



**EUROCASH**

**CONSOLIDATED QUARTERLY REPORT**

**4<sup>th</sup> QUARTER 2017**

**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.

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4Q 2017**

## SELECTED CONSOLIDATED FINANCIAL DATA

	Non audited for the period from 01.01.2017 to 31.12.2017 PLN	Non audited for the period from 01.01.2016 to 31.12.2016 PLN	Non audited for the period from 01.01.2017 to 31.12.2017 EUR	Non audited for the period from 01.01.2016 to 31.12.2016 EUR
Sales	23 271 078 476	21 219 899 769	5 465 773 787	4 864 160 406
Operating profit (loss)	62 994 248	274 282 219	14 795 718	62 872 715
Profit (loss) before income tax	20 312 674	235 918 759	4 770 921	54 078 799
Profit (loss) for the on continued operations	(29 559 705)	190 016 746	(6 942 809)	43 556 847
Profit (loss) for the period	(29 559 705)	190 016 746	(6 942 809)	43 556 847
Net cash from operating activities	493 585 231	324 023 567	115 930 391	74 274 743
Net cash used in investing activities	(335 705 804)	(269 940 673)	(78 848 601)	(61 877 518)
Net cash used in financing activities	(117 150 181)	21 591 462	(27 515 544)	4 949 332
Net change in cash and cash equivalents	40 729 246	75 674 356	9 566 245	17 346 557
Weighted average number of shares	139 153 763	139 023 791	139 153 763	139 023 791
Weighted average diluted number of shares	139 107 157	139 120 988	139 107 157	139 120 988
EPS (in PLN / EUR)	(0,24)	1,29	(0,06)	0,30
Diluted EPS (in PLN / EUR)	(0,24)	1,29	(0,06)	0,30
Average PLN / EUR rate*			4,2576	4,3625
	Non audited as at 31.12.2017 PLN	Non audited as at 31.12.2016 PLN	Non audited as at 31.12.2017 EUR	Non audited as at 31.12.2016 EUR
Assets	5 983 390 931	5 494 995 634	1 434 556 314	1 242 087 621
Non-current liabilities	99 577 358	266 177 397	23 874 310	60 166 681
Current liabilities	4 853 808 173	4 073 714 582	1 163 731 610	920 821 560
Equity	1 030 005 400	1 155 103 655	246 950 394	261 099 380
Share capital	139 163 286	139 096 361	33 365 290	31 441 311
Number of shares	139 163 286	139 096 361	139 163 286	139 096 361
Diluted number of shares	139 530 636	139 530 636	139 530 636	139 530 636
Book value per share (in PLN / EUR)	6,94	7,81	1,66	1,76
Diluted book value per share (in PLN / EUR)	6,93	7,78	1,66	1,76
Declared or paid dividend (in PLN / EUR)	111 277 151	146 394 794	26 679 410	33 091 048
Declared or paid dividend per share (in PLN / EUR)	0,80	1,05	0,19	0,24
PLN / EUR rate at the end of the period**			4,1709	4,4240

\* Profit and loss items and cash flow items calculated on basis at a weighted average rate announced by the National Bank of Poland for 4Q 2017,

\*\* 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.

\*\*\* Dividend for 2016 year was paid till 6 June 2017 for shareholders of Parent Company as at 16 May 2017.

# **EUROCASH S.A. GROUP**

## **CONDENSED INTERIM**

## **CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 1 JANUARY 2017 TO 31 DECEMBER 2017

### **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.

KOMORNIKI, 28<sup>TH</sup> February 2018

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<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-31.12.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

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<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2017	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 2017 – 31 December 2017 and in addition, for the income statement and statement of comprehensive income, the period from 1 October 2017 to 31 December 2017.

The consolidated statement of financial position has been prepared as at 31 December 2017 and the comparative figures are presented as at 31 December 2016.

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 December 2017 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 Ciał – Member of the Management Board.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
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## 2.2. SUPERVISORY BOARD OF THE PARENT ENTITY

As at 31 December 2017 the Parent Entity's Supervisory Board consisted of the following members:

João Borges de Assunção – President of the Supervisory Board,  
Eduardo Aguinaga de Moraes – Member 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 wajkowski – Member of the Supervisory Board.

## 2.3. CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARD

On 13 January 2017, David Boner resigned from his position of Member of the Management Board, effective as at 13.01.2017.

On 22 February 2017, Przemysław Ciaś was appointed Member of the Management Board of Eurocash S.A.

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

In the period from March to August 2017 an extensive and detailed audit of VAT settlements by Eurocash S.A was carried out. The audit covered settlements made in the years 2013 – 2017. It showed that Eurocash S.A. was used in a mechanism of VAT fraud by groups of outside entities in transactions concerning intra-Community delivery of goods. The audit consisted, inter alia, in a review of documentation, including e-mail correspondence, as well as verification of business partners of Eurocash S.A. who participated in the above-mentioned transactions.

The finding of the audit showed that Eurocash S.A. may be obligated to settle a VAT liability in favor of the State Treasury. In accordance with the estimate of the Management Board, the amount of the potential VAT liability may be 121 450 511 PLN. This amount was corrected downwards by the surplus of CIT which arose for the Company in connection with the disclosure of revenue from a sale in the part which corresponds to 23% VAT, and, thus, does not constitute an actual gain (revenue) of the Company. As a result, the Company made a apayment to bank account of the First Wielkopolski Tax Office in Poznań the amount of 95 746 902 PLN in respect of security of payment of the possible VAT liability.

The Management Board believes that the final amount of the VAT liability may differ from the amount paid by the Company in respect of security of payment of the possible VAT liability, once the tax authority has carried out a detailed analysis of the documentation gathered by the Company, as well as of the procedures used by Company and the explanations of the Company. The Company believes that it acted in good faith when carrying out the above-mentioned transactions, and that it regularly tightened up procedures aimed at countering such irregularities. Thus, the Company is proving before the Tax Office that, in the course of ongoing tax audit, it has been harmed by fraud, made by third parties without the Company's knowledge. Thus, the final amount of the VAT liability may be lower

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
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than the amount referred to above, while the Company may be due a refund of some of the funds paid.

The Company Management Board emphasizes that payment of the liability will not have any impact on the Company's dividend policy, carried out also in previous years.

Negative impact on Net Profit for 2017 amounts to 114 400 861,47 PLN (0.82 PLN per share). Consolidated Net Debt of Eurocash will be negatively affected by 95 746 902 PLN (0.69 PLN per share).

The effect of the created reserve was reflected in the financial result of the Company and of the Group in the mid-year financial statements.

Eurocash Group continues to audit the VAT settlements by companies of the Eurocash Group as there exists a suspicion that potential irregularities could appear also in other companies of the Group. 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.



<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2017	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 31.12.2017

	Non audited 4th Quarter for the period from 01.10.2017 to 31.12.2017	Non audited 4 Quarters for the period from 01.01.2017 to 31.12.2017	Non audited 4th Quarter for the period from 01.10.2016 to 31.12.2016 restated*	Non audited 4 Quarters for the period from 01.01.2016 to 31.12.2016 restated*
<b>Sales</b>	<b>5 805 939 277</b>	<b>23 271 078 476</b>	<b>5 353 907 925</b>	<b>21 219 899 769</b>
Sales of goods	5 443 092 210	21 842 339 034	4 951 977 615	19 872 981 523
Sales of services	361 195 627	1 423 836 472	400 737 959	1 341 438 313
Sales of materials	1 651 439	4 902 971	1 192 351	5 479 933
<b>Costs of sales</b>	<b>(5 160 334 170)</b>	<b>(20 830 101 294)</b>	<b>(4 765 986 954)</b>	<b>(19 107 780 364)</b>
Costs of goods sold	(5 106 480 514)	(20 636 236 321)	(4 721 954 974)	(18 954 024 544)
Costs of services sold	(52 495 306)	(189 683 906)	(43 330 496)	(148 897 359)
Costs of materials sold	(1 358 349)	(4 181 067)	(701 484)	(4 858 461)
<b>Gross profit (loss)</b>	<b>645 605 107</b>	<b>2 440 977 182</b>	<b>587 920 972</b>	<b>2 112 119 406</b>
Selling expenses	(510 678 564)	(1 922 221 341)	(395 451 505)	(1 532 424 939)
General and administrative expenses	(94 106 562)	(372 521 997)	(85 271 625)	(322 192 712)
<b>Profit (loss) on sales</b>	<b>40 819 982</b>	<b>146 233 843</b>	<b>107 197 841</b>	<b>257 501 755</b>
Other operating income	29 167 597	75 180 146	15 014 817	57 334 214
Other operating expenses**	(18 603 456)	(158 419 741)	(5 688 294)	(40 553 749)
<b>Operating profit (loss)</b>	<b>51 384 123</b>	<b>62 994 248</b>	<b>116 524 364</b>	<b>274 282 219</b>
Financial income	12 120 011	29 035 301	5 007 104	24 205 984
Financial costs	(27 751 089)	(66 969 577)	(27 076 621)	(57 849 438)
Share in profits (losses) of equity accounted investees	(971 973)	(4 747 298)	(816 165)	(4 720 007)
<b>Profit (loss) before tax</b>	<b>34 781 071</b>	<b>20 312 674</b>	<b>93 638 683</b>	<b>235 918 759</b>
Income tax expense	(25 030 821)	(49 872 379)	(20 403 998)	(45 902 013)
<b>Profit (loss) for the period</b>	<b>9 750 250</b>	<b>(29 559 705)</b>	<b>73 234 685</b>	<b>190 016 746</b>
Attributable to:				
Owners of the Company	8 752 641	(33 311 574)	66 900 777	179 221 629
Non-controlling interests	997 609	3 751 869	6 333 909	10 795 118

### EARNINGS PER SHARE

	PLN / share	PLN / share
Profit (loss) attributable to Owners of the Company	(33 311 574)	179 221 629
Weighted average number of shares	139 153 763	139 023 791
Weighted average diluted number of shares	139 107 157	139 120 988
<b>Earnings per share</b>		
- basic	(0,24)	1,29
- diluted	(0,24)	1,29

\* Note 2

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2017	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 31.12.2017**

	Non audited 4th Quarter for the period from 01.10.2017 to 31.12.2017	Non audited 4 Quarters for the period from 01.01.2017 to 31.12.2017	Non audited 4th Quarter for the period from 01.10.2016 to 31.12.2016	Non audited 4 Quarters for the period from 01.01.2016 to 31.12.2016
<b>Profit (loss) for the period</b>	<b>9 750 250</b>	<b>(29 559 705)</b>	<b>73 234 685</b>	<b>190 016 746</b>
<b>Other comprehensive income for the period</b>	505 311	(173 072)	1 798 361	4 333 575
Items that may be subsequently reclassified to profit or loss:				
- The result on hedge accounting with the tax effect:	505 311	(173 072)	1 798 361	4 333 575
<b>Total comprehensive income for the period</b>	<b>10 255 561</b>	<b>(29 732 777)</b>	<b>75 033 046</b>	<b>194 350 322</b>
<b>Total Income</b>				
Owners of the Company	9 257 953	(33 484 646)	68 699 137	183 555 204
Non-controlling interests	997 609	3 751 869	6 333 909	10 795 118
<b>Total comprehensive income for the period</b>	<b>10 255 561</b>	<b>(29 732 777)</b>	<b>75 033 046</b>	<b>194 350 322</b>

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2017	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 31.12.2017

<i>Assets</i>	Non audited as at 31.12.2017	as at 31.12.2016 restated*
<b>Non-current assets (long-term)</b>	<b>2 530 434 406</b>	<b>2 287 968 922</b>
Goodwill	1 401 336 787	1 254 108 025
Intangible assets	347 086 180	358 321 106
Property, plant and equipment	678 989 707	587 394 410
Investment property	972 799	988 495
Investments in equity accounted investees	32 415 896	34 951 736
Other long-term investments	30 784 656	531 570
Long-term receivables	7 156 243	3 251 647
Deferred tax assets	29 785 596	47 084 072
Other long-term prepayments	1 906 541	1 337 861
<b>Current assets (short-term)</b>	<b>3 452 956 525</b>	<b>3 207 026 712</b>
Inventories	1 320 254 214	1 088 908 423
Trade receivables	1 682 841 291	1 748 183 885
Current tax receivables	11 584 927	16 558 439
Other short-term receivables	143 072 942	139 874 535
Other short-term financial assets	50 434 740	5 713 175
Short-term prepayments	42 168 063	45 917 150
Cash and cash equivalents	202 600 349	161 871 104
<b>Total assets</b>	<b>5 983 390 931</b>	<b>5 494 995 634</b>

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2017	Presentation currency:	Polish zloty (PLN)
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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31.12.2017

	Non audited as at 31.12.2017	as at 31.12.2016 restated*
<i>Equity and liabilities</i>		
<b>Equity</b>	<b>1 030 005 400</b>	<b>1 155 103 655</b>
<b>Equity attributable to Owners of the Company</b>	<b>966 333 484</b>	<b>1 085 650 382</b>
Share capital	139 163 286	139 096 361
Reserve capital	1 460 760 315	1 352 632 597
Loss on valuation of hedging transactions	(6 483 777)	(6 310 705)
Option for purchase/selling the shares	(54 712 448)	(69 189 100)
Retained earnings	(572 393 893)	(330 578 771)
Accumulated profit / loss from previous years	(539 082 319)	(509 800 401)
Profit (loss) for the period	(33 311 574)	179 221 629
<b>Non-controlling interests</b>	<b>63 671 916</b>	<b>69 453 273</b>
<b>Liabilities</b>	<b>4 953 385 531</b>	<b>4 339 891 979</b>
<b>Non-current liabilities</b>	<b>99 577 358</b>	<b>266 177 397</b>
Long-term financial liabilities	4 932 920	154 322 501
Other long-term liabilities	58 148 822	72 643 362
Deferred tax liabilities	28 899 303	33 710 961
Employee benefits	6 484 166	4 966 996
Provisions	1 112 147	533 577
<b>Current liabilities</b>	<b>4 853 808 173</b>	<b>4 073 714 582</b>
Loans and borrowings	317 781 175	275 065 340
Short-term financial liabilities	249 437 574	56 624 075
Trade payables	3 942 933 524	3 459 300 147
Current tax liabilities	7 717 339	7 555 050
Other short-term payables	91 659 596	71 549 689
Current employee benefits	95 905 661	84 543 918
Provisions	148 373 305	119 076 364
<b>Total equity and liabilities</b>	<b>5 983 390 931</b>	<b>5 494 995 634</b>
<b>BOOK VALUE PER SHARE</b>		
	Non audited as at 31.12.2017	as at 31.12.2016
<b>Equity attributable to Owners of the Company</b>	<b>966 333 484</b>	<b>1 085 650 382</b>
Number of shares	139 163 286	139 096 361
Diluted number of shares	139 530 636	139 530 636
<b>Book value per share</b>	<b>6,94</b>	<b>7,81</b>
<b>Diluted book value per share</b>	<b>6,93</b>	<b>7,78</b>

\* Note 2

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2017	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 31.12.2017

	Non audited 4 Quarters for the period from 01.01.2017 to 31.12.2017	Non audited 4 Quarters for the period from 01.01.2016 to 31.12.2016
<i>Cash flow from operating activities</i>		
<b>Profit (loss) before tax</b>	<b>20 312 674</b>	<b>235 918 759</b>
<b>Adjustments for:</b>	<b>234 781 900</b>	<b>219 036 091</b>
Depreciation and amortization	183 317 313	166 212 492
Share in profits (losses) of equity accounted investees	4 747 298	4 720 007
Valuation of motivational program	3 920 000	-
Gain (loss) on sale of property, plant and equipment	(1 632 733)	3 975 498
Dividends received	(882 010)	(764 247)
Interest expenses	49 665 754	51 361 824
Interest received	(4 353 722)	(6 469 483)
<b>Operating cash before changes in working capital</b>	<b>255 094 574</b>	<b>454 954 850</b>
Changes in inventory	(163 262 983)	(71 557 836)
Changes in receivables	55 672 730	(211 466 827)
Changes in payables	354 695 373	183 627 921
Changes in provisions and employee benefits	19 222 193	13 873 632
Other adjustments	336 479	341 910
<b>Operating cash</b>	<b>521 758 366</b>	<b>369 773 650</b>
Interest received	2 086 644	1 517 960
Interest paid	(1 859 029)	(13 753 752)
Income tax paid	(28 400 750)	(33 514 290)
<b>Net cash from operating activities</b>	<b>493 585 231</b>	<b>324 023 567</b>
<i>Cash flow from investing activities</i>		
Aquisition of intangible assets	(42 934 408)	(41 408 274)
Proceeds from sale of intangible assets, property, plant and equipment	160 210	98 310
Aquisition of property, plant and equipment tangible fixed assets	(162 286 204)	(136 103 161)
Proceeds from sale of property, plant and equipment	42 403 978	13 777 177
Expenditures on other short-term financial assets	(50 062 551)	-
Dividends received	882 010	764 247
Aquisition of subsidiaries, net of cash aquired	(92 695 643)	(76 993 697)
Expenditures on the acquisition of subsidiaries	(2 211 457)	(3 845 498)
Advances for acquisition of subsidiaries	-	(21 000 000)
Loans granted	(30 201 983)	(5 700 000)
Interest received	1 240 244	470 223
<b>Net cash used in investing activities</b>	<b>(335 705 804)</b>	<b>(269 940 673)</b>
<i>Cash flow from financing activities</i>		
Proceeds from issue of share capital	2 543 150	10 147 900
Income/expenses for other financial liabilities	(4 663 046)	(47 810 776)
Income/expenses for short term debt securities	58 533 443	-
Issue of financial debt securities	-	21 000 000
Proceeds from loans and borrowings	44 242 906	226 514 116
Repayment of borrowings	(59 356 440)	-
Income/expenses for liabilities from financial leasing	(7 139 597)	(7 229 156)
Other interests	(27 774 514)	(25 910 780)
Interests on loans and borrowings	(12 258 933)	(8 725 048)
Dividends paid	(111 277 151)	(146 394 794)
<b>Net cash used in financing activities</b>	<b>(117 150 181)</b>	<b>21 591 462</b>
<b>Net change in cash and cash equivalents</b>	<b>40 729 246</b>	<b>75 674 356</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>161 871 103</b>	<b>86 196 747</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>202 600 349</b>	<b>161 871 103</b>

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

<b>Financial statements period:</b>	<b>01.01-31.12.2017</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 31.12.2017**

