	Non audited 1 Quarter for the period from 01.01.2019 to 31.03.2019	Non audited 1 Quarter for the period from 01.01.2018 to 31.03.2018
<i>Cash flow from operating activities</i>		
<b>Profit (loss) before income tax</b>	<b>(11 692 799)</b>	<b>1 641 819</b>
<b>Adjustments for:</b>	<b>89 106 583</b>	<b>45 235 440</b>
Depreciation and amortization	66 014 413	29 007 770
Equity-settled shared share-based payment transactions	1 470 000	1 470 000
(Gain) loss on sale of property, plant and equipment	2 082 175	4 370 467
Interest expenses	20 932 665	12 281 705
Interest received	(1 392 670)	(1 894 502)
<b>Operating cash before changes in working capital</b>	<b>77 413 785</b>	<b>46 877 259</b>
Changes in inventories	(101 951 397)	38 818 820
Changes in receivables	(44 730 548)	34 221 678
Changes in payables	(32 290 569)	(135 390 967)
Changes in provisions and employee benefits	3 911 222	321 953
<b>Operating cash</b>	<b>(97 647 506)</b>	<b>(15 151 256)</b>
Interest received	899 243	647 786
Interest paid	(17 737 520)	(17 411 262)
Income tax paid	-	(6 453 289)
<b>Net cash from operating activities</b>	<b>(114 485 783)</b>	<b>(38 368 022)</b>
<i>Cash flow from investing activities</i>		
Acquisition of intangible assets	(8 850 934)	(4 763 720)
Acquisition of property, plant and equipment	(25 412 512)	(18 098 697)
Proceeds from sale of property, plant and equipment	395 818	5 028 704
Income/expenses on other short-term financial assets	(3 628 000)	-
Acquisition of subsidiaries, net of cash acquired	(69 394 632)	-
Loans granted	(1 009 669)	57 522
Repayment received of granted loans	130 299	215 716
Interest received	395 186	661 926
<b>Net cash from investing activities</b>	<b>(107 374 444)</b>	<b>(16 898 550)</b>
<i>Cash flows from financing activities</i>		
Income/expenses for other financial liabilities	1 664 640	1 029 092
Income/expenses for short term debt securities	-	(30 000 000)
Proceeds from loans and borrowings	294 558 061	460 148 735
Repayment of borrowings	(50 822 852)	(72 682 904)
Payment of finance lease liabilities	(34 415 989)	(381 301)
Other interest	(8 773 565)	(1 251 711)
Interests on loans and borrowings	(5 372 834)	(3 653 032)
<b>Net cash used in financing activities</b>	<b>196 837 461</b>	<b>353 208 878</b>
<b>Net change in cash and cash equivalents</b>	<b>(25 022 766)</b>	<b>297 942 306</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>98 093 976</b>	<b>115 683 074</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>73 071 210</b>	<b>413 625 380</b>

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.03.2019</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

**CONDENSED SEPARATE STATEMENT ON CHANGES IN EQUITY IN THE PERIOD FROM 01.01.2019 TO 31.03.2019**

	Share capital	Reserve capital	Hedge reserve	Retained earnings	Total
<i>Changes in equity in the period from 01.01 to 31.03.2018 - non audited</i>					
<b>Balance as at 1 January 2018</b>	<b>139 163 286</b>	<b>847 622 292</b>	<b>(6 483 777)</b>	<b>17 807 869</b>	<b>998 109 670</b>
Profit (loss) for the period from 01.01. to 31.03.2018	-	-	-	268 503	<b>268 503</b>
Other comprehensive income for the period 01.01 to 31.03.2018	-	-	(1 396 302)	-	<b>(1 396 302)</b>
<b>Total comprehensive income for the period from 01.01. to 31.03.2018</b>	-	-	<b>(1 396 302)</b>	<b>268 503</b>	<b>(1 127 798)</b>
Equity-settled share based payment transactions	-	1 470 000	-	-	<b>1 470 000</b>
<b>Total transaction with Owners of the Company recognized directly in equity</b>	-	<b>1 470 000</b>	-	-	<b>1 470 000</b>
<b>Balance as at 31.03.2018</b>	<b>139 163 286</b>	<b>849 092 292</b>	<b>(7 880 079)</b>	<b>18 076 372</b>	<b>998 451 872</b>
<i>Changes in equity in the period from 01.01. to 31.03.2019 - non audited</i>					
<b>Balance as at 01 January 2019</b>	<b>139 163 286</b>	<b>680 200 006</b>	<b>(7 638 430)</b>	<b>239 142 012</b>	<b>1 050 866 874</b>
Profit (loss) for the period from 01.01 to 31.03.2019	-	-	-	(10 523 824)	<b>(10 523 824)</b>
Other comprehensive income for the period 01.01 to 31.03.2019	-	-	1 409 907	-	<b>1 409 907</b>
<b>Total comprehensive income for the period from 01.01. to 31.03.2019</b>	-	-	<b>1 409 907</b>	<b>(10 523 824)</b>	<b>(9 113 917)</b>
Equity-settled share based payment transactions	-	1 470 000	-	-	<b>1 470 000</b>
<b>Total transaction with Owners of the Company recognized directly in equity</b>	-	<b>1 470 000</b>	-	-	<b>1 470 000</b>
<b>Balance as at 31.03.2019</b>	<b>139 163 286</b>	<b>681 670 006</b>	<b>(6 228 522)</b>	<b>228 618 188</b>	<b>1 043 222 958</b>

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## SUPPLEMENTARY INFORMATION TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2019 TO 31.03.2019

### 1. GENERAL INFORMATION

#### 1.1. ISSUE OF THE FINANCIAL STATEMENT

According to the resolution of the Management Board dated 9 May 2019, the separate financial statements of Eurocash S.A. for the period from 1 January 2019 to 31 March 2019 were authorised for publication.

Eurocash S.A. is a listed company and its shares are publicly traded.

#### 1.2. STATEMENT OF COMPLIANCE

The condensed interim separate financial statements have been prepared in accordance with the International Accounting Standard IAS 34 - Interim Financial Reporting, as approved by the European Union.

These condensed interim financial statements should be read in conjunction with the condensed interim consolidated financial statements of Eurocash S.A. Group as at and for the period ended 31 March 2019, and the separate financial statements of Eurocash S.A. as at and for the year ended 31 December 2018, which are available on the website [www.grupaeurocash.pl](http://www.grupaeurocash.pl).

#### 1.3. PRESENTATION CURRENCY, ROUNDINGS

These condensed interim separate financial statements are presented in PLN, which is the Company's functional and presentation currency. All financial information presented in PLN has been rounded to the nearest PLN (unless it is otherwise indicated).

#### 1.4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with UE IFRSs requires Management to make judgments, estimates and assumptions that affect the application of certain accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Estimates and underlying assumptions are made based on historical experience and other factors accepted as reasonable in the given circumstances, and the results of estimates and judgements are a basis for the determination of the carrying value of assets and liabilities not resulting directly from other sources. Actual values may differ from those estimates. The extent of significant judgements, estimates and assumptions is presented in the 2017 financial statements and has not changed during the current financial period.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the current period or any future periods affected, if a change in estimates relates to both the current and future periods.

The Company uses many financial instruments, including contracts for financing the supply chain (reverse factoring) in relation to trade liabilities. In case of the potential impact of this type of agreements on the cash flow and the statement of financial position, the Company prepare the analyse of the content of such agreements on a case-by-case basis. In particular, the Management Board makes the assessment whether the supplier financing program does not incur significant costs related to this program or significant changes in payment dates and future cash flows. In case of significant modifications of terms of repayment of trade liabilities, the Company makes appropriate changes to the classification and recognizes liabilities covered by factoring as separate debt financing.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## 1.5. COMPARABILITY OF FINANCIAL STATEMENTS

Accounting principles as well as calculation methods applied in the preparation of the financial statements remained unchanged in comparison to the ones applied in the last annual separate financial statements for the year ended 31 December 2018, excluding the application of new or amended standards and interpretations applicable to annual periods beginning on 1 January 2019 and later.

## 1.6. GOING CONCERN ASSUMPTION

These financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future. As at the date of approval of these financial statements, there are no circumstances indicating the threat to the Company's continued operations.

