



EUROCASH

CONSOLIDATED QUARTERLY REPORT

4th 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.

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4Q 2018**

SELECTED CONSOLIDATED FINANCIAL DATA

	Non audited for the period from 01.01.2018 to 31.12.2018 PLN	Non audited for the period from 01.01.2017 to 31.12.2017 PLN	Non audited for the period from 01.01.2018 to 31.12.2018 EUR	Non audited for the period from 01.01.2017 to 31.12.2017 EUR
Sales	22 832 888 398	20 849 464 962	5 356 940 712	4 896 999 474
Operating profit (loss)	214 375 483	62 994 248	50 295 728	14 795 718
Profit (loss) before income tax	155 551 250	20 312 674	36 494 674	4 770 921
Profit (loss) for the on continued operations	111 652 270	(29 559 705)	26 195 310	(6 942 809)
Profit (loss) for the period	111 652 270	(29 559 705)	26 195 310	(6 942 809)
Net cash from operating activities	498 766 972	471 245 781	117 018 270	110 683 432
Net cash used in investing activities	(378 883 036)	(335 705 804)	(88 891 687)	(78 848 601)
Net cash used in financing activities	(125 925 433)	(94 810 732)	(29 544 010)	(22 268 586)
Net change in cash and cash equivalents	(6 041 496)	40 729 246	(1 417 426)	9 566 245
Weighted average number of shares	139 163 286	139 158 564	139 163 286	139 158 564
Weighted average diluted number of shares	139 163 286	139 158 564	139 163 286	139 158 564
EPS (in PLN / EUR)	0,79	(0,24)	0,18	(0,06)
Diluted EPS (in PLN / EUR)	0,79	(0,24)	0,18	(0,06)
Average PLN / EUR rate*			4,2623	4,2576
	Non audited as at 31.12.2018 PLN	Non audited as at 31.12.2017 PLN	Non audited as at 31.12.2018 EUR	Non audited as at 31.12.2017 EUR
Assets	6 010 906 273	5 979 922 099	1 397 885 180	1 433 724 640
Non-current liabilities	79 517 996	96 108 526	18 492 557	23 042 635
Current liabilities	4 894 979 758	4 853 808 173	1 138 367 386	1 163 731 610
Equity	1 036 408 519	1 030 005 400	241 025 237	246 950 394
Share capital	139 163 286	139 163 286	32 363 555	33 365 290
Number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Diluted number of shares	142 069 536	142 069 536	142 069 536	142 069 536
Book value per share (in PLN / EUR)	7,01	6,94	1,63	1,66
Diluted book value per share (in PLN / EUR)	6,86	6,80	1,60	1,63
Dividends paid (in PLN / EUR)	105 899 719	111 277 151	24 627 842	26 679 410
Dividends paid per share (in PLN / EUR)	0,76	0,80	0,18	0,19
PLN / EUR rate at the end of the period**			4,3000	4,1709

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

*** Dividend for 2017 year was paid till 6 June 2018 for shareholders of Parent Company as at 16 May 2018.

EUROCASH S.A. GROUP

CONDENSED INTERIM

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2018 TO 31 DECEMBER 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.

KOMORNIKI, 27TH February 2019

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2018	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2018	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 December 2018.

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

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

As at 31 December 2018 the Parent Entity's Supervisory Board consisted of the following members:

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

On 26 July 2018, Mr. Paweł Musiał resigned from the function of Member of the Management Board of the Parent Entity with effect on 31 July 2018.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2018	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 01.01. TO 31.12.2018