	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 31.12.2016</i>								
<b>Balance as at 01.01.2016 after changes</b>	<b>138 829 311</b>	<b>755 123 316</b>	<b>-</b>	<b>(10 644 280)</b>	<b>217 018 280</b>	<b>1 100 326 626</b>	<b>60 808 127</b>	<b>1 161 134 753</b>
<b>Total comprehensive income for the reporting period</b>								
Owners of the Company	-	-	-	-	179 221 629	179 221 629	-	179 221 629
Non-controlling interests	-	-	-	-	-	-	10 795 118	10 795 118
Other comprehensive income	-	-	-	4 333 575	-	4 333 575	-	4 333 575
<b>Total comprehensive income for the period from 01.01. to 31.12.2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 333 575</b>	<b>179 221 629</b>	<b>183 555 204</b>	<b>10 795 118</b>	<b>194 350 322</b>
Dividends paid	-	-	-	-	(139 084 436)	(139 084 436)	(7 310 358)	(146 394 794)
Transfer to reserve capital	-	587 721 393	-	-	(587 721 393)	-	-	-
Share options exercised	267 050	9 880 850	-	-	-	10 147 900	-	10 147 900
Settlement of acquisition and sale of shares	-	-	(69 189 100)	-	-	(69 189 100)	5 160 387	(64 028 713)
Other	-	(92 961)	-	-	(12 851)	(105 813)	-	(105 813)
<b>Total contributions by and distributions to Owners of the Company</b>	<b>267 050</b>	<b>597 509 282</b>	<b>(69 189 100)</b>	<b>-</b>	<b>(726 818 680)</b>	<b>(198 231 449)</b>	<b>(2 149 971)</b>	<b>(200 381 420)</b>
<b>Balance as at 31.12.2016</b>	<b>139 096 361</b>	<b>1 352 632 597</b>	<b>(69 189 100)</b>	<b>(6 310 705)</b>	<b>(330 578 771)</b>	<b>1 085 650 381</b>	<b>69 453 273</b>	<b>1 155 103 655</b>
<i>Changes in equity in the period from 01.01 to 31.12.2017</i>								
<b>Balance as at 01.01.2017</b>	<b>139 096 361</b>	<b>1 352 632 597</b>	<b>(69 189 100)</b>	<b>(6 310 705)</b>	<b>(330 578 771)</b>	<b>1 085 650 381</b>	<b>69 453 273</b>	<b>1 155 103 655</b>
<b>Total comprehensive income for the reporting period</b>								
Owners of the Company	-	-	-	-	(33 311 574)	(33 311 574)	-	(33 311 574)
Non-controlling interests	-	-	-	-	-	-	3 751 869	3 751 869
Other comprehensive income	-	-	-	(173 072)	-	(173 072)	-	(173 072)
<b>Total comprehensive income for the period from 01.01. to 31.12.2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(173 072)</b>	<b>(33 311 574)</b>	<b>(33 484 646)</b>	<b>3 751 869</b>	<b>(29 732 777)</b>
Dividends paid	-	-	-	-	(101 589 199)	(101 589 199)	(9 473 109)	(111 062 308)
Transfer to reserve capital	-	101 731 493	-	-	(101 731 493)	-	-	-
Equity-settled share-based payment transactions	-	3 920 000	-	-	-	3 920 000	-	3 920 000
Share options exercised	66 925	2 476 225	-	-	-	2 543 150	-	2 543 150
Settlement of acquisition and sale of shares	-	-	-	-	-	-	(60 117)	(60 117)
Other	-	-	14 476 652	-	(5 182 856)	9 293 796	-	9 293 796
<b>Total contributions by and distributions to Owners of the Company</b>	<b>66 925</b>	<b>108 127 717</b>	<b>14 476 652</b>	<b>-</b>	<b>(208 503 548)</b>	<b>(85 832 253)</b>	<b>(9 533 226)</b>	<b>(95 365 479)</b>
<b>Balance as at 31.12.2017</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>

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2017	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 01.01.2017 TO 31.12.2017

### 1. GENERAL INFORMATION

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

According to the resolution of the Management Board dated 28 February 2018, the consolidated financial statements of Eurocash Group for the period from 1 January 2017 to 31 December 2017 were authorized for publication.

According to the information included in the report no. 1/2018 dated 15 January 2018 sent to the Polish Financial Supervision Authority, Eurocash S.A. issues its interim consolidated financial statements on 28 February 2018.

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 2016, which is available on the website [www.eurocash.pl](http://www.eurocash.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 2016 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.

#### 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 2016.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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

Standards and interpretations that have been issued but are not valid because they have not yet been approved by the European Union or have been approved by the European Union but have not been applied by the Group have been presented in the annual consolidated financial statements for 2016. In the first half of 2017, IFRS 17 "Insurance Contracts" and IFRIC 23 "Uncertainty over Income Tax Treatments" were published.

### Implementation of IFRS 9

IFRS 9 „Financial Instruments” effective for the financial years beginning on or after 1 January 2018 with the possibility of earlier adoption.

IFRS 9 requires all the financial assets, within the scope of IAS 39, to be measured at an amortized cost or fair value. Debt investments held within a business model whose objective is to obtain the appropriate cash flow, consisting of a fixed basic payment amount and interest - are measured at an amortized cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, changes in fair value of capital investments that are not held for trading may be presented in other comprehensive income, while in the income statement, it is recognized only as dividend. The decision is irreversible.

The Group is finalizing the impact of IFRS 9 for its assets and liabilities, which will be presented in the annual financial statements.

### Implementation of IFRS 15

The new accounting standard issued on 28 May 2014 applies to annual periods beginning on or after 1 January 2018.

The new standard primarily changes the way in which entities account for contracts with customers, mainly when one contract is related to the provision of services and goods.

The principles set out in IFRS 15 will apply to all contracts resulting in revenues. The new standard provides a unified model of recognition and valuation of sales. In accordance with it, the contract with the customer will be analyzed in five stages, including:

1. identification of contract,
2. identification of contractual (individual) obligations to perform service contained in the agreement,
3. setting the price transaction,
4. allocation of the price for the contract to realize the benefits contained in the agreement,
5. revenue recognition at the time of fulfillment of the obligations by the entity.

In accordance with IFRS 15, an entity recognizes revenue at the time of the fulfillment of a performance obligation, that is, now of transfer a control over the goods or services covered by this commitment to the customer. IFRS 15 also includes a much more restrictive guidance on specific aspects of revenue recognition. It also requires disclosure of a wide range of information. On 12 April 2016 explanations providing additional information and clarification regarding the key assumptions used in IFRS 15, including on the identification on separate responsibilities, determining whether an entity acts as an intermediary (agent), or is the main supplier of goods and services (principal) and the method of recording revenue from licenses have been published. Apart from the additional explanations, also exemptions and simplification were introduced for entities applying the new standard for the first time. IFRS 15 will come into force in the financial year commencing on January 1, 2018. Upon implementation, IFRS 15 will replace the guidance on revenue recognition in IAS 18 "Revenue", IAS 11 "Construction Contracts" and related Interpretations.



<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

The Group is finalizing the impact of IFRS 15 for its assets and liabilities, which will be presented in the annual financial statements.

#### **Implementation of IFRS 16**

IFRS 16 „Leases” effective for the financial years beginning on or after 1 January 2019.

IFRS 16 establishes rules for the recognition, valuation, presentation and disclosures relating to the lease. All leasing transactions result in obtaining the lessee's right to use the assets and liabilities arising from the obligation to pay. Thus, IFRS 16 abolishes the distinction between operating leases and finance leases and introduces a model of accounting by the lessee. The lessee will be required to include:

- assets and liabilities for all leases entered a period of over 12 months, except when the asset is a low value;
- depreciation of leased assets separately from the interest on the lease liability in the financial statements.

Detailed analysis of the impact of the new standard on the financial statements of the Group has not yet been completed, The analysis is still in progress.

#### **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>01.01-31.12.2017</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 31.12.2017**

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.	Eurocash VC2 Sp. z o.o. w likwidacji	Premium Distributors Sp. z o.o.	Przedsiębiorstwo Handlu Spożywczego 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 .Wiśniowa 11 62-052 Komorniki	ul. Bokserska 66a 02-690 Warszawa	ul .Wiśniowa 11 62-052 Komorniki
core business activity	PKD 4690Z	PKD 4635Z	PKD 8299Z	PKD 4634A	PKD 4634A	PKD 7740Z	PKD 4634A	PKD 4690Z
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 Poznań - Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register KRS 0000529945	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
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 aquisition	n/a	31.03.2006	10.07.2006	06.04.2009	06.04.2009	03.11.2014	02.08.2010	02.08.2010
ownership interest	n/a	75,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%
voting rights (in %)	n/a	75,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%

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

<b>Financial statements period:</b>	<b>01.01-31.12.2017</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 31.12.2017 (continued)**

No	9	10	11	12	13	14	15	16
Unit	DEF Sp. z o.o.	Detal Podlasie Sp. z o.o.	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.
address	ul. Handlowa 6 15-399 Białystok	ul. Sokólska 9 15-865 Białystok	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
core business activity	PKD 4639Z	PKD 4711Z	PKD 7010Z	PKD 4711Z	PKD 4645Z	PKD 7022Z	PKD 4690Z	PKD 4711Z
registration court	District Court Białystok, XII Commercial Division of the National Court Register KRS 0000048125	District Court Białystok, XII Commercial Division of the National Court Register KRS 0000033766	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
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	21.12.2011	18.03.2014	21.12.2011	21.12.2011	21.12.2011	21.12.2011	21.12.2011
ownership interest	100%	100%	100%	100%	100%	100%	100%	100%
voting rights (in %)	100%	100%	100%	100%	100%	100%	100%	100%

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

<b>Financial statements period:</b>	<b>01.01-31.12.2017</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 31.12.2017 (continued)**

No	17	18	19	20	21	22	23	24
Unit	Lewiatan Wielkopolska Sp. z o.o.	Lewiatan Opole Sp. z o.o.	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.	PayUp Polska S.A.
address	Os. Winiary 54 60-665 Poznań	ul. Światowida 2 45-325 Opole	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
core business activity	PKD 7740Z	PKD 7740Z	PKD 6419Z	PKD 8299Z	PKD 7740Z	PKD 4639Z	PKD 4690Z	PKD 6120Z
registration court	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 0000043199	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 0000299000
nature of relationship	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
applied consolidation method	Full	Full	Full	Full	Full	Full	Full	Full
date of acquisition	21.12.2011	21.12.2011	21.12.2011	28.06.2013	21.12.2011	21.12.2011	18.11.2013	06.05.2014
ownership interest	100%	100%	100%	100%	67%	100%	100%	100%
voting rights (in %)	100%	100%	100%	100%	71%	100%	100%	100%

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

<b>Financial statements period:</b>	<b>01.01-31.12.2017</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 31.12.2017 (continued)**

No	25	26	27	28	29	30	31	32
Unit	Eurocash Convenience Sp. z o.o.	Kontigo Sp. z o.o.	Inmedio Sp. z o.o.	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.
address	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki	ul. Al.Jerozolimskie 174 02-486 Warszawa	ul. Bokserska 66A 02-690 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
core business activity	PKD 7010Z	PKD 7010Z	PKD 4617Z	PKD 7740Z	PKD 5621Z	PKD 4711Z	PKD 4711Z	PKD 4635Z
registration court	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	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
nature of relationship	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
applied consolidation method	Full	Full	Full	Full	Full	Full	Full	Full
date of acquisition	05.03.2014	17.04.2014	01.12.2014	11.05.2015	29.12.2015	22.07.2015	29.01.2016	20.06.2016
ownership interest	100%	100%	51%	100%	100%	100%	50%	100%
voting rights (in %)	100%	100%	51%	100%	100%	100%	50%	100%

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

<b>Financial statements period:</b>	<b>01.01-31.12.2017</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 31.12.2017 (continued)**

No	33	34	35	36	37	38	39	40
Unit	Eurocash Nieruchomości Sp. z o.o.	Eurocash Food Sp. z o.o.	Sushi to go Sp. z o.o.	Sushi to go Sp. z o.o. Sp. k.	Detal Finanse Sp. z o.o.	Polska Dystrybucja Alkoholi Sp. z o.o.	FHC-2 Sp. z o.o.	Madas Sp. z o.o.
address	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki	ul. Piękna 24/26A 00-549 Warszawa	ul. Ks. Juliana Chrościckiego 93/105 02-414 Warszawa	ul. Wiśniowa 11 62-052 Komorniki	ul. Sempołowska 4 95-200 Pabianice	Ul Tysiąclecia 1 38- 400 Krosno	Ul Tysiąclecia 1 38- 400 Krosno
core business activity	PKD 7022Z	PKD 7022Z	PKD 1013Z	PKD 8299Z	PKD 6920Z	PKD 4634A	PKD 4711Z	PKD 4711Z
registration court	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	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 Rzeszów, XII Commercial Division of National Court Register KRS 0000241137	District Court Rzeszów, XII Commercial Division of National Court Register KRS 0000243880
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	04.05.2015	04.05.2015	22.06.2016	22.06.2016	15.03.2016	30.12.2016	16.12.2016	16.12.2016
ownership interest	100,00%	100%	51%	51%	100%	100%	50%	50%
voting rights (in %)	100,00%	100%	51%	51%	100%	100%	50%	50%

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

<b>Financial statements period:</b>	<b>01.01-31.12.2017</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 31.12.2017 (continued)**

No	41	42	43	44	45	46	47	48	49
Unit	Zagloba Sp. z o.o.	ECA Detal Sp. z o.o.	Eko Holding S.A.	Ledi Sp. z o.o.	Jim Sp. z o.o.	Foodmakers Logistics Sp, z o.o.	Eurocash VC6 Sp. z o.o.	EC VC7 Sp. z o.o.	Cerville Investments Sp. z o.o.
address	ul. Stara Huta 7 32-500 Chrzanów	ul. Sempolowskiej 4 95-200 Pabianice	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	Al. Niepodległości 31 61-714 Poznań	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki	ul. Czerniewieckiej 2B 02.705 Warszawa
core business activity	PKD 4634A	PKD 4725Z	PKD 4690Z	PKD 4711Z	PKD 7830Z	PKD 5210B	PKD 7320Z	PKD 4690Z	PKD 4110Z
registration court	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 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 0000670394	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000666485	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
nature of relationship	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
applied consolidation method	Full	Full	Full	Full	Full	Full	Full	Full	Full
date of acquisition	30.12.2016	30.12.2016	04.01.2017	04.01.2017	04.01.2017	01.02.2017	18.01.2017	18.01.2017	13.12.2017
ownership interest	66%	100%	100%	100%	100%	50%	100%	100%	100%
voting rights (in %)	66%	100%	100%	100%	100%	50%	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.

On 04.01.2017 Eurocash purchased 100% of shares in EKO Holding S.A. based in Nowa Wieś Wrocławska, at the same time acquiring 100% of shares in Ledi Sp. z o.o. and Jim Sp. z o.o.

On 18.01.2017 Eurocash Franczyza Sp. z o.o. and Eurocash Convenience Sp. z o.o created entities. Eurocash VC6 Sp. z o.o. and EC VC7 Sp. z o.o.

On 01.02.2017 Eurocash S.A. created the entity Foodmakers Logistics sp. z o.o..

On 13.12.2017 Eurocash Franczyza Sp. z o.o. purchased 100% of shares in entity Cerville Investments sp. z o.o..

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-31.12.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

Foodmakers Logistics Sp. z o.o., Eurocash Nieruchomości Sp. z o.o., Eurocash Food Sp. z o.o., Sushi to go Sp. z o.o. and Eurocash VC6 Sp. z o.o. are Group companies; however, due to the insignificance of their financial data, they were not consolidated.

**Entities comprising the Eurocash capital group and associates as at 31.12.2017**

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 business 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:	<i>01.01-31.12.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

## 1.8. 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.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## 2. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01. TO 31.12.2017

### NOTE 1. ACQUISITION OF SHARES IN A SUBSIDIARIES

#### 1. Acquisition of 100% shares in EKO Holding S.A.

##### General information

On 4 January 2017, Eurocash purchased 100% of shares in the company EKO Holding S.A. based in Nowa Wieś Wrocławska and indirectly in companies Ledi Sp. z o.o. and Jim Sp. z o.o.

Thus, Eurocash acquired a network of brand grocery stores (operating mainly in southwestern Poland), which will allow for further development of Eurocash Group and better use of its potential. Consequently, this should translate into revenue growth of Eurocash Group.

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

1. Name of acquired company	EKO Holding S.A.
2. Acquisition date	04.01.2017
3. Acquisition cost	127 636 972

##### Settlement of business acquisition

The Group is in the process of identification and measurement of assets acquired and liabilities assumed.

##### ACQUISITION COST

	as at 04.01.2017
Cash	<u>127 636 972</u>

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2017	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 04.01.2017
<i>Assets</i>	
<b>Non-current assets (long-term)</b>	<b>98 194 453</b>
Intangible assets	1 214 192
Tangible fixed assets	91 398 595
Long-term financial assets available for sale	7 410
Long-term receivables	2 515 307
Deferred income tax assets	2 980 124
Other long-term prepayments	78 826
<b>Current assets (short-term)</b>	<b>87 498 911</b>
Inventory	62 285 265
Trade receivables	7 711 836
Other short-term receivables	1 906 986
Short-term prepayments	1 333 495
Cash and cash equivalents	14 261 329
<b>Total assets</b>	<b>185 693 364</b>
<i>Equity nad liabilities</i>	
<b>Liabilities</b>	<b>202 640 362</b>
<b>Non-current liabilities</b>	<b>44 798 554</b>
Other long-term financial liabilities	319 773
Long-term loans and credits	43 469 795
Other long-term liabilities	171 518
Deferred tax liabilities	837 468
<b>Current liabilities</b>	<b>157 841 808</b>
Short-term loans and credits	17 577 068
Other short-term financial liabilities	934 891
Trade liabilities	107 307 767
Other short-term liabilities	4 760 468
Current employee benefits	5 035 068
Other short-term provisions	22 226 547
<b>Total liabilities</b>	<b>202 640 362</b>
<b>Net assets</b>	<b>(16 946 998)</b>
Net assets acquired (100 %)	(16 946 998)
Goodwill on acquisition	144 583 970
<b>Acquisition cost</b>	<b>127 636 972</b>

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## 2. Acquisition of 50% of shares in FHC-2 Sp. z o.o. and Madas Sp. z o.o.

### General information

On 16<sup>th</sup> December 2016, pursuant to the preliminary agreement of sale of shares, dated 15th April 2016, Eurocash S.A. concluded an agreement of sale of shares with Marek Stodółka, Bogdan Habrat, Zofia Szubra, Aleksandra Stodółka, Anna Dąbrowska, FHC-2, M. Stodółka i Wspólnicy spółka jawna, FHC-2 spółka z ograniczoną odpowiedzialnością, Fructar spółka z ograniczoną odpowiedzialnością, Madas spółka z ograniczoną odpowiedzialnością, FHC-3 spółka z ograniczoną odpowiedzialnością, pursuant to which Eurocash acquired 50% stake in FHC-2 Sp. z o.o. and Madas Sp. z o.o. based in Krosno.

