



EUROCASH

CONSOLIDATED QUARTERLY REPORT

1st QUARTER 2018

TRANSLATORS' EXPLANATORY NOTE

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

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

CONTENTS

- I. SELECTED CONSOLIDATED FINANCIAL DATA**
- II. QUARTERLY ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS**
- III. SELECTED SEPARATE FINANCIAL DATA**
- IV. QUARTERLY ABBREVIATED SEPARATE FINANCIAL STATEMENTS**
- V. MANAGEMENT DISCUSSION OF THE FINANCIAL RESULTS FOR THE
1Q 2018**

SELECTED CONSOLIDATED FINANCIAL DATA

	Non audited for the period from 01.01.2018 to 31.03.2018 PLN	Non audited for the period from 01.01.2017 to 31.03.2017 PLN	Non audited for the period from 01.01.2018 to 31.03.2018 EUR	Non audited for the period from 01.01.2017 to 31.03.2017 EUR
Sales	5 000 323 019	4 651 076 393	1 195 934 806	1 075 492 853
Operating profit (loss)	(7 098 096)	(6 980 041)	(1 697 662)	(1 614 032)
Profit (loss) before income tax	(17 285 249)	(16 155 295)	(4 134 139)	(3 735 674)
Profit (loss) for the on continued operations	(18 527 708)	(14 962 171)	(4 431 300)	(3 459 782)
Profit (loss) for the period	(18 527 708)	(14 962 171)	(4 431 300)	(3 459 782)
Net cash from operating activities	(47 196 550)	(79 848 403)	(11 288 070)	(18 463 766)
Net cash used in investing activities	(33 987 594)	(139 037 067)	(8 128 864)	(32 150 272)
Net cash used in financing activities	376 296 299	195 103 588	89 999 354	45 114 829
Net change in cash and cash equivalents	295 112 155	(23 781 882)	70 582 420	(5 499 210)
Weighted average number of shares	139 158 564	138 952 047	139 158 564	138 952 047
Weighted average diluted number of shares	139 158 564	139 100 635	139 158 564	139 100 635
EPS (in PLN / EUR)	(0,11)	(0,11)	(0,03)	(0,02)
Diluted EPS (in PLN / EUR)	(0,11)	(0,11)	(0,03)	(0,02)
Average PLN / EUR rate*			4,1811	4,3246
	Non audited as at 31.03.2018 PLN	Non audited as at 31.12.2017 PLN	Non audited as at 31.03.2018 EUR	Non audited as at 31.12.2017 EUR
Assets	6 251 082 738	5 979 922 099	1 485 346 973	1 433 724 640
Non-current liabilities	87 499 197	96 108 526	20 791 065	23 042 635
Current liabilities	5 153 055 996	4 853 808 173	1 224 440 061	1 163 731 610
Equity	1 010 527 544	1 030 005 400	240 115 848	246 950 394
Share capital	139 163 286	139 163 286	33 067 194	33 365 290
Number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Diluted number of shares	142 069 536	142 069 536	142 069 536	142 069 536
Book value per share (in PLN / EUR)	6,82	6,94	1,62	1,66
Diluted book value per share (in PLN / EUR)	6,68	6,80	1,59	1,63
Declared or paid dividend (in PLN / EUR)	-	111 277 151	-	26 679 410
Declared or paid dividend per share (in PLN / EUR)	-	0,80	-	0,19
PLN / EUR rate at the end of the period**			4,2085	4,1709

* Profit and loss items and cash flow items calculated on basis at a weighted average rate announced by the National Bank of Poland for 1Q 2018,

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

EUROCASH S.A. GROUP

CONDENSED INTERIM

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2018 TO 31 MARCH 2018

TRANSLATORS' EXPLANATORY NOTE

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

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-31.03.2018</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

CONTENTS

Introduction to condensed interim consolidated financial statements	3
1. Information about the Parent Entity	3
2. Bodies of the Parent Entity	3
3. The damage suffered by the company as a result of the activities of external entities participating in the VAT fraud mechanism	4
Condensed consolidated income statement for the period from 01.01. to 31.03.2018	6
Condensed consolidated statement of comprehensive income for the period from 01.01. to 31.03.2018	7
Condensed consolidated statement of financial position as at 31.03.2018	8
Condensed consolidated statement of cash flows for the period from 01.01. to 31.03.2018	10
Condensed consolidated statement of changes in equity for the period from 01.01. to 31.03.2018	11
Supplementary information to the condensed interim consolidated financial statements prepared for the period from 01.01.2018 to 31.03.2018	12
1. General information	12
2. Notes to the Condensed interim consolidated financial statements prepared for the period from 01.01. to 31.03.2018	21

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2018	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 2018 – 31 March 2018.

The consolidated statement of financial position has been prepared as at 31 March 2018 and the comparative figures are presented as at 31 December 2017.

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

2. BODIES OF THE PARENT ENTITY

2.1. MANAGEMENT BOARD OF THE PARENT ENTITY

As at 31 March 2018 the Parent Entity's Management Board consisted of the following members:

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

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2.2. SUPERVISORY BOARD OF THE PARENT ENTITY

As at 31 March 2018 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 wajcowski – Member of the Supervisory Board,

2.3. CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARD

On 22 March 2018, the Supervisory Board of Parent Entity took a resolution of appointing Mr. Paweł Musiał as a Member of the Management Board on 1 April 2018.

On 25 April 2018, with effect on the day of making the statement, Mr. Eduardo Aguinaga de Moraes resigned from the position of a Member of the Supervisory Board of the Parent Entity.

On 25 April 2018, Ms. Alicja Kornasiewicz was appointed as a Member of the Supervisory Board of the Parent Entity.

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

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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:	01.01-31.03.2018	Presentation currency:	Polish zloty (PLN)
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CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 01.01. TO 31.03.2018

	Non audited 1 Quarter for the period from 01.01.2018 to 31.03.2018	Non audited 1 Quarter for the period from 01.01.2017 to 31.03.2017 restated *
Sales	5 000 323 019	4 651 076 393
Sales of goods	4 964 802 957	4 619 720 145
Sales of services	34 632 787	30 440 503
Sales of materials	887 275	915 745
Costs of sales	(4 418 754 879)	(4 119 829 215)
Costs of goods sold	(4 418 097 593)	(4 118 926 510)
Costs of materials sold	(657 286)	(902 705)
Gross profit (loss)	581 568 140	531 247 179
Selling expenses	(491 391 605)	(464 535 298)
General and administrative expenses	(92 060 011)	(88 666 567)
Profit (loss) on sales	(1 883 476)	(21 954 686)
Other operating income	11 682 406	21 304 783
Other operating expenses	(16 897 026)	(6 330 138)
Operating profit (loss)	(7 098 096)	(6 980 041)
Financial income	8 024 901	5 269 741
Financial costs	(16 789 137)	(13 486 593)
Share in profits (losses) of equity accounted investees	(1 422 917)	(958 403)
Profit (loss) before tax	(17 285 249)	(16 155 295)
Income tax expense	(1 242 458)	1 193 124
Profit (loss) for the period	(18 527 708)	(14 962 171)
Attributable to:		
Owners of the Company	(15 826 151)	(14 902 189)
Non-controlling interests	(2 701 557)	(59 982)
EARNINGS PER SHARE		
	PLN / share	PLN / share
Profit (loss) attributable to Owners of the Company	(15 826 151)	(14 902 189)
Weighted average number of shares	139 158 564	138 952 047
Weighted average diluted number of shares	139 158 564	139 100 635
Earnings per share		
- basic	(0,11)	(0,11)
- diluted	(0,11)	(0,11)

* Note 1

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2018	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 01.01. TO 31.03.2018

	Non audited 1 Quarter for the period from 01.01.2018 to 31.03.2018	Non audited 1 Quarter for the period from 01.01.2017 to 31.03.2017
Profit (loss) for the period	<u>(18 527 708)</u>	<u>(14 962 171)</u>
Other comprehensive income for the period	(1 396 302)	(981 411)
Items that may be subsequently reclassified to profit or loss:		
- The result on hedge accounting with the tax effect:	(1 396 302)	(981 411)
Total comprehensive income for the period	<u>(19 924 009)</u>	<u>(15 943 582)</u>
Total Income		
Owners of the Company	(17 222 452)	(15 883 600)
Non-controlling interests	<u>(2 701 557)</u>	<u>(59 982)</u>
Total comprehensive income for the period	<u>(19 924 009)</u>	<u>(15 943 582)</u>

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2018	Presentation currency:	Polish zloty (PLN)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31.03.2018

	Non audited	
	as at	as at
	31.03.2018	31.12.2017
<i>Assets</i>		
Non-current assets (long-term)	2 517 867 930	2 526 965 574
Goodwill	1 401 336 787	1 401 336 787
Intangible assets	338 839 884	347 086 180
Property, plant and equipment	676 427 159	678 989 707
Investment property	968 874	972 799
Investments in equity accounted investees	30 992 979	32 415 896
Other long-term investments	31 062 847	30 784 656
Long-term receivables	6 085 514	7 156 243
Deferred tax assets	30 265 887	26 316 764
Other long-term prepayments	1 887 998	1 906 541
Current assets (short-term)	3 733 214 808	3 452 956 525
Inventories	1 327 072 880	1 320 254 214
Trade receivables	1 647 297 968	1 682 841 291
Current tax receivables	8 642 003	11 584 927
Other short-term receivables	154 818 252	143 072 942
Other short-term financial assets	50 350 257	50 434 740
Short-term prepayments	47 320 944	42 168 063
Cash and cash equivalents	497 712 504	202 600 349
Total assets	6 251 082 738	5 979 922 099

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2018	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31.03.2018