## 1.7. IMPACT OF NEW STANDARDS AND INTERPRETATIONS ON THE FINANCIAL STATEMENTS OF THE COMPANY

### Implementation of IFRS 16

In January 2016, the International Accounting Standards Board issued International Financial Reporting Standard 16 Leasing ("IFRS 16"), which replaced IAS 17 Leasing, IFRIC 4 Determining whether the contract includes leasing, SKI 15 Operating leases - special promotional offers and SKI 27 Substance assessment transactions using the form of leasing. IFRS 16 sets out the accounting principles for leasing in terms of valuation, presentation and disclosure.

IFRS 16 introduces a single model of the lessee's accounting and requires the lessee to recognize assets and liabilities resulting from each lease with a period exceeding 12 months, unless the underlying asset is of low value. On the date of the commencement, the lessee recognizes an asset component due to the right of use of the underlying asset and a lease liability that reflects his obligation to make lease payments.

The lessee separately recognizes depreciation of the asset component under the right of use and interest on the lease liability.

The lessee updates the valuation of the lease liability after the occurrence of certain events (eg changes in the leasing period, changes in future lease payments resulting from the change in the index or the rate used to determine these charges). In principle, the lessee recognizes the revaluation of the lease liability as an adjustment to the asset's value due to the right of use.

The Company is a lessee, mainly in the case of lease agreements for rental and means of transport.

Lessor accounting in accordance with IFRS 16 remains substantially unchanged from current accounting in accordance with IAS 17. A lessor will continue to recognize all lease agreements using the same classification principles as in IAS 17, distinguishing between operating leases and financial leasing.

IFRS 16 requires wider disclosures from both the lessee and the lessor than in the case of IAS 17.

The lessee has the right to choose a full or modified retrospective approach, and the transitional provisions provide for some practical solutions.

IFRS 16 is effective for annual periods beginning on January 1, 2019 and later. Earlier application is permitted for entities that apply IFRS 15 from or before the first application of IFRS 16. The Company has not decided to apply IFRS 16 earlier.

The Company has implemented IFRS 16 using a modified retrospective method.

The Company has benefited from the exemption regarding short-term leases.

<b>Condensed interim separate financial statements of EUROCASH S.A.</b>			
<b>Financial statements period:</b>	<b>01.01-31.03.2019</b>	<b>Presentation currency:</b>	<b>Polish zloty (PLN)</b>
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>		

In the table below, the Company presented the reconciliation of lease liabilities under IAS 17 as at 31 December 2018, and the liability estimated as at 1st January 2019 in accordance with IFRS 16:

	Lease liabilities
<b>Finance lease liabilities as at 31 December 2018 (IAS 17)</b>	<b>1 874 590</b>
<b>Liabilities (and their changes) not included in the statement of financial position as at 31 December 2018:</b>	<b>861 323 545</b>
Liabilities under operating lease agreements as at 31 December 2018:	1 031 020 741
Change in the method of recognition of contracts for an indefinite period	5 834 648
The value of the discount using the marginal lending rate	(175 531 845)
<b>Lease liabilities as at 01 January 2019</b>	<b>863 198 134</b>

## 2. NOTES TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2019 TO 31.03.2019

### NOTE 1.

#### OTHER EXPLANATORY INFORMATION

These condensed interim separate financial statements should be read in conjunction with condensed interim consolidated financial statements of Eurocash S.A. Group prepared as at and for the period ended 31 March 2019.

### NOTE 2.

#### UNCERTAIN TAX TREATMENT

Regulations regarding VAT, corporate profits tax and social security contributions are subject to frequent changes. These changes result in there being little point of reference and few established precedents that may be followed. The binding regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies.

Tax and other settlements (e.g. customs or foreign currency settlements) may be subject to inspection by administrative bodies authorised to impose high penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with high interest. The above circumstances mean that tax exposure is greater in Poland than in countries that have a more established taxation system.

Accordingly, the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

In the previous reporting periods, companies within the Company carried out transactions and participated in restructuring processes, which may be the subject of analysis and control of tax authorities.

On 15 July 2016, amendments were made to the Tax Ordinance to introduce the provisions of General Anti-Avoidance Rule (GAAR). GAAR are targeted to prevent origination and use of factitious legal structures made to avoid payment of tax in Poland. GAAR define tax evasion as an activity performed mainly with a view to realising tax gains, which is contrary, under given circumstances, to the subject and objective of the tax law. In accordance with GAAR, an activity does not bring about tax gains, if its modus operandi was false. Any instances of (i) unreasonable division of an operation (ii) involvement of agents despite lack of economic rationale for such involvement, (iii) mutually exclusive or mutually compensating elements, as well as (iv) other activities similar to those referred to earlier may be



<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.03.2019</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

treated as a hint of artificial activities subject to GAAR. New regulations will require considerably greater judgment in assessing tax effects of individual transactions.

The GAAR clause should be applied to the transactions performed after clause effective date and to the transactions which were performed prior to GAAR clause effective date, but for which after the clause effective date tax gains were realised or continue to be realised. The implementation of the above provisions will enable Polish tax authority challenge such arrangements realised by tax remitters as restructuring or reorganization.

The Company accounts for current and deferred tax assets and liabilities based on the requirements of IAS 12 Income taxes, based on taxable profit (tax loss), taxable base, carry-forward of unused tax losses and carry-forward of unused tax credits, and tax rates, while considering the assessment of uncertainty related to tax settlements. If uncertainty exists as to whether and to what extent tax authority will accept individual tax treatments of made transactions, the Company discloses these settlements while accounting for uncertainty assessment.

On 19 June 2017 a report from the tax control was delivered to Eurocash S.A. in which the tax authorities questioned the possibility of making depreciation write-offs concerning the values of certain trademarks. The tax depreciation costs amounted in the year 2011 to PLN 41 million.

Based on the external experts' tax analysis on 5 July 2017 the Company subjected its response to the tax report.

On 28 September 2017, the Head of the Customs and Revenue Office for Wielkopolska Region in Poznań issued a decision to Eurocash S.A., in which he stated in the case above that the Company had an understatement of tax liability for 2011 of PLN 8 million. On the basis of an external legal expert analysis, on 17 October 2017, the Company appealed against this decision. It mentions a number of arguments for the correctness of the tax settlements made by the Company, including confirmation of the correctness of the settlements through the positive interpretations of tax law.

By decision of 19 March 2019, the Director of the Tax Administration Center in Poznan, after considering the appeal of Eurocash SA, completely overturned the above decision of the Head of the Wielkopolska Customs and Tax Office in Poznan and remitted the case. In view of the above, as at 31 March 2019, in the opinion of the Company's Management Board, there is no reason for creating any provisions due to this case.

On 28 February 2018, the Head of the Customs and Revenue Office for Wielkopolska Region in Poznan initiated an audit of corporate income tax for 2016. On 31 March 2019 the audit hasn't been completed.

### **NOTE 3.**

#### **THE DAMAGE SUFFERED BY THE COMPANY AS A RESULT OF THE ACTIVITIES OF EXTERNAL ENTITIES PARTICIPATING IN THE VAT FRAUD MECHANISM**

The audit of VAT settlements by the Eurocash Group companies did not reveal any irregularities of a nature identical to the irregularities disclosed in 2017. Despite the above, taking into account the turnover of the remaining companies of the Group, gained on transactions concerning intra-Community delivery of goods, the risks associated with such potential irregularities are not material.

Eurocash S.A. stopped execution of such transactions concerning intra-Community delivery of goods.

On 30 January 2018, the Prosecutor of the Regional Prosecutor's Office in Poznań commenced the investigation of the notification of 24 August 2017.

### **NOTE 4.**

#### **TRANSACTIONS WITH SUBSIDIARIES**

Transactions with subsidiaries did not differ from transactions concluded in previous reporting periods and were concluded on market conditions.

### **NOTE 5.**

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## FINANCE RISK MANAGEMENT

As at 31 March 2019, there was a surplus of current liabilities of the Company over its current assets in the amount of PLN 2.3 billion which is typical for the industry in which the Company provides the activity, in which a significant part of sales is made on cash conditions, stock levels are minimized and suppliers provide deferred payment terms. At the same time, the Company is developing the retail network by involving its own funds and from external financing sources. The financial plans of the Management Board indicate that the Company will maintain liquidity. Conditions related to credit agreements are being monitored, as at the balance sheet date, 31 December 2018, the terms of loan agreements were not broken. In addition, the Company has not used credit limits. Considering the above, as at the date of approval of these separate financial statements, there are no circumstances indicating a threat of a loss of financial liquidity by the Company.