### GENERAL INFORMATION CONCERNING BUSINESS ACQUISITION OF THE UNITS

1. Name of acquired company	FHC-2 Sp. z o.o. and Madas Sp. z o.o.
2. Acquisition date	16.12.2016
3. Acquisition cost	29 989 100

### Settlement of the business acquisition

Based on the analysis performed by the Company, in accordance with IFRS 10, FHC-2 Sp. o.o. and Madas Sp. z o.o. are a subsidiaries controlled by Eurocash S.A.

The Group made the settlement of the acquisition price.

### ACQUISITION COST

	as at
	16.12.2016
Cash	<u><u>29 989 100</u></u>

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2017	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 16.12.2016
<i>Assets</i>	
<b>Non-current assets (long-term)</b>	<b>4 324 009</b>
Tangible fixed assets	3 949 331
Deferred income tax assets	374 678
<b>Current assets (short-term)</b>	<b>20 257 632</b>
Inventory	12 907 863
Trade receivables	1 851 621
Current income tax receivables	175 459
Other short-term receivables	865 064
Short-term prepayments	10 314
Cash and cash equivalents	4 447 312
<b>Total assets</b>	<b>24 581 642</b>
<i>Equity nad liabilities</i>	
<b>Liabilities</b>	<b>23 912 931</b>
<b>Non-current liabilities</b>	<b>2 022 108</b>
Other long-term financial liabilities	75 575
Other long-term liabilities	52 539
Deferred tax liabilities	3 476
Employee benefits	1 890 518
<b>Current liabilities</b>	<b>21 890 823</b>
Other short-term financial liabilities	71 626
Trade liabilities	19 647 174
Other short-term liabilities	1 305 023
Current employee benefits	765 407
Other short-term provisions	101 593
<b>Total liabilities</b>	<b>23 912 931</b>
<b>Net assets</b>	<b>668 710</b>
Net assets acquired (50%)	334 355
Goodwill on acquisition	29 654 745
<b>Acquisition cost</b>	<b>29 989 100</b>

As part of settlement of the acquisition of 50% of shares in FHC-2 Sp. o.o. and Madas Sp. z o.o., these financial statements present the option for Eurocash S.A. to repurchase the remaining 50% of shares, which was offered by Eurocash S.A. to the remaining shareholders of FHC-2 Sp. o.o. and Madas Sp. z o.o. and which may be exercised after three years from 16 December 2016. This option, valued on 31 December 2017, in the amount of PLN 18,6 million, was recognized in other long-term liabilities and in the shareholders' equity.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

### 3. Acquisition of 100% of shares in Polska Dystrybucja Alkoholii Sp. z o.o.

#### General information

On 30 December 2016, Eurocash purchased 100% shares in "Polska Dystrybucja Alkoholii" Sp. z o.o. based in Pabianice, a distributor of alcohol products in central Poland.

Acquisition of PDA will increase the Eurocash Group's share in the segment of alcohol distribution, which should result in an increase of its revenues.

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

1. Name of acquired company	PDA Sp. z o.o.
2. Acquisition date	30.12.2016
3. Acquisition cost	18 920 000

#### Settlement of business acquisition

The Group made the settlement of the acquisition price.

#### ACQUISITION COST

	as at
	30.12.2016
Cash	<u>18 920 000</u>

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2017	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 30.12.2016
<i>Assets</i>	
<b>Non-current assets (long-term)</b>	<b>2 285 063</b>
Intangible assets	35 085
Tangible fixed assets	1 555 802
Deferred income tax assets	694 175
<b>Current assets (short-term)</b>	<b>45 780 525</b>
Inventory	17 979 134
Trade receivables	22 347 346
Current income tax receivables	279 480
Other short-term receivables	1 762 648
Short-term prepayments	467 780
Cash and cash equivalents	2 944 138
<b>Total assets</b>	<b>48 065 588</b>
<i>Equity nad liabilities</i>	
<b>Liabilities</b>	<b>46 629 957</b>
<b>Non-current liabilities</b>	<b>2 210 509</b>
Employee benefits	503 112
Deferred tax liabilities	264 259
Other long-term provision	1 443 138
<b>Current liabilities</b>	<b>44 419 448</b>
Short-term loans and credits	18 884 916
Other short-term financial liabilities	1 699 904
Trade liabilities	19 597 064
Other short-term liabilities	1 543 387
Current employee benefits	457 635
Other short-term provisions	2 236 541
<b>Total liabilities</b>	<b>46 629 957</b>
<b>Net assets</b>	<b>1 435 630</b>
Net assets acquired (100%)	1 435 631
Goodwill on acquisition	17 484 369
<b>Acquisition cost</b>	<b>18 920 000</b>

Condensed interim consolidated financial statements of EUROCASH Group.

Financial statements period:	01.01-31.12.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

**NOTE 2.  
RESTATEMENT OF COMPARATIVE DATA**

The restatement is related to the transfer of costs related to current assets from other operating expenses to the costs of goods sold.

	The amount in the approved report		Correction		The corrected amount	
	for the period	for the period	for the period	for the period	for the period	for the period
	from 01.10.2017 to 31.12.2016	from 01.01.2016 to 31.12.2016	from 01.10.2017 to 31.12.2016	from 01.01.2016 to 31.12.2016	from 01.10.2017 to 31.12.2016	from 01.01.2016 to 31.12.2016
<b>Costs of sales</b>	<b>(4 752 366 825)</b>	<b>(19 036 108 935)</b>	<b>(13 620 128)</b>	<b>(71 671 429)</b>	<b>(4 765 986 954)</b>	<b>(19 107 780 364)</b>
Costs of goods sold	(4 708 334 845)	(18 882 353 115)	(13 620 128)	(71 671 429)	(4 721 954 974)	(18 954 024 544)
Costs of services sold	(43 330 496)	(148 897 359)	-	-	(43 330 496)	(148 897 359)
Costs of materials sold	(701 484)	(4 858 461)	-	-	(701 484)	(4 858 461)
<b>Profit (loss) on sales</b>	<b>120 817 970</b>	<b>329 173 183</b>	<b>(13 620 128)</b>	<b>(71 671 429)</b>	<b>107 197 841</b>	<b>257 501 755</b>
Other operating income	17 349 839	59 669 236	(2 335 023)	(2 335 023)	15 014 817	57 334 214
Other operating expenses	(21 643 445)	(114 560 200)	15 955 151	74 006 451	(5 688 294)	(40 553 749)
<b>Operating profit (loss)</b>	<b>116 524 364</b>	<b>274 282 219</b>	<b>-</b>	<b>-</b>	<b>116 524 364</b>	<b>274 282 219</b>



<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

The restatements below are related to the changes of presentation of deferred tax.

	The amount in the approved report as at 31.12.2016	Other corrections	The corrected amount as at 31.12.2016
<i>Assets</i>			
<b>Non-current assets (long-term)</b>	<b>2 320 866 335</b>	<b>(32 897 413)</b>	<b>2 287 968 922</b>
Deferred tax assets	81 311 142	(34 227 069)	47 084 072
Other long-term prepayments	8 204	1 329 656	1 337 861
<b>Current assets (short-term)</b>	<b>3 200 756 367</b>	<b>6 270 344</b>	<b>3 207 026 712</b>
Current tax receivables	8 958 439	7 600 000	16 558 439
Short-term prepayments	47 246 807	(1 329 656)	45 917 150
<b>Total assets</b>	<b>5 521 622 703</b>	<b>(26 627 069)</b>	<b>5 494 995 634</b>

	The amount in the approved report as at 31.12.2016	Other corrections	The corrected amount as at 31.12.2016
<i>Equity and liabilities</i>			
<b>Liabilities</b>	<b>4 366 519 048</b>	<b>(26 627 069)</b>	<b>4 339 891 979</b>
<b>Non-current liabilities</b>	<b>292 804 467</b>	<b>(26 627 069)</b>	<b>266 177 397</b>
Deferred tax liabilities	60 338 030	(26 627 069)	33 710 961
<b>Total equity and liabilities</b>	<b>5 521 622 703</b>	<b>(26 627 069)</b>	<b>5 494 995 634</b>

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

### NOTE 3. OPERATING SEGMENTS

Starting in 2017, the Eurocash Management Board has decided to change the presentation of segments. As a result of the analysis conducted by the Eurocash Group, the Group presents the following segments, which correctly show the diverse of the activity:

- *Independent clients* – sales transacted by those distribution formats whose clients do not have permanent contracts with the Eurocash Group. 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.
- *Integrated clients* – 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. This segment includes sales organization and wholesale to clients-members of the Delikatesy Centrum franchise chain, 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. (Delikatesy Centrum format), Euro Sklep S.A., Lewiatan Śląsk Sp. z o.o., Detal Podlasie 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.
- *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. and EKO Holding S.A.
- *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., Eurocash Detal Sp. z o.o., ABC na kołach Sp. z o.o., Duży Ben Sp. z o.o., Sushi To Go Sp. z o.o. Sp. k., 4vapors Sp. z o.o. as well as new projects developed by Eurocash S.A. e.g. project of distribution of fresh products.
- *Other* – sales realized by Eurocash Trade 2 Sp. z o.o., Eurocash VC2 Sp. z o.o., Eurocash VC3 Sp. z o.o. Detal Finanse 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.

Key managers of Eurocash Group do not periodically review the assets and liabilities of the particular operating segments.

*Condensed interim consolidated financial statements of EUROCASH Group.*

Financial statements period:	01.01-31.12.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Basic information about each reportable segment is shown below.

**REVENUES AND PROFITS BY BUSINESS SEGMENTS IN THE PERIOD FROM 01 JANUARY 2017 TO 31 DECEMBER 2017**

	Independent wholesale	Integrated wholesale	Retail	New projects	Other	VAT settlements	Exclusions	Total
<b>Sales</b>	<b>14 460 055 730</b>	<b>8 065 172 262</b>	<b>2 272 865 797</b>	<b>557 254 977</b>	<b>306 975</b>	-	<b>(2 084 577 265)</b>	<b>23 271 078 476</b>
External sales	13 484 574 581	6 984 526 748	2 247 436 416	554 233 756	306 975	-	-	23 271 078 476
Inter-segmental sales	975 481 149	1 080 645 514	25 429 381	3 021 221	-	-	(2 084 577 265)	-
<b>Operating profit</b>	<b>114 172 200</b>	<b>208 663 708</b>	<b>8 588 132</b>	<b>(53 062 392)</b>	<b>(100 966 538)</b>	<b>(114 400 861)</b>	-	<b>62 994 248</b>
Finance income								29 035 301
Finance costs								(66 969 577)
Share in losses of companies consolidated with the equity method								(4 747 298)
<b>Profit before income tax</b>								<b>20 312 674</b>
Income tax								(72 217 535)
<b>Net profit</b>								<b>(51 904 861)</b>

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-31.12.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

Due to the change in the presentation of business segments, the comparative data for 2016 have been transformed to the current form.

#### **REVENUES AND RESULTS BY BUSINESS SEGMENTS IN THE PERIOD FROM 01 JANUARY 2016 TO 31 DECEMBER 2016**

	Independent wholesale	Integrated wholesale	Retail	New projects	Other	VAT settlements	Exclusions	Total
<b>Sales</b>	<b>13 885 708 971</b>	<b>7 531 657 409</b>	<b>976 466 992</b>	<b>274 954 573</b>	-	-	<b>(1 448 888 176)</b>	<b>21 219 899 769</b>
External sales	13 051 851 830	6 917 339 263	975 854 722	274 853 954	-	-	-	21 219 899 769
Inter-segmental sales	833 857 141	614 318 146	612 270	100 619	-	-	(1 448 888 176)	-
<b>Operating profit</b>	<b>178 654 087</b>	<b>208 241 544</b>	<b>16 186 675</b>	<b>(41 527 361)</b>	<b>(87 272 726)</b>	-	-	<b>274 282 219</b>
Finance income								24 205 984
Finance costs								(57 849 438)
Share in losses of companies consolidated with the equity method								(4 720 007)
<b>Profit before income tax</b>								<b>235 918 759</b>
Income tax								(45 902 013)
<b>Net profit</b>								<b>190 016 746</b>

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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

**CONTINGENTIES AS AT 31 DECEMBER 2017**

Beneficiary	Title	Currency	as at	as at
			31.12.2017	31.12.2016
1	BZ WBK * Surety for the obligations due to the "Franchise partners financing program" for the Franchisee Delkatesy Centrum	PLN	7 653 291	12 280 125
			<b>7 653 291</b>	<b>12 280 125</b>

\* debt value as at balance sheet date

**BANK GUARANTEES AS AT 31 DECEMBER 2017 - SECURITIES FOR RENT LIABILITIES**

The Issuer	Title	Currency	as at	as at	
			31.12.2017	31.12.2016	
1	ING	Security payments to suppliers	PLN	16 000 000	37 500
2	PKO BP S.A.	Security for liabilities due to Agency agreement	PLN	200 000	500 000
3	PKO BP S.A.	Security for rent liabilities	PLN	6 986 764	6 796 675
4	PKO BP S.A.	Security for rent liabilities	PLN*	28 627 184	24 801 131
5	PKO BP S.A.	Security for excise duty	PLN	2 700 000	2 100 000
6	PKO BP S.A.	Security for using of the national roads	PLN	620 100	620 100
7	PKO BP S.A.	The liabilities of the promotion lottery	PLN	457 889	523 659
8	PKO BP S.A.	Security payments to suppliers	PLN	113 219 000	72 230 000
9	PKO BP S.A.	Security payments to suppliers	PLN*	4 170 900	-
			<b>172 981 837</b>	<b>107 609 065</b>	

\* - Guarantee in EUR is translated into PLN at the average exchange rate of NBP:  
as at 31.12.2016: 1 EUR = 4,4240 PLN,  
as at 29.12.2017: 1 EUR = 4,1709 PLN.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2017	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 DECEMBER 2017

Title	Secured property	Amount secure in PLN
ING security on the credit line agreement *	Deposit on inventories Eurocash S.A.	90 000 000
Securing a framework agreement to provide bank guarantees PKO BP*	Deposit on inventories Eurocash Serwis Sp. z o.o.	80 000 000
BZ WBK 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	3 971 837

\* security nominal value

## NOTE 5.

### FAIR VALUE OF FINANCIAL INSTRUMENTS

As at 31 December 2017, 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.

## NOTE 6.

### DEBT IN THE RESULT OF BOND ISSUE

On June 20, 2013, Eurocash issued bonds with a total nominal value of PLN 140 million within the framework of the bonds program dated April 22, 2013. The program enables the possibility of issuing a total amount of PLN 500 million. The rate of interest for the Bonds shall be determined on the basis of WIBOR for six-month deposits plus the bank's margin. Bonds redemption date is June 20, 2018. The bonds were secured with sureties granted by subsidiaries, up to the amount of PLN 168 million. Bonds liabilities are presented in the Group's statement of financial position, under Short-term payables.

Moreover as at 31 December 2017 Eurocash had short-term bonds with a total nominal value of PLN 80,0 million issued in 2017 due to the short-term bonds issuance programme dated 20 October 2015. This program also provides for the ability to issue up to a total amount of PLN 500 million. During four quarters 2017, Eurocash purchased short-term bonds with a total nominal value of PLN 217,8 million issued in 2016 and 2017, respectively. Liabilities under issued bonds in this program are presented in the Group's statement of financial position under Short-term financial liabilities.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2017	Presentation currency:	Polish zloty (PLN)
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According to the signing of a two bond issue contracts, the Group is required to maintain certain financial ratios at a defined level. In the audited period, the Group performed all the regulations of the agreements and there was no violation.

## 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. As a result, as at 31 December 2017, the Management Board of the Company has no confirmation for creating of any provisions due to these interpretations.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## NOTE 8.

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

#### 1. Decision concerning the payment of the dividend for the year 2016

On 25 April 2017, the Annual General Meeting of Eurocash S.A. decided that the net profit for 2016 year in the amount of 102,614,073 PLN will be distributed of in the following way:

- shareholders of the Company on 16 May 2017 will receive a dividend of 0.73 PLN per share of the Company; the Dividend will be paid until 6 June 2017,
- the remainder of the profit for 2016 will be transferred to reserve capital.

The number of shares included in the dividend as at 25 April 2017 was 139,163,286.

#### 2. Incentive program for employees

The purpose of the program is to incentivise key managers and employees of the Eurocash Group.

Total program assumes issue of up to 4 200 000 shares (app. 3% of current equity).

6 schemes (tranches) - 700 000 shares per scheme, depending on the realization of the performance Targets.

Each tranche has 3 levels of realization:

- Growth targets p.a. (sales and EBIT),
- Cummulative growth targets 2016 – 2019,
- Share performance.

Performance targets:

- Sales growth – 8% growth p.a. (2017-2018-2019) or cumulative 30% growth 2016 – 2019,
- EBIT growth – 10% growth p.a. (2017-2018-2019) or cumulative 33% growth 2016 – 2019,
- Vesting period: 3-5 years.

Details of incentive programs are available in Resolutions of General Meeting of Eurocash.

#### 3. Choice of an entity authorized to audit financial statements

The Supervisory Board of Eurocash, acting under par.14 point 2 Statute of the Company, on 25 April 2017, chose Ernst&Young Audyt Polska Sp. z o.o. sp. k. with its registered office in Warsaw, entered by the National Chamber of Statutory Auditors on the list of entities authorized to audit financial statements under No. 130, on the external auditor to examine the company's financial statements for the year 2017.

#### 4. Preliminary agreement to acquire entities controlling the MILA chain of stores

On 15th September 2017, Eurocash concluded the Preliminary Agreement with Argus Retail Holding Limited (company under Cypriot law), non-public closed-end investment fund Elbrus with its registered office in Warsaw, Robert Załęski, Robert Kasner and Stanisław Sosnowski of purchasing 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 ograniczoną odpowiedzialnością sp.j.), Investpol 700 Mila spółka jawna and "Koja-Mila spółka akcyjna" spółka jawna.

Value of the transaction was settled on PLN 350 m, excluding some real estate which will not be taken over by Eurocash.



<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-31.12.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
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Concluding the final agreement is subject to the conditions precedent agreed in the Preliminary Agreement, in particular to obtain by Eurocash the consent of the President of the Office of Competition and Consumer Protection.