	Non audited	
	as at	as at
	31.03.2018	31.12.2017
<i>Equity and liabilities</i>		-
Equity	1 010 527 544	1 030 005 400
Equity attributable to Owners of the Company	949 556 033	966 333 484
Share capital	139 163 286	139 163 286
Reserve capital	1 462 230 315	1 460 760 315
Loss on valuation of hedging transactions	(7 880 079)	(6 483 777)
Option for purchase/selling the shares	(54 712 448)	(54 712 448)
Retained earnings	(589 245 042)	(572 393 893)
Accumulated profit / loss from previous years	(573 418 891)	(539 082 319)
Profit (loss) for the period	(15 826 151)	(33 311 574)
Non-controlling interests	60 971 512	63 671 916
Liabilities	5 240 555 193	4 949 916 699
Non-current liabilities	87 499 197	96 108 526
Long-term financial liabilities	4 710 625	4 932 920
Other long-term liabilities	58 217 125	58 148 822
Deferred tax liabilities	18 755 481	25 430 471
Employee benefits	4 833 628	6 484 166
Provisions	982 338	1 112 147
Current liabilities	5 153 055 996	4 853 808 173
Loans and borrowings	741 120 799	317 781 175
Short-term financial liabilities	221 225 742	249 437 574
Trade payables	3 779 462 136	3 940 899 244
Current tax liabilities	7 144 764	7 717 339
Other short-term payables	133 712 568	93 693 875
Current employee benefits	109 871 857	102 599 975
Provisions	160 518 131	141 678 990
Total equity and liabilities	6 251 082 738	5 979 922 099
BOOK VALUE PER SHARE		
	Non audited	
	as at	as at
	31.03.2018	31.12.2017
Equity attributable to Owners of the Company	949 556 033	966 333 484
Number of shares	139 163 286	139 163 286
Diluted number of shares	142 069 536	142 069 536
Book value per share	6,82	6,94
Diluted book value per share	6,68	6,80

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2018	Presentation currency:	Polish zloty (PLN)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 01.01. TO 31.03.2018

	Non audited 1 Quarter for the period from 01.01.2018 to 31.03.2018	Non audited 1 Quarter for the period from 01.01.2017 to 31.03.2017
<i>Cash flow from operating activities</i>		
Profit (loss) before tax	(17 285 249)	(16 155 295)
Adjustments for:	64 547 393	53 878 381
Depreciation and amortization	46 708 365	44 473 362
Share in profits (losses) of equity accounted investees	1 422 917	958 403
Valuation of motivational program	1 470 000	-
Gain (loss) on sale of property, plant and equipment	4 193 468	(2 423 968)
Interest expenses	19 705 033	12 008 763
Interest received	(8 952 390)	(1 138 179)
Operating cash before changes in working capital	47 262 144	37 723 086
Changes in inventory	(6 937 428)	(119 413 047)
Changes in receivables	20 286 738	102 523 568
Changes in payables	(100 983 212)	(84 601 316)
Changes in provisions and employee benefits	19 145 636	1 817 971
Other adjustments	551 103	381 770
Operating cash	(20 675 019)	(61 567 968)
Interest received	653 343	674 469
Interest paid	(12 657 764)	(6 706 105)
Income tax paid	(14 517 110)	(12 248 799)
Net cash from operating activities	(47 196 550)	(79 848 403)
<i>Cash flow from investing activities</i>		
Aquisition of intangible assets	(6 041 129)	(8 952 106)
Aquisition of property, plant and equipment tangible fixed assets	(41 672 985)	(40 502 341)
Proceeds from sale of property, plant and equipment	5 953 238	2 729 222
Expenditures on other short-term financial assets	-	(38 979)
Aquisition of subsidiaries, net of cash acquired	-	(92 695 643)
Interest received	7 773 282	422 779
Net cash used in investing activities	(33 987 594)	(139 037 067)
<i>Cash flow from financing activities</i>		
Proceeds from issue of share capital	-	2 543 150
Issue of financial debt securities	(30 000 000)	4 000 000
Financing for franchisees	1 029 092	94 449
Proceeds from loans and borrowings	423 339 624	199 943 051
Income/expenses for liabilities from financial leasing	(895 032)	(2 098 288)
Other interests	(9 143 156)	(5 389 545)
Interests on loans and borrowings	(8 034 230)	(3 989 229)
Net cash used in financing activities	376 296 299	195 103 588
Net change in cash and cash equivalents	295 112 155	(23 781 882)
Cash and cash equivalents at the beginning of the period	202 600 349	161 871 104
Cash and cash equivalents at the end of the period	497 712 504	138 089 222

Condensed interim consolidated financial statements of EUROCASH Group.

Financial statements period:	01.01-31.03.2018	Presentation currency:	Polish zloty (PLN)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 01.01. TO 31.03.2018

	Share capital	Reserve capital	Option for purchase/selling the shares	Hedge reserve	Retained earnings	Equity attributable to Owners of the Company	Non-controlling interests	Total
<i>Changes in equity in the period from 01.01 to 31.03.2017</i>								
Balance as at 01.01.2017 after changes	139 096 361	1 352 632 597	(69 189 100)	(6 310 705)	(330 578 771)	1 085 650 382	69 453 273	1 155 103 655
Total comprehensive income for the reporting period								
Owners of the Company	-	-	-	-	(14 902 189)	(14 902 189)	-	(14 902 189)
Non-controlling interests	-	-	-	-	-	-	(155 948)	(155 948)
Net profit presented directly in equity	-	-	-	(981 411)	-	(981 411)	-	(981 411)
Total comprehensive income for the period from 01.01. to 31.03.2017	-	-	-	(981 411)	(14 902 189)	(15 883 599)	(155 948)	(16 039 547)
Share options exercised	66 925	2 476 225	-	-	-	2 543 150	-	2 543 150
Total contributions by and distributions to Owners of the Company	66 925	2 476 225	-	-	-	2 543 150	-	2 543 150
Balance as at 31.03.2017	139 163 286	1 355 108 822	(69 189 100)	(7 292 116)	(345 480 960)	1 072 309 932	69 297 326	1 141 607 258
<i>Changes in equity in the period from 01.01 to 31.03.2018</i>								
Balance as at 01.01.2018	139 163 286	1 460 760 315	(54 712 448)	(6 483 777)	(572 393 893)	966 333 484	63 671 916	1 030 005 400
Total comprehensive income for the reporting period								
Owners of the Company	-	-	-	-	(15 826 151)	(15 826 151)	-	(15 826 151)
Non-controlling interests	-	-	-	-	-	-	(2 701 557)	(2 701 557)
Other comprehensive income	-	-	-	(1 396 302)	-	(1 396 302)	-	(1 396 302)
Total comprehensive income for the period from 01.01. to 31.03.2018	-	-	-	(1 396 302)	(15 826 151)	(17 222 452)	(2 701 557)	(19 924 009)
Korekty wyniku lat ubieglych Firmy Rogala	-	-	-	-	-	-	-	-
Equity-settled share-based payment transactions	-	1 470 000	-	-	-	1 470 000	-	1 470 000
Other	-	-	-	-	(1 024 999)	(1 024 999)	1 152	(1 023 847)
Total contributions by and distributions to Owners of the Company	-	1 470 000	-	-	(1 024 999)	445 001	1 152	446 153
Total transaction with Owners of the Company, recognized directly in equity	-	1 470 000	-	-	(1 024 999)	445 001	1 152	446 153
Balance as at 31.03.2018	139 163 286	1 462 230 316	(54 712 448)	(7 880 079)	(589 245 042)	949 556 032	60 971 512	1 010 527 544

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2018	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 01.01.2018 TO 31.03.2018

1. GENERAL INFORMATION

1.1. ISSUE OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

According to the resolution of the Management Board dated 11 May 2018, the consolidated financial statements of Eurocash Group for the period from 1 January 2018 to 31 March 2018 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 11 May 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 2017, which is available on the website 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 2017 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 31st December 2017.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-31.03.2018</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

1.6. 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.

Financial statements period:	01.01-31.03.2018	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Entities comprising the Eurocash capital group and associates as at 31.03.2018

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 of 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.

Financial statements period:	01.01-31.03.2018	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Entities comprising the Eurocash capital group and associates as at 31.03.2018 (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 of 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.

Financial statements period:	01.01-31.03.2018	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Entities comprising the Eurocash capital group and associates as at 31.03.2018 (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 of 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.

Financial statements period:	01.01-31.03.2018	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Entities comprising the Eurocash capital group and associates as at 31.03.2018 (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. Taśmowa 7 02-677 Warszawa	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki	ul. Grunwaldzka 59 38-350 Bobowa	ul. Wiśniowa 11 62-052 Komorniki
core of 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 aquisition	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.

Financial statements period:	01.01-31.03.2018	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Entities comprising the Eurocash capital group and associates as at 31.03.2018 (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 of 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.

Financial statements period:	01.01-31.03.2018	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Entities comprising the Eurocash capital group and associates as at 31.03.2018 (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 Wroclawska 55-080 Kąty Wroclawskie	ul. R. Chomicza 13C Nowa Wieś Wroclawska 55-080 Kąty Wroclawskie	ul. R. Chomicza 13C Nowa Wieś Wroclawska 55-080 Kąty Wroclawskie	Al. Niepodległości 31 61-714 Poznań	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki	ul. Czerniowieckiej 2B 02.705 Warszawa
core of 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 aquisition	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.

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.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-31.03.2018</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

Entities comprising the Eurocash capital group and associates as at 31.03.2018

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

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2018	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

1.7. 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.

2. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01. TO 31.03.2018

NOTE 1. 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 restatement of comparative data is related also to the change in the recognition of revenues from the sale of goods and services and their cost in connection with the application of IFRS 15 and has no impact on the operating result of the Group. The change in the presentation concerns mainly the issue of determining the remuneration of the client and remuneration of the intermediary and determining the sale of separate goods and services.

In valuating the agency model, the following criteria from IFRS 15 are taken:

- main responsibility for fulfilling the promise to provide a good or service,
- the risk of storing the stock,
- the ability to freely determine the prices of goods or services.

As a result of the change in the presentation on this account, revenues from the sale of goods were adjusted by PLN 184,3 million.

In accordance with IFRS 15, the Group identifies liabilities to perform the service and determines whether individual transactions with a given contractor constitute separate goods or services.

As a result of the change in presentation on this account, revenues from the sale of goods were adjusted by PLN 88,2 million and revenues from sale of services by PLN 269,6 million.