## NOTE 6.

### IMPORTANT EVENTS DURING THE PERIOD COVERED BY THE FINANCIAL STATEMENTS

#### 1. Acquisition of Partner Sp. z o.o.

On 1 March 2019 Eurocash finalised a transaction to acquire a 100% stake in Partner, which operates 25 Lewiatan franchise stores.

On 21 December 2018, Eurocash received from the Office of Competition and Consumer Protection (UOKiK) agreement for concentration in connection with the planned acquisition of shares in the company Partner Sp. z o.o. based in Lipno.

## NOTE 7.

### SIGNIFICANT EVENTS AFTER THE PERIOD COVERED BY THE FINANCIAL STATEMENTS

#### 1. Dividend distribution proposal for the year 2018

Eurocash S.A. Management Board informs that on April 8th, 2019 adopted a resolution according to which it decided to present to the Ordinary General Assembly of the Company convened for May 9th, 2019 a proposal to the net profit for the year 2018 in the amount of PLN 149,621,055.00 shall be distributed as follows:

- shareholders of record on May 29th, 2019, shall be eligible to receive the dividend in amount PLN 1.00 (one zloty) per one Company's share; the dividend shall be payable by June 19th, 2019; and
- the remaining part of the profit for 2018 shall be transferred to the Company's reserve capital.

This proposal was positively evaluated by the Supervisory Board of the Company on April 8th, 2019.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-31.03.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

**SIGNATURES OF THE MANAGEMENT BOARD MEMBERS**

Position	Name and surname	Date	Signature
Member of the Management Board Financial Director	Jacek Owczarek	9 <sup>th</sup> May 2019	
Member of the Management Board	Katarzyna Kopaczewska	9 <sup>th</sup> May 2019	

## Management discussion of the financial results for the 1Q 2019

### 1. Eurocash Group - overview

EUROCASH Group is one of the largest Fast Moving Consumer Goods (FMCG) distributors in Poland. Eurocash Group concentrates on wholesale supply of FMCG to a broad range of traditional retailers across the whole country in particular to independent retail stores throughout Poland. Additionally to ensure scale that support clients, Eurocash runs own retail stores.

**Wholesale** – wholesale distribution formats:

- **Eurocash Distribution** consisting of:
  - active distribution companies (Eurocash S.A. after merger with Tradis Sp. z o.o., DEF Sp. z o.o., AMBRA Sp. z o.o.);
  - companies organizing or supporting franchise chains of retail shops: Euro Sklep S.A., Lewiatan Holding S.A., Lewiatan Podlasie Sp. z o.o., Lewiatan Śląsk Sp. z o.o., Lewiatan Zachód Sp. z o.o., Lewiatan Północ Sp. z o.o., Lewiatan Opole Sp. z o.o., Lewiatan Wielkopolska Sp. z o.o., Lewiatan Podkarpacie Sp. z o.o., Lewiatan Kujawy Sp. z o.o., Lewiatan Orbita Sp. z o.o.;
  - Alcohol Distribution – wholesale and retail distribution of alcoholic beverages throughout Poland;
- **Cash&Carry** – a national network of discount Cash & Carry type warehouses under the “Eurocash Cash & Carry” brand, as part of which the loyalty program for the “abc” network of stores operates;
- **Tobacco & Impulse** – active distribution of tobacco products and fast moving consumer goods through Eurocash Serwis;
- **Eurocash Food Service** – supplies for restaurant chains, hotels and independent food outlets;
- **Other** – sales revenue of 4Vapers Sp. z o.o. and Cerville Investments Sp. z o.o.

**Retail** – retail sales of Eurocash Group and wholesale sales of Eurocash to Delikatesy Centrum franchisees:

- **Delikatesy Centrum franchise stores** – a franchise system for retail stores operating under the brand “Delikatesy Centrum”;
- **Delikatesy Centrum own retail stores** – own retail stores operating by companies that Eurocash hold 50% of shares: Firma Rogala Sp. z o.o., FHC-2 Sp. z o.o., Madas Sp. z o.o. and Eurocash Detal Sp. z o.o.;
- **EKO** – own retail stores under brand Delikatesy Centrum and EKO operated by EKO Holding S.A.;
- **Mila & Others** – own retail stores under brand Mila operated by Mila S.A. and under brand Lewiatan operated by Partner Sp. z o.o.;
- **Inmedio** – press retail kiosks under Inmedio brand.

<b>EUROCASH GROUP – CONSOLIDATED QUARTERLY REPORT (1Q 2019)</b>	Page 2
<b>REPORT OF THE MANAGEMENT BOARD</b>	

**Projects** – sales revenue of new projects running by Eurocash S.A. and its subsidiaries: Eurocash Convenience Sp. z o.o., Kontigo Sp. z o.o., ABC na kołach Sp. z o.o., Duży Ben Sp. z o.o., Sushi 2Go Sp. z o.o. Sp. k.

Starting from 2019 sales of fresh product distribution to Delikatesy Centrum was excluded from Projects Segment and moved to Retail Segment due to the fact that project achieved profitability.

**Others** – sales revenue and costs of other companies through Eurocash Trade 1 Sp. z o.o., Eurocash Trade 2 Sp. z o.o., Eurocash VC3 Sp. z o.o. and Central Head Office costs consolidation not related to any of above segment.

The business of Eurocash Group is focused on the territory of Poland.

## 2. Summary of financial and operational results of Eurocash Group in 1Q 2019

### Profit & loss account

**Table 1: Eurocash Group: Summary of consolidated financial results for 1Q 2019**

PLN m	1Q 2019	1Q 2019 before IFRS16	1Q 2018	Change % (before IFRS16)
Sales revenues (traded goods, materials)	5 482.94	5 482.94	4 987.11	9.94%
Gross profit (loss) on sales	711.50	711.50	581.57	22.34%
Gross profitability on sales (%)	12.98%	12.98%	11.66%	1.32 p.p.
EBITDA	121.37	33.46	39.61	-15.53%
(EBITDA margin %)	2.21%	0.61%	0.79%	-0.18 p.p.
EBIT	(9.69)	(19.06)	(7.10)	-168.46%
(EBIT margin %)	-0.18%	-0.35%	-0.14%	-0.21 p.p.
Gross profit	(37.46)	(29.65)	(17.29)	-71.56%
Net Income	(40.16)	(33.84)	(18.53)	-82.66%
(Net profitability %)	-0.73%	-0.62%	-0.37%	-0.25 p.p.

Consolidated total sales of Eurocash Group in 1Q 2019 amounted to PLN 5 482.94 m. and increased by 9.94% YoY. The main driver of sales increase was Retail segment due to consolidation of acquired retail companies (PLN +342 m) as well as strong organic growth of Wholesale segment (PLN +138 m). Strong positive sales revenues dynamics were partially off-set by Easter effect, that this year was in 2Q.

Consolidated gross profitability in 1Q 2019 amounted to 12.98% and increased by 1.32 p.p. comparing to 1Q 2018. Increase of gross profitability was driven mainly by consolidation of acquired retail companies.

Consolidated EBITDA in 1Q 2019 amounted to PLN 121.37 m. Consolidated EBITDA in 1Q 2019 before IFRS16 decreased by -15.53% YoY and amounted to PLN 33.46 m. EBITDA decrease was attributable mainly to the Easter effect, that this year was in 2Q as well as consolidation of Mila retail chain.

The net loss amounted to PLN -40.16 m in 1Q 2019. The net loss before IFRS16 amounted to PLN -33.84 m in 1Q 2019 comparing with the net loss at level of PLN -18.53 m in 1Q 2018.

## Implementation of IFRS16

In January 2016, the International Accounting Standards Board issued International Financial Reporting Standard 16 Leasing ("IFRS 16"), which replaced IAS 17 Leasing, IFRIC 4 Determining whether the contract includes leasing, SKI 15 Operating leases - special promotional offers and SKI 27 Substance assessment transactions using the form of leasing. IFRS 16 sets out the accounting principles for leasing in terms of valuation, presentation and disclosure.

IFRS 16 introduces a single model of the lessee's accounting and requires the lessee to recognize assets and liabilities resulting from each lease with a period exceeding 12 months, unless the underlying asset is of low value. On the date of the commencement, the lessee recognizes an asset component due to the right of use of the underlying asset and a lease liability that reflects his obligation to make lease payments.

The lessee separately recognizes depreciation of the asset component under the right of use and interest on the lease liability.