At the end of 2016 the Mila Supermarket chain was consisted of 188 stores. Sales revenue reached PLN 1,49 bn, EBITDA reached PLN 4,8 m. The acquisition of the Mila chain is with accordance to Eurocash M&A policy. Similar to take over of EKO chain it will enable Eurocash Group to develop competences in retail sales and logistics capacities, following improvement of the competitiveness of Eurocash Group's clients and as a consequence the potential increase in revenues of Eurocash Group. For these reasons, the Issuer considered the conclusion of the Preliminary Agreement as confidential information.

**5. Notification of change in shareholding resulting in an entity holding shares to which is attached above 5% of the total number of votes at a General Meeting of the Company**

On 22 November 2017, it was notified by Azvalor Asset Management S.G.I.I.C. S.A. together with the direct and indirect subsidiaries, that Azvalor became the holder of shares to which is attached more than 5% of the total number of votes at a General Meeting of EUROCASH S.A. As at 22 November 2017, Azvalor held a total of 7,498,451 shares constituting 5.39% of the share capital of EUROCASH S.A. These shares entitled to 7,498,451 votes constituting 5.39% of the share in the total number of votes at the General Meeting of EUROCASH S.A.

**NOTE 9.**

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

There were no significant events after the period covered by the financial statements, influencing the activity if the Group.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2017	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	28 <sup>th</sup> February 2018	
Member of the Management Board	Przemysław Ciaś	28 <sup>th</sup> February 2018	

## SELECTED SEPARATE FINANCIAL DATA

	Non audited for the period from 01.01.2017 to 31.12.2017 PLN	Non audited for the period from 01.01.2016 to 31.12.2016 PLN	Non audited for the period from 01.01.2017 to 31.12.2017 EUR	Non audited for the period from 01.01.2016 to 31.12.2016 EUR
Net sales	14 859 167 869	14 225 192 888	3 490 033 791	3 260 789 201
Operating profit (loss)	(22 009 654)	134 977 272	(5 169 498)	30 940 349
Profit (loss) before tax	(29 745 445)	125 010 194	(6 986 435)	28 655 632
Net Profit (loss) on continued operations	(71 713 088)	102 614 073	(16 843 548)	23 521 851
Net profit (loss)	(71 713 088)	102 614 073	(16 843 548)	23 521 851
Net operating cash flow	431 939 689	40 480 904	101 451 449	9 279 290
Net investment cash flow	(279 796 782)	110 310 155	(65 717 019)	25 285 996
Net financial cash flow	(129 483 951)	(100 474 074)	(30 412 428)	(23 031 306)
Net change in cash and cash equivalents	22 658 955	50 316 986	5 322 002	11 533 979
Weighted average number of shares	139 153 763	139 023 791	139 153 763	139 023 791
Weighted average diluted number of shares	139 107 157	139 120 988	139 107 157	139 120 988
EPS (in PLN / EUR)	(0,52)	0,74	(0,12)	0,17
Diluted EPS (in PLN / EUR)	(0,52)	0,74	(0,12)	0,17
Average PLN / EUR rate*			4,2576	4,3625
	Non audited as at 31.12.2017 PLN	Non audited as at 31.12.2016 PLN	Non audited as at 31.12.2017 EUR	Non audited as at 31.12.2016 EUR
Assets	5 322 938 556	5 096 091 488	1 276 208 626	1 151 919 414
Long-term liabilities	87 317 132	194 045 772	20 934 842	43 862 064
Short-term liabilities	4 237 511 754	3 736 923 837	1 015 970 595	844 693 453
Equity	998 109 670	1 165 121 879	239 303 189	263 363 897
Share capital	139 163 286	139 096 361	33 365 290	31 441 311
Number of shares	139 163 286	139 096 361	139 163 286	139 096 361
Diluted number of shares	139 530 636	139 530 636	139 530 636	139 530 636
Book value per share (in PLN / EUR)	7,17	8,38	1,72	1,89
Diluted book value per share (in PLN / EUR)	7,15	8,35	1,72	1,89
Dividend paid (in PLN / EUR)	101 589 199	109 451 447	24 356 661	24 740 381
Dividend paid per share (in PLN / EUR)	0,73	0,79	0,18	0,18
PLN / EUR rate at the end of the period**			4,1709	4,4240

\* Profit and loss items and cash flow items calculated on basis at a weighted average rate announced by the National Bank of Poland for 4Q 2017.

\*\* 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.

\*\*\* Dividend for 2016 year was paid till 6 June 2017 for shareholders of Parent Company as at 16 May 2017.

**EUROCASH S.A.**

**CONDENSED INTERIM  
SEPARATE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 1 JANUARY 2017 TO 31 DECEMBER 2017

**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, 28<sup>th</sup> February 2018

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<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.12.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

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<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.12.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

## 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 2017 – 31 December 2017.

The separate statement of financial position has been prepared as at 31 December 2017.

### 2. BODIES OF THE COMPANY

#### 2.1. MANAGEMENT BOARD

As at 31 December 2017 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 Cias – Member of the Management Board.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.12.2017</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 December 2017 the Company's Supervisory Board consisted of the following members:

João Borges de Assunção – President of the Supervisory Board,  
Eduardo Aguinaga de Moraes – Member 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.

## 2.3. CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARD

On 13 January 2017, David Boner resigned from his position of Member of the Management Board, effective as at 13 January 2017.

On 22 February 2017, Przemysław Ciaś was appointed Member of the Management Board of Eurocash S.A.

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

In the period from March to August 2017 an extensive and detailed audit of VAT settlements by Eurocash S.A was carried out. The audit covered settlements made in the years 2013 – 2017. It showed that Eurocash S.A. was used in a mechanism of VAT fraud by groups of outside entities in transactions concerning intra-Community delivery of goods. The audit consisted, inter alia, in a review of documentation, including e-mail correspondence, as well as verification of business partners of Eurocash S.A. who participated in the above-mentioned transactions.

The finding of the audit showed that Eurocash S.A. may be obligated to settle a VAT liability in favor of the State Treasury. In accordance with the estimate of the Management Board, the amount of the potential VAT liability may be 121 450 511 PLN. This amount was corrected downwards by the surplus of CIT which arose for the Company in connection with the disclosure of revenue from a sale in the part which corresponds to 23% VAT, and, thus, does not constitute an actual gain (revenue) of the Company. As a result, the Company made a apayment to bank account of the First Wielkopolski Tax Office in Poznań the amount of 95 746 902 PLN in respect of security of payment of the possible VAT liability.

The Management Board believes that the final amount of the VAT liability may differ from the amount paid by the Company in respect of security of payment of the possible VAT liability, once the tax authority has carried out a detailed analysis of the documentation gathered by the Company, as well as of the procedures used by Company and the explanations of the Company. The Company believes that it acted in good faith when carrying out the above-mentioned transactions, and that it regularly tightened up procedures aimed at countering such irregularities. Thus, the Company is proving before the Tax Office that, in the course of ongoing tax audit, it has been harmed by fraud, made by third parties without the Company's knowledge. Thus, the final amount of the VAT liability may be lower than the amount referred to above, while the Company may be due a refund of some of the funds paid.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
<b>Financial statements period:</b>	<i>01.01-31.12.2017</i>	<b>Presentation currency:</b>	<i>Polish zloty (PLN)</i>
<b>Level of round-offs:</b>	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

The Company Management Board emphasizes that payment of the liability will not have any impact on the Company's dividend policy, carried out also in previous years.

Negative impact on Net Profit for 2017 amounts to 114 400 861,47 PLN (0.82 PLN per share). Consolidated Net Debt of Eurocash will be negatively affected by 95 746 902 PLN (0.69 PLN per share).

The effect of the created reserve was reflected in the financial result of the Company and of the Group in the mid-year financial statements.

Eurocash Group continues to audit the VAT settlements by companies of the Eurocash Group as there exists a suspicion that potential irregularities could appear also in other companies of the Group. 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.



<b>Condensed interim separate financial statements of EUROCASH S.A.</b>			
<b>Financial statements period:</b>	<b>01.01-31.12.2017</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 SEPARATE INCOME STATEMENT FOR THE PERIOD FROM 01.01.2017 TO 31.12.2017

	Non audited 4th Quarter for the period from 01.10.2017 to 31.12.2017	Non audited 4 Quarters for the period from 01.01.2017 to 31.12.2017	Non audited 4th Quarter for the period from 01.10.2016 to 31.12.2016 restated *	Non audited 4 Quarters for the period from 01.01.2016 to 31.12.2016 restated *
<b>Sales</b>	<b>3 874 472 204</b>	<b>14 859 167 869</b>	<b>3 604 758 198</b>	<b>14 225 192 888</b>
Sales of goods	3 609 804 268	13 864 239 157	3 309 504 408	13 216 626 476
Sales of services	264 667 936	994 928 712	295 253 790	1 008 566 413
<b>Costs of sales</b>	<b>(3 454 077 145)</b>	<b>(13 314 804 513)</b>	<b>(3 190 995 742)</b>	<b>(12 720 214 390)</b>
Cost of goods and services sold	(3 454 077 145)	(13 314 804 513)	(3 190 995 742)	(12 720 214 390)
<b>Gross profit (loss)</b>	<b>420 395 059</b>	<b>1 544 363 357</b>	<b>413 762 456</b>	<b>1 504 978 498</b>
Selling expenses	(334 334 985)	(1 201 890 746)	(288 343 801)	(1 131 751 710)
General and administrative expenses	(62 315 317)	(257 739 539)	(63 721 683)	(245 149 772)
<b>Profit (loss) on sales</b>	<b>23 744 757</b>	<b>84 733 071</b>	<b>61 696 972</b>	<b>128 077 016</b>
Other operating income	17 644 291	42 278 532	10 334 454	41 903 765
Other operating expenses**	(7 390 684)	(149 021 257)	(2 584 276)	(35 003 509)
<b>Operating profit (loss)</b>	<b>33 998 364</b>	<b>(22 009 654)</b>	<b>69 447 149</b>	<b>134 977 272</b>
Financial income	11 587 366	53 756 600	5 001 940	49 638 176
Financial costs	(26 837 656)	(61 492 391)	(25 893 256)	(59 605 254)
<b>Profit (loss) before tax</b>	<b>18 748 074</b>	<b>(29 745 445)</b>	<b>48 555 833</b>	<b>125 010 194</b>
Income tax expense	(31 318 460)	(41 967 643)	(11 687 706)	(22 396 121)
<b>Profit (loss) for the period</b>	<b>(12 570 386)</b>	<b>(71 713 088)</b>	<b>36 868 127</b>	<b>102 614 073</b>

### NET EARNINGS PER SHARE

	PLN / share	PLN / share
Net profit (loss)	(71 713 088)	102 614 073
Weighted average number of shares	139 153 763	139 023 791
Weighted average diluted number of shares	139 107 157	139 120 988
<b>Earnings per share</b>		
- basic	(0,52)	0,74
- diluted	(0,52)	0,74

\* Note 2

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.12.2017</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 01.01.2017 TO 31.12.2017**

	Non audited 4th Quarter for the period from 01.10.2017 to 31.12.2017	Non audited 4 Quarters for the period from 01.01.2017 to 31.12.2017	Non audited 4th Quarter for the period from 01.10.2016 to 31.12.2016	Non audited 4 Quarters for the period from 01.01.2016 to 31.12.2016
<b>Profit (loss) for the period</b>	<b>(12 570 386)</b>	<b>(71 713 088)</b>	<b>36 868 127</b>	<b>102 614 073</b>
<b>Other comprehensive income (loss) for the period</b>	<b>505 311</b>	<b>(173 072)</b>	<b>1 798 361</b>	<b>4 333 575</b>
Items that may be subsequently reclassified to profit or loss:				
- The result on hedge accounting with the tax effect:	505 311	(173 072)	1 798 361	4 333 575
<b>Total comprehensive income (loss) for the period</b>	<b>(12 065 075)</b>	<b>(71 886 160)</b>	<b>38 666 488</b>	<b>106 947 648</b>

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.12.2017</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 FINANCIAL POSITION AS AT 31.12.2017

	Non audited as at 31.12.2017	as at 31.12.2016 restated *
<i>Assets</i>		
<b>Non-current assets (long-term)</b>	<b>2 901 783 317</b>	<b>2 716 658 883</b>
Goodwill	862 819 840	862 819 840
Intangible assets	537 898 915	541 468 892
Property, plant and equipment	460 893 534	445 211 824
Investment real property	972 799	988 495
Investments in subsidiary companies	953 265 943	825 056 471
Investments in associates and joint ventures	40 586 757	38 375 300
Other long-term investments	42 293 906	58 723
Long-term receivables	2 012 691	1 891 493
Other long-term prepayments	1 038 932	787 846
<b>Current assets (short-term)</b>	<b>2 421 155 239</b>	<b>2 379 432 605</b>
Inventories	888 688 306	798 998 549
Trade receivables	1 258 480 286	1 310 850 709
Current tax assets	18 659 162	15 237 106
Other short-term receivables	58 719 957	90 215 076
Other short-term investments	51 335 537	35 432 551
Short-term prepayments	29 588 917	35 674 496
Cash and cash equivalents	115 683 074	93 024 119
<b>Total assets</b>	<b>5 322 938 556</b>	<b>5 096 091 488</b>

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-31.12.2017	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 31.12.2017

	Non audited as at 31.12.2017	as at 31.12.2016 restated *
<i>Equity and liabilities</i>		
<b>Equity</b>	<b>998 109 670</b>	<b>1 165 121 879</b>
Share capital	139 163 286	139 096 361
Reserve capital	847 622 292	840 201 193
Hedging reserve	(6 483 777)	(6 310 705)
Retained earnings	17 807 869	192 135 030
Accumulated profit (loss) from previous years	89 520 957	89 520 957
Profit (loss) for the period	(71 713 088)	102 614 073
<b>Liabilities</b>	<b>4 324 828 886</b>	<b>3 930 969 608</b>
<b>Non-current liabilities</b>	<b>87 317 132</b>	<b>194 045 772</b>
Other long-term financial liabilities	693 162	149 308 867
Other long-term liabilities	903 500	829 850
Deferred tax liabilities	82 997 612	41 017 376
Employee benefits	2 722 858	2 889 679
<b>Current liabilities</b>	<b>4 237 511 754</b>	<b>3 736 923 837</b>
Loans and borrowings	691 467 746	738 498 237
Short-term financial liabilities	245 956 170	50 656 437
Trade liabilities	3 061 015 686	2 750 359 676
Other short-term payables	53 782 691	33 423 260
Current employee benefits	68 730 494	63 733 692
Provisions	116 558 967	100 252 534
<b>Total equity and liabilities</b>	<b>5 322 938 556</b>	<b>5 096 091 488</b>

### BOOK VALUE PER SHARE

	as at 31.12.2017	as at 31.12.2016
<b>Book value</b>	<b>998 109 670</b>	<b>1 165 121 879</b>
Number of shares	139 163 286	139 096 361
Diluted number of shares	139 530 636	139 530 636
<b>Book value per share</b>	<b>7,17</b>	<b>8,38</b>
<b>Diluted book value per share</b>	<b>7,15</b>	<b>8,35</b>

\* Note 2

<b>Condensed interim separate financial statements of EUROCASH S.A.</b>			
<b>Financial statements period:</b>	<b>01.01-31.12.2017</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 SEPARATE STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 01.01.2017 TO 31.12.2017

	Non audited 4 Quarters for the period from 01.01.2017 to 31.12.2017	Non audited 4 Quarters for the period from 01.01.2016 to 31.12.2016
<i>Cash flow from operating activities</i>		
<b>Profit (loss) before income tax</b>	<b>(29 745 445)</b>	<b>125 010 194</b>
<b>Adjustments for:</b>	<b>147 845 797</b>	<b>136 098 869</b>
Depreciation and amortization	114 132 123	111 494 591
Equity-settled shared share-based payment transactions	3 920 000	-
(Gain) loss on sale of property, plant and equipment	11 783 424	3 255 265
Interest expenses	47 713 008	54 029 764
Interest received	(3 415 066)	(9 986 577)
Dividend and remission of sales income	(26 287 691)	(22 694 173)
<b>Operating cash before changes in working capital</b>	<b>118 100 352</b>	<b>261 109 064</b>
Changes in inventories	(89 689 757)	(65 496 068)
Changes in receivables	63 453 584	(145 139 283)
Changes in payables	316 499 226	4 140 945
Changes in provisions and employee benefits	26 541 672	7 549 636
<b>Operating cash</b>	<b>434 905 077</b>	<b>62 164 293</b>
Interest received	2 023 434	1 444 989
Interest paid	(1 566 767)	(13 068 531)
Income tax paid	(3 422 056)	(10 059 848)
<b>Net cash from operating activities</b>	<b>431 939 689</b>	<b>40 480 904</b>
<i>Cash flow from investing activities</i>		
Acquisition of intangible assets	(34 607 394)	(30 144 140)
Proceeds from sale of intangible assets	16 160	(86 947)
Acquisition of property, plant and equipment	(95 578 000)	(81 895 827)
Proceeds from sale of property, plant and equipment	1 704 136	10 169 794
Expenditure on other short-term financial assets	(50 264 534)	-
Acquisition of associates	(2 211 457)	(3 845 498)
Acquisition of subsidiaries, net of cash acquired	(106 884 472)	(88 389 100)
Advances for acquisition of subsidiaries	-	(21 000 000)
Loans granted	(24 348 375)	(24 355 832)
Repayment received of granted loans	5 700 000	323 129 026
Interest received	389 464	4 034 507
Dividends received and remission of sales income	26 287 691	22 694 173
<b>Net cash used in investing activities</b>	<b>(279 796 782)</b>	<b>110 310 155</b>
<i>Cash flows from financing activities</i>		
Proceeds from issue of share capital	2 543 150	10 147 900
Income/expenses for other financial liabilities	(4 663 046)	(4 852 862)
Income/expenses for short term debt securities	58 533 443	21 000 000
Proceeds from loans and borrowings	23 335 024	200 000 000
Repayment of borrowings	(67 880 924)	(147 952 961)
Payment of finance lease liabilities	(1 427 351)	(1 935 716)
Other interest	(19 261 715)	(18 929 698)
Interests on loans and borrowings	(19 073 334)	(18 866 301)
Dividends paid	(101 589 199)	(139 084 436)
<b>Net cash used in financing activities</b>	<b>(129 483 951)</b>	<b>(100 474 074)</b>
<b>Net change in cash and cash equivalents</b>	<b>22 658 955</b>	<b>50 316 986</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>93 024 119</b>	<b>42 707 133</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>115 683 074</b>	<b>93 024 119</b>

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.12.2017</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 01.01.2017 TO 31.12.2017