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-31.03.2018	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

	The amount in the approved report	Correction	The corrected amount
	for the period from 01.01.2017 to 31.03.2017	for the period from 01.01.2017 to 31.03.2017	for the period from 01.01.2017 to 31.03.2017
Sales	5 193 161 507	(542 085 114)	4 651 076 393
Sales of goods	4 892 193 739	(272 473 594)	4 619 720 145
Sales of services	300 052 023	(269 611 520)	30 440 503
Sales of materials	915 745	-	915 745
Costs of sales	(4 646 564 723)	526 735 509	(4 119 829 215)
Costs of goods sold	(4 602 091 582)	483 165 072	(4 118 926 510)
Costs of services sold	(43 570 437)	43 570 437	0
Costs of materials sold	(902 705)	-	(902 705)
Gross profit (loss)	546 596 784	(15 349 605)	531 247 179
Selling expenses	(459 275 102)	(5 260 196)	(464 535 298)
General and administrative expenses	(88 328 283)	(338 284)	(88 666 567)
Profit (loss) on sales	(1 006 601)	(20 948 085)	(21 954 686)
Other operating income	21 304 783	-	21 304 783
Other operating expenses	(27 278 222)	20 948 085	(6 330 138)
Operating profit (loss)	(6 980 041)	0	(6 980 041)

NOTE 2. OPERATING SEGMENTS

Starting in 2018, 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:

- *Wholesale* - The segment includes wholesale operations carried out by the following distribution formats and companies: Eurocash Cash & Carry, Eurocash Alkohole, Eurocash Serwis Sp. z o.o., PayUp Polska S.A., Eurocash Trade 1 Sp. z o.o., EC VC7 Sp. z o.o. and Polska Dystrybucja Alkoholi Sp. z o.o. as well as sales transacted by those distribution formats whose clients have long-term agreements with Eurocash Group, e.g. franchise systems or clients from the HoReCa segment, as well as operations of such a franchise systems as: Lewiatan, Groszek and Euro Sklep. The segment involves the operations of the following companies: Eurocash S.A., Euro Sklep S.A., Lewiatan Śląsk Sp. z o.o., 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., EKO Holding S.A. and Delikatesy Centrum.
- *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.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2018	Presentation currency:	Polish zloty (PLN)
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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., 4vapers 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.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-31.03.2018</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

Basic information about each reportable segment is shown below.

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

	Wholesale	Retail	Projects	Other	Exclusions	Total
Sales	4 323 741 910	1 118 075 946	165 998 737	158 830	(607 652 404)	5 000 323 019
External sales	3 997 776 632	837 268 223	165 169 734	108 430	-	5 000 323 019
Inter-segmental sales	325 965 278	280 807 723	829 003	50 400	(607 652 404)	-
Operating profit	21 083 680	6 026 786	(15 426 782)	(18 781 781)	-	(7 098 096)
Finance income						8 024 901
Finance costs						(16 789 137)
Share in losses of companies consolidated with the equity method						(1 422 917)
Profit before income tax						(17 285 249)
Income tax						(1 242 458)
Net profit (loss)						(18 527 708)

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-31.03.2018</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 2017 have been transformed to the current form.

REVENUES AND RESULTS BY BUSINESS SEGMENTS IN THE PERIOD FROM 01 JANUARY 2017 TO 31 MARCH 2017 (restated)

	Wholesale	Retail	Projects	Other	Exclusions	Total
Sales	4 046 166 896	921 200 503	112 421 388	-	(428 712 393)	4 651 076 393
External sales	3 732 888 336	806 249 240	111 938 817	-	-	4 651 076 393
Inter-segmental sales	313 278 560	114 951 263	482 570	-	(428 712 393)	-
Operating profit	9 919 941	18 561 236	(16 350 461)	(19 110 757)	-	(6 980 041)
Finance income						5 269 741
Finance costs						(13 486 593)
Share in losses of companies consolidated with the equity method						(958 403)
Profit before income tax						(16 155 295)
Income tax						1 193 124
Net profit (loss)						(14 962 171)

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2018	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

**NOTE 3.
ITEMS NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION**

CONTINGENTIES AS AT 31 MARCH 2018

Beneficiary	Title	Currency	as at	as at
			31.03.2018	31.12.2017
1 Bank 1	Surety for the obligations due to the "Franchise partners financing program" for the Franchisee Delkatesy Centrum	PLN	7 204 781	7 653 291
			7 204 781	7 653 291

* debt value as at balance sheet date

BANK GUARANTEES AS AT 31 MARCH 2018 - SECURITIES FOR RENT LIABILITIES

The Issuer	Title	Currency	as at	as at
			31.03.2018	31.12.2017
1 Bank 1	Security payments to suppliers	PLN	19 000 000	16 000 000
2 Bank 2	Security for liabilities due to Agency agreement	PLN	200 000	200 000
3 Bank 3	Security for rent liabilities	PLN	7 368 048	6 986 764
4 Bank 4	Security for rent liabilities	PLN*	-	28 627 184
5 Bank 5	Security for excise duty	PLN	1 500 000	2 700 000
6 Bank 6	Security for using of the national roads	PLN	620 100	620 100
7 Bank 7	The liabilities of the promotion lottery	PLN	698 299	457 889
8 Bank 8	Security payments to suppliers	PLN	103 451 500	113 219 000
9 Bank 9	Security payments to suppliers	PLN*	-	4 170 900
			132 837 947	172 981 837

* - Guarantee in EUR is translated into PLN at the average exchange rate of NBP:
as at 31.03.2018: 1 EUR = 4,2085 PLN,
as at 29.12.2017: 1 EUR = 4,1709 PLN.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2018	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

COLLATERALS

SECURITIES RELATED TO ASSETS AS AT 31 MARCH 2018

Title	Secured property	Amount secure in PLN
Bank 1 security on the credit line agreement *	Deposit on inventories Eurocash S.A.	90 000 000
Securing a framework agreement to provide bank guarantees Bank 2 *	Deposit on inventories Eurocash Serwis Sp. z o.o.	80 000 000
Bank 3 security on the credit line agreement *	Deposit on inventories Eurocash S.A.	88 000 000
Security on the consolidated loan agreement to the amount 700.000.000 PLN *	Deposit on inventories Eurocash Serwis Sp. z o.o.	9 547 300
Security on the consolidated loan agreement to the amount 700.000.000 PLN *	Deposit on inventories Eurocash Franczyza Sp. z o.o.	3 800 000
Financial leasing agreements (due to net value of fixed assets at the balance sheet date)	Ownership of fixed assets in financial leasing	3 597 402

* security nominal value

NOTE 4.

FAIR VALUE OF FINANCIAL INSTRUMENTS

As at 31 March 2018, 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 5.

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 March 2018 Eurocash had short-term bonds with a total nominal value of PLN 50,0 million issued in 2018 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 first quarter 2018, Eurocash purchased short-term bonds with a total nominal value of PLN 79,5 million issued in 2017. 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:	01.01-31.03.2018	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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 6.

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 March 2018, 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:	<i>01.01-31.03.2018</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 7.

SIGNIFICANT EVENTS DURING THE PERIOD COVERED BY THE FINANCIAL STATEMENTS

1. Payment of the dividend for the year 2017

On 25 April 2018 the Ordinary General Meeting of Eurocash S.A. decided that the persons being shareholders of the Company on 16 May 2018 will receive a dividend of PLN 0.73 per one share of the Company; the dividend will be payable until 6 June 2018 from the reserve capital.

NOTE 8.

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:	01.01-31.03.2018	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	11 th May 2018	
Member of the Management Board	Przemysław Ciaś	11 th May 2018	

SELECTED SEPARATE FINANCIAL DATA

	Non audited for the period from 01.01.2018 to 31.03.2018 PLN	Non audited for the period from 01.01.2017 to 31.03.2017 PLN	Non audited for the period from 01.01.2018 to 31.03.2018 EUR	Non audited for the period from 01.01.2017 to 31.03.2017 EUR
Net sales	3 352 283 508	2 976 481 889	801 770 708	688 267 560
Operating profit (loss)	9 471 811	(9 186 723)	2 265 387	(2 124 294)
Profit (loss) before tax	1 641 819	(16 394 113)	392 676	(3 790 897)
Net Profit (loss) on continued operations	268 503	(13 853 223)	64 218	(3 203 354)
Net profit (loss)	268 503	(13 853 223)	64 218	(3 203 354)
Net operating cash flow	(33 472 080)	64 177 112	(8 005 568)	14 840 011
Net investment cash flow	(16 898 550)	(154 603 273)	(4 041 652)	(35 749 728)
Net financial cash flow	348 312 937	63 133 828	83 306 531	14 598 767
Net change in cash and cash equivalents	297 942 306	(27 292 333)	71 259 311	(6 310 950)
Weighted average number of shares	139 158 564	139 023 791	139 158 564	139 023 791
Weighted average diluted number of shares	139 158 564	139 120 988	139 158 564	139 120 988
EPS (in PLN / EUR)	0,00	(0,10)	0,00	(0,02)
Diluted EPS (in PLN / EUR)	0,00	(0,10)	0,00	(0,02)
Average PLN / EUR rate*			4,1811	4,3246
	Non audited as at 31.03.2018 PLN	Non audited as at 31.12.2017 PLN	Non audited as at 31.03.2018 EUR	Non audited as at 31.12.2017 EUR
Assets	5 516 526 316	5 322 938 556	1 310 805 825	1 276 208 626
Long-term liabilities	79 330 167	87 317 132	18 849 986	20 934 842
Short-term liabilities	4 438 744 277	4 237 511 754	1 054 709 345	1 015 970 595
Equity	998 451 872	998 109 670	237 246 495	239 303 189
Share capital	139 163 286	139 163 286	33 067 194	33 365 290
Number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Diluted number of shares	142 069 536	139 530 636	142 069 536	139 530 636
Book value per share (in PLN / EUR)	7,17	7,17	1,70	1,72
Diluted book value per share (in PLN / EUR)	7,03	7,15	1,67	1,72
Dividend paid (in PLN / EUR)	-	101 589 199	-	24 356 661
Dividend paid per share (in PLN / EUR)	-	0,73	-	0,18
PLN / EUR rate at the end of the period**			4,2085	4,1709

* Profit and loss items and cash flow items calculated on basis at a weighted average rate announced by the National Bank of Poland for 1Q 2018.