	Non audited 4th Quarter for the period from 01.10.2018 to 31.12.2018	Non audited 4 Quarters for the period from 01.01.2018 to 31.12.2018	Non audited 4th Quarter for the period from 01.10.2017 to 31.12.2017	Non audited 4 Quarters for the period from 01.01.2017 to 31.12.2017 <i>restated**</i>
Sales	5 801 004 814	22 832 888 398	5 190 942 342	20 849 464 962
Sales of goods *	5 765 739 636	22 680 894 721	5 155 561 587	20 713 003 600
Sales of services *	34 038 875	147 571 330	33 729 316	131 558 391
Sales of materials	1 226 304	4 422 347	1 651 439	4 902 971
Costs of sales	(4 991 760 659)	(19 951 009 127)	(4 540 114 104)	(18 384 147 701)
Costs of goods sold *	(4 990 612 648)	(19 947 588 994)	(4 538 755 755)	(18 379 966 634)
Costs of materials sold	(1 148 011)	(3 420 133)	(1 358 349)	(4 181 067)
Gross profit (loss)	809 244 155	2 881 879 272	650 828 238	2 465 317 261
Selling expenses	(687 155 449)	(2 346 015 922)	(515 706 829)	(1 945 594 470)
General and administrative expenses	(92 705 279)	(388 933 521)	(94 301 427)	(373 488 948)
Profit (loss) on sales	29 383 427	146 929 828	40 819 982	146 233 843
Other operating income	91 408 764	134 285 628	29 167 597	75 180 146
Other operating expenses	(18 448 302)	(66 839 973)	(18 603 456)	(158 419 741)
Operating profit (loss)	102 343 889	214 375 483	51 384 123	62 994 248
Financial income	8 178 804	35 915 044	12 120 011	29 035 301
Financial costs	(34 220 596)	(89 856 973)	(27 751 089)	(66 969 577)
Share in profits (losses) of equity accounted investees	293 392	(4 882 304)	(971 973)	(4 747 298)
Profit (loss) before tax	76 595 488	155 551 250	34 781 071	20 312 674
Income tax expense	(20 670 910)	(43 898 979)	(25 030 821)	(49 872 379)
Profit (loss) for the period	55 924 578	111 652 270	9 750 250	(29 559 705)
Attributable to:				
Owners of the Company	52 248 951	109 644 174	8 752 641	(33 311 574)
Non-controlling interests	3 675 628	2 008 096	997 609	3 751 869

EARNINGS PER SHARE

	PLN / share	PLN / share
Profit (loss) attributable to Owners of the Company	109 644 174	(33 311 574)
Weighted average number of shares	139 163 286	139 158 564
Weighted average diluted number of shares	139 163 286	139 158 564
Earnings per share		
- basic	0,79	(0,24)
- diluted	0,79	(0,24)

* Note 1

** Note 2

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2018	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 31.12.2018

	Non audited 4th Quarter for the period from 01.10.2018 to 31.12.2018	Non audited 4 Quarters for the period from 01.01.2018 to 31.12.2018	Non audited 4th Quarter for the period from 01.10.2017 to 31.12.2017	Non audited 4 Quarters for the period from 01.01.2017 to 31.12.2017
Profit (loss) for the period	55 924 578	111 652 270	9 750 250	(29 559 705)
Other comprehensive income for the period	(610 254)	(1 154 653)	505 311	(173 072)
Items that may be subsequently reclassified to profit or loss:				
- The result on hedge accounting with the tax effect:	(610 254)	(1 154 653)	505 311	(173 072)
Total comprehensive income for the period	55 314 324	110 497 618	10 255 561	(29 732 777)
Total Income				
Owners of the Company	51 638 696	108 489 521	9 257 953	(33 484 646)
Non-controlling interests	3 675 628	2 008 096	997 609	3 751 869
Total comprehensive income for the period	55 314 324	110 497 618	10 255 561	(29 732 777)

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2018	Presentation currency:	Polish zloty (PLN)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31.12.2018

	Non audited	
	as at	as at
	31.12.2018	31.12.2017
<i>Assets</i>		
Non-current assets (long-term)	3 006 009 506	2 526 965 574
Goodwill	1 783 646 478	1 401 336 787
Intangible assets	327 745 237	347 086 180
Property, plant and equipment	790 197 116	678 989 707
Investment property	957 103	972 799
Investments in equity accounted investees	27 533 591	32 415 896
Other long-term investments	3 621 425	30 784 656
Long-term receivables	20 497 785	7 156 243
Deferred tax assets	50 465 787	26 316 764
Other long-term prepayments	1 344 982	1 906 541
Current assets (short-term)	3 004 896 767	3 452 956 525
Inventories	1 292 001 606	1 320 254 214
Trade receivables	1 343 421 596	1 682 841 291
Current tax receivables	1 370 241	11 584 927
Other short-term receivables	133 224 204	143 072 942
Other short-term financial assets	-	50 434 740
Short-term prepayments	38 320 268	42 168 063
Cash and cash equivalents	196 558 852	202 600 349
Total assets	6 010 906 273	5 979 922 099