	Share capital	Reserve capital	Hedge reserve	Retained earnings	Total
<i>Changes in equity in the period from 01.01 to 31.12.2016</i>					
<b>Balance as at 1 January 2016</b>	<b>138 829 311</b>	<b>468 723 565</b>	<b>(10 644 280)</b>	<b>590 202 171</b>	<b>1 187 110 767</b>
<b>Total comprehensive income for the reporting period</b>					
Profit (loss) for the period from 01.01. to 31.12.2016	-	-	-	102 614 073	<b>102 614 073</b>
Other comprehensive income for the period 01.01 to 31.12.2016	-	-	4 333 575	-	<b>4 333 575</b>
<b>Total comprehensive income for the period from 01.01. to 31.12.2016</b>	<b>-</b>	<b>-</b>	<b>4 333 575</b>	<b>102 614 073</b>	<b>106 947 648</b>
Dividends	-	-	-	(139 084 436)	<b>(139 084 436)</b>
Transfer to reserve capital	-	361 596 778	-	(361 596 778)	-
Share options exercised	267 050	9 880 850	-	-	<b>10 147 900</b>
<b>Total transaction with Owners of the Company recognized directly in equity</b>	<b>267 050</b>	<b>371 477 628</b>	<b>-</b>	<b>(500 681 214)</b>	<b>(128 936 536)</b>
<b>Balance as at 31.12.2016</b>	<b>139 096 361</b>	<b>840 201 193</b>	<b>(6 310 705)</b>	<b>192 135 030</b>	<b>1 165 121 879</b>
<i>Changes in equity in the period from 01.01. to 31.12.2017</i>					
<b>Balance as at 01 January 2017</b>	<b>139 096 361</b>	<b>840 201 193</b>	<b>(6 310 705)</b>	<b>192 135 030</b>	<b>1 165 121 879</b>
<b>Total comprehensive income for the reporting period</b>					
Profit (loss) for the period from 01.01 to 31.12.2017	-	-	-	(71 713 088)	<b>(71 713 088)</b>
Other comprehensive income for the period 01.01 to 31.12.2017	-	-	(173 072)	-	<b>(173 072)</b>
<b>Total comprehensive income for the period from 01.01. to 31.12.2017</b>	<b>-</b>	<b>-</b>	<b>(173 072)</b>	<b>(71 713 088)</b>	<b>(71 886 160)</b>
Dividends	-	-	-	(101 589 199)	<b>(101 589 199)</b>
Transfer to reserve capital	-	1 024 874	-	(1 024 874)	-
Equity-settled share based payment transactions	-	3 920 000	-	-	<b>3 920 000</b>
Share options exercised	66 925	2 476 225	-	-	<b>2 543 150</b>
<b>Total transaction with Owners of the Company recognized directly in equity</b>	<b>66 925</b>	<b>7 421 099</b>	<b>-</b>	<b>(102 614 073)</b>	<b>(95 126 049)</b>
<b>Balance as at 31.12.2017</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>

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-31.12.2017	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 01.01.2017 TO 31.12.2017

### 1. GENERAL INFORMATION

#### 1.1. ISSUE OF THE FINANCIAL STATEMENT

According to the resolution of the Management Board dated 28 February 2018, the separate financial statements of Eurocash S.A. for the period from 1 January 2017 to 31 December 2017 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 December 2017, and the separate financial statements of Eurocash S.A. as at and for the year ended 31 December 2016, which are available on the website [www.eurocash.pl](http://www.eurocash.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 2016 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.

#### 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 2016.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-31.12.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## 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 ENTITY

Standards and interpretations that have been issued but are not valid because they have not yet been approved by the European Union or have been approved by the European Union but have not been applied by the Company have been presented in the annual consolidated financial statements for 2016. In 2017, IFRS 17 "Insurance Contracts" and IFRIC 23 "Uncertainty over Income Tax Treatments" were published.

### Implementation of IFRS 9

IFRS 9 „Financial Instruments” effective for the financial years beginning on or after 1 January 2018 with the possibility of earlier adoption.

IFRS 9 requires all the financial assets, within the scope of IAS 39, to be measured at an amortized cost or fair value. Debt investments held within a business model whose objective is to obtain the appropriate cash flow, consisting of a fixed basic payment amount and interest - are measured at an amortized cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, changes in fair value of capital investments that are not held for trading may be presented in other comprehensive income, while in the income statement, it is recognized only as dividend. The decision is irreversible.

The Company is finalizing the impact of IFRS 9 for its assets and liabilities, which will be presented in the annual financial statements.

### Implementation of IFRS 15

The new accounting standard issued on 28 May 2014 applies to annual periods beginning on or after 1 January 2018.

The new standard primarily changes the way in which entities account for contracts with customers, mainly when one contract is related to the provision of services and goods.

The principles set out in IFRS 15 will apply to all contracts resulting in revenues. The new standard provides a unified model of recognition and valuation of sales. In accordance with it, the contract with the customer will be analyzed in five stages, including:

1. identification of contract,
2. identification of contractual (individual) obligations to perform service contained in the agreement,
3. setting the price transaction,
4. allocation of the price for the contract to realize the benefits contained in the agreement,
5. revenue recognition at the time of fulfillment of the obligations by the entity.

In accordance with IFRS 15, an entity recognizes revenue at the time of the fulfillment of a performance obligation, that is, now of transfer a control over the goods or services covered by this commitment to the customer. IFRS 15 also includes a much more restrictive guidance on specific aspects of revenue recognition. It also requires disclosure of a wide range of information. On 12 April 2016 explanations providing additional information and clarification regarding the key assumptions used in IFRS 15, including on the identification on separate responsibilities, determining whether an entity acts as an intermediary (agent),



<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.12.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

or is the main supplier of goods and services (principal) and the method of recording revenue from licenses have been published. Apart from the additional explanations, also exemptions and simplification were introduced for entities applying the new standard for the first time. IFRS 15 will come into force in the financial year commencing on January 1, 2018. Upon implementation, IFRS 15 will replace the guidance on revenue recognition in IAS 18 "Revenue", IAS 11 "Construction Contracts" and related Interpretations.

The Company is finalizing the impact of IFRS 15 for its assets and liabilities, which will be presented in the annual financial statements.

#### **Implementation of IFRS 16**

IFRS 16 „Leases” effective for the financial years beginning on or after 1 January 2019.

IFRS 16 establishes rules for the recognition, valuation, presentation and disclosures relating to the lease. All leasing transactions result in obtaining the lessee's right to use the assets and liabilities arising from the obligation to pay. Thus, IFRS 16 abolishes the distinction between operating leases and finance leases and introduces a model of accounting by the lessee. The lessee will be required to include:

- assets and liabilities for all leases entered a period of over 12 months, except when the asset is a low value;
- depreciation of leased assets separately from the interest on the lease liability in the financial statements.

Detailed analysis of the impact of the new standard on the financial statements of the Company has not yet been completed, The analysis is still in progress.

## **2. NOTES TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2017 TO 31.12.2017**

### **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 December 2017.

According to the Management Board of Eurocash S.A., notes to the condensed interim consolidated financial statements of Eurocash S.A. Group comprise all the relevant information required for a proper assessment of the assets and financial position of the Company in the reporting period.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.12.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

## NOTE 2.

### RESTATEMENT OF COMPARATIVE DATA

The restatement is related to the transfer of costs related to current assets from other operating expenses to the costs of goods sold.

	The amount in the approved report		Correction		The corrected amount	
	for the period	for the period	for the period	for the period	for the period	for the period
	from 01.10.2016 to 31.12.2016	from 01.01.2016 to 31.12.2016	from 01.10.2016 to 31.12.2016	from 01.01.2016 to 31.12.2016	from 01.10.2016 to 31.12.2016	from 01.01.2016 to 31.12.2016
<b>Costs of sales</b>	<b>(3 178 804 713)</b>	<b>(12 664 587 741)</b>	<b>(12 191 029)</b>	<b>(55 626 650)</b>	<b>(3 190 995 742)</b>	<b>(12 720 214 390)</b>
Costs of goods sold	(3 178 804 713)	(12 664 587 741)	(12 191 029)	(55 626 650)	(3 190 995 742)	(12 720 214 390)
<b>Profit (loss) on sales</b>	<b>73 888 001</b>	<b>183 703 666</b>	<b>(12 191 029)</b>	<b>(55 626 650)</b>	<b>61 696 972</b>	<b>128 077 016</b>
Other operating income	12 669 476	44 238 787	(2 335 023)	(2 335 023)	10 334 454	41 903 765
Other operating expenses	(17 110 328)	(92 965 181)	14 526 051	57 961 672	(2 584 276)	(35 003 509)
<b>Operating profit (loss)</b>	<b>69 447 149</b>	<b>134 977 272</b>	<b>-</b>	<b>-</b>	<b>69 447 149</b>	<b>134 977 272</b>

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-31.12.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

The restatement below in the amount of PLN 7,600,000 is related to the change of presentation of deferred tax. Adjustment for the amount of PLN 69,189,100 is a consequence of the analysis of contracts and the fact that, in the case of the option of acquiring 50% of the shares in Rogala, Madas and FHC-2, there is no obligation of Eurocash S.A. to purchase own equity instruments and the Company's equity should not be reduced. The obligation to repurchase shares in subsidiaries is conditional, that is: no current outflow of funds is required. At the time of exercising the options and buying the remaining 50% of the shares, the carrying amount of the investments in subsidiaries will increase, the net assets of the Company should remain unchanged.

	The amount in the approved report as at 31.12.2016	Other corrections	The corrected amount as at 31.12.2016
<b>Current assets (short-term)</b>	<b>2 371 832 605</b>	<b>7 600 000</b>	<b>2 379 432 605</b>
Current tax receivables	7 637 106	7 600 000	15 237 106
<b>Total assets</b>	<b>5 088 491 488</b>	<b>7 600 000</b>	<b>5 096 091 488</b>

	The amount in the approved report as at 31.12.2016	Other corrections	The corrected amount as at 31.12.2016
<i>Equity and liabilities</i>			
<b>Equity</b>	<b>1 095 932 779</b>	<b>69 189 100</b>	<b>1 165 121 879</b>
<b>Equity attributable to Owners of the Company</b>	<b>1 095 932 779</b>	<b>69 189 100</b>	<b>1 165 121 879</b>
Capital connection	(69 189 100)	69 189 100	-
<b>Liabilities</b>	<b>3 992 558 708</b>	<b>(61 589 100)</b>	<b>3 930 969 608</b>
<b>Non-current liabilities</b>	<b>255 634 872</b>	<b>(61 589 100)</b>	<b>194 045 772</b>
Other long-term liabilities	70 018 950	(69 189 100)	829 850
Deferred tax liabilities	33 417 376	7 600 000	41 017 376
<b>Total equity and liabilities</b>	<b>5 088 491 488</b>	<b>7 600 000</b>	<b>5 096 091 488</b>

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-31.12.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

### NOTE 3.

#### 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. As a result, as at 31 December 2017, the Management Board of the Company has no confirmation for creating of any provisions due to this interpretations.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.12.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

#### NOTE 4.

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

##### 1. Decision concerning the payment of the dividend for the year 2016

On 25 April 2017, the Annual General Meeting of Eurocash S.A. decided that the net profit for 2016 year in the amount of 102,614,073 PLN will be distributed of in the following way:

- shareholders of the Company on 16 May 2017 will receive a dividend of 0.73 PLN per share of the Company; the Dividend will be paid until 6 June 2017,
- the remainder of the profit for 2016 will be transferred to reserve capital.

The number of shares included in the dividend as at 25 April 2017 was 139,163,286.

##### 2. Incentive program for employees

The purpose of the program is to incentivise key managers and employees of the Eurocash Group.

Total program assumes issue of up to 4 200 000 shares (app. 3% of current equity).

6 schemes (tranches) - 700 000 shares per scheme, depending on the realization of the performance Targets. Each tranche has 3 levels of realization:

- Growth targets p.a. (sales and EBIT),
- Cumulative growth targets 2016 – 2019,
- Share performance.

Performance targets:

- Sales growth – 8% growth p.a. (2017-2018-2019) or cumulative 30% growth 2016 – 2019,
- EBIT growth – 10% growth p.a. (2017-2018-2019) or cumulative 33% growth 2016 – 2019,
- Vesting period: 3-5 years.

Details of incentive programs are available in Resolutions of General Meeting of Eurocash.

##### 3. Choice of an entity authorized to audit financial statements

The Supervisory Board of Eurocash, acting under par.14 point 2 Statute of the Company, on 25 April 2017, chose Ernst&Young Audyt Polska Sp. z o.o. sp. k. with its registered office in Warsaw, entered by the National Chamber of Statutory Auditors on the list of entities authorized to audit financial statements under No. 130, on the external auditor to examine the company's financial statements for the year 2017.

##### 4. Preliminary agreement to acquire entities controlling the MILA chain of stores

On 15th September 2017, Eurocash concluded the Preliminary Agreement with Argus Retail Holding Limited (company under Cypriot law), non-public closed-end investment fund Elbrus with its registered office in Warsaw, Robert Załęski, Robert Kasner and Stanisław Sosnowski of purchasing 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 ograniczoną odpowiedzialnością sp.j.), Investpol 700 Mila spółka jawna and "Koja-Mila spółka akcyjna" spółka jawna.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.12.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

Value of the transaction was settled on PLN 350 m, excluding some real estate which will not be taken over by Eurocash.

Concluding the final agreement is subject to the conditions precedent agreed in the Preliminary Agreement, in particular to obtain by Eurocash the consent of the President of the Office of Competition and Consumer Protection.

At the end of 2016 the Mila Supermarket chain was consisted of 188 stores. Sales revenue reached PLN 1,49 bn, EBITDA reached PLN 4,8 m. The acquisition of the Mila chain is with accordance to Eurocash M&A policy. Similar to take over of EKO chain it will enable Eurocash Group to develop competences in retail sales and logistics capacities, following improvement of the competitiveness of Eurocash Group's clients and as a consequence the potential increase in revenues of Eurocash Group.

**5. Notification of change in shareholding resulting in an entity holding shares to which is attached above 5% of the total number of votes at a General Meeting of the Company.**

On 22 November 2017, it was notified by Azvalor Asset Management S.G.I.I.C. S.A. together with the direct and indirect subsidiaries, that Azvalor became the holder of shares to which is attached more than 5% of the total number of votes at a General Meeting of EUROCASH S.A. As at 22 November 2017, Azvalor held a total of 7,498,451 shares constituting 5.39% of the share capital of EUROCASH S.A. These shares entitled to 7,498,451 votes constituting 5.39% of the share in the total number of votes at the General Meeting of EUROCASH S.A.

**NOTE 5.**

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

There were no significant events after the period covered by the financial statements, influencing the activity if the Entity.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.12.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

## SIGNATURES OF THE 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	28 <sup>th</sup> February 2018	
Member of the Management Board	Przemysław Ciaś	28 <sup>th</sup> February 2018	

## Management discussion of the financial results for 4Q 2017

### 1. Summary of financial and operational results of Eurocash Group in 4Q 2017 and 4Q YTD 2017

Below we present the key financial and operational highlights for the Eurocash Group and for the following segments and distribution formats:

**Independent Wholesale** - those distribution formats whose clients do not have permanent contracts with the Eurocash Group

- **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
- **Alcohol Distribution** – wholesale and retail distribution of alcoholic beverages throughout Poland
- **Other** - sales revenues of other of PayUp Polska S.A. and Eurocash Trade 1 Sp. z o.o.

**Integrated Wholesale** - those distribution formats whose clients have long-term agreements with Eurocash Group, e.g. franchise systems or clients from the HoReCa segment

- **Delikatesy Centrum** – a franchise system for retail stores operating under the brand “Delikatesy Centrum”;
- **Eurocash Food Service** - wholesale and retail distribution of alcoholic beverages throughout Poland
- **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.), and
  - 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.,
  - Detal Podlasie Sp. z o.o. (company operating retail stores in Lewiatan chain).

**Retail** - retail sales of Eurocash Group companies

- **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.
- **EKO** – own retail stores under brand Delikatesy Centrum and EKO operated by EKO Holding S.A.
- **Inmedio** – press retail kiosks under Inmedio brand.

**Projects** - new projects running by Eurocash S.A. and its subsidiaries: 1minute, Kontigo, abc na kołach, Duży Ben, Sushi To Go, 4Vapers and fresh product distribution to Delikatesy Centrum stores realized by Eurocash Detal Sp. z o.o.



## Others

Sales revenues and costs of other companies through Eurocash Trade 2 Sp. z o.o., Eurocash VC2 Sp. z o.o., Eurocash VC3 Sp. z o.o., Detal Finanse Sp. z o.o. and Central Head Office costs consolidation not related to any of above segment.

## Profit & loss account

**Table 1: Eurocash Group: Summary of consolidated financial results for 4Q 2017**

	4Q 2017	4Q 2016	Change %
PLN m			
Sales revenues (traded goods, materials)	5 805.94	5 353.91	8.44%
Gross profit (loss) on sales	645.61	587.92	9.81%
Gross profitability on sales (%)	11.12%	10.98%	0.14 p.p.
EBITDA	101.48	159.65	-36.43%
(EBITDA margin %)	1.75%	2.98%	-1.23 p.p.
EBIT	51.38	116.52	-55.90%
(EBIT margin %)	0.89%	2.18%	-1.29 p.p.
Gross profit	34.78	93.64	-62.86%
Net Income	9.75	73.23	-86.69%
(Net profitability %)	0.17%	1.37%	-1.20 p.p.

**Table 2: Eurocash Group: Summary of consolidated financial results for 2017**

	4Q YTD 2017	4Q YTD 2016	Change %
PLN m			
<b>Sales revenues (traded goods, materials)</b>	<b>23 271.08</b>	<b>21 219.90</b>	<b>9.67%</b>
Gross profit (loss) on sales	2 440.98	2 112.12	15.57%
Gross profitability on sales (%)	10.49%	9.95%	0.54 p.p.
<b>EBITDA normalized*</b>	<b>360.71</b>	<b>440.49</b>	<b>-18.11%</b>
(Normalized EBITDA margin %)	1.55%	2.08%	-0.53 p.p.
Total impact of potential VAT liabilities on net profit	114.40	-	-
EBITDA reported	246.31	440.49	-44.08%
(Reported EBITDA margin %)	1.06%	2.08%	-1.02 p.p.
<b>EBIT normalized*</b>	<b>177.40</b>	<b>274.28</b>	<b>-35.32%</b>
EBIT reported	62.99	274.28	-77.03%
Gross profit normalized*	134.71	235.92	-42.90%
Gross profit reported	20.31	235.92	-91%
<b>Net profit normalized*</b>	<b>84.84</b>	<b>190.02</b>	<b>-55.35%</b>
Net profit reported	(29.56)	190.02	-116%

\*excluding impact of potential VAT liabilities on net profit

Consolidated total sales of Eurocash Group in 4Q 2017 amounted to PLN 5 805.94 m and increased by 8.44% YoY. In 4Q YTD 2017 consolidated sales reached PLN 23 271.08 m comparing with PLN 21 219.90 m in the same period previous year. Sales growth was driven mainly by consolidation of acquired companies (EKO Holding S.A., FHC-2 Sp. z o.o., and PDA sp. z o.o.).