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

EUROCASH S.A.

**CONDENSED INTERIM
SEPARATE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 1 JANUARY 2018 TO 31 MARCH 2018

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, 11th May 2018

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.03.2018</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

CONTENTS

Introduction to condensed interim separate financial statements	3
1. Information about the company	3
2. Bodies of the company	3
3. The damage suffered by the Company as a result of the activities of external entities participating in the VAT fraud mechanism	4
Condensed separate income statement for the period from 01.01.2018 to 31.03.2018	6
Condensed separate statement of comprehensive income for the period from 01.01.2018 to 31.03.2018	7
Condensed separate statement of financial position as at 31.03.2018	8
Condensed separate statement of cash flows for the period from 01.01.2018 to 31.03.2018.....	10
Condensed separate statement on changes in equity in the period from 01.01.2018 to 31.03.2018.....	11
Supplementary information to the condensed interim separate financial statements prepared for the period from 01.01.2018 to 31.03.2018	12
1. General information	12
2. Notes to condensed interim separate financial statements prepared for the period from 01.01.2018 to 31.03.2018	13

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<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.03.2018</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 2018 – 31 March 2018.

The separate statement of financial position has been prepared as at 31 March 2018 and the comparative data has been prepared as at 31 December 2017.

2. BODIES OF THE COMPANY

2.1. MANAGEMENT BOARD

As at 31 March 2018 the Company's Management Board consisted of the following members:

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

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.03.2018</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

2.2. SUPERVISORY BOARD

As at 31 March 2018 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 Szwajcowski – Member of the Supervisory Board.

2.3. CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARD

On 22 March 2018, the Supervisory Board of Parent Entity took a resolution of appointing Mr. Paweł Musiał as a Member of the Management Board on 1 April 2018.

On 25 April 2018, with effect on the day of making the statement, Mr. Eduardo Aguinaga de Moraes resigned from the position of a Member of the Supervisory Board of the Parent Entity.

On 25 April 2018, Ms. Alicja Kornasiewicz was appointed as a Member of the Supervisory Board of the Parent Entity.

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 payment 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>			
Financial statements period:	<i>01.01-31.03.2018</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<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 this event was reflected in the financial result of the Company and of the Group in the mid-year and annual 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 separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-31.03.2018	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED SEPARATE INCOME STATEMENT FOR THE PERIOD FROM 01.01.2018 TO 31.03.2018

	Non audited 1 Quarter for the period from 01.01.2018 to 31.03.2018	Non audited 1 Quarter for the period from 01.01.2017 to 31.03.2017 restated*
Sales	3 352 283 508	2 976 481 889
Sales of goods	3 332 868 789	2 958 570 903
Sales of services	19 414 719	17 910 986
Costs of sales	(2 981 142 644)	(2 653 845 008)
Cost of goods and services sold	(2 981 142 644)	(2 653 845 008)
Gross profit (loss)	371 140 864	322 636 881
Selling expenses	(302 565 660)	(277 603 153)
General and administrative expenses	(63 210 082)	(63 440 594)
Profit (loss) on sales	5 365 122	(18 406 866)
Other operating income	8 606 234	10 595 416
Other operating expenses	(4 499 544)	(1 375 273)
Operating profit (loss)	9 471 811	(9 186 723)
Financial income	5 827 455	5 211 778
Financial costs	(13 657 447)	(12 419 167)
Profit (loss) before tax	1 641 819	(16 394 113)
Income tax expense	(1 373 316)	2 540 890
Profit (loss) for the period	268 503	(13 853 223)

NET EARNINGS PER SHARE

	PLN / share	PLN / share
Net profit (loss)	268 503	(13 853 223)
Weighted average number of shares	139 158 564	139 023 791
Weighted average diluted number of shares	139 158 564	139 120 988
Earnings per share		
- basic	0,00	(0,10)
- diluted	0,00	(0,10)

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.03.2018</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 01.01.2018 TO 31.03.2018

	Non audited 1Quarter for the period from 01.01.2018 to 31.03.2018	Non audited 1Quarter for the period from 01.01.2017 to 31.03.2017
Profit (loss) for the period	268 503	(13 853 223)
Other comprehensive income (loss) for the period	(1 396 302)	(981 411)
Items that may be subsequently reclassified to profit or loss:		
- The result on hedge accounting with the tax effect:	(1 396 302)	(981 411)
Total comprehensive income (loss) for the period	(1 127 798)	(14 834 634)

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.03.2018</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 31.03.2018

	Non audited as at 31.03.2018	as at 31.12.2017
<i>Assets</i>		
Non-current assets (long-term)	2 887 655 105	2 901 783 317
Goodwill	862 819 840	862 819 840
Intangible assets	532 323 406	537 898 915
Property, plant and equipment	452 371 504	460 893 534
Investment real property	968 874	972 799
Investments in subsidiary companies	953 260 943	953 265 943
Investments in associates and joint ventures	40 586 757	40 586 757
Other long-term investments	42 356 382	42 293 906
Long-term receivables	2 204 920	2 012 691
Other long-term prepayments	762 478	1 038 932
Current assets (short-term)	2 628 871 211	2 421 155 239
Inventories	849 869 486	888 688 306
Trade receivables	1 242 151 169	1 258 480 286
Current tax assets	1 613 303	18 659 162
Other short-term receivables	36 041 754	58 719 957
Other short-term investments	51 341 754	51 335 537
Short-term prepayments	34 228 364	29 588 917
Cash and cash equivalents	413 625 380	115 683 074
Total assets	5 516 526 316	5 322 938 556

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-31.03.2018	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED SEPARATE STATEMENT OF THE FINANCIAL POSITION AS AT 31.03.2018

	Non audited as at 31.03.2018	as at 31.12.2017
<i>Equity and liabilities</i>		-
Equity	998 451 872	998 109 670
Share capital	139 163 286	139 163 286
Reserve capital	849 092 292	847 622 292
Hedging reserve	(7 880 079)	(6 483 777)
Retained earnings	18 076 372	17 807 869
Accumulated profit (loss) from previous years	17 807 869	89 520 957
Profit (loss) for the period	268 504	(71 713 088)
Liabilities	4 518 074 444	4 324 828 886
Non-current liabilities	79 330 167	87 317 132
Other long-term financial liabilities	1 060 347	693 162
Other long-term liabilities	903 500	903 500
Deferred tax liabilities	74 084 086	82 997 612
Employee benefits	3 282 234	2 722 858
Current liabilities	4 438 744 277	4 237 511 754
Loans and borrowings	1 078 793 866	691 467 746
Short-term financial liabilities	217 960 606	245 956 170
Trade liabilities	2 864 625 967	3 061 015 686
Other short-term payables	87 252 123	53 782 691
Current employee benefits	71 222 607	68 730 494
Provisions	118 889 108	116 558 967
Total equity and liabilities	5 516 526 316	5 322 938 556

BOOK VALUE PER SHARE

	as at 31.03.2018	as at 31.12.2017
Book value	998 451 872	998 109 670
Number of shares	139 163 286	139 163 286
Diluted number of shares	142 069 536	139 530 636
Book value per share	7,17	7,17
Diluted book value per share	7,03	7,15

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-31.03.2018	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED SEPARATE STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 01.01.2018 TO 31.03.2018

	Non audited 1 Quarter for the period from 01.01.2018 to 31.03.2018	Non audited 1 Quarter for the period from 01.01.2017 to 31.03.2017
<i>Cash flow from operating activities</i>		
Profit (loss) before income tax	1 641 819	(16 394 113)
Adjustments for:	45 235 440	38 123 912
Depreciation and amortization	29 007 770	28 004 327
Equity-settled shared share-based payment transactions	1 470 000	-
(Gain) loss on sale of property, plant and equipment	4 370 467	(26 896)
Interest expenses	12 281 705	11 227 157
Interest received	(1 894 502)	(1 080 676)
Operating cash before changes in working capital	46 877 259	21 729 799
Changes in inventories	38 818 820	(12 471 846)
Changes in receivables	34 221 678	153 252 587
Changes in payables	(135 390 967)	(87 729 915)
Changes in provisions and employee benefits	321 953	(1 981 105)
Operating cash	(15 151 256)	72 799 520
Interest received	647 786	660 015
Interest paid	(12 515 321)	(6 300 851)
Income tax paid	(6 453 289)	(2 981 572)
Net cash from operating activities	(33 472 080)	64 177 112
<i>Cash flow from investing activities</i>		
Acquisition of intangible assets	(4 763 720)	(8 088 914)
Acquisition of property, plant and equipment	(18 098 697)	(23 896 692)
Proceeds from sale of property, plant and equipment	5 028 704	471 678
Acquisition of subsidiaries, net of cash acquired	-	(106 636 972)
Loans granted	57 522	(22 538 510)
Repayment received of granted loans	215 716	5 766 618
Interest received	661 926	319 519
Net cash used in investing activities	(16 898 550)	(154 603 273)
<i>Cash flows from financing activities</i>		
Proceeds from issue of share capital	-	2 543 150
Income/expenses for other financial liabilities	1 029 092	94 449
Expenses for issuance of short-term securities	(30 000 000)	4 000 000
Proceeds from loans and borrowings	460 148 735	181 210 701
Repayment of borrowings	(72 682 904)	(115 199 376)
Payment of finance lease liabilities	(381 301)	(235 082)
Other interest	(6 147 652)	(3 821 999)
Interests on loans and borrowings	(3 653 032)	(5 458 015)
Net cash used in financing activities	348 312 937	63 133 828
Net change in cash and cash equivalents	297 942 306	(27 292 333)
Cash and cash equivalents at the beginning of the period	115 683 074	93 024 119
Cash and cash equivalents at the end of the period	413 625 380	65 731 786