The lessee updates the valuation of the lease liability after the occurrence of certain events (eg changes in the leasing period, changes in future lease payments resulting from the change in the index or the rate used to determine these charges). In principle, the lessee recognizes the revaluation of the lease liability as an adjustment to the asset's value due to the right of use.

The Group is a lessee, mainly in the case of lease agreements for rental and means of transport.

Lessor accounting in accordance with IFRS 16 remains substantially unchanged from current accounting in accordance with IAS 17. A lessor will continue to recognize all lease agreements using the same classification principles as in IAS 17, distinguishing between operating leases and financial leasing.

IFRS 16 requires wider disclosures from both the lessee and the lessor than in the case of IAS 17.

The lessee has the right to choose a full or modified retrospective approach, and the transitional provisions provide for some practical solutions.

IFRS 16 is effective for annual periods beginning on January 1, 2019 and later. Earlier application is permitted for entities that apply IFRS 15 from or before the first application of IFRS 16. The Group has not decided to apply IFRS 16 earlier. The Group has implemented IFRS 16 using a modified retrospective method. The Group has benefited from the exemption regarding short-term leases.

## Sales by format

**Table 2: Eurocash Group: External sales of goods dynamics by distribution format for 1Q 2019**

PLN m	1Q 2019	1Q 2018	Change %
<b>Wholesale</b>	<b>4 108.16</b>	<b>3 970.21</b>	<b>3.47%</b>
Cash&Carry	995.12	964.52	3.17%
Tobacco	1 450.79	1 331.37	8.97%
Distribution	1 549.48	1 566.18	-1.07%
<i>Alcohol</i>	<i>429.17</i>	<i>508.15</i>	<i>-15.54%</i>
<i>Distribution previously</i>	<i>1 120.31</i>	<i>1 058.03</i>	<i>5.89%</i>
Food Service	110.54	105.61	4.67%
Other	2.23	2.53	-11.68%
<b>Retail</b>	<b>1 327.40</b>	<b>969.33</b>	<b>36.94%</b>
Delikatesy Centrum Franchise	492.67	488.31	0.89%
Supermarkets Own	725.16	378.17	91.76%
<i>Delikatesy Centrum Own</i>	<i>185.22</i>	<i>181.79</i>	<i>1.89%</i>
<i>EKO</i>	<i>197.61</i>	<i>196.38</i>	<i>0.63%</i>
<i>Mila &amp; Others</i>	<i>342.33</i>	<i>0.00</i>	<i>-</i>
Inmedio	109.57	102.86	6.53%
<b>Projects</b>	<b>15.73</b>	<b>12.05</b>	<b>30.55%</b>
<b>Eurocash Group</b>	<b>5 451.30</b>	<b>4 951.59</b>	<b>10.09%</b>

### Wholesale

- In 1Q 2019 external sales of goods in Wholesale segment amounted to PLN 4 108.16 m and increased by 3.47% comparing with 1Q 2018.
- EBITDA of the Wholesale segment amounted in 1Q 2019 to PLN 100.72 m. EBITDA before IFRS16 amounted to PLN 52.80 m while in 1Q 2018 it amounted to PLN 46.10 m. EBITDA in 1Q 2019 was driven mainly by Tobacco, Eurocash Distribution, Eurocash Cash&Carry distribution formats and was partially off-set by Alcohol distribution format.
- LFL sales growth (same number of stores) in Eurocash Cash&Carry stores in 1Q 2019 amounted to 3.17%.
- The number of Eurocash Cash&Carry stores at the end of 1Q 2019 amounted to 180.
- The number of abc stores amounted to 8 632 at the end of 1Q 2019.
- Number of partnership or franchise stores organized by companies belonging to Eurocash Group (Groszek, Euro Sklep, Lewiatan and PSD) amounted to 5 055 stores as of the end of 1Q 2019.
- Sales of cigarettes Tobacco & Impulse distribution format in terms of volume amounted in 1Q 2019 to 2 472 m pieces and increased by 9.03% YoY.

### Retail

- Sales of goods realized by Retail segment in 1Q 2019 amounted to PLN 1 327.40 m and increased by 36.94%. Main driver of sales growth was consolidation of acquired retail companies (Mila and Partner). Sales revenues dynamics were negatively impacted by Easter effect and basket deflation.
- Starting from 2019 Retail Segment includes sales distribution of fresh products to franchise stores in Delikatesy Centrum chain. Historical data of the segment were restated.



- EBITDA of the Retail segment in 1Q 2019 amounted to PLN 52.02 m. EBITDA before IFRS16 amounted to PLN 13.32 m comparing to PLN 19.04 m in 1Q 2018. Decrease of EBITDA was attributable to Easter effect, consolidation of Mila stores and ongoing integration.
- LFL growth of wholesale sales realized by Eurocash to "Delikatesy Centrum" franchise stores amounted to -1.50% in 1Q 2019.
- LFL growth of retail sales of "Delikatesy Centrum" franchise stores amounted to -1.48% in 1Q 2019. Initial LFL sales dynamics for the period ending on 30<sup>th</sup> April YTD amounted to 3.97%.
- Number of Small Supermarkets in 1Q 2019 amounted to 1 563, including 997 Franchise stores and 566 Own stores. Total number of Small Supermarkets increased by 24 stores in 1Q 2019.
- Number of total "Delikatesy Centrum" stores at the end of 1Q 2019 amounted to 1 333.
- Number of Inmedio stores at the end of 1Q 2019 amounted to 450 stores.

### **Projects**

- Sales of goods realized by Projects segment in 1Q 2019 amounted to PLN 15.73 m comparing to PLN 12.05 m in 1Q 2018. Sales from distribution of fresh products to franchise stores in Delikatesy Centrum chain was moved to the Retail segment.
- EBITDA of Projects segment in 1Q 2019 amounted to negative PLN -10.73 m. EBITDA before IFRS16 amounted to PLN -11.99 m comparing to result of PLN -10.68 m in 1Q 2018. Result of the segment was impacted by expansion costs and investments into projects brand awareness increase.

### **Others**

- EBITDA of Others segment amounted in 1Q 2019 to PLN -20.65 m (-20.66 m before IFRS16) comparing to PLN -14.85 m in 1Q 2018. Result of the segment was impacted by increased costs, mainly IT and higher provision for employees bonus.

## Operating segments

Due to changes in financial results presentation by operating segments in 2018, below we present quarter results of each segment for years 2017-2019 according to definition of segments implemented in 2018. Impact of IFRS16 on the results is shown in the table no. 3 below:

**Table 3: Eurocash Group: Operating segments results in 2019 (IFRS16)**

1Q 2019 (PLN m)	Wholesale	Retail	Projects	Others	Total
Sales revenue from traded goods	4 108.16	1 327.40	15.73	0.00	<b>5 451.30</b>
EBIT	32.77	-6.25	-12.75	-23.47	<b>-9.69</b>
<i>(EBIT margin %)</i>	<i>0.80%</i>	<i>-0.47%</i>	<i>-81.06%</i>	<i>0.00%</i>	<b><i>-0.18%</i></b>
EBITDA	100.72	52.02	-10.73	-20.65	<b>121.37</b>
<i>(EBITDA margin %)</i>	<i>2.45%</i>	<i>3.92%</i>	<i>-68.23%</i>	<i>0.00%</i>	<b><i>2.23%</i></b>

**Table 4: Eurocash Group: Operating segments results in 2019 (before IFRS16)**

1Q 2019 (PLN m)	Wholesale	Retail	Projects	Others	Total
Sales revenue from traded goods	4 108.16	1 327.40	15.73	0.00	<b>5 451.30</b>
EBIT	27.99	-10.75	-12.82	-23.47	<b>-19.06</b>
<i>(EBIT margin %)</i>	<i>0.68%</i>	<i>-0.81%</i>	<i>-81.51%</i>	<i>0.00%</i>	<b><i>-0.35%</i></b>
EBITDA	52.80	13.32	-11.99	-20.66	<b>33.46</b>
<i>(EBITDA margin %)</i>	<i>1.29%</i>	<i>1.00%</i>	<i>-76.23%</i>	<i>0.00%</i>	<b><i>0.61%</i></b>