Consolidated gross profit margin amounted to 11.12% in 4Q 2017 and increased by 0.14 p.p. YoY. In 4Q YTD 2017 gross profitability increased by 0.54 p.p. YoY and amounted to 10.49%. Increase of gross margin was attributable to consolidation of acquired retail companies. Excluding M&A and Retail companies gross margin decreased by -1.24 p.p. in 4Q 2017 YoY and -0.46p.p in 2017 YoY.

Consolidated EBITDA in 4Q 2017 amounted to PLN 101.48 m and decreased by 36.43%. After the four quarters cumulatively normalized EBITDA amounted to PLN 360.71 m compared with PLN 440.49 m previous year (a decrease by 18.11%). Lower EBITDA was attributable mainly to lower profitability in Independent Wholesale segment, integration of acquired companies, one-off costs, as well as increase of spending for strategic projects to strengthen position of independent retailers such as extension of the offer for Delikatesy Centrum stores by fresh products and development of innovative retail formats under brands: Kontigo, 1 minute, abc on wheels, Duży Ben.

The net profit in 4Q 2017 amounted to PLN 9.75 m comparing to PLN 73.23 m in 4Q 2016. In 4Q YTD 2017 normalized net profit reached PLN 84.84 m, which means 55.35% decrease YoY. Net profit was impacted by tax provision and higher interest costs due to increased leverage driven by M&A and potential VAT liability payment.

### **Sales by format**

**Table 3: Eurocash Group: Sales dynamics by distribution format for 4Q 2017**

PLN m	4Q 2017	4Q 2016	Change %
<b>Independent Wholesale</b>	<b>3 098.49</b>	<b>3 023.87</b>	<b>2.47%</b>
Cash&Carry	988.96	999.49	-1.05%
Tobacco	1 373.25	1 348.01	1.87%
Alcohol	631.33	566.33	11.48%
Other with adjustments	104.95	110.04	-4.62%
<b>Integrated Wholesale</b>	<b>1 645.94</b>	<b>1 583.31</b>	<b>3.96%</b>
Delikatesy Centrum	574.26	517.47	10.98%
Distribution	1 135.91	1 063.19	6.84%
Food Service	113.98	92.36	23.41%
Adjustments	-178.21	-89.70	98.68%
<b>Retail</b>	<b>542.06</b>	<b>243.21</b>	<b>122.88%</b>
Inmedio	150.98	148.84	1.44%
Delikatesy Centrum Own	185.84	94.37	96.93%
EKO	205.24	0.00	0.00%
<b>Projects</b>	<b>156.59</b>	<b>101.59</b>	<b>54.13%</b>
<b>Eurocash Group</b>	<b>5 443.08</b>	<b>4 951.98</b>	<b>9.92%</b>

**Table 4: Eurocash Group: Sales dynamics by distribution format for 2017**

PLN m	4Q YTD 2017	4Q YTD 2016	Change %
<b>Independent Wholesale</b>	<b>12 717.75</b>	<b>12 283.82</b>	<b>3.53%</b>
Cash&Carry	4 312.89	4 342.52	-0.68%
Tobacco	5 695.89	5 568.99	2.28%
Alcohol	2 302.16	2 056.97	11.92%
Other with adjustments	406.82	315.33	29.01%
<b>Integrated Wholesale</b>	<b>6 419.34</b>	<b>6 383.08</b>	<b>0.57%</b>
Delikatesy Centrum	2 202.93	1 955.96	12.63%
Distribution	4 423.57	4 286.10	3.21%
Food Service	440.50	375.38	17.35%
<i>Adjustments</i>	-647.66	-234.36	176.35%
<b>Retail</b>	<b>2 153.19</b>	<b>934.74</b>	<b>130.35%</b>
Inmedio	578.39	556.52	3.93%
Delikatesy Centrum Own	717.14	378.22	89.61%
EKO	857.67	0.00	0.00%
<b>Projects</b>	<b>552.04</b>	<b>271.35</b>	<b>103.44%</b>
<b>Eurocash Group</b>	<b>21 842.33</b>	<b>19 872.98</b>	<b>9.91%</b>

#### Independent Wholesale

- In 4Q 2017 external sales of goods in Independent Wholesale segment amounted to PLN 3 098.49 m and increased by 2.47% comparing with 4Q 2016. In 4Q YTD 2017 sales amounted to PLN 12 717.75 m and increased by 3.53% YoY.
- EBITDA of the Independent Wholesale segment amounted in 4Q 2017 to PLN 59.92 m while in 4Q 2016 it amounted to PLN 96.07 m. EBITDA in 4Q YTD 2017 amounted to PLN 181.22m comparing to PLN 252.31 m in the same period of 2016.
- Profitability of the segment was impacted by lower gross margin and restructuration of Cash & Carry distribution formats.
- LFL sales growth (same number of stores) in Eurocash Cash&Carry stores in 4Q 2017 amounted to negative 0.41% and negative 0.58% in 4Q YTD 2017
- The number of Eurocash Cash&Carry stores at the end of 4Q 2017 amounted to 180.
- The number of abc stores amounted to 8 531 at the end of 4Q 2017.
- Sales of cigarettes in Tobacco & Impulse distribution format in terms of volume amounted in 4Q 2017 to 2 238 m pieces and increased by 7.23% YoY.
- Sales of cigarettes in terms of value increased by 9.53% in 4Q 2017 and 5.46% in 4Q YTD 2017 YoY.
- Sales of goods in Eurocash Alkohole format was negatively impacted by discontinued sales to export clients and this effect was off-set by consolidation of acquired company Polska Dystrybucja Alkoholi with PLN 82.95 m sales in 4Q 2017 and PLN 267.05 m in 4Q YTD 2017.

## **Integrated Wholesale**

- External wholesale sales of goods realized by Integrated Wholesale segment in 4Q 2017 amounted to PLN 1 645.94 m and PLN 6 419.34 m in 4Q YTD 2017. Total results of the segment is impacted by consolidation of acquired retail companies (FHC-2, Madas) and its sales transfer to Retail segment.
- Sales to Delikatesy Centrum was driven mainly by Fresh Project (in total segment result adjusted by its movement to Projects segment). Eurocash Distribution format sales was driven by its Franchisees (+10.74% in 4Q 2017 YoY and 9.29% in 4Q YTD 2017 YoY). Sales of Food Service distribution format was driven by new clients.
- EBITDA of the Integrated Wholesale segment amounted in 4Q 2017 to PLN 78.35 m comparing to PLN 99.10 m in 4Q 2016. EBITDA in 4Q YTD 2017 amounted to PLN 274.25 m comparing to PLN 270.49 m in 4Q YTD 2016.
- LFL growth of wholesale sales realized by Eurocash to "Delikatesy Centrum" franchise stores amounted to 6.92% in 4Q 2017 and 9.10% in 4Q YTD 2017.
- LFL growth of retail sales of "Delikatesy Centrum" franchise stores amounted to 3.94% in 4Q 2017 and 4.20% in 4Q YTD 2017.
- Number of "Delikatesy Centrum" stores at the end of 4Q 2017 amounted to 1171. Total amount of stores include 30 net openings of stores in 2017 and 55 rebranded EKO stores.
- Number of partnership or franchise stores organized by companies belonging to Eurocash Group (Groszek, Euro Sklep, Lewiatan and PSD) amounted to 4 905 stores as of the end of 4Q 2017 (155 net openings in 2017).

## **Retail**

- Retail sales of goods realized by Retail segment in 4Q 2017 amounted to PLN 542.06 m and PLN 2 153.19 m in 4Q YTD 2017. Retail sales was driven by acquisition of retail companies (EKO Holding, FHC-2 and Madas)
- EBITDA of the Retail segment amounted in 4Q 2017 to PLN 13.60 m comparing to PLN 12.17 m in 4Q 2016. In 4Q YTD 2017 EBITDA amounted to PLN 41.41 m comparing to PLN 33.18 m in 4Q YTD 2016.
- LFL dynamic of retail sales in 4Q 2017 amounted in Inmedio stores to +1.73%, Delikatesy Centrum own stores +1.27%. In 4Q YTD 2017 LFL dynamic of retail sales amounted to 2.26% in Inmedio stores, +2.02% in Delikatesy Centrum own stores. LFL sales of EKO stores due to remodeling process are not comparable to previous year, although Management Board observes its positive impact on sales growth.
- Number of retail stores at the end of 4Q 2017 amounted in Inmedio to 452, Delikatesy Centrum own 122 and EKO 228 (including 55 rebranded Delikatesy Centrum stores).
- In 4Q YTD 2017 55 EKO stores was rebranded to Delikatesy Centrum format. Average cost of stores rebranding amounted to appx. PLN 150-180k per store.

- Additionally in April 2017 EKO sold 3 stores to independent investors and at the same time fulfilled condition of Polish Antimonopoly Office, settled in its decision to allow Eurocash Group to acquire EKO Holding S.A.

### **Projects**

- Sales of goods realized by Projects segment in 4Q 2017 amounted to PLN 156.59m comparing to PLN 101.59 m in 4Q 2016. In 4Q YTD 2017 sales of goods amounted to PLN 552.04 m comparing to 271.35 m in 4Q YTD 2017.
- The main driver of sales increase in Projects has been development of distribution of fresh products to franchise stores in Delikatesy Centrum chain. Sales of Fresh Project in 4Q YTD 2017 amounted to PLN 488.64 m comparing to PLN 234.36 m in 4Q YTD 2016.
- Negative EBITDA contribution of Projects segment amounted in 4Q 2017 to PLN -9.83 m comparing to PLN -13.79 m in 4Q 2016. In 4Q YTD 2017 EBITDA amounted to PLN -49.09 m comparing to PLN -39.70 m.

### **Others**

EBITDA of Others segment amounted in 4Q 2017 to negative PLN 40.55 m comparing to negative PLN 33.90 m in 4Q 2016. In 4Q YTD 2017 EBITDA amounted to PLN -87.07 m comparing to PLN -75.78 m in 4Q YTD 2016.

## Operating segments

Due to changes in financial results presentation by operating segments in 2017, below we present quarter results of each segment for years 2015-2017 according to definition of segments implemented in 2017.

**Table 5: Group Eurocash: Operating segments adjusted results in 2017**

1Q 2017 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	3 200.35	1 771.27	537.83	112.42	0.00	-428.71	5 193.16
Sales of goods	2 822.55	1 452.90	505.23	111.52	0.00	0.00	4 892.19
EBIT	-4.22	31.89	0.81	-16.35	-19.11	0.00	-6.98
(EBIT margin %)	-0.13%	1.80%	0.15%	-14.54%	0	0	-0.13%
EBITDA	12.52	47.68	8.73	-15.50	-16.19	0.00	37.24
(EBITDA margin %)	0.39%	2.69%	1.62%	-13.79%	0	0	0.72%
2Q 2017 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	3 833.77	2 003.31	573.69	137.35	0.13	-463.85	6 084.40
Sales of goods	3 375.68	1 620.46	544.83	135.84	0.00	0.00	5 676.81
EBIT	40.85	61.84	2.01	-10.67	-19.18	0.00	-39.56
(EBIT margin %)	1.07%	3.09%	0.35%	-7.77%	0	0	-0.65%
EBITDA	58.17	77.79	11.46	-10.94	-15.96	0.00	6.12
(EBITDA margin %)	1.52%	3.88%	2.00%	-7.96%	0	0	0.10%
3Q 2017 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	3 882.42	2 088.20	604.56	149.49	0.08	-537.17	6 187.58
Sales of goods	3 421.03	1 700.04	561.08	148.10	0.00	0.00	5 830.25
EBIT	34.22	54.55	-0.54	-12.80	-17.28	0.00	58.15
(EBIT margin %)	0.88%	2.61%	-0.09%	-8.56%	0	0	0.94%
EBITDA	50.61	70.43	7.62	-12.82	-14.37	0.00	101.47
(EBITDA margin %)	1.30%	3.37%	1.26%	-8.57%	0	0	1.64%
4Q 2017 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	3 543.52	2 202.39	556.78	158.00	0.10	-654.85	5 805.94
Sales of goods	3 098.50	1 645.94	542.06	156.59	0.00	0.00	5 443.09
EBIT	43.32	60.38	6.31	-13.24	-45.39	0.00	51.38
(EBIT margin %)	1.22%	2.74%	1.13%	-8.38%	0	0	0.89%
EBITDA	58.66	78.35	13.60	-9.83	-40.55	0.00	101.48
(EBITDA margin %)	1.69%	3.56%	2.44%	-6.22%	0	0	1.75%

**Table 6: Eurocash Group: Operating segments adjusted results in 2017 YTD**

<b>1Q YTD 2017 (PLN m)</b>	<b>Independent Wholesale</b>	<b>Integrated Wholesale</b>	<b>Retail</b>	<b>New Projects</b>	<b>Other</b>	<b>Consolidation adj.</b>	<b>Total</b>
Sales revenues (traded goods, materials)	3 200.35	1 771.27	537.83	112.42	0.00	-428.71	<b>5 193.16</b>
Sales of goods	2 822.55	1 452.90	505.23	111.52	0.00	0.00	<b>4 892.19</b>
EBIT	-4.22	31.89	0.81	-16.35	-19.11	0.00	<b>-6.98</b>
<i>(EBIT margin %)</i>	<i>-0.13%</i>	<i>1.80%</i>	<i>0.15%</i>	<i>-14.54%</i>	<i>0</i>	<i>0</i>	<b><i>-0.13%</i></b>
EBITDA	12.52	47.68	8.73	-15.50	-16.19	0.00	<b>37.24</b>
<i>(EBITDA margin %)</i>	<i>0.39%</i>	<i>2.69%</i>	<i>1.62%</i>	<i>-13.79%</i>	<i>0</i>	<i>0</i>	<b><i>0.72%</i></b>
<b>2Q YTD 2017 (PLN m)</b>	<b>Independent Wholesale</b>	<b>Integrated Wholesale</b>	<b>Retail</b>	<b>New Projects</b>	<b>Other</b>	<b>Consolidation adj.</b>	<b>Total</b>
Sales revenues (traded goods, materials)	7 034.12	3 774.58	1 111.52	249.77	0.13	-892.56	<b>11 277.56</b>
Sales of goods	6 198.23	3 073.35	1 050.06	247.36	0.00	0.00	<b>10 569.00</b>
EBIT	36.63	93.73	2.82	-27.02	-38.29	0.00	<b>-46.54</b>
<i>(EBIT margin %)</i>	<i>0.52%</i>	<i>2.48%</i>	<i>0.25%</i>	<i>-10.82%</i>	<i>0</i>	<i>0</i>	<b><i>-0.41%</i></b>
EBITDA	70.69	125.47	20.18	-26.44	-32.15	0.00	<b>43.36</b>
<i>(EBITDA margin %)</i>	<i>1.00%</i>	<i>3.32%</i>	<i>1.82%</i>	<i>-10.58%</i>	<i>0</i>	<i>0</i>	<b><i>0.38%</i></b>
<b>3Q YTD 2017 (PLN m)</b>	<b>Independent Wholesale</b>	<b>Integrated Wholesale</b>	<b>Retail</b>	<b>New Projects</b>	<b>Other</b>	<b>Consolidation adj.</b>	<b>Total</b>
Sales revenues (traded goods, materials)	10 916.54	5 862.78	1 716.08	399.25	0.21	-1 429.73	<b>17 465.14</b>
Sales of goods	9 619.26	4 773.39	1 611.14	395.46	0.00	0.00	<b>16 399.25</b>
EBIT	70.85	148.28	2.28	-39.82	-55.58	0.00	<b>11.61</b>
<i>(EBIT margin %)</i>	<i>0.65%</i>	<i>2.53%</i>	<i>0.13%</i>	<i>-9.97%</i>	<i>0</i>	<i>0</i>	<b><i>0.07%</i></b>
EBITDA	121.30	195.90	27.81	-39.25	-46.52	0.00	<b>144.83</b>
<i>(EBITDA margin %)</i>	<i>1.11%</i>	<i>3.34%</i>	<i>1.62%</i>	<i>-9.83%</i>	<i>0</i>	<i>0</i>	<b><i>0.83%</i></b>
<b>4Q YTD 2017 (PLN m)</b>	<b>Independent Wholesale</b>	<b>Integrated Wholesale</b>	<b>Retail</b>	<b>New Projects</b>	<b>Other</b>	<b>Consolidation adj.</b>	<b>Total</b>
Sales revenues (traded goods, materials)	14 460.06	8 065.17	2 272.87	557.25	0.31	-2 084.58	<b>23 271.08</b>
Sales of goods	12 717.76	6 419.34	2 153.19	552.04	0.00	0.00	<b>21 842.34</b>
EBIT	114.17	208.66	8.59	-53.06	-100.97	0.00	<b>62.99</b>
<i>(EBIT margin %)</i>	<i>0.78%</i>	<i>2.59%</i>	<i>0.38%</i>	<i>-9.52%</i>	<i>0</i>	<i>0</i>	<b><i>0.27%</i></b>
EBITDA	181.22	274.25	41.41	-49.09	-87.08	0.00	<b>246.31</b>
<i>(EBITDA margin %)</i>	<i>1.24%</i>	<i>3.40%</i>	<i>1.82%</i>	<i>-8.81%</i>	<i>0</i>	<i>0</i>	<b><i>1.06%</i></b>