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.03.2018</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 01.01.2018 TO 31.03.2018

	Share capital	Reserve capital	Hedge reserve	Retained earnings	Total
<i>Changes in equity in the period from 01.01 to 31.03.2017</i>					
Balance as at 1 January 2017	139 096 361	840 201 193	(6 310 705)	192 135 030	1 165 121 879
Total comprehensive income for the reporting period					
Profit (loss) for the period from 01.01. to 31.03.2017	-	-	-	(13 853 223)	(13 853 223)
Other comprehensive income for the period 01.01 to 31.03.2017	-	-	(981 411)	-	(981 411)
Total comprehensive income for the period from 01.01. to 31.03.2017	-	-	(981 411)	(13 853 223)	(14 834 634)
Share options exercised	66 925	2 476 225	-	-	2 543 150
Total transaction with Owners of the Company recognized directly in equity	66 925	2 476 225	-	-	2 543 150
Balance as at 31.03.2017	139 163 286	842 677 418	(7 292 116)	178 281 807	1 152 830 395
<i>Changes in equity in the period from 01.01. to 31.03.2018</i>					
Balance as at 01 January 2018	139 163 286	847 622 292	(6 483 777)	17 807 869	998 109 670
Total comprehensive income for the reporting period					
Profit (loss) for the period from 01.01 to 31.03.2018	-	-	-	268 503	268 503
Other comprehensive income for the period 01.01 to 31.03.2018	-	-	(1 396 302)	-	(1 396 302)
Total comprehensive income for the period from 01.01. to 31.03.2018	-	-	(1 396 302)	268 503	(1 127 798)
Equity-settled share based payment transactions	-	1 470 000	-	-	1 470 000
Total transaction with Owners of the Company recognized directly in equity	-	1 470 000	-	-	1 470 000
Balance as at 31.03.2018	139 163 286	849 092 292	(7 880 079)	18 076 372	998 451 872

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.03.2018</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

SUPPLEMENTARY INFORMATION TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2018 TO 31.03.2018

1. GENERAL INFORMATION

1.1. ISSUE OF THE FINANCIAL STATEMENT

According to the resolution of the Management Board dated 11 May 2018, the separate financial statements of Eurocash S.A. for the period from 1 January 2018 to 31 March 2018 were authorised for publication.

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

1.2. STATEMENT OF COMPLIANCE

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

These condensed interim financial statements should be read in conjunction with the condensed interim consolidated financial statements of Eurocash S.A. Group as at and for the period ended 31 March 2018, and the separate financial statements of Eurocash S.A. as at and for the year ended 31 December 2017, which are available on the website 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 2017 financial statements and has not changed during the current financial period.

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

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 2017.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.03.2018</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

1.6. 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.

2. NOTES TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2018 TO 31.03.2018

NOTE 1.

OTHER EXPLANATORY INFORMATION

These condensed interim separate financial statements should be read in conjunction with condensed interim consolidated financial statements of Eurocash S.A. Group prepared as at and for the period ended 31 March 2018.

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>01.01-31.03.2018</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 restatement of comparative data is related also to the change in the recognition of revenues from the sale of goods and services and their cost in connection with the application of IFRS 15 and has no impact on the operating result of the Company. The change in the presentation concerns mainly the issue of determining the remuneration of the client and remuneration of the intermediary and determining the sale of separate goods and services.

In accordance with IFRS 15, the Company identifies liabilities to perform the service and determines whether individual transactions with a given contractor constitute separate goods or services.

As a result of the change in presentation on this account, revenues from the sale of goods were adjusted by PLN 59,7 million and revenues from sale of services by PLN 185,3 million.

	The amount in the approved report for the period from 01.01.2017 to 31.03.2017	Correction for the period from 01.01.2017 to 31.03.2017	The corrected amount for the period from 01.01.2017 to 31.03.2017
Sales	3 221 552 558	(245 070 670)	2 976 481 889
Sales of goods	3 018 320 209	(59 749 306)	2 958 570 903
Sales of services	203 232 350	(185 321 364)	17 910 986
Costs of sales	(2 898 915 678)	229 259 329	(2 653 845 008)
Cost of goods and services sold	(2 883 104 337)	229 259 329	(2 653 845 008)
Gross profit (loss)	322 636 881	(15 811 341)	322 636 881
Selling expenses	(277 603 153)	-	(277 603 153)
General and administrative expenses	(63 440 594)	-	(63 440 594)
Profit (loss) on sales	(18 406 866)	(15 811 341)	(18 406 866)
Other operating income	10 595 416	-	10 595 416
Other operating expenses	(17 186 614)	15 811 341	(1 375 273)
Operating profit (loss)	(9 186 723)	-	(9 186 723)

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-31.03.2018	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 Company carried out transactions and participated in restructuring processes, which may be the subject of analysis and control of tax authorities.

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

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

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

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

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

On 28 September 2017, the Head of the Customs and Revenue Office for Wielkopolska Region in Poznań issued a decision to Eurocash S.A., in which he stated in the case above that the Company had an understatement of tax liability for 2011 of PLN 8 million. On the basis of an external legal expert analysis, on 17 October 2017, the Company appealed against this decision. It mentions a number of arguments for the correctness of the tax settlements made by the Company, including confirmation of the correctness of the settlements through the positive interpretations of tax law. As a result, as at 31 March 2018, the Management Board of the Company has no confirmation for creating of any provisions due to these interpretations.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.03.2018</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

IMPORTANT EVENTS DURING THE PERIOD COVERED BY THE FINANCIAL STATEMENTS

1. Payment of the dividend for the year 2017

On 25 April 2018 the Ordinary General Meeting of Eurocash S.A. decided that the persons being shareholders of the Company on 16 May 2018 will receive a dividend of PLN 0.73 per one share of the Company; the dividend will be payable until 6 June 2018 from the reserve capital.

NOTE 4.

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 of the Entity.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.03.2018</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

Position	Name and surname	Date	Signature
Member of the Management Board Financial Director	Jacek Owczarek	11 th May 2018	
Member of the Management Board	Przemysław Ciaś	11 th May 2018	

Management discussion of the financial results for the 1Q 2018

1. Eurocash Group - overview

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

Wholesale – wholesale distribution formats:

- **Eurocash Distribution** consisting of:
 - active distribution companies (Eurocash S.A. after merger with Tradis Sp. z o.o., DEF Sp. z o.o., AMBRA Sp. z o.o.);
 - companies organizing or supporting franchise chains of retail shops: Euro Sklep S.A., Lewiatan Holding S.A., Lewiatan Podlasie Sp. z o.o., Lewiatan Śląsk Sp. z o.o., Lewiatan Zachód Sp. z o.o., Lewiatan Północ Sp. z o.o., Lewiatan Opole Sp. z o.o., Lewiatan Wielkopolska Sp. z o.o., Lewiatan Podkarpacie Sp. z o.o., Lewiatan Kujawy Sp. z o.o., Lewiatan Orbita Sp. z o.o.;
 - Detal Podlasie Sp. z o.o. (company operating retail stores in Lewiatan chain).
- **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;
- **Eurocash Food Service** – supplies for restaurant chains, hotels and independent food outlets;
- **Other** - sales revenue of PayUp Polska S.A., Cerville Investments Sp. z o.o. and Eurocash Trade 1 Sp. z o.o.

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

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

Projects – sales revenue of new projects running by Eurocash S.A. and its subsidiaries: Eurocash Convenience Sp. z o.o., Kontigo Sp. z o.o., 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., 4Vapers Sp. z o.o. and sales of fresh product distribution to Delikatesy Centrum stores realized by Eurocash. S.A.

Others – sales revenue 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.

2. Summary of financial and operational results of Eurocash Group in 1Q 2018

Profit & loss account

Table 1: Eurocash Group: Summary of consolidated financial results for 1Q 2018

	1Q 2018	1Q 2017	Change %
PLN m			
Sales revenues (traded goods, materials)	5 000,32	4 651,08	7,51%
Gross profit (loss) on sales	581,57	531,25	9,47%
Gross profitability on sales (%)	11,63%	11,42%	0,21 p.p.
EBITDA	39,61	37,49	5,65%
<i>(EBITDA margin %)</i>	0,79%	0,81%	-0,02 p.p.
EBIT	(7,10)	(6,98)	1,69%
<i>(EBIT margin %)</i>	-0,14%	-0,15%	0,01 p.p.
Gross profit	(17,29)	(16,16)	6,99%
Net Income	(18,53)	(14,96)	23,83%
<i>(Net profitability %)</i>	-0,37%	-0,32%	-0,05 p.p.

Consolidated total sales of Eurocash Group in 1Q 2018 amounted to PLN 5 000.32 m and increased by 7.51% YoY. The main driver of sales increase was organic growth mainly in wholesale segment.

Consolidated gross profitability in 1Q 2018 increased by 0.21 p.p. to 11.63% vs. 11.42% in 1Q 2017.

Consolidated EBITDA in 1Q 2018 increased by 5.65% YoY and amounted to PLN 39.61 m. Increase of EBITDA was attributable to development of wholesale segment driven by Eurocash Distribution and improved operations in Cash&Carry format.

The net loss amounted to PLN -18.53 m in 1Q 2018 comparing with net loss at the level of PLN -14.96 m in 1Q 2017. The net profit was impacted by increased taxes and slightly by increased financial costs and additional depreciation.

Restatement of comparative data

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

The restatement of comparative data is related also to the change in the recognition of revenues from the sale of goods and services and their cost in connection with the application of IFRS 15 and has no impact on the operating result of the Group. The change in the presentation concerns mainly the issue of determining the remuneration of the client and remuneration of the intermediary and determining the sale of separate goods and services.

In evaluating the agency model, the following criteria from IFRS 15 are taken:

- main responsibility for fulfilling the promise to provide a good or service,
- the risk of storing the stock,
- the ability to freely determine the prices of goods or services.

As a result of the change in the presentation on this account, revenues from the sale of goods were adjusted by PLN 184,3 million.