**Table 5: Eurocash Group: Operating segments results in 2018 (before IFRS16)**

<b>1Q 2018 (PLN m)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Others</b>	<b>Total</b>
Sales revenue from traded goods	3 970.21	969.33	12.05	0.00	<b>4 951.59</b>
EBIT	19.79	3.40	-11.67	-18.62	<b>-7.10</b>
<i>(EBIT margin %)</i>	<i>0.50%</i>	<i>0.35%</i>	<i>-96.84%</i>	<i>0.00%</i>	<b><i>-0.14%</i></b>
EBITDA	46.10	19.04	-10.68	-14.85	<b>39.61</b>
<i>(EBITDA margin %)</i>	<i>1.16%</i>	<i>1.96%</i>	<i>-88.65%</i>	<i>0.00%</i>	<b><i>0.80%</i></b>
<b>2Q 2018 (PLN m)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Others</b>	<b>Total</b>
Sales revenue from traded goods	4 591.22	1 115.68	11.84	0.00	<b>5 718.73</b>
EBIT	84.82	12.24	-10.37	-19.07	<b>67.63</b>
<i>(EBIT margin %)</i>	<i>1.85%</i>	<i>1.10%</i>	<i>-87.59%</i>	<i>0.00%</i>	<b><i>1.18%</i></b>
EBITDA	111.17	31.08	-9.52	-15.70	<b>117.03</b>
<i>(EBITDA margin %)</i>	<i>2.42%</i>	<i>2.79%</i>	<i>-80.45%</i>	<i>0.00%</i>	<b><i>2.05%</i></b>
<b>3Q 2018 (PLN m)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Others</b>	<b>Total</b>
Sales revenue from traded goods	4 772.23	1 416.73	12.04	0.00	<b>6 201.00</b>
EBIT	103.07	-11.36	-8.49	-31.72	<b>51.50</b>
<i>(EBIT margin %)</i>	<i>2.16%</i>	<i>-0.80%</i>	<i>-70.52%</i>	<i>0.00%</i>	<b><i>0.83%</i></b>
EBITDA	129.74	11.64	-7.51	-28.76	<b>105.13</b>
<i>(EBITDA margin %)</i>	<i>2.72%</i>	<i>0.82%</i>	<i>-62.32%</i>	<i>0.00%</i>	<b><i>1.70%</i></b>
<b>4Q 2018 (PLN m)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Others</b>	<b>Total</b>
Sales revenue from traded goods	4 349.18	1 445.38	15.01	0.00	<b>5 809.57</b>
EBIT	90.68	22.04	-9.48	-0.89	<b>102.34</b>
<i>(EBIT margin %)</i>	<i>2.08%</i>	<i>1.52%</i>	<i>-63.14%</i>	<i>0.00%</i>	<b><i>1.76%</i></b>
EBITDA	117.05	45.67	-8.80	2.93	<b>156.85</b>
<i>(EBITDA margin %)</i>	<i>2.69%</i>	<i>3.16%</i>	<i>-58.61%</i>	<i>0.00%</i>	<b><i>2.70%</i></b>

**Table 6: Eurocash Group: Operating segments results in 2017 (before IFRS16)**

<b>1Q 2017 (PLN m)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Others</b>	<b>VAT settlements</b>	<b>Total</b>
Sales revenue from traded goods	3 714.70	897.99	7.04	0.00	0.00	<b>4 619.72</b>
EBIT	8.87	11.21	-7.95	-19.11	0.00	<b>-6.98</b>
<i>(EBIT margin %)</i>	<i>0.24%</i>	<i>1.25%</i>	<i>-113.06%</i>	<i>0.00%</i>	<i>0.00%</i>	<b>-0.15%</b>
EBITDA	35.50	25.50	-7.32	-16.19	0.00	<b>37.49</b>
<i>(EBITDA margin %)</i>	<i>0.96%</i>	<i>2.84%</i>	<i>-104.11%</i>	<i>0.00%</i>	<i>0.00%</i>	<b>0.81%</b>
<b>2Q 2017 (PLN m)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Others</b>	<b>VAT settlements</b>	<b>Total</b>
Sales revenue from traded goods	4 404.81	982.23	8.50	0.00	0.00	<b>5 395.54</b>
EBIT	77.64	24.63	-8.24	-19.19	-114.40	<b>-39.56</b>
<i>(EBIT margin %)</i>	<i>1.76%</i>	<i>2.51%</i>	<i>-96.96%</i>	<i>0.00%</i>	<i>0.00%</i>	<b>-0.73%</b>
EBITDA	104.35	39.29	-7.43	-15.94	-114.40	<b>5.87</b>
<i>(EBITDA margin %)</i>	<i>2.37%</i>	<i>4.00%</i>	<i>-87.38%</i>	<i>0.00%</i>	<i>0.00%</i>	<b>0.11%</b>
<b>3Q 2017 (PLN m)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Others</b>	<b>VAT settlements</b>	<b>Total</b>
Sales revenue from traded goods	4 479.38	1 052.72	10.08	0.00	0.00	<b>5 542.18</b>
EBIT	70.66	13.91	-9.13	-17.28	0.00	<b>58.15</b>
<i>(EBIT margin %)</i>	<i>1.58%</i>	<i>1.32%</i>	<i>-90.57%</i>	<i>0.00%</i>	<i>0.00%</i>	<b>1.05%</b>
EBITDA	96.48	28.20	-8.77	-14.45	0.00	<b>101.47</b>
<i>(EBITDA margin %)</i>	<i>2.15%</i>	<i>2.68%</i>	<i>-86.95%</i>	<i>0.00%</i>	<i>0.00%</i>	<b>1.83%</b>
<b>4Q 2017 (PLN m)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Others</b>	<b>VAT settlements</b>	<b>Total</b>
Sales revenue from traded goods	4 126.11	1 016.50	12.96	0.00	0.00	<b>5 155.56</b>
EBIT	79.15	29.70	-12.07	-45.40	0.00	<b>51.38</b>
<i>(EBIT margin %)</i>	<i>1.92%</i>	<i>2.92%</i>	<i>-93.13%</i>	<i>0.00%</i>	<i>0.00%</i>	<b>1.00%</b>
EBITDA	106.39	46.42	-10.86	-40.46	0.00	<b>101.48</b>
<i>(EBITDA margin %)</i>	<i>2.58%</i>	<i>4.57%</i>	<i>-83.83%</i>	<i>0.00%</i>	<i>0.00%</i>	<b>1.97%</b>

**Table 7: Eurocash Group: Operating segments results in 2018 YTD (before IFRS16)**

<b>1Q YTD 2018 (PLN m)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Others</b>	<b>Total</b>
Sales revenue from traded goods	3 970.21	969.33	12.05	0.00	<b>4 951.59</b>
EBIT	19.79	3.40	-11.67	-18.62	<b>-7.10</b>
<i>(EBIT margin %)</i>	<i>0.50%</i>	<i>0.35%</i>	<i>-96.84%</i>	<i>0.00%</i>	<b><i>-0.14%</i></b>
EBITDA	46.10	19.04	-10.68	-14.85	<b>39.61</b>
<i>(EBITDA margin %)</i>	<i>1.16%</i>	<i>1.96%</i>	<i>-88.65%</i>	<i>0.00%</i>	<b><i>0.80%</i></b>
<b>2Q YTD 2018 (PLN m)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Others</b>	<b>Total</b>
Sales revenue from traded goods	8 561.43	2 085.01	23.89	0.00	<b>10 670.32</b>
EBIT	104.61	15.64	-22.04	-37.69	<b>60.53</b>
<i>(EBIT margin %)</i>	<i>1.22%</i>	<i>0.75%</i>	<i>-92.26%</i>	<i>0.00%</i>	<b><i>0.57%</i></b>
EBITDA	157.27	50.13	-20.20	-30.55	<b>156.64</b>
<i>(EBITDA margin %)</i>	<i>1.84%</i>	<i>2.40%</i>	<i>-84.59%</i>	<i>0.00%</i>	<b><i>1.47%</i></b>
<b>3Q YTD 2018 (PLN m)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Others</b>	<b>Total</b>
Sales revenue from traded goods	13 333.65	3 501.74	35.93	0.00	<b>16 871.32</b>
EBIT	207.69	4.28	-30.53	-69.41	<b>112.03</b>
<i>(EBIT margin %)</i>	<i>1.56%</i>	<i>0.12%</i>	<i>-84.97%</i>	<i>0.00%</i>	<b><i>0.66%</i></b>
EBITDA	287.01	61.77	-27.71	-59.31	<b>261.77</b>
<i>(EBITDA margin %)</i>	<i>2.15%</i>	<i>1.76%</i>	<i>-77.12%</i>	<i>0.00%</i>	<b><i>1.55%</i></b>
<b>4Q YTD 2018 (PLN m)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Others</b>	<b>Total</b>
Sales revenue from traded goods	17 682.83	4 947.12	50.94	0.00	<b>22 680.90</b>
EBIT	298.36	26.32	-40.01	-70.30	<b>214.38</b>
<i>(EBIT margin %)</i>	<i>1.69%</i>	<i>0.53%</i>	<i>-78.54%</i>	<i>0.00%</i>	<b><i>0.95%</i></b>
EBITDA	404.06	107.44	-36.51	-56.38	<b>418.61</b>
<i>(EBITDA margin %)</i>	<i>2.29%</i>	<i>2.17%</i>	<i>-71.67%</i>	<i>0.00%</i>	<b><i>1.85%</i></b>