**Table 7: Eurocash Group: Operating segments results in 2016**

<b>1Q 2016 (PLN m)</b>	<b>Independent Wholesale</b>	<b>Integrated Wholesale</b>	<b>Retail</b>	<b>New Projects</b>	<b>Other</b>	<b>Consolidation adj.</b>	<b>Total</b>
Sales revenues (traded goods, materials)	3 009.01	1 740.54	233.66	43.34	0.00	-262.51	<b>4 764.05</b>
Sales of goods	2 702.88	1 543.20	218.52	42.89	0.00	0.00	<b>4 507.48</b>
EBIT	1.19	30.88	1.81	-7.66	-19.57	0.00	<b>6.64</b>
<i>(EBIT margin %)</i>	<i>0.04%</i>	<i>1.77%</i>	<i>0.77%</i>	<i>-17.68%</i>	<i>0</i>	<i>0</i>	<b><i>0.14%</i></b>
EBITDA	19.05	46.30	6.09	-7.08	-17.02	0.00	<b>47.34</b>
<i>(EBITDA margin %)</i>	<i>0.63%</i>	<i>2.66%</i>	<i>2.61%</i>	<i>-16.33%</i>	<i>0</i>	<i>0</i>	<b><i>0.99%</i></b>
<b>2Q 2016 (PLN m)</b>	<b>Independent Wholesale</b>	<b>Integrated Wholesale</b>	<b>Retail</b>	<b>New Projects</b>	<b>Other</b>	<b>Consolidation adj.</b>	<b>Total</b>
Sales revenues (traded goods, materials)	3 579.68	1 867.26	233.54	59.55	0.00	-399.27	<b>5 340.77</b>
Sales of goods	3 159.89	1 555.84	228.56	59.12	0.00	0.00	<b>5 003.41</b>
EBIT	46.38	39.78	3.00	-8.74	-10.38	0.00	<b>70.04</b>
<i>(EBIT margin %)</i>	<i>1.30%</i>	<i>2.13%</i>	<i>1.29%</i>	<i>-14.67%</i>	<i>0</i>	<i>0</i>	<b><i>1.31%</i></b>
EBITDA	64.02	54.24	7.05	-8.36	-6.68	0.00	<b>110.26</b>
<i>(EBITDA margin %)</i>	<i>1.79%</i>	<i>2.90%</i>	<i>3.02%</i>	<i>-14.04%</i>	<i>0</i>	<i>0</i>	<b><i>2.06%</i></b>
<b>3Q 2016 (PLN m)</b>	<b>Independent Wholesale</b>	<b>Integrated Wholesale</b>	<b>Retail</b>	<b>New Projects</b>	<b>Other</b>	<b>Consolidation adj.</b>	<b>Total</b>
Sales revenues (traded goods, materials)	3 825.31	2 014.52	254.25	69.29	0.00	-402.19	<b>5 761.17</b>
Sales of goods	3 396.00	1 700.73	244.45	68.93	0.00	0.00	<b>5 410.11</b>
EBIT	53.41	55.50	3.67	-11.03	-20.47	0.00	<b>81.08</b>
<i>(EBIT margin %)</i>	<i>1.40%</i>	<i>2.76%</i>	<i>1.44%</i>	<i>-15.91%</i>	<i>0</i>	<i>0</i>	<b><i>1.41%</i></b>
EBITDA	73.17	70.85	7.87	-10.47	-18.19	0.00	<b>123.24</b>
<i>(EBITDA margin %)</i>	<i>1.91%</i>	<i>3.52%</i>	<i>3.10%</i>	<i>-15.11%</i>	<i>0</i>	<i>0</i>	<b><i>2.14%</i></b>
<b>4Q 2016 (PLN m)</b>	<b>Independent Wholesale</b>	<b>Integrated Wholesale</b>	<b>Retail</b>	<b>New Projects</b>	<b>Other</b>	<b>Consolidation adj.</b>	<b>Total</b>
Sales revenues (traded goods, materials)	3 471.70	1 909.34	255.02	102.78	0.00	1 063.97	<b>6 802.80</b>
Sales of goods	3 023.21	1 583.31	243.21	102.25	0.00	0.00	<b>4 951.98</b>
EBIT	77.68	82.08	7.71	-14.10	-36.84	0.00	<b>116.52</b>
<i>(EBIT margin %)</i>	<i>2.24%</i>	<i>4.30%</i>	<i>3.02%</i>	<i>-13.72%</i>	<i>0</i>	<i>0</i>	<b><i>1.71%</i></b>
EBITDA	96.07	99.10	12.17	-13.79	-33.90	0.00	<b>159.65</b>
<i>(EBITDA margin %)</i>	<i>2.77%</i>	<i>5.19%</i>	<i>4.77%</i>	<i>-13.42%</i>	<i>0</i>	<i>0</i>	<b><i>2.35%</i></b>



**Table 8: Eurocash Group: Operating segments results in 2016 YTD**

1Q YTD 2016 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	3 009.01	1 740.54	233.66	43.34	0.00	-262.51	<b>4 764.05</b>
Sales of goods	2 702.88	1 543.20	218.52	42.89	0.00	0.00	<b>4 507.48</b>
EBIT	1.19	30.88	1.81	-7.66	-19.57	0.00	<b>6.64</b>
<i>(EBIT margin %)</i>	<i>0.04%</i>	<i>1.77%</i>	<i>0.77%</i>	<i>-17.68%</i>	<i>0</i>	<i>0</i>	<b><i>0.14%</i></b>
EBITDA	19.05	46.30	6.09	-7.08	-17.02	0.00	<b>47.34</b>
<i>(EBITDA margin %)</i>	<i>0.63%</i>	<i>2.66%</i>	<i>2.61%</i>	<i>-16.33%</i>	<i>0</i>	<i>0</i>	<b><i>0.99%</i></b>
2Q YTD 2016 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	6 588.70	3 607.80	467.20	102.89	0.00	-661.78	<b>10 104.81</b>
Sales of goods	5 862.76	3 099.04	447.07	102.01	0.00	0.00	<b>9 510.89</b>
EBIT	47.56	70.66	4.81	-16.40	-29.95	0.00	<b>76.68</b>
<i>(EBIT margin %)</i>	<i>0.72%</i>	<i>1.96%</i>	<i>1.03%</i>	<i>-15.94%</i>	<i>0</i>	<i>0</i>	<b><i>0.76%</i></b>
EBITDA	83.07	100.54	13.14	-15.44	-23.70	0.00	<b>157.61</b>
<i>(EBITDA margin %)</i>	<i>1.26%</i>	<i>2.79%</i>	<i>2.81%</i>	<i>-15.01%</i>	<i>0</i>	<i>0</i>	<b><i>1.56%</i></b>
3Q YTD 2016 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	10 414.01	5 622.32	721.45	172.17	0.00	-1 063.97	<b>15 865.99</b>
Sales of goods	9 258.77	4 799.77	691.53	170.94	0.00	0.00	<b>14 921.00</b>
EBIT	100.98	126.16	8.48	-27.43	-50.43	0.00	<b>157.76</b>
<i>(EBIT margin %)</i>	<i>0.97%</i>	<i>2.24%</i>	<i>1.17%</i>	<i>-15.93%</i>	<i>0</i>	<i>0</i>	<b><i>0.99%</i></b>
EBITDA	156.24	171.39	21.01	-25.91	-41.88	0.00	<b>280.85</b>
<i>(EBITDA margin %)</i>	<i>1.50%</i>	<i>3.05%</i>	<i>2.91%</i>	<i>-15.05%</i>	<i>0</i>	<i>0</i>	<b><i>1.77%</i></b>
4Q YTD 2016 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	13 885.71	7 531.66	976.47	274.95	0.00	-1 448.89	<b>22 668.79</b>
Sales of goods	12 281.97	6 383.08	934.74	273.19	0.00	0.00	<b>19 872.98</b>
EBIT	178.65	208.24	16.19	-41.53	-87.27	0.00	<b>274.28</b>
<i>(EBIT margin %)</i>	<i>1.29%</i>	<i>2.76%</i>	<i>1.66%</i>	<i>-15.10%</i>	<i>0</i>	<i>0</i>	<b><i>1.21%</i></b>
EBITDA	252.31	270.49	33.18	-39.70	-75.78	0.00	<b>440.49</b>
<i>(EBITDA margin %)</i>	<i>1.82%</i>	<i>3.59%</i>	<i>3.40%</i>	<i>-14.44%</i>	<i>0</i>	<i>0</i>	<b><i>1.94%</i></b>

**Table 9: Eurocash Group: Operating segments results in 2015**

<b>1Q 2015 (PLN m)</b>	<b>Independent Wholesale</b>	<b>Integrated Wholesale</b>	<b>Retail</b>	<b>New Projects</b>	<b>Other</b>	<b>Consolidation adj.</b>	<b>Total</b>
Sales revenues (traded goods, materials)	2 954.02	1 707.82	132.10	7.06	0.00	-195.24	<b>4 605.77</b>
Sales of goods	2 738.82	1 520.67	123.07	7.03	0.00	0.00	<b>4 389.59</b>
EBIT	3.53	14.91	1.18	-3.80	-9.05	0.00	<b>6.76</b>
<i>(EBIT margin %)</i>	<i>0.12%</i>	<i>0.87%</i>	<i>0.89%</i>	<i>-53.91%</i>	<i>0</i>	<i>0</i>	<b>0.15%</b>
EBITDA	18.31	29.41	3.84	-3.52	-6.25	0.00	<b>41.78</b>
<i>(EBITDA margin %)</i>	<i>0.62%</i>	<i>1.72%</i>	<i>2.90%</i>	<i>-49.91%</i>	<i>0</i>	<i>0</i>	<b>0.91%</b>
<b>2Q 2015 (PLN m)</b>	<b>Independent Wholesale</b>	<b>Integrated Wholesale</b>	<b>Retail</b>	<b>New Projects</b>	<b>Other</b>	<b>Consolidation adj.</b>	<b>Total</b>
Sales revenues (traded goods, materials)	3 404.00	1 854.33	135.03	7.48	0.00	-219.13	<b>5 181.70</b>
Sales of goods	3 123.13	1 649.60	125.19	7.25	0.00	0.00	<b>4 905.17</b>
EBIT	50.04	34.93	1.62	-4.57	-6.69	0.00	<b>75.34</b>
<i>(EBIT margin %)</i>	<i>1.47%</i>	<i>1.88%</i>	<i>1.20%</i>	<i>-61.10%</i>	<i>0</i>	<i>0</i>	<b>1.45%</b>
EBITDA	68.17	49.63	4.32	-4.19	-3.91	0.00	<b>114.02</b>
<i>(EBITDA margin %)</i>	<i>2.00%</i>	<i>2.68%</i>	<i>3.20%</i>	<i>-56.02%</i>	<i>0</i>	<i>0</i>	<b>2.20%</b>
<b>3Q 2015 (PLN m)</b>	<b>Independent Wholesale</b>	<b>Integrated Wholesale</b>	<b>Retail</b>	<b>New Projects</b>	<b>Other</b>	<b>Consolidation adj.</b>	<b>Total</b>
Sales revenues (traded goods, materials)	3 534.95	2 024.86	141.79	7.00	0.00	-222.02	<b>5 486.57</b>
Sales of goods	3 258.45	1 817.50	133.82	6.89	0.00	0.00	<b>5 216.66</b>
EBIT	61.27	51.67	0.88	-4.65	-11.45	0.00	<b>97.71</b>
<i>(EBIT margin %)</i>	<i>1.73%</i>	<i>2.55%</i>	<i>0.62%</i>	<i>-66.51%</i>	<i>0</i>	<i>0</i>	<b>1.78%</b>
EBITDA	77.73	66.44	4.34	-4.22	-9.18	0.00	<b>135.11</b>
<i>(EBITDA margin %)</i>	<i>2.20%</i>	<i>3.28%</i>	<i>3.06%</i>	<i>-60.33%</i>	<i>0</i>	<i>0</i>	<b>2.46%</b>
<b>4Q 2015 (PLN m)</b>	<b>Independent Wholesale</b>	<b>Integrated Wholesale</b>	<b>Retail</b>	<b>New Projects</b>	<b>Other</b>	<b>Consolidation adj.</b>	<b>Total</b>
Sales revenues (traded goods, materials)	3 268.91	1 899.97	146.73	8.56	0.00	-279.99	<b>5 044.17</b>
Sales of goods	2 909.17	1 674.10	136.56	8.33	0.00	0.00	<b>4 728.16</b>
EBIT	89.53	85.35	5.86	-6.04	-29.43	0.00	<b>145.28</b>
<i>(EBIT margin %)</i>	<i>2.74%</i>	<i>4.49%</i>	<i>3.99%</i>	<i>-70.61%</i>	<i>0</i>	<i>0</i>	<b>2.88%</b>
EBITDA	107.64	100.35	8.83	-5.63	-26.48	0.00	<b>184.71</b>
<i>(EBITDA margin %)</i>	<i>3.29%</i>	<i>5.28%</i>	<i>6.02%</i>	<i>-65.75%</i>	<i>0</i>	<i>0</i>	<b>3.66%</b>

**Table 10: Eurocash Group: Operating segments results in 2015 YTD**

1Q YTD 2015 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	2 954.02	1 707.82	132.10	7.06	0.00	-195.24	<b>4 605.77</b>
Sales of goods	2 738.82	1 520.67	123.07	7.03	0.00	0.00	<b>4 389.59</b>
EBIT	3.53	14.91	1.18	-3.80	-9.05	0.00	<b>6.76</b>
<i>(EBIT margin %)</i>	<i>0.12%</i>	<i>0.87%</i>	<i>0.89%</i>	<i>-53.91%</i>	<i>0</i>	<i>0</i>	<i>0.15%</i>
EBITDA	18.31	29.41	3.84	-3.52	-6.25	0.00	<b>41.78</b>
<i>(EBITDA margin %)</i>	<i>0.62%</i>	<i>1.72%</i>	<i>2.90%</i>	<i>-49.91%</i>	<i>0</i>	<i>0</i>	<i>0.91%</i>
2Q YTD 2015 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	6 358.02	3 562.15	267.13	14.53	0.00	-414.37	<b>9 787.46</b>
Sales of goods	5 861.96	3 170.27	248.26	14.27	0.00	0.00	<b>9 294.76</b>
EBIT	53.57	49.84	2.80	-8.37	-15.73	0.00	<b>82.10</b>
<i>(EBIT margin %)</i>	<i>0.84%</i>	<i>1.40%</i>	<i>1.05%</i>	<i>-57.61%</i>	<i>0</i>	<i>0</i>	<i>0.84%</i>
EBITDA	86.48	79.05	8.16	-7.71	-10.16	0.00	<b>155.81</b>
<i>(EBITDA margin %)</i>	<i>1.36%</i>	<i>2.22%</i>	<i>3.05%</i>	<i>-53.05%</i>	<i>0</i>	<i>0</i>	<i>1.59%</i>
3Q YTD 2015 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	9 892.98	5 587.01	408.92	21.53	0.00	-636.39	<b>15 274.04</b>
Sales of goods	9 120.41	4 987.77	382.08	21.16	0.00	0.00	<b>14 511.42</b>
EBIT	114.83	101.50	3.67	-13.03	-27.18	0.00	<b>179.81</b>
<i>(EBIT margin %)</i>	<i>1.16%</i>	<i>1.82%</i>	<i>0.90%</i>	<i>-60.50%</i>	<i>0</i>	<i>0</i>	<i>1.18%</i>
EBITDA	164.20	145.49	12.50	-11.93	-19.34	0.00	<b>290.92</b>
<i>(EBITDA margin %)</i>	<i>1.66%</i>	<i>2.60%</i>	<i>3.06%</i>	<i>-55.42%</i>	<i>0</i>	<i>0</i>	<i>1.90%</i>
4Q YTD 2015 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	13 161.89	7 486.98	555.64	30.09	0.00	-916.39	<b>20 318.21</b>
Sales of goods	12 029.58	6 661.87	518.64	29.49	0.00	0.00	<b>19 239.58</b>
EBIT	204.37	186.85	9.53	-19.07	-56.61	0.00	<b>325.08</b>
<i>(EBIT margin %)</i>	<i>1.55%</i>	<i>2.50%</i>	<i>1.72%</i>	<i>-63.38%</i>	<i>0</i>	<i>0</i>	<i>1.60%</i>
EBITDA	271.84	245.84	21.33	-17.56	-45.82	0.00	<b>475.63</b>
<i>(EBITDA margin %)</i>	<i>2.07%</i>	<i>3.28%</i>	<i>3.84%</i>	<i>-58.36%</i>	<i>0</i>	<i>0</i>	<i>2.34%</i>

## Cash flow

**Table 11: Eurocash Group: Consolidated cash flow for 4Q 2017**

PLN m	4Q 2017	4Q 2016
<b>Operating cash flow normalized*</b>	<b>288.64</b>	<b>51.07</b>
<i>Gross profit (loss)</i>	34.78	93.64
<i>Depreciation</i>	50.10	43.12
<i>Change in working capital</i>	168.52	(87.88)
<i>Other</i>	35.25	2.19
Cash flow from investments	(50.43)	(102.62)
Cash flow from financing activities	(98.64)	130.76
<b>Total cash flow</b>	<b>101.11</b>	<b>79.20</b>
Operating cash flow reported	192.90	51.07
<i>Gross profit (loss)</i>	34.78	93.64
<i>Depreciation</i>	50.10	43.12
<i>Change in working capital</i>	72.77	(87.88)
<i>Other</i>	35.25	2.19
Cash flow from investments	(50.43)	(102.62)
Cash flow from financing activities	(98.64)	130.76
<b>Total cash flow</b>	<b>43.83</b>	<b>79.20</b>

\*excluding impact of potential VAT liabilities on net profit

**Table 12: Eurocash Group: Consolidated cash flow for 2017**

PLN m	4Q YTD 2017	4Q YTD 2016
<b>Operating cash flow normalized*</b>	<b>589.33</b>	<b>324.02</b>
<i>Gross profit (loss)</i>	134.71	235.92
<i>Depreciation</i>	183.32	166.21
<i>Change in working capital</i>	234.01	(99.40)
<i>Other</i>	37.29	21.29
Cash flow from investments	(335.71)	(269.94)
Cash flow from financing activities	(117.15)	21.59
<b>Total cash flow</b>	<b>92.65</b>	<b>75.67</b>
Operating cash flow reported	493.59	324.02
<i>Gross profit (loss)</i>	20.31	235.92
<i>Depreciation</i>	183.32	166.21
<i>Change in working capital</i>	247.11	(99.40)
<i>Other</i>	42.85	21.29
Cash flow from investments	(335.71)	(269.94)
Cash flow from financing activities	(117.15)	21.59
<b>Total cash flow</b>	<b>40.73</b>	<b>75.67</b>

\*excluding impact of potential VAT liabilities on net profit

Total cash flow in 4Q 2017 amounted to PLN 43.89 m (PLN101.11 m normalized) where the operating cash flow reached PLN 192.96 m (PLN 288.64 m normalized). In 2017 total cash flows amounted to PLN 40.73 m (PLN 92.65 m normalized) and operational cash flows amounted to PLN 493.59 m (PLN 589.33 m normalized) .

Cash flow from investments amounted to PLN -50.43 m in 4Q 2017 and PLN -335.71 m in 4Q YTD 2017 and was driven by acquisitions of companies and IT and Real Estate investments. Cash flow from financing activities amounted to PLN -98.64 m in 4Q 2017 and PLN -117.15 m in 4Q YTD 2017.