In accordance with IFRS 15, the Group identifies liabilities to perform the service and determines whether individual transactions with a given contractor constitute separate goods or services.

As a result of the change in presentation on this account, revenues from the sale of goods were adjusted by PLN 88,2 million and revenues from sale of services by PLN 269,6 million.

Table 2: Eurocash Group: Correction of results (adaptation to IFRS 15)

1Q	2018	2017	Change %
Total sales before IFRS 15	5 540,63	5 193,16	6,69%
Sales of goods before IFRS 15	5 234,58	4 892,19	7,00%
Total sales after IFRS 15	5 000,32	4 651,08	7,51%

Sales after restatement, related to the adjustment of financial reporting principles to IFRS 15 standards, amounted to PLN 5 500.32 m in 1Q 2018 comparing to PLN 4 651.08 m in 1Q 2017. Despite lower sales compared to the period before the IFRS 15, YoY growth rate increased from 6.69% to 7.51%.

Sales by format

To improve transparency and give better view on performance of the Group, the Management Board presents on the next page sales by newly defined segments: Wholesale, Retail, Projects and Others. Comparing to last year presentation of segments: Independent Wholesale, Integrated Wholesale, Retail, Projects and Others, main difference is related to Integrated Wholesale. Eurocash Distribution and Eurocash Food Service are now presented in a new Wholesale segment. Delikatesy Centrum results are now presented in Retail segment.

Table 3: Eurocash Group: External sales of goods dynamics by distribution format for 1Q 2018

PLN m	1Q 2018	1Q 2017	Change %
Wholesale	3 982,92	3 714,66	7,22%
Cash&Carry	964,52	954,01	1,10%
Tobacco	1 331,37	1 258,60	5,78%
Alcohol	508,15	466,44	8,94%
Distribution	1 058,03	948,17	11,59%
Food Service	105,61	87,43	20,79%
Other	15,24	0,00	0,00
Retail	817,40	793,55	3,01%
Delikatesy Centrum	342,62	333,42	2,76%
Inmedio	102,86	98,80	4,11%
Delikatesy Centrum Own	175,54	159,98	9,73%
EKO	196,38	201,35	-2,47%
Projects	164,48	111,52	47,49%
Eurocash Group	4 964,80	4 619,72	7,47%

Wholesale

- In 1Q 2018 external sales of goods in Independent Wholesale segment amounted to PLN 3 982.22 m and increased by 7.22% comparing with 1Q 2017.
- EBITDA of the Wholesale segment amounted in 1Q 2018 to PLN 47.39 m while in 1Q 2017 it amounted to PLN 36.67 m. EBITDA in 1Q 2018 was driven mainly by increased sales in Eurocash Distribution and improved operational efficiency in Cash&Carry.
- LFL sales growth (same number of stores) in Eurocash Cash&Carry stores in 1Q 2018 amounted to 1.51%.
- The number of Eurocash Cash&Carry stores at the end of 1Q 2018 amounted to 180.
- The number of abc stores amounted to 8 368 at the end of 1Q 2018. The number of stores added to the chain (“gross openings”) amounted to 358. Average sales to 1 abc store increased in 1Q 2018 by 5.8% YoY for total stores and 4.6% for LFL stores. Such a sales increase was attributable to dedicated actions for abc stores mainly on categories like fruits and vegetables, whisky, beer and other strong alcohol.
- Number of partnership or franchise stores organized by companies belonging to Eurocash Group (Groszek, Euro Sklep, Lewiatan and PSD) amounted to 4 907 stores as of the end of 1Q 2018.
- Sales of cigarettes Tobacco & Impulse distribution format in terms of volume amounted in 1Q 2018 to 2 267 m pieces and increased by 3.52% YoY.
- Sales of cigarettes in terms of value increased by 5.7% in 1Q 2018 YoY.

Retail

- Sales of goods realized by Retail segment in 1Q 2018 amounted to PLN 817.40 m and increased by 3.01%. Including sales of Fresh Project sales increased by 8.0% YoY (PLN 145.68 m in 1Q 2018 comparing to PLN 98.44 m in 1Q 2017, currently Fresh Project is presented in Projects segment).
- EBITDA of the Retail segment amounted in 1Q 2018 to PLN 21.49 m comparing to PLN 33.04 m in 1Q 2017. Decrease of EBITDA was attributable to integration of EKO stores, accelerated renovations and remodeling of outlets.

- LFL growth of wholesale sales realized by Eurocash to "Delikatesy Centrum" franchise stores amounted to 8.65% in 1Q 2018.
- LFL growth of retail sales of "Delikatesy Centrum" franchise stores amounted to 6.27% in 1Q 2018.
- LFL dynamic of retail sales in 1Q 2018 amounted in Delikatesy Centrum own stores to 5.04% and in Inmedio stores to 2.79%. LFL sales of EKO stores due to remodeling process are not comparable to previous year. Management Board observes positive sales increase on stores reopened after remodeling.
- Number of total "Delikatesy Centrum" stores at the end of 1Q 2018 amounted to 1219. Total amount of stores include 7 net openings in 1Q 2018 and 41 rebranded EKO stores.
- Number of retail stores at the end of 1Q 2018 in Delikatesy Centrum own amounted to 122, EKO 225 stores (including 96 stores under Delikatesy Centrum brand) and Inmedio 454 stores.

Projects

- Sales of goods realized by Projects segment in 1Q 2018 amounted to PLN 164.48 m comparing to PLN 111.52 m in 1Q 2017. The main driver of sales increase in Projects has been development of distribution of fresh products to franchise stores in Delikatesy Centrum chain. Additional sales coming from this project amounted to PLN 47.24 m.
- Negative EBITDA of Projects segment amounted in 1Q 2018 to PLN -14.26 m comparing to PLN -16.03 m in 1Q 2017.

Others

- EBITDA of Others segment amounted in 1Q 2018 to negative PLN -15.01 m comparing to PLN -16.19 m in 1Q 2017. Segment impacted mainly by headquarter costs.

Operating segments

Due to changes in financial results presentation by operating segments in 2018, below we present quarter results of each segment for years 2016-2018 according to definition of segments implemented in 2018.

Table 4: Eurocash Group: Operating segments results in 2018

1Q 2018 (PLN m)	Wholesale	Retail	Projects	Others	Total
Sales revenue from traded goods	3 982,92	817,40	164,48	0,00	4 964,80
EBIT	21,08	6,03	-15,43	-18,78	-7,10
<i>(EBIT margin %)</i>	<i>0,53%</i>	<i>0,74%</i>	<i>-9,38%</i>	<i>0,00%</i>	<i>-0,14%</i>
EBITDA	47,39	21,49	-14,26	-15,01	39,61
<i>(EBITDA margin %)</i>	<i>1,19%</i>	<i>2,63%</i>	<i>-8,67%</i>	<i>0,00%</i>	<i>0,80%</i>

Table 5: Eurocash Group: Operating segments results in 2017

1Q 2017 (PLN m)	Wholesale	Retail	Projects	Others	VAT settlements	Total
Sales revenue from traded goods	3 714,66	793,55	111,52	0,00	0,00	4 619,72
EBIT	9,92	18,56	-16,35	-19,11	0,00	-6,98
<i>(EBIT margin %)</i>	<i>0,27%</i>	<i>2,34%</i>	<i>-14,66%</i>	<i>0,00%</i>	<i>0,00%</i>	<i>-0,15%</i>
EBITDA	36,67	33,04	-16,03	-16,19	0,00	37,49
<i>(EBITDA margin %)</i>	<i>0,99%</i>	<i>4,16%</i>	<i>-14,37%</i>	<i>0,00%</i>	<i>0,00%</i>	<i>0,81%</i>
2Q 2017 (PLN m)	Wholesale	Retail	Projects	Others	VAT settlements	Total
Sales revenue from traded goods	4 440,70	855,09	135,84	0,00	0,00	5 431,63
EBIT	78,43	26,27	-10,68	-19,19	-114,40	-39,56
<i>(EBIT margin %)</i>	<i>1,77%</i>	<i>3,07%</i>	<i>-7,86%</i>	<i>0,00%</i>	<i>0,00%</i>	<i>-0,73%</i>
EBITDA	105,38	41,21	-10,39	-15,94	-114,40	5,87
<i>(EBITDA margin %)</i>	<i>2,37%</i>	<i>4,82%</i>	<i>-7,65%</i>	<i>0,00%</i>	<i>0,00%</i>	<i>0,11%</i>
3Q 2017 (PLN m)	Wholesale	Retail	Projects	Others	VAT settlements	Total
Sales revenue from traded goods	4 515,43	915,04	147,86	0,00	0,00	5 578,33
EBIT	71,33	16,91	-12,80	-17,28	0,00	58,15
<i>(EBIT margin %)</i>	<i>1,58%</i>	<i>1,85%</i>	<i>-8,66%</i>	<i>0,00%</i>	<i>0,00%</i>	<i>1,04%</i>
EBITDA	97,41	31,40	-12,90	-14,45	0,00	101,47
<i>(EBITDA margin %)</i>	<i>2,16%</i>	<i>3,43%</i>	<i>-8,72%</i>	<i>0,00%</i>	<i>0,00%</i>	<i>1,82%</i>
4Q 2017 (PLN m)	Wholesale	Retail	Projects	Others	VAT settlements	Total
Sales revenue from traded goods	4 054,82	872,37	156,13	0,00	0,00	5 083,32
EBIT	79,43	30,60	-13,25	-45,40	0,00	51,38
<i>(EBIT margin %)</i>	<i>1,96%</i>	<i>3,51%</i>	<i>-8,49%</i>	<i>0,00%</i>	<i>0,00%</i>	<i>1,01%</i>
EBITDA	107,14	47,62	-12,78	-40,50	0,00	101,48
<i>(EBITDA margin %)</i>	<i>2,64%</i>	<i>5,46%</i>	<i>-8,19%</i>	<i>0,00%</i>	<i>0,00%</i>	<i>2,00%</i>