**Table 8: Eurocash Group: Operating segments results in 2017 YTD (before IFRS16)**

<b>1Q YTD 2017 (PLN m)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Others</b>	<b>VAT settlements</b>	<b>Total</b>
Sales revenue from traded goods	3 714.70	897.99	7.04	0.00	0.00	<b>4 619.72</b>
EBIT	8.87	11.21	-7.95	-19.11	0.00	<b>-6.98</b>
<i>(EBIT margin %)</i>	<i>0.24%</i>	<i>1.25%</i>	<i>-113.06%</i>	<i>0.00%</i>	<i>0.00%</i>	<b><i>-0.15%</i></b>
EBITDA	35.50	25.50	-7.32	-16.19	0.00	<b>37.49</b>
<i>(EBITDA margin %)</i>	<i>0.96%</i>	<i>2.84%</i>	<i>-104.11%</i>	<i>0.00%</i>	<i>0.00%</i>	<b><i>0.81%</i></b>
<b>2Q YTD 2017 (PLN m)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Others</b>	<b>VAT settlements</b>	<b>Total</b>
Sales revenue from traded goods	8 119.50	1 880.22	15.54	0.00	0.00	<b>10 015.26</b>
EBIT	86.51	35.84	-16.20	-38.30	-114.40	<b>-46.54</b>
<i>(EBIT margin %)</i>	<i>1.07%</i>	<i>1.91%</i>	<i>-104.25%</i>	<i>0.00%</i>	<i>0.00%</i>	<b><i>-0.46%</i></b>
EBITDA	139.85	64.79	-14.75	-32.13	-114.40	<b>43.36</b>
<i>(EBITDA margin %)</i>	<i>1.72%</i>	<i>3.45%</i>	<i>-94.95%</i>	<i>0.00%</i>	<i>0.00%</i>	<b><i>0.43%</i></b>
<b>3Q YTD 2017 (PLN m)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Others</b>	<b>VAT settlements</b>	<b>Total</b>
Sales revenue from traded goods	12 598.88	2 932.94	25.62	0.00	0.00	<b>15 557.44</b>
EBIT	157.17	49.75	-25.33	-55.58	-114.40	<b>11.61</b>
<i>(EBIT margin %)</i>	<i>1.25%</i>	<i>1.70%</i>	<i>-98.87%</i>	<i>0.00%</i>	<i>0.00%</i>	<b><i>0.07%</i></b>
EBITDA	236.33	93.00	-23.52	-46.58	-114.40	<b>144.83</b>
<i>(EBITDA margin %)</i>	<i>1.88%</i>	<i>3.17%</i>	<i>-91.80%</i>	<i>0.00%</i>	<i>0.00%</i>	<b><i>0.93%</i></b>
<b>4Q YTD 2017 (PLN m)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Others</b>	<b>VAT settlements</b>	<b>Total</b>
Sales revenue from traded goods	16 724.99	3 949.43	38.58	0.00	0.00	<b>20 713.00</b>
EBIT	236.32	79.45	-37.40	-100.98	-114.40	<b>62.99</b>
<i>(EBIT margin %)</i>	<i>1.41%</i>	<i>2.01%</i>	<i>-96.94%</i>	<i>0.00%</i>	<i>0.00%</i>	<b><i>0.30%</i></b>
EBITDA	342.72	139.42	-34.38	-87.04	-114.40	<b>246.31</b>
<i>(EBITDA margin %)</i>	<i>2.05%</i>	<i>3.53%</i>	<i>-89.12%</i>	<i>0.00%</i>	<i>0.00%</i>	<b><i>1.19%</i></b>

### Cash flow

**Table 9: Eurocash Group: Consolidated cash flow for 1Q 2019**

PLN m	1Q 2019	1Q 2019 before IFRS16	1Q 2018
Operating cash flow	(133.92)	(221.84)	(54.99)
<i>Gross profit (loss)</i>	<i>(37.46)</i>	<i>(29.65)</i>	<i>(17.29)</i>
<i>Depreciation</i>	<i>131.06</i>	<i>52.51</i>	<i>46.71</i>
<i>Change in working capital</i>	<i>(275.68)</i>	<i>(275.68)</i>	<i>(87.63)</i>
<i>Other</i>	<i>48.16</i>	<i>30.98</i>	<i>3.22</i>
Cash flow from investments	(123.44)	(123.44)	(39.75)
Cash flow from financing activities	224.69	312.61	389.86
Total cash flow	(32.67)	(32.67)	295.11

Total cash flow in 1Q 2019 amounted to PLN -32.67 m, while the operating cash flow reached PLN -133.92 m. Change in working capital was impacted mainly by sales seasonality and Easter effect. Cash flow from investments amounted to PLN -123.44 m and cash flow from financing activities amounted in 1Q 2019 to PLN 224.69 m.

Total cash flow before IFRS16 in 1Q 2019 amounted to PLN -32.67 m, while the operating cash flow reached PLN -221.84 m. Cash flow from financing activities amounted in 1Q 2019 to PLN 312.61 m.

### Working capital

**Table 10: Eurocash Group: Consolidated working capital ratios flow for 1Q 2019**

Turnover in days	1Q 2019	1Q 2019 before IFRS16	1Q 2018
1. Inventories turnover	24.91	24.91	23.95
2. Trade receivables turnover	22.55	22.55	29.73
3. Trade liabilities turnover	(72.23)	(72.23)	(77.21)
4. Operating cycle (1+2)	47.46	47.46	53.68
5. Cash conversion (4+3)	(24.77)	(24.77)	(23.53)

Cash conversion in 1Q 2019 reached -24.77 days comparing with -23.53 days in 1Q 2018. Changes of rotation of each part of working capital was mainly attributable to consolidation of acquired retail companies.

### Statement of the financial position

The volume of fixed and current assets, equity, liabilities and provisions for liabilities, as well as their share in the total value of assets are presented on the next page:

**Table 11: Eurocash Group: Selected consolidated balance sheet items**

	PLN m	31.03.2019		31.12.2018	
Fixed assets		4 881.28	59.70%	3 006.01	50.01%
Current assets		3 295.68	40.30%	3 004.90	49.99%
Total assets		8 176.96	100.00%	6 010.91	100.00%
Equity		1 008.20	12.33%	1 036.41	17.24%
Liabilities and provisions		7 168.76	87.67%	4 974.50	82.76%
Total liabilities and equity		8 176.96	100.00%	6 010.91	100.00%

Net debt of Eurocash Group at the end of March 2019 amounted to PLN 2 554.10 m. Before IFRS16 net debt amounted to PLN 729.44 m comparing to PLN 469.34 m at the end of March 2018.



### 3. Summary of financial results of Eurocash S.A. in 1Q 2019

#### Profit & loss account

**Table 12: Eurocash S.A.: Summary of financial results for 1Q 2019**

	PLN m	1Q 2019	1Q 2019 before IFRS16	1Q 2018	Change % (before IFRS16)
Sales revenues (traded goods, materials)		3 378.81	3 378.81	3 352.28	0.79%
Gross profit (loss) on sales		392.81	392.81	371.14	5.84%
Gross profitability on sales (%)		11.63%	11.63%	11.07%	0.55 p.p.
EBITDA		74.14	31.72	38.48	-17.56%
(EBITDA margin %)		2.19%	0.94%	1.15%	-0.21 p.p.
EBIT		8.13	3.63	9.47	-61.71%
(EBIT margin %)		0.24%	0.11%	0.28%	-0.18 p.p.
Gross profit		(11.69)	(7.92)	1.64	-582.18%
Net Income		(10.52)	(7.47)	0.27	-2880.23%
(Net profitability %)		-0.31%	-0.22%	0.01%	-0.23 p.p.