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2018	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 31.12.2018

	Non audited as at 31.12.2018	as at 31.12.2017
<i>Equity and liabilities</i>		
Equity	1 036 408 519	1 030 005 400
Equity attributable to Owners of the Company	975 037 874	966 333 484
Share capital	139 163 286	139 163 286
Reserve capital	1 381 000 766	1 460 760 315
Loss on valuation of hedging transactions	(7 638 430)	(6 483 777)
Option for purchase/selling the shares	(57 363 613)	(54 712 448)
Retained earnings	(480 124 135)	(572 393 893)
Accumulated profit / loss from previous years	(589 768 309)	(539 082 319)
Profit (loss) for the period	109 644 174	(33 311 574)
Non-controlling interests	61 370 645	63 671 916
Liabilities	4 974 497 754	4 949 916 699
Non-current liabilities	79 517 996	96 108 526
Long-term financial liabilities	3 003 350	4 932 920
Other long-term liabilities	63 940 083	58 148 822
Deferred tax liabilities	5 954 698	25 430 471
Employee benefits	5 676 727	6 484 166
Provisions	943 138	1 112 147
Current liabilities	4 894 979 758	4 853 808 173
Loans and borrowings	542 754 634	317 781 175
Short-term financial liabilities	32 754 903	249 437 574
Trade payables	3 813 380 430	3 940 899 244
Current tax liabilities	55 191 844	7 717 339
Other short-term payables	110 656 630	93 693 875
Current employee benefits	111 240 638	102 599 975
Provisions	229 000 679	141 678 990
Total equity and liabilities	6 010 906 273	5 979 922 099
BOOK VALUE PER SHARE		
	Non audited as at 31.12.2018	as at 31.12.2017
Equity attributable to Owners of the Company	975 037 874	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	7,01	6,94
Diluted book value per share	6,86	6,80

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2018	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 01.01. TO 31.12.2018

	Non audited 4 Quarters for the period from 01.01.2018 to 31.12.2018	Non audited 4 Quarters for the period from 01.01.2017 to 31.12.2017
<i>Cash flow from operating activities</i>		
Profit (loss) before tax	155 551 250	20 312 674
Adjustments for:	215 745 221	234 781 900
Depreciation and amortization	204 236 151	183 317 313
Share in profits (losses) of equity accounted investees	4 882 304	4 747 298
Valuation of motivational programm	5 880 000	3 920 000
Gain (loss) on sale of property, plant and equipment	8 502 672	(1 632 733)
Result on the sale of shares - subsidiaries	(74 774 054)	-
Dividends received	(597 821)	(882 010)
Interest expenses	76 809 520	49 665 754
Interest received	(9 193 551)	(4 353 722)
Operating cash before changes in working capital	371 296 471	255 094 574
Changes in inventory	141 040 618	(163 262 983)
Changes in receivables	321 865 841	55 672 730
Changes in payables	(287 407 665)	354 695 373
Changes in provisions and employee benefits	34 839 914	19 222 193
Other adjustments	(0)	336 479
Operating cash	581 635 179	521 758 366
Interest received	3 456 622	2 086 644
Interest paid	(49 004 436)	(24 198 479)
Income tax paid	(37 320 392)	(28 400 750)
Net cash from operating activities	498 766 972	471 245 781
<i>Cash flow from investing activities</i>		
Aquisition of intangible assets	(31 580 902)	(42 934 408)
Proceeds from sale of intangible assets, property, plant and equipment	-	160 210
Aquisition of property, plant and equipment tangible fixed assets	(147 539 152)	(162 286 204)
Proceeds from sale of property, plant and equipment	8 253 482	42 403 978
Proceeds from the sale of shares and stocks - subsidiaries	83 290 399	-
Income/expenses on other short-term financial assets	42 771 273	(50 062 551)
Dividends received	597 821	882 010
Aquisition of subsidiaries, net of cash aquired	(340 087 385)	(92 695 643)
Expenditures on the acquisition of subsidiaries	-	(2 211 457)
Loans granted	-	(30 201 983)
Repayment received of given loans	377 854	-
Interest received	5 033 573	1 240 244
Net cash used in investing activities	(378 883 036)	(335 705 804)
<i>Cash flow from financing activities</i>		
Proceeds from issue of share capital	-	2 543 150
Income/expenses for other financial liabilities	1 741 224	(4 663 046)
Income/expenses for short term debt securities	(219 533 443)	58 533 443
Proceeds from loans and borrowings	225 537 255	44 242 906
Repayment of borrowings	(699 055)	(59 356 440)
Income/expenses for liabilities from financial leasing	(5 735 454)	(7 139 597)
Other interests	(3 703 506)	(5 435 064)
Interests on loans and borrowings	(17 632 736)	(12 258 933)
Dividends paid	(105 899 719)	(111 277 151)
Net cash used in financing activities	(125 925 433)	(94 810 732)
Net change in cash and cash equivalents	(6 041 496)	40 729 246
Cash and cash equivalents at the beginning of the period	202 600 349	161 871 103
Cash and cash equivalents at the end of the period	196 558 853	202 600 349