Table 6: Eurocash Group: Operating segments results in 2016

1Q 2016 (PLN m)	Wholesale	Retail	Projects	Others	Total
Sales revenue from traded goods	3 662,87	598,06	42,89	0,00	4 303,83
EBIT	14,26	19,62	-7,66	-19,57	6,64
<i>(EBIT margin %)</i>	<i>0,39%</i>	<i>3,28%</i>	<i>-17,86%</i>	<i>0,00%</i>	<i>0,15%</i>
EBITDA	41,85	29,52	-7,05	-16,99	47,34
<i>(EBITDA margin %)</i>	<i>1,14%</i>	<i>4,94%</i>	<i>-16,43%</i>	<i>0,00%</i>	<i>1,10%</i>
2Q 2016 (PLN m)					
	Wholesale	Retail	Projects	Others	Total
Sales revenue from traded goods	4 222,05	544,13	59,12	0,00	4 825,30
EBIT	74,30	14,86	-8,74	-10,38	70,04
<i>(EBIT margin %)</i>	<i>1,76%</i>	<i>2,73%</i>	<i>-14,78%</i>	<i>0,00%</i>	<i>1,45%</i>
EBITDA	100,94	24,43	-8,40	-6,71	110,26
<i>(EBITDA margin %)</i>	<i>2,39%</i>	<i>4,49%</i>	<i>-14,20%</i>	<i>0,00%</i>	<i>2,29%</i>
3Q 2016 (PLN m)					
	Wholesale	Retail	Projects	Others	Total
Sales revenue from traded goods	4 445,23	653,21	67,75	0,00	5 166,19
EBIT	85,06	27,52	-11,03	-20,47	81,08
<i>(EBIT margin %)</i>	<i>1,91%</i>	<i>4,21%</i>	<i>-16,28%</i>	<i>0,00%</i>	<i>1,57%</i>
EBITDA	114,44	37,45	-10,47	-18,19	123,24
<i>(EBITDA margin %)</i>	<i>2,57%</i>	<i>5,73%</i>	<i>-15,45%</i>	<i>0,00%</i>	<i>2,39%</i>
4Q 2016 (PLN m)					
	Wholesale	Retail	Projects	Others	Total
Sales revenue from traded goods	3 887,14	601,32	101,59	0,00	4 590,05
EBIT	118,43	49,04	-14,10	-36,84	116,52
<i>(EBIT margin %)</i>	<i>3,05%</i>	<i>8,15%</i>	<i>-13,88%</i>	<i>0,00%</i>	<i>2,54%</i>
EBITDA	147,50	60,01	-13,88	-33,98	159,65
<i>(EBITDA margin %)</i>	<i>3,79%</i>	<i>9,98%</i>	<i>-13,66%</i>	<i>0,00%</i>	<i>3,48%</i>

Table 7: Eurocash Group: Operating segments results in 2017 YTD

1Q YTD 2017 (PLN m)	Wholesale	Retail	Projects	Others	VAT settlements	Total
Sales revenue from traded goods	3 714,66	793,55	111,52	0,00	0,00	4 619,72
EBIT	9,92	18,56	-16,35	-19,11	0,00	-6,98
<i>(EBIT margin %)</i>	<i>0,27%</i>	<i>2,34%</i>	<i>-14,66%</i>	<i>0,00%</i>	<i>0,00%</i>	<i>-0,15%</i>
EBITDA	36,67	33,04	-16,03	-16,19	0,00	37,49
<i>(EBITDA margin %)</i>	<i>0,99%</i>	<i>4,16%</i>	<i>-14,37%</i>	<i>0,00%</i>	<i>0,00%</i>	<i>0,81%</i>
2Q YTD 2017 (PLN m)	Wholesale	Retail	Projects	Others	VAT settlements	Total
Sales revenue from traded goods	8 155,35	1 648,64	247,36	0,00	0,00	10 051,35
EBIT	88,35	44,84	-27,03	-38,30	-114,40	-46,54
<i>(EBIT margin %)</i>	<i>1,08%</i>	<i>2,72%</i>	<i>-10,93%</i>	<i>0,00%</i>	<i>0,00%</i>	<i>-0,46%</i>
EBITDA	142,05	74,25	-26,41	-32,13	-114,40	43,36
<i>(EBITDA margin %)</i>	<i>1,74%</i>	<i>4,50%</i>	<i>-10,68%</i>	<i>0,00%</i>	<i>0,00%</i>	<i>0,43%</i>
3Q YTD 2017 (PLN m)	Wholesale	Retail	Projects	Others	VAT settlements	Total
Sales revenue from traded goods	12 670,78	2 563,68	395,22	0,00	0,00	15 629,68
EBIT	159,67	61,75	-39,83	-55,58	-114,40	11,61
<i>(EBIT margin %)</i>	<i>1,26%</i>	<i>2,41%</i>	<i>-10,08%</i>	<i>0,00%</i>	<i>0,00%</i>	<i>0,07%</i>
EBITDA	239,47	105,65	-39,31	-46,58	-114,40	144,83
<i>(EBITDA margin %)</i>	<i>1,89%</i>	<i>4,12%</i>	<i>-9,95%</i>	<i>0,00%</i>	<i>0,00%</i>	<i>0,93%</i>
4Q YTD 2017 (PLN m)	Wholesale	Retail	Projects	Others	VAT settlements	Total
Sales revenue from traded goods	16 725,60	3 436,05	551,35	0,00	0,00	20 713,00
EBIT	239,10	92,35	-53,08	-100,98	-114,40	62,99
<i>(EBIT margin %)</i>	<i>1,43%</i>	<i>2,69%</i>	<i>-9,63%</i>	<i>0,00%</i>	<i>0,00%</i>	<i>0,30%</i>
EBITDA	346,61	153,27	-52,09	-87,08	-114,40	246,31
<i>(EBITDA margin %)</i>	<i>2,07%</i>	<i>4,46%</i>	<i>-9,45%</i>	<i>0,00%</i>	<i>0,00%</i>	<i>1,19%</i>

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

1Q YTD 2016 (PLN m)	Wholesale	Retail	Projects	Others	Total
Sales revenue from traded goods	3 662,87	598,06	42,89	0,00	4 303,83
EBIT	14,26	19,62	-7,66	-19,57	6,64
<i>(EBIT margin %)</i>	<i>0,39%</i>	<i>3,28%</i>	<i>-17,86%</i>	<i>0,00%</i>	<i>0,15%</i>
EBITDA	41,85	29,52	-7,05	-16,99	47,34
<i>(EBITDA margin %)</i>	<i>1,14%</i>	<i>4,94%</i>	<i>-16,43%</i>	<i>0,00%</i>	<i>1,10%</i>
2Q YTD 2016 (PLN m)	Wholesale	Retail	Projects	Others	Total
Sales revenue from traded goods	7 884,92	1 142,20	102,01	0,00	9 129,13
EBIT	88,55	34,48	-16,40	-29,95	76,68
<i>(EBIT margin %)</i>	<i>1,12%</i>	<i>3,02%</i>	<i>-16,08%</i>	<i>0,00%</i>	<i>0,84%</i>
EBITDA	142,80	53,95	-15,44	-23,70	157,61
<i>(EBITDA margin %)</i>	<i>1,81%</i>	<i>4,72%</i>	<i>-15,14%</i>	<i>0,00%</i>	<i>1,73%</i>
3Q YTD 2016 (PLN m)	Wholesale	Retail	Projects	Others	Total
Sales revenue from traded goods	12 330,15	1 795,41	169,76	0,00	14 295,32
EBIT	173,61	62,00	-27,43	-50,43	157,76
<i>(EBIT margin %)</i>	<i>1,41%</i>	<i>3,45%</i>	<i>-16,16%</i>	<i>0,00%</i>	<i>1,10%</i>
EBITDA	257,24	91,40	-25,91	-41,88	280,85
<i>(EBITDA margin %)</i>	<i>2,09%</i>	<i>5,09%</i>	<i>-15,26%</i>	<i>0,00%</i>	<i>1,96%</i>
4Q YTD 2016 (PLN m)	Wholesale	Retail	Projects	Others	Total
Sales revenue from traded goods	16 217,29	2 396,73	271,35	0,00	18 885,37
EBIT	292,05	111,04	-41,53	-87,27	274,28
<i>(EBIT margin %)</i>	<i>1,80%</i>	<i>4,63%</i>	<i>-15,30%</i>	<i>0,00%</i>	<i>1,45%</i>
EBITDA	404,73	151,41	-39,79	-75,87	440,49
<i>(EBITDA margin %)</i>	<i>2,50%</i>	<i>6,32%</i>	<i>-14,66%</i>	<i>0,00%</i>	<i>2,33%</i>

To sustain transparency the Management Board presents below external sales of goods in a way that was presented in FY 2017:

Table 9: Eurocash Group: External sales of goods by old operating segments (before IFRS 15 restatement)

PLN m	1Q 2018	1Q 2017	Change %
Independent Wholesale	2 961,78	2 822,55	4,93%
Cash&Carry	964,52	954,01	1,10%
Tobacco	1 395,88	1 327,01	5,19%
Alcohol	516,69	473,26	9,18%
Other with adjustments	84,69	68,26	24,07%
Integrated Wholesale	1 589,58	1 452,90	9,41%
Delikatesy Centrum	546,75	489,57	11,68%
Distribution	1 123,02	1 013,39	10,82%
Food Service	107,56	89,16	20,63%
<i>Adjustments</i>	-187,74	-139,23	34,85%
Retail	518,74	505,23	2,67%
Inmedio	140,07	139,30	0,56%
Delikatesy Centrum Own	106,91	91,85	16,39%
EKO	71,79	68,35	5,04%
Projects	164,48	111,52	47,49%
Eurocash Group	5 234,58	4 892,19	7,00%

Cash flow

Table 10: Eurocash Group: Consolidated cash flow for 1Q 2018

PLN m	1Q 2018	1Q 2017
Operating cash flow	(47,20)	(79,85)
<i>Gross profit (loss)</i>	(17,29)	(16,16)
<i>Depreciation</i>	46,71	44,47
<i>Change in working capital</i>	(93,44)	(101,49)
<i>Other</i>	16,82	(6,68)
Cash flow from investments	(33,99)	(139,04)
Cash flow from financing activities	376,30	195,10
Total cash flow	295,11	(23,78)

Total cash flow in 1Q 2018 amounted to PLN 295.11 m, while the operating cash flow reached PLN -47.20 m. Operating cash flow was impacted mainly by lower cash generation from net working capital. Cash flow from investments amounted to PLN -33.99 m and. Cash flow from financing activities amounted in 1Q 2018 to PLN 376.30 m and was driven by loan prepared for acquisition of Mila chain.