Sales of Eurocash S.A. in 1Q 2019 amounted to PLN 3 378.81 m. Sales of Eurocash S.A. in 1Q 2019 before IFRS16 amounted to PLN 3 378.81 m and increased by 0.79%.

Gross margin on sales realized by Eurocash S.A. in 1Q 2019 amounted to 11.63%. Gross margin on sales realized by Eurocash S.A. in 1Q 2019 before IFRS16 amounted to 11.63%, 0.55 p.p. higher than in 1Q 2018.

In 1Q 2019 EBITDA amounted to PLN 74.14 m. In 1Q 2019 EBITDA before IFRS16 amounted to PLN 31.72 m. The net profit in 1Q 2019 amounted to PLN -10,52 m. The net profit in 1Q 2019 before IFRS16 amounted to PLN -7,47 m.

#### Cash flow

**Table 13: Eurocash S.A.: Cash flow for 1Q 2019**

	PLN m	1Q 2019	1Q 2019 before IFRS16	1Q 2018
Operating cash flow		(114.49)	(156.91)	(38.37)
Gross profit (loss)		(11.69)	(7.92)	1.64
Depreciation		66.01	28.10	29.01
Change in working capital		(178.97)	(178.97)	(62.35)
Other		10.17	1.89	(6.67)
Cash flow from investments		(107.37)	(107.37)	(16.90)
Cash flow from financing activities		196.84	239.26	353.21
Total cash flow		(25.02)	(25.02)	297.94

Total cash flow of Eurocash S.A. in 1Q 2019 amounted to PLN -25.02 m and operating cash flow amounted to negative PLN -114.49 m. Total cash flow of Eurocash S.A. in 1Q 2019 before IFRS16 amounted to result of PLN -25.02 m and operating cash flow amounted to PLN -156.91 m.

### **Working capital**

**Table 14: Eurocash S.A.: Working capital ratios for 1Q 2019**

Turnover in days	1Q 2019	1Q 2019 before IFRS16	1Q 2018
1. Inventories turnover	25.38	25.38	22.82
2. Trade receivables turnover	29.36	29.36	33.35
3. Trade liabilities turnover	(85.27)	(85.27)	(86.48)
4. Operating cycle (1+2)	54.75	54.75	56.17
5. Cash conversion (4+3)	(30.52)	(30.52)	(30.32)

Cash conversion of Eurocash S.A. before IFRS16 in 1Q 2019 amounted to -30.52 days which is better result compare to the 1Q 2018 -30.32 days.

### **Statement of the financial position**

The volume of fixed and current assets, equity, liabilities and provisions for liabilities, as well as their share in the total value of assets are presented in the table below:

**Table 15: Eurocash S.A.: Selected balance sheet items**

PLN m	31.03.2019		31.12.2018	
Fixed assets	4 135.11	64.62%	3 222.63	60.18%
Current assets	2 264.41	35.38%	2 132.31	39.82%
Total assets	6 399.52	100.00%	5 354.94	100.00%
Equity	1 043.22	16.30%	1 050.87	19.62%
Liabilities and provisions	5 356.30	83.70%	4 304.07	80.38%
Total liabilities and equity	6 399.52	100.00%	5 354.94	100.00%

#### **4. Definitions of the financial ratios**

Gross profit margin on sales:	ratio of gross sales profit to net sales revenue
EBITDA margin:	ratio of EBITDA (operating profit plus depreciation) to net sales revenue
Operating profit margin:	ratio of operating profit (EBIT) to net sales revenue
Net profit margin on sales:	ratio of net profit to net sales revenue
Inventories turnover:	the ratio of balance of stocks at the end of period to net sales for period multiplied by the number of days in the period
Trade receivables turnover:	the ratio of balance of trade receivables at the end of period to net sales for period multiplied by the number of days in the period
Trade liabilities turnover:	the ratio of balance of trade liabilities at end of period to costs of goods sold for period multiplied by the number of days in the period
Operating cycle:	the sum of stocks turnover and receivables turnover
Cash conversion cycle:	the difference between operating cycle and liabilities turnover
Net debt:	the sum of long and short term loans, borrowings and financial liabilities lessened by cash and cash equivalents

## 5. Major events and factors that influenced consolidated income or loss in 1Q 2019

### *Acquire 100% shares in entities controlling the MILA chain of stores*

On 29<sup>th</sup> May 2018 Eurocash S.A. acquired 100% of shares in the share capital of Domelius Limited (company under Cypriot law) with its registered office in Nicosia considered by the issuer, as well as taking over control on its subsidiary companies including: Mila Holding S.A. (previously Grupa 700 market-Detal spółka z o.o. S.K.A.), Mila S.A. (previously market-Detal spółka z o.o. sp.j.), Investpol 700 Mila spółka jawna and "Koja-Mila spółka akcyjna" spółka jawna.

The takeover of the Mila network of grocery stores operating in central Poland will enable the further development of the Eurocash Group and creation of a nationwide supermarket chain based on franchise and own stores.

Total sales revenue in the Mila network in 2018 reached approximately PLN 1.43 billion.

### *Cost optimization program*

In 2017 Eurocash Group initiated a medium-term program to increase cost efficiency by reducing the costs in areas of Selling, General and Administrative Expenses and Other Operating Costs. The total potential of the cost reductions may reach PLN 150 m by 2020. The planned effect of the cost reduction program is expected to be partially off-set by the increase of the level of wages resulting from the pressure on labour costs and inflation. By 2018 PLN 70 m costs were reduced, and was fully off-set by increase of labour costs.

### *Changes in equity*

In the period between 1<sup>st</sup> January 2019 and 31<sup>st</sup> March 2019 no shares were issued.

There have been no other major events that influenced Eurocash Group income or loss in 1Q 2019.

## 6. Development perspectives

### **External Factors**

#### *Growth in the FMCG market and its structure*

The Group expects further growth of modern distribution channels; its unfavorable impact on company's income will be compensated by growth of the FMCG market in absolute terms and consolidation in the traditional wholesale market.

#### *Fuel prices*

Since a significant part of selling costs is logistics costs, strictly dependent on fuel prices, their significant changes may affect the Group's results.

### *Inflation*

Unexpected substantial changes in prices of food, beverages, alcohol and other FMCG products, as well as fuel prices affecting logistic expenses may influence the Group's profit and loss.

### *Labour costs*

Potential pressure on labour costs could in medium-term perspective negatively influence the Group's profit and loss. However, potential of growing wages and salaries impacts the whole Polish market. As the Group sales are realized in Poland, its competitive position should remain unchanged due to this factor.

## **Internal Factors**

### *Integration of acquired companies*

Due to the necessity of integrating acquired companies EKO Holding S.A., Mila S.A., FHC-2 Sp. z o.o., Madas Sp. z o.o. at the operational level, in the opinion of Eurocash S.A. Board full synergies associated with these transactions will be possible to reach within 3 years after the acquisition of control over these companies. All companies will be integrated within Delikatesy Centrum chain.

### *Development of Eurocash Retail segment*

Eurocash Group continues expansion of the franchise chain Delikatesy Centrum and envisages opening of app. 900 new Delikatesy Centrum stores by 2023. Expansion of Delikatesy Centrum chain assumes three sources of growth:

1. Acquisitions of regional small supermarket chains,
2. Opening stores run by franchisees,
3. Opening of own retail stores (in cooperation with partners investing in real estate).

Total investment to be realized with Real Estate partners is estimated at app. PLN 1.0 – 2.0 bn. The expansion plan assumes achievement of the following operational parameters:

- Average stores size of 350 sqm (selling area),
- Average sales per sqm of app. 15 600 PLN p.a. in newly opened mature stores
- Average EBITDA margin of mature store should reach app. 6.4%.

The envisaged organizational structure of the Eurocash Retail segment, assumes, that it will consist of all companies operating retail stores. Moreover, the target structure shall include also all wholesale and retail operations related to supply and support provided for retail stores operated by franchisees under Delikatesy Centrum brand.

<b>EUROCASH GROUP – CONSOLIDATED QUARTERLY REPORT (1Q 2019)</b>	Page 18
<b>REPORT OF THE MANAGEMENT BOARD</b>	

As a result of new organization and investments, Eurocash Retail segment operates app. 1 563 proximity supermarket stores.