### ***Working capital***

**Table 13: Eurocash Group: Consolidated working capital ratios flow for 4Q 2017**

<b>Turnover in days</b>	<b>4Q 2017</b>	<b>4Q 2016</b>
1. Inventories turnover	20.92	18.71
2. Trade receivables turnover	26.67	30.04
3. Trade liabilities turnover	70.30	66.78
4. Operating cycle (1+2)	47.59	48.75
5. Cash conversion (4-3)	(22.71)	(18.02)

**Table 14: Eurocash Group: Consolidated working capital ratios flow for 2017**

<b>Turnover in days</b>	<b>4Q YTD 2017</b>	<b>4Q YTD 2016</b>
1. Inventories turnover	20.71	18.78
2. Trade receivables turnover	26.39	30.15
3. Trade liabilities turnover	69.09	66.26
4. Operating cycle (1+2)	47.10	48.93
5. Cash conversion (4-3)	(21.99)	(17.33)

Cash conversion in 4Q 2017 reached -22.71 days comparing to -18.02 days previous year. In 2017 cash conversion cycle amounted to -21.99 days comparing with -17.33 days in 2016. Improved rotation of working capital was 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 is presented in the table below:

**Table 15: Eurocash Group: Selected consolidated balance sheet items**

PLN m	31.12.2017		31.12.2016	
Fixed assets	2 530.43	42.29%	2 287.97	41.64%
Current assets	3 452.96	57.71%	3 207.03	58.36%
Total assets	5 983.39	100.00%	5 495.00	100.00%
Equity	1 030.01	17.21%	1 155.10	21.02%
Liabilities and provisions	4 953.39	82.79%	4 339.89	78.98%
Total liabilities and equity	5 983.39	100.00%	5 495.00	100.00%

Net debt of Eurocash Group at the end of December 2017 amounted to PLN 369.55 m compared with PLN 324.14 m at the end of year 2016.

## 2. Summary of financial results of Eurocash S.A. in 4Q and FY 2017

### Profit & loss account

**Table 16: Eurocash S.A.: Summary of financial results for 4Q 2017**

PLN m	4Q 2017	4Q 2016	Zmiana
Sales revenues (traded goods, materials)	3 874.47	3 604.76	7.48%
Gross profit (loss) on sales	420.40	413.76	1.60%
Gross profitability on sales (%)	10.85%	11.48%	-0.63 p.p.
EBITDA	64.21	98.43	-34.77%
(EBITDA margin %)	1.66%	2.73%	-1.07 p.p.
EBIT	34.00	69.45	-51.04%
(EBIT margin %)	0.88%	1.93%	-1.05 p.p.
Gross profit	18.75	48.56	-61.39%
Net Income	(12.57)	36.87	-134.10%
(Net profitability %)	-0.32%	1.02%	-1.35 p.p.

**Table 17: Eurocash S.A.: Summary of financial results for 2017**

PLN m	4Q YTD 2017	4Q YTD 2016	Change
Sales revenues (traded goods, materials)	14 859.17	14 225.19	4.46%
Gross profit (loss) on sales	1 544.36	1 504.98	2.62%
Gross profitability on sales (%)	10.39%	10.58%	-0.19 p.p.
EBITDA	92.12	246.47	-62.62%
(EBITDA margin %)	0.62%	1.73%	-1.11 p.p.
EBIT	(22.01)	134.98	-116.31%
(EBIT margin %)	-0.15%	0.95%	-1.10 p.p.
Gross profit	(29.75)	125.01	-123.79%
Net Income	(71.71)	102.61	-169.89%
(Net profitability %)	-0.48%	0.72%	-1.20 p.p.

Sales of Eurocash S.A. in 4Q 2017 amounted to PLN 3 874.47 m and increased by 7.48% YoY. In 2017 sales of Eurocash S.A. increased by 4.46% and amounted to PLN 14 859.17 m. Gross margin on sales realized by Eurocash in 4Q 2017 amounted to 10.85% and was lower than in 4Q 2016 by 0.63 p.p. In FY 2017 gross margin amounted 10.39% comparing to 10.58% in 2016. In 4Q 2017 EBITDA amounted to PLN 64.21 m and in 2017 PLN 92.12 m. Net profit in 4Q 2017 amounted to PLN -12.57 m and in 2017 PLN -71.71 m.

### Cash flow

**Table 18: Eurocash S.A.: Cash flow for 4Q 2017**

	4Q 2017	4Q 2016
PLN m		
<b>Operating cash flow</b>	<b>191.07</b>	<b>(182.34)</b>
<i>Gross profit (loss)</i>	18.75	48.56
<i>Depreciation</i>	30.21	28.99
<i>Change in working capital</i>	91.02	(267.64)
<i>Other</i>	51.10	7.76
Cash flow from investments	(65.61)	(106.68)
Cash flow from financing activities	(96.73)	343.72
<b>Total cash flow</b>	<b>28.72</b>	<b>54.71</b>

**Table 19: Eurocash S.A.: Cash flow for 2017**

	4Q YTD 2017	4Q YTD 2016
PLN m		
<b>Operating cash flow</b>	<b>431.94</b>	<b>40.48</b>
<i>Gross profit (loss)</i>	(29.75)	125.01
<i>Depreciation</i>	114.13	111.49
<i>Change in working capital</i>	290.26	(206.49)
<i>Other</i>	57.29	10.47
Cash flow from investments	(279.80)	110.31
Cash flow from financing activities	(129.48)	(100.47)
<b>Total cash flow</b>	<b>22.66</b>	<b>50.32</b>

Total cash flow of Eurocash S.A. in 4Q 2017 amounted to PLN 28.72 m and in 2017 amounted to PLN 22.66m.



### **Working capital**

**Table 20: Eurocash S.A.: Working capital ratios for 4Q 2017**

Turnover in days	4Q 2017	4Q 2016
1. Inventories turnover	21.10	20.39
2. Trade receivables turnover	29.88	33.46
3. Trade liabilities turnover	81.53	79.30
4. Operating cycle (1+2)	50.98	53.85
5. Cash conversion (4-3)	(30.55)	(25.45)

**Table 21: Eurocash S.A.: Working capital ratios for 2017**

Turnover in days	4Q YTD 2017	4Q YTD 2016
1. Inventories turnover	21.83	20.56
2. Trade receivables turnover	30.91	33.73
3. Trade liabilities turnover	83.91	79.14
4. Operating cycle (1+2)	52.74	54.28
5. Cash conversion (4-3)	(31.17)	(24.85)

Cash conversion in 4Q 2017 improved by 5.1 days comparing with 4Q 2016. In 2017 cash conversion improved by 6.32 days comparing with 2016.

### **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 is presented in the table below:

**Table 22: Eurocash S.A.: Selected balance sheet items**

PLN m	31.12.2017		31.12.2016	
Fixed assets	2 901,78	54,51%	2 716,66	53,31%
Current assets	2 421,16	45,49%	2 379,43	46,69%
Total assets	5 322,94	100,00%	5 096,09	100,00%
Equity	998,11	18,75%	1 165,12	22,86%
Liabilities and provisions	4 324,83	81,25%	3 930,97	77,14%
Total liabilities and equity	5 322,94	100,00%	5 096,09	100,00%

### 3. 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

#### **4. Major events and factors that influenced consolidated income or loss in 4Q 2017.**

##### *Restructuring of Eurocash Cash&Carry distribution format*

In years 2014-2016 the number of Eurocash Cash&Carry outlets increased by 32 and the sales at this time remained at stable level. Not sufficient sales growth affected by sales cannibalization and deflation accompanied with increased level of fixed costs was main reason of Cash&Carry profitability decrease in 2016. In 2017 Eurocash closed in total 10 Cash&Carry stores. In effect of the closures 72% of sales has been retained and taken-over by the remaining Cash&Carry stores. Total costs of the closures amounted to app. PLN 10m (app. PLN 1m per closed Cash&Carry store) with PLN 6.7m impact on 2017 results

##### *Cost optimization program*

During 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 150m 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.

##### *The company affected by external entities which participated in mechanism of vat fraud*

In the period from March to August 2017 an extensive and detailed audit of VAT settlements by Eurocash S.A was carried out. The audit covered settlements made in the years 2013 – 2017. It showed that Eurocash S.A. was used in a mechanism of VAT fraud by groups of outside entities in transactions concerning intra-Community delivery of goods. The audit consisted, inter alia, in a review of documentation, including e-mail correspondence, as well as verification of business partners of Eurocash S.A. who participated in the above-mentioned transactions.

The finding of the audit showed that Eurocash S.A. may be obligated to settle a VAT liability in favor of the State Treasury. In accordance with the estimate of the Management Board, the amount of the potential VAT liability may be 121 450 511 PLN. This amount was corrected downwards by the surplus of CIT which arose for the Company in connection with the disclosure of revenue from a sale in the part which corresponds to 23% VAT, and, thus, does not constitute an actual gain (revenue) of the Company. As a result, the Company made a apayment to bank account of the First Wielkopolski Tax Office in Poznań the amount of 95 746 902 PLN in respect of security of payment of the possible VAT liability.

The Management Board believes that the final amount of the VAT liability may differ from the amount paid by the Company in respect of security of payment of the possible VAT liability, once the tax authority has carried out a detailed analysis of the documentation gathered by the Company, as well as of the procedures used by Company and the explanations of the Company. The Company believes that it acted in good faith when carrying out the above-mentioned transactions, and that it regularly tightened up procedures aimed at countering such irregularities. Thus, the Company is proving before the Tax Office that, in the course of ongoing tax audit, it has been harmed by fraud, made by third parties without the Company's knowledge.

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Thus, the final amount of the VAT liability may be lower than the amount referred to above, while the Company may be due a refund of some of the funds paid.

The Company Management Board emphasizes that payment of the liability will not have any impact on the Company's dividend policy, carried out also in previous years.

Negative impact on Net Profit for 2017 amounts to 114 400 861,47 PLN (0.82 PLN per share). Consolidated Net Debt of Eurocash will be negatively affected by 95 746 902 PLN (0.69 PLN per share).

The effect of the created reserve was reflected in the financial result of the Company and of the Group in the mid-year financial statements.

Eurocash Group continues to audit the VAT settlements by companies of the Eurocash Group as there exists a suspicion that potential irregularities could appear also in other companies of the Group. 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.

At the same time, on 24 August 2017 the Company filed, as injured party, a notification with the Regional Prosecutor's Office in Poznań, about a justified suspicion of the commission of a crime.

#### *Changes in equity*

In the period between 1<sup>st</sup> October 2017 and 31<sup>st</sup> December 2017 no shares were issued

On 31<sup>st</sup> December 2017 Eurocash total nominal value of issued bonds amounted to:

- PLN 140,0m bonds issued under the long-term bonds issue program
- PLN 80,0m bonds issued under the commercial paper program

#### *Information regarding dividends*

In accordance with Resolution No. 5 adopted by the Annual General Meeting on 25<sup>th</sup> April 2017, persons who were shareholders of the Company on 16<sup>th</sup> May 2017, received a dividend of PLN 0.73 per one Company share. The total dividend paid on 6th June 2017 amounted to PLN 101,589,198.78

In 2018 due to strong liquidity of the Company and reserve capital amount, the Management Board expect to sustain current dividend policy.

There have been no other major events that influenced Eurocash Group income or loss in 4Q 2017.

## 5. 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.

#### *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., FHC-2 Sp.z o.o., Madas Sp. z o.o. and Polska Dystrybucja Alkoholii 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. Companies EKO Holding S.A., FHC-2 Sp.z o.o., Madas Sp. z o.o. will be integrated within Delikatesy Centrum chain, and PDA Sp. z o.o. will be integrated within Eurocash Alkohole distribution format.

#### *New business formats*

Development of new formats of wholesale distribution or retail stores, may influence the Group's profitability and balance sheet. Development of new formats may require sufficient funding covering the initial losses of new projects and required investments.

## 6. Additional information

### Information regarding dividends

In accordance with Resolution No. 5 adopted by the Annual General Meeting on 25<sup>th</sup> April 2017, persons who were shareholders of the Company on 16<sup>th</sup> May 2017, received a dividend of PLN 0.73 per one Company share. The total dividend paid on 6th June 2017 amounted to PLN 101,589,198.78

### 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> October 2017 and 31<sup>st</sup> December 2017 no shares were issued

On 31<sup>st</sup> December 2017 Eurocash total nominal value of issued bonds amounted to:

- PLN 140,0m bonds issued under the long-term bonds issue program
- PLN 80,0m bonds issued under the commercial paper program

### Incentive program for employees

The purpose of the program is to incentivise key managers and employees of the Eurocash Group.

Total program assumes issue of up to 4 200 000 shares (app. 3% of current equity).

6 schemes (tranches) - 700 000 shares per scheme, depending on the realization of the performance Targets. Each tranche has 3 levels of realization:

- Growth targets p.a. (sales and EBIT),
- Cumulative growth targets 2016 – 2019,
- Share performance.

Performance targets:

- Sales growth – 8% growth p.a. (2017-2018-2019) or cumulative 30% growth 2016 – 2019,
- EBIT growth – 10% growth p.a. (2017-2018-2019) or cumulative 33% growth 2016 – 2019,
- Vesting period: 3-5 years.

Details of incentive programs are available in Resolutions of General Meeting of Eurocash.

### Changes in the basic management principles

#### *Resignation of member of the management board*

On 13th January 2017 Mr. David Boner resigned from function of Member of the Management Board of Eurocash, with effect on 13th January 2017.

*Appointment of member of the management board*

On 22nd February 2017 Supervisory Board of Eurocash agreed the resolution regarding the appointment of Mr. Przemysław Ciaś on the function of Member of the Management Board of Company.

There have been no other major events that influenced Eurocash Group income or loss in 4Q 2017.

**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 financial forecast for 2017 and does not intend to publish financial forecast for 2018.

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

Shareholder	28.02.2018				10.11.2017			
	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 through Politra B.V. S.à.r.l.)	60 843 178	43,72%	60 843 178	43,72%	60 615 240	43,56%	60 615 240	43,56%
AzValor	7 498 451	5,39%	7 498 451	5,39%	-	-	-	-
Others	70 821 657	50,89%	78 320 108	50,89%	78 548 046	56,44%	78 548 046	56,44%
<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>

*Notification of change in shareholding resulting in an entity holding shares to which is attached above 5% of the total number of votes at a General Meeting of the Company*

On 22 November 2017, it was notified by Azvalor Asset Management S.G.I.I.C. S.A. together with the direct and indirect subsidiaries, that Azvalor became the holder of shares to which is attached more than 5% of the total number of votes at a General Meeting of EUROCASH S.A. As at 22 November 2017, Azvalor held a total of 7,498,451 shares constituting 5.39% of the share capital of EUROCASH S.A. These shares entitled to 7,498,451 votes constituting 5.39% of the share in the total number of votes at the General Meeting of EUROCASH S.A.

**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	
	28.02.2018	10.11.2017
<b><i>Management Board members</i></b>		
Luis Amaral (directly and indirectly)	60 843 178	60 615 240
Rui Amaral	347 025	347 025
Katarzyna Kopaczewska	330 000	330 000
Arnaldo Guerreiro	325 500	325 500
Pedro Martinho	839 069	827 540
Jacek Owczarek	58 500	58 500
Przemysław Cias	0	0
<b><i>Supervisory Board members</i></b>		
Eduardo Aguinaga de Moraes	0	0
Joao Borges de Assuncao	0	0
Hans-Joachim Körber	0	0
Jacek Sz wajcowski	0	0
Francisco Santos	0	0

**Information on legal suits**

In the 4Q 2017 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 4Q 2017 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 4Q 2017 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.



### **Factors that will affect the results achieved by the issuer**

#### *Acquisition of 100% of shares in EKO Holding S.A*

On 4th January 2017 Eurocash acquired 100% of shares in EKO Holding S.A. with its registered office in Nowa Wieś Wrocławska ("EKO"). Thereby, Eurocash acquired a network of 248 grocery stores of EKO (operating mostly in south-western Poland), which will allow further development of the Eurocash Group and better use of its capability. The total sales of the company in 2017 amounted to app. PLN 858 million.

#### *Preliminary Agreement to acquire entities controlling the MILA chain of stores*

On 15th September 2017, Eurocash concluded the Preliminary Agreement with Argus Retail Holding Limited (company under Cypriot law), non-public closed-end investment fund Elbrus with its registered office in Warsaw, Robert Załęski and Stanisław Sosnowski of purchasing 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 ograniczoną odpowiedzialnością sp.j.), Investpol 700 Mila spółka jawna and "Koja-Mila spółka akcyjna" spółka jawna. Value of the transaction was settled on PLN 350 m, excluding some real estate which will not be taken over by Eurocash.

Concluding the final agreement is subject to the conditions precedent agreed in the Preliminary Agreement, in particular to obtain by Eurocash the consent of the President of the Office of Competition and Consumer Protection.

At the end of 2016 the Mila Supermarket chain was consisted of 188 stores. Sales revenue reached PLN 1,49 bn, EBITDA reached PLN 4,8 m. The acquisition of the Mila chain is with accordance to Eurocash M&A policy. Similar to take over of EKO chain it will enable Eurocash Group to develop competences in retail sales and logistics capacities, following improvement of the competitiveness of Eurocash Group's clients and as a consequence the potential increase in revenues of Eurocash Group.

#### *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 Real Estate partners).

Total investment to be realized with Real Estate partners is estimated at app. PLN 1.5 – 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 such as Firma Rogala, FHC-2, Madas and EKO Holding S.A. and potentially also companies running the Mila supermarket chain (acquisition of Mila chain is in progress due to antimonopoly office approval process). 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 Fresh Project shall be included in this segment by app. 2020.

As a result of new organization and investments, Eurocash Retail segment shall operate (pro-forma, potentially including Mila chain) app. 1,527 proximity supermarket stores with consolidated sales of app. PLN 5.1 bn and app. PLN 7.4 bn retail sales including revenues of Delikatesy Centrum franchised and own 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, distribution of high quality fresh products 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 and PayUp in previous years, Company decided to expand: Duży Ben concept as a franchise chain and fresh products distribution to Eurocash Distribution clients. On the other hand 1minute project is going to be suspended due to lack of dedicated offer and supply chain on the market.

#### *Restructuring of Eurocash Cash&Carry distribution format*

In years 2014-2016 the number of Eurocash Cash&Carry outlets increased by 32 and the sales at this time remained at stable level. Not sufficient sales growth affected by sales cannibalization and deflation accompanied with increased level of fixed costs was main reason of Cash&Carry profitability decrease in 2016. In 2017 Eurocash closed in total 10 Cash&Carry stores. In effect of the closures 72% of sales has been retained and taken-over by the remaining Cash&Carry stores. Total costs of the closures amounted to app. PLN 10m (app. PLN 1m per closed Cash&Carry store) with PLN 6.7m impact on 2017 results

#### *Cost optimization program*

During 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

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potential of the cost reductions may reach PLN 150m 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..

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	28 <sup>th</sup> February 2018	
Member of the Management Board	Przemysław Ciaś	28 <sup>th</sup> February 2018	