Working capital

Table 11: Eurocash Group: Consolidated working capital ratios flow for 1Q 2018

Turnover in days	1Q 2018	1Q 2017
1. Inventories turnover	23,89	24,58
2. Trade receivables turnover	29,65	31,10
3. Trade liabilities turnover	76,98	76,19
4. Operating cycle (1+2)	53,54	55,67
5. Cash conversion (4-3)	(23,44)	(20,52)

Cash conversion in 1Q 2018 reached -23.44 days comparing with -20.52 days in 1Q 2017. Improvement of cash conversion was related to improved receivables and liabilities rotation.

Statement of the financial position

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

Table 12: Eurocash Group: Selected consolidated balance sheet items

PLN m	31.03.2018		31.12.2017	
Fixed assets	2 514,38	40,25%	2 526,97	42,26%
Current assets	3 733,21	59,75%	3 452,96	57,74%
Total assets	6 247,59	100,00%	5 979,92	100,00%
Equity	1 008,76	16,15%	1 030,01	17,22%
Liabilities and provisions	5 238,83	83,85%	4 949,92	82,78%
Total liabilities and equity	6 247,59	100,00%	5 979,92	100,00%

Net debt of Eurocash Group at the end of March 2018 amounted to PLN 467.62 m compared with PLN 584.07 m at the end of March 2017.

3. Summary of financial results of Eurocash S.A. in 1Q 2018

Profit & loss account

Table 13: Eurocash S.A.: Summary of financial results for 1Q 2018

	PLN m	1Q 2018	1Q 2017	Change %
Sales revenues (traded goods, materials)		3 352,28	2 976,48	12,63%
Gross profit (loss) on sales		371,14	322,64	15,03%
Gross profitability on sales (%)		11,07%	10,84%	0,23 p.p.
EBITDA		38,48	18,82	104,49%
<i>(EBITDA margin %)</i>		1,15%	0,63%	0,52 p.p.
EBIT		9,47	(9,19)	-203,10%
<i>(EBIT margin %)</i>		0,28%	-0,31%	0,59 p.p.
Gross profit		1,64	(16,39)	-110,01%
Net Income		0,27	(13,85)	-101,94%
<i>(Net profitability %)</i>		0,01%	-0,47%	0,48 p.p.

Sales of Eurocash S.A. in 1Q 2018 amounted to PLN 3 352.28 m and increased by 12.63%. Gross margin on sales realized by Eurocash S.A. in 1Q 2018 amounted to 11.07%, 0.23 p.p. higher than in 1Q 2017. In 1Q 2018 EBITDA amounted to PLN 38.48 m. Net profit in 1Q 2018 amounted to PLN 0,27 m.

Cash flow

Table 14: Eurocash S.A.: Cash flow for 1Q 2018

	PLN m	1Q 2018	1Q 2017
Operating cash flow		(33,47)	64,18
<i>Gross profit (loss)</i>		1,64	(16,39)
<i>Depreciation</i>		29,01	28,00
<i>Change in working capital</i>		(62,35)	53,05
<i>Other</i>		(1,77)	(0,48)
Cash flow from investments		(16,90)	(154,60)
Cash flow from financing activities		348,31	63,13
Total cash flow		297,94	(27,29)

Total cash flow of Eurocash S.A. in 1Q 2018 amounted to PLN 297.94 m and operating cash flow amounted to negative PLN -33.47 m.

Working capital

Table 15: Eurocash S.A.: Working capital ratios for 1Q 2018

Turnover in days	1Q 2018	1Q 2017
1. Inventories turnover	22,82	24,54
2. Trade receivables turnover	33,35	34,94
3. Trade liabilities turnover	86,48	89,75
4. Operating cycle (1+2)	56,17	59,48
5. Cash conversion (4-3)	(30,32)	(30,28)

Cash conversion of Eurocash S.A. in 1Q 2018 was comparable to 1Q 2017 and amounted to negative 30.32 days.

Statement of the financial position

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

Table 16: Eurocash S.A.: Selected balance sheet items

PLN m	31.03.2018		31.12.2017	
Fixed assets	2 887,66	52,35%	2 901,78	54,51%
Current assets	2 628,87	47,65%	2 421,16	45,49%
Total assets	5 516,53	100,00%	5 322,94	100,00%
Equity	998,45	18,10%	998,11	18,75%
Liabilities and provisions	4 518,07	81,90%	4 324,83	81,25%
Total liabilities and equity	5 516,53	100,00%	5 322,94	100,00%

4. Definitions of the financial ratios

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

5. Major events and factors that influenced consolidated income or loss in 1Q 2018

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.

There have been no other major events that influenced Eurocash Group income or loss in 1Q 2018.

6. Development perspectives

External Factors

Growth in the FMCG market and its structure

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

Fuel prices

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

Inflation

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

Labour costs

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

Internal Factors

Integration of acquired companies

Due to the necessity of integrating acquired company EKO Holding S.A., at the operational level, in the opinion of Eurocash S.A. Board full synergies associated with these transaction will be possible to reach within 3 years after the acquisition of control over the company. In short term period integration and related remodeling process should have negative impact on retail segment results.

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 o.o. 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.

Mila S.A. together with its subsidiaries, runs a chain of groceries in central Poland. 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 partners investing in real estate).

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

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

The envisaged organizational structure of the Eurocash Retail segment, assumes, that it will consist of all companies operating retail stores 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.

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.

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

7. Additional information

Information regarding dividends

According to the resolution No. 6 dated 25th April 2018, the Ordinary General Meeting of Eurocash S.A. decided that shareholders of record on May 16, 2018, shall be eligible to receive the dividend in amount PLN 0,73 (seventy three grosses) per one Company's share. The dividend will be payable by 6th June 2018 from the supplementary capital.

Number of shares eligible for dividend as at May 11th 2018 amounted to 139,163,286.

Explanations regarding seasonality

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

Issuance, redemption and repayment of debt and capital securities

In the period between 1st January 2018 and 31th March 2018 no shares were issued.

At 31st March 2018 Eurocash total nominal value of issued bonds amounted to:

- PLN 140,0 m bonds issued under the long-term bonds issue program
- PLN 50,0 m bonds issued under the commercial paper program.

Changes in the basic management principles

Appointment of Member of the Management Board

On 22nd March 2018 Supervisory Board of Eurocash agreed the resolution regarding the appointment on 1st April 2018 Mr. Paweł Musiał on the function of Member of the Management Board of Company.

Resignation of Member of the Supervisory Board

On 25th April 2018 Mr. Eduardo Aguinaga de Moraes resigned from function of Member of the Supervisory Board of Eurocash with effect on 25th April 2018.

Appointment of Member of the Supervisory Board

On 25th April 2018, in connection to resignation of Mr. Eduardo Aguinaga de Moraes from function of Member of the Supervisory Board of Eurocash, Politra B.V.S.a.r.l. holding 44.04% of the Company share capital, informed the Company that by exercising in the right granted in paragraph 13.2 of the Company States, has appointed Mrs. Alicja Kornasiewicz as a Member of the Supervisory Board of Eurocash.

In 1Q 2018 there were no other major changes in the basic management principles.

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

The Management Board of Eurocash S.A. has not published or does not intend to publish financial forecast for 2018.

Table 17: Shareholders owning directly or indirectly – through dependent entities – at least 5 % of total number of votes at the general assembly

Shareholder	11.05.2018				28.02.2018			
	Number of shares	Share in share capital (%)	Number of shares	Share in total number of votes	Number of shares	Share in share capital (%)	Number of shares	Share in total number of votes
Luis Amaral (directly and indirectly*)	61 287 778	44,04%	61 287 778	44,04%	60 843 178	43,72%	60 843 178	43,72%
Azvalor Asset Management S.G.I.I.C. S.A.	11 465 953	8,24%	11 465 953	8,24%	7 498 451	5,39%	7 498 451	5,39%
Others	66 409 555	47,72%	66 409 555	47,72%	70 821 657	50,89%	78 320 108	50,89%
Total	139 163 286	100,00%	139 163 286	100,00%	139 163 286	100,00%	139 163 286	100,00%

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

Table 18: 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	
	11.05.2018	28.02.2018
Management Board members		
Luis Amaral (directly and indirectly)	61 287 778	60 843 178
Rui Amaral	347 025	347 025
Katarzyna Kopaczewska	330 000	330 000
Arnaldo Guerreiro	325 500	325 500
Pedro Martinho	855 803	839 069
Jacek Owczarek	58 500	58 500
Przemysław Ciaś	0	0
Paweł Musiał	0	Not applicable
Supervisory Board members		
Eduardo Aguinaga de Moraes	Not applicable	0
Joao Borges de Assuncao	0	0
Hans-Joachim Körber	0	0
Jacek Sz wajcowski	0	0
Francisco Santos	0	0
Alicja Kornasiewicz	0	Not applicable

Information on legal suits

In the 1Q 2018 companies belonging to Eurocash Group were not involved in any other legal suit in any court, nor in a body competent for arbitration proceedings nor an administrative body, which total value would amount to at least 10% of equity.

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

In the 1Q 2018 companies belonging to Eurocash Group did not grant any surety for a credit or a loan nor did it grant any guarantee of total value equivalent to 10% of the Eurocash equity.

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

In the 1Q 2018 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.

Signatures of Management Board Members:

Position	Name and surname	Date	Signature
Member of the Management Board Financial Director	Jacek Owczarek	11 th May 2018	
Member of the Management Board	Przemysław Ciaś	11 th May 2018	