#### *Investment in strategical growth projects*

To remain competitiveness of independent retail stores in Poland Eurocash Group continues an investment in innovative projects: Duży Ben, abc on wheels, Kontigo and others. Results of these projects have negative impact on the Group profitability, however the Board recognizes necessity of such investment to assure the growth in 5 to 10 years. After successful development of projects: Faktoria Win, PayUp and Fresh Projects in previous years, Company decided to expand: Duży Ben and Kontigo concepts as a franchise chain.

#### *Cost optimization program*

In 2017 Eurocash Group initiated a medium-term program to increase cost efficiency by reducing the costs in areas of Selling, General and Administrative Expenses and Other Operating Costs. The total potential of the cost reductions may reach PLN 150 m by 2020. The planned effect of the cost reduction program is expected to be partially off-set by the increase of the level of wages resulting from the pressure on labour costs and inflation. By 2018 PLN 70 m costs were reduced and was fully off-set by increase of labour costs.

Apart of information provided in this report there are no other material factors which might influence the results of the Eurocash Group during the next quarter of the year.

## **7. Additional information**

### **Information regarding dividends**

According to the resolution No. 5 dated 9<sup>th</sup> May 2019, the Ordinary General Meeting of Eurocash S.A. decided that shareholders of record on May 29<sup>th</sup>, 2019, shall be eligible to receive the dividend in amount PLN 1,00 (one Zloty) per one Company's share. The dividend will be payable by 19<sup>th</sup> June 2019. The remaining part of the profit for 2018 shall be transferred to the Company's reserve capital.

Number of shares eligible for dividend as at May 10<sup>th</sup> 2019 amounted to 139,163,286.

### **Explanations regarding seasonality**

In FMCG wholesale sales are traditionally lower in 1Q, then sales peak during summer period and stabilize in the 4Q.

### **Issuance, redemption and repayment of debt and capital securities**

In the period between 1<sup>st</sup> January 2019 and 31<sup>st</sup> March 2019 no shares were issued. As at March 31<sup>st</sup>, 2019, the total value of bonds issued by Eurocash was PLN 0.00.

## Changes in the basic management principles

In 1Q 2019 there were no major changes in the basic management principles.

## The Board opinion on the possibilities to carry out previously published financial forecasts for a given year

The Management Board of Eurocash S.A. has not published or does not intend to publish financial forecast for 2019.

**Table 16: Shareholders owning directly or indirectly – through dependent entities – at least 5 % of total number of votes at the general assembly**

Shareholder	10.05.2019				28.02.2019			
	Number of shares	Share in share capital (%)	Number of shares	Share in total number of votes	Number of shares	Share in share capital (%)	Number of shares	Share in total number of votes
Luis Amaral (directly and indirectly*)	61 287 778	44.04%	61 287 778	44.04%	61 287 778	44.04%	61 287 778	44.04%
Azvalor Asset Management S.G.I.I.C. S.A.	13 363 834	9.60%	12 806 087	9.20%	13 605 690	9.78%	13 014 591	9.35%
Others	64 511 674	46.36%	65 069 421	46.76%	64 269 818	46.18%	64 860 917	46.61%
<b>Total</b>	<b>139 163 286</b>	<b>100.00%</b>	<b>139 163 286</b>	<b>100.00%</b>	<b>139 163 286</b>	<b>100.00%</b>	<b>139 163 286</b>	<b>100.00%</b>

\*through Politra B.V. S.à.r.l., Amaral & Hijas Holdings SL and Westerngate Private Investments Ltd.

**Table 17: Number of shares (or rights to shares) held by the members of the Management Board and Supervisory Board of Eurocash**

	Shares or rights to acquire Eurocash shares	
	10.05.2019	28.02.2019
<b>Management Board members</b>		
Luis Amaral (directly and indirectly)	61 287 778	61 287 778
Rui Amaral	347 025	347 025
Katarzyna Kopaczewska	330 000	330 000
Arnaldo Guerreiro	325 500	325 500
Pedro Martinho	875 803	875 803
Jacek Owczarek	70 750	70 750
Przemysław Ciaś	1 000	1 000
<b>Supervisory Board members</b>		
Joao Borges de Assuncao	0	0
Hans-Joachim Körber	0	0
Jacek Sz wajcowski	0	0
Francisco Santos	0	0
Alicja Kornasiewicz	0	0

#### **Information on legal suits**

In the 1Q 2019 companies belonging to Eurocash Group were not involved in any other legal suit in any court, nor in a body competent for arbitration proceedings nor an administrative body, which total value would amount to at least 10% of equity.

#### **Information concerning granting by the issuer or its subsidiary credit or loan surety or a guarantee**

In the 1Q 2019 companies belonging to Eurocash Group did not grant any surety for a credit or a loan nor did it grant any guarantee of total value equivalent to 10% of the Eurocash equity.

#### **Information concerning execution by the issuer or its subsidiary transaction with related parties**

In the 1Q 2019 companies belonging to Eurocash Group did not execute transactions with related parties otherwise than in the ordinary course of business on an arm's length basis.

#### **Other information significant to assess the issuer's situation or ability to satisfy liabilities by the issuer**

Apart of information provided in this report there are no other information which would be material to assess the staffing and financial situation of the Company.

## 8. Factors that will affect the results achieved by the issuer

### *Integration of acquired companies*

Due to the necessity of integrating acquired companies EKO Holding S.A., Mila S.A., FHC-2 Sp. z o.o., Madas Sp. z o.o. at the operational level, in the opinion of Eurocash S.A. Board full synergies associated with these transactions will be possible to reach within 3 years after the acquisition of control over these companies. All companies will be integrated within Delikatesy Centrum chain.

### *Development of Eurocash Retail segment*

Eurocash Group continues expansion of the franchise chain Delikatesy Centrum and envisages opening of app. 900 new Delikatesy Centrum stores by 2023. Expansion of Delikatesy Centrum chain assumes three sources of growth:

1. Acquisitions of regional small supermarket chains,
2. Opening stores run by franchisees,
3. Opening of own retail stores (in cooperation with partners investing in real estate).

Total investment to be realized with Real Estate partners is estimated at app. PLN 1.0 – 2.0 bn. The expansion plan assumes achievement of the following operational parameters:

- Average stores size of 350 sqm (selling area),
- Average sales per sqm of app. 15 600 PLN p.a. in newly opened mature stores
- Average EBITDA margin of mature store should reach app. 6.4%.

The envisaged organizational structure of the Eurocash Retail segment, assumes, that it will consist of all companies operating retail stores. Moreover, the target structure shall include also all wholesale and retail operations related to supply and support provided for retail stores operated by franchisees under Delikatesy Centrum brand.

As a result of new organization and investments, Eurocash Retail segment operates app. 1 563 proximity supermarket stores.

### *Investment in strategical growth projects*

To remain competitiveness of independent retail stores in Poland Eurocash Group continues an investment in innovative projects: Duży Ben, abc on wheels, Kontigo and others. Results of these projects have negative impact on the Group profitability, however the Board recognizes necessity of such investment to assure the growth in 5 to 10 years. After successful development of projects: Faktoria Win, PayUp and Fresh Projects in previous years, Company decided to expand: Duży Ben and Kontigo concepts as a franchise chain.



<b>EUROCASH GROUP – CONSOLIDATED QUARTERLY REPORT (1Q 2019)</b>	Page 22
<b>REPORT OF THE MANAGEMENT BOARD</b>	

*Cost optimization program*

In 2017 Eurocash Group initiated a medium-term program to increase cost efficiency by reducing the costs in areas of Selling, General and Administrative Expenses and Other Operating Costs. The total potential of the cost reductions may reach PLN 150 m by 2020. The planned effect of the cost reduction program is expected to be partially off-set by the increase of the level of wages resulting from the pressure on labour costs and inflation. By 2018 PLN 70 m costs were reduced and was fully off-set by increase of labour costs.

Apart of information provided in this report there are no other material factors which might influence the results of the Eurocash Group.

**Signatures of Management Board Members:**

<b>Position</b>	<b>Name and surname</b>	<b>Date</b>	<b>Signature</b>
Member of the Management Board Financial Director	Jacek Owczarek	9 <sup>th</sup> May 2019	
Member of the Management Board Human Resources Director	Katarzyna Kopaczewska	9 <sup>th</sup> May 2019	