Condensed interim consolidated financial statements of EUROCASH Group.

Financial statements period:	01.01-31.12.2018	Presentation currency:	Polish zloty (PLN)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 01.01. TO 31.12.2018

	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 31.12.2017 - non audited</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	-	-	-	-	(33 311 574)	(33 311 574)	-	(33 311 574)
Non-controlling interests	-	-	-	-	-	-	3 751 869	3 751 869
Net profit presented directly in equity	-	-	-	(173 072)	-	(173 072)	-	(173 072)
Total comprehensive income for the period from 01.01. to 31.12.2017	-	-	-	(173 072)	(33 311 574)	(33 484 646)	3 751 869	(29 732 777)
Dividends paid	-	-	-	-	(101 589 199)	(101 589 199)	(9 687 952)	(111 277 151)
Transfer to reserve capital	-	101 731 493	-	-	(101 731 493)	-	-	-
Equity-settled share-based payment transactions	-	3 920 000	-	-	-	3 920 000	-	3 920 000
Share options exercised	66 925	2 476 225	-	-	-	2 543 150	-	2 543 150
Settlement of acquisition and sale of shares	-	-	-	-	-	-	(60 117)	(60 117)
Other	-	-	14 476 652	-	(5 182 856)	9 293 796	214 843	9 508 639
Total contributions by and distributions to Owners of the Company	66 925	108 127 717	14 476 652	-	(208 503 548)	(85 832 253)	(9 533 226)	(95 365 479)
Balance as at 31.12.2017	139 163 286	1 460 760 315	(54 712 448)	(6 483 777)	(572 393 893)	966 333 483	63 671 916	1 030 005 400
<i>Changes in equity in the period from 01.01 to 31.12.2018 - non audited</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	-	-	-	-	109 644 174	109 644 174	-	109 644 174
Non-controlling interests	-	-	-	-	-	-	2 008 096	2 008 096
Other comprehensive income	-	-	-	(1 154 653)	-	(1 154 653)	-	(1 154 653)
Total comprehensive income for the period from 01.01. to 31.12.2018	-	-	-	(1 154 653)	109 644 174	108 489 521	2 008 096	110 497 618
Dividends paid	-	(101 589 199)	-	-	-	(101 589 199)	(4 310 520)	(105 899 719)
Transfer to reserve capital	-	15 949 649	-	-	(15 949 649)	-	-	-
Equity-settled share-based payment transactions	-	5 880 000	-	-	-	5 880 000	-	5 880 000
Option for purchase/selling the shares	-	-	(2 651 165)	-	-	(2 651 165)	-	(2 651 165)
Other	-	-	-	-	(1 424 768)	(1 424 768)	1 152	(1 423 616)
Total contributions by and distributions to Owners of the Company	-	(79 759 550)	(2 651 165)	-	(17 374 417)	(99 785 132)	(4 309 368)	(104 094 500)
Balance as at 31.12.2018	139 163 286	1 381 000 766	(57 363 613)	(7 638 430)	(480 124 136)	975 037 873	61 370 645	1 036 408 518

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2018	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 31.12.2018

1. GENERAL INFORMATION

1.1. ISSUE OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

According to the resolution of the Management Board dated 27 February 2019, the consolidated financial statements of Eurocash Group for the period from 1 January 2018 to 31 December 2018 were authorized for publication.

According to the information included in the report no. 1/2019 dated 10 January 2019 sent to the Polish Financial Supervision Authority, Eurocash S.A. issues its interim consolidated financial statements on 28 February 2019.

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

1.2. STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements of Eurocash S.A. Group have been prepared in accordance with IAS 34 - Interim Financial Reporting, approved by European Union. These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements of Eurocash S.A. Group as at and for the year ended 31 December 2017, which is available on the website www.grupaeurocash.pl.

1.3. PRESENTATION CURRENCY, ROUNDINGS

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

1.4. USE OF ESTIMATES AND JUDGEMENTS

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

As at the reporting date, the Group analyzed goodwill for potential impairment. The analysis showed no indications of impairment of goodwill as at 31 December 2018.

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

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payment dates and future cash flows. In case of significant modifications of terms of repayment of trade liabilities, the group makes appropriate changes to the classification and recognizes liabilities covered by factoring as separate debt financing.

1.5. COMPARABILITY OF FINANCIAL STATEMENTS

Accounting principles as well as calculation methods applied in the preparation of these condensed interim consolidated financial statements remained unchanged in comparison to the ones applied in the last annual consolidated financial statements for the financial year ended 31st December 2017, excluding the application of new or amended standards and interpretations applicable to annual periods beginning on 1 January 2018 and later.

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

Implementation of IFRS 9

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

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

The Group does not expect the new standard to have a significant impact on the Group's financial statements.

Implementation of IFRS 15

The impact of IFRS 15 “Revenue from contracts with customers” on the Group's financial statements is presented in Note 1 to the condensed semi-annual consolidated financial statements.

Implementation of IFRS 16

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

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

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

The lessee updates the valuation of the lease liability after the occurrence of certain events (eg changes in the leasing period, changes in future lease payments resulting from the

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change in the index or the rate used to determine these charges). In principle, the lessee recognizes the revaluation of the lease liability as an adjustment to the asset's value due to the right of use.

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

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

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

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

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

The Group plans to implement IFRS 16 using a modified retrospective method.

In summary, the Group expects the impact of the implementation of IFRS 16 to be as follows:

	as at 31.12.2018	Impact of IFRS 16	as at 31.12.2018
<i>Assets</i>			
Non-current assets (long-term)	3 006 009 506	1 801 660 265	4 807 669 771
Property, plant and equipment	790 197 116	1 801 660 265	2 591 857 388
Current assets (short-term)	3 004 896 767	-	3 004 896 767
Total assets	6 010 906 273	1 801 660 265	7 812 566 538
<i>Equity and liabilities</i>			
Equity	1 036 408 519	-	1 036 408 519
Liabilities	4 974 497 754	1 801 660 265	6 776 158 019
Non-current liabilities	79 517 996	1 781 466 606	1 784 469 978
Long-term financial liabilities	3 003 350	1 781 466 606	1 784 469 978
Current liabilities	4 894 979 758	20 193 660	52 948 586
Short-term financial liabilities	32 754 903	20 193 660	52 948 586
Total equity and liabilities	6 010 906 273	1 801 660 265	7 812 566 538

The analysis of the Group's agreements in terms of IFRS 16 began by determining which contracts meet the definition of a lease. Lease liabilities are recognized at the value of discounted future payments during the lease term and the asset due to the right of use - in the same amount corrected by the amount of any prepayments or calculated lease payments recognized in the statement of financial position immediately before the date of first application. Lease payments are discounted using the lesser interest rate of the lessee on the date of the first application, determined for individual leasing portfolios depending on their period and the type of the asset being leased.

The date of start of the leasing period is the date on which the lessor makes the asset available for use by the lessee. The leasing period includes the irrevocable period during which the lessee is entitled to use, along with optional periods, when the Group may with reasonable assurance assume that it will exercise the option of extending or will not use the option of termination. In the case of establishing periods of contracts concluded for an

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indefinite period, the Group applied the criterion of sufficient certainty and took into account all relevant facts and circumstances, including business plans.

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

Other

a. IFRIC Interpretation 22 Foreign Currency Transaction and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advances consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt in advance consideration.

This Interpretation does not have any impact on the condensed semi-annual consolidated financial.

b. Amendments to IAS 40 Transfers of Investment Property

The amendments clarifies when an entity should transfer property, including property under construction for development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet , the definition of investment property and there is evidence of change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

These amendments do not have any impact on the condensed semi-annual consolidated financial.

c. Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transaction

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transactions; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

These amendments do not have any impact on condensed semi-annual consolidated financial.

d. Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments allow entities that carry out insurance activity to postpone the date of entry into force of IFRS 9 by 1 January 2021. The effect of such postponement is that the entities concerned may continue to prepare financial statements in accordance with the applicable standard, i.e. IAS 39.

These changes do not apply to the Group.

e. Amendments to IAS 28 Investments in Associates and Joint Ventures as a part of Amendments resulting from the review of IFRSs 2014-2016

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit and loss under IFRS 9. If an entity, that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the

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equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interest in subsidiaries. This selection is made separately for each investment entity associate or joint venture, at the later of the date on which a) the investment entity associate or joint venture is initially recognised; b) the associate or joint venture becomes an investment entity; c) the investment entity associate or joint venture becomes a parent.

These amendments do not have any impact on condensed semi-annual consolidated financial.

- f. Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards as part of amendments resulting from the review of IFRSs 2014-2016

Short-term exemptions in paragraphs E3-E7 of IFRS 1 were deleted because they have not served their intended purpose.

These amendments do not have any impact on the condensed semi-annual consolidated financial.

The Group did not decide to apply earlier any standard, interpretation or amendment that was published but has not yet entered into force due to European Union regulations.

1.7. INFORMATION ABOUT THE PARENT ENTITY AND THE GROUP

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

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

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

Eurocash Group comprises Eurocash S.A. and subsidiaries.

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Entities comprising the Eurocash capital group and associates as at 31.12.2018

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.	Premium Distributors Sp. z o.o.	Przedsiębiorstwo Handlu Spożywczego Sp. z o.o.	DEF Sp. z o.o.
address	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki	ul. Bokserska 66a 02-690 Warszawa	ul. Wiśniowa 11 62-052 Komorniki	ul. Handlowa 6 15-399 Białystok
core of activity	PKD 4690Z	PKD 4635Z	PKD 8299Z	PKD 4634A	PKD 4634A	PKD 4634A	PKD 4690Z	PKD 4639Z
registration court	District Court Poznań - Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register KRS 0000213765	District Court Poznań - Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register KRS 0000519553	District Court Poznań - Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register KRS 0000259846	District Court Poznań - Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register KRS 0000329002	District Court Poznań - Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register KRS 0000329037	District Court Warszawa, XIII Commercial Division of the National Court Register KRS 0000287947	District Court Zielona Góra, VIII Commercial Division of the National Court Register KRS 0000203619	District Court Białystok, XII Commercial Division of the National Court Register KRS 0000048125
nature of relationship	Parent company	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
applied consolidation method	Full	Full	Full	Full	Full	Full	Full	Full
date of acquisition	n/a	31.03.2006	10.07.2006	06.04.2009	06.04.2009	02.08.2010	02.08.2010	21.12.2011
ownership interest	n/a	75,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100%
voting rights (in %)	n/a	75,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100%

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Entities comprising the Eurocash capital group and associates as at 31.12.2018 (continued)

No	9	10	11	12	13	14	15	16
Unit	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.	Lewiatan Wielkopolska Sp. z o.o.
address	ul. Sokóleńska 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	Os. Winiary 54 60-665 Poznań
core of activity	PKD 4711Z	PKD 7010Z	PKD 4711Z	PKD 4645Z	PKD 7022Z	PKD 4690Z	PKD 4711Z	PKD 7740Z
registration court	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	District Court Poznań - Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register KRS 0000133384
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	18.03.2014	21.12.2011	21.12.2011	21.12.2011	21.12.2011	21.12.2011	21.12.2011
ownership interest	100%	100%	100%	100%	100%	100%	100%	100,00%
voting rights (in %)	100%	100%	100%	100%	100%	100%	100%	100,00%

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Entities comprising the Eurocash capital group and associates as at 31.12.2018 (continued)

No	17	18	19	20	21	22	23	24
Unit	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.	Eurocash Convenience Sp. z o.o.	Kontigo Sp. z o.o.
address	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	ul. Wiśniowa 11 62-052 Komorniki
core of activity	PKD 7740Z	PKD 6419Z	PKD 8299Z	PKD 7740Z	PKD 4639Z	PKD 4690Z	PKD 7010Z	PKD 7010Z
registration court	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 0000509266	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000510241
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	28.06.2013	21.12.2011	21.12.2011	18.11.2013	05.03.2014	17.04.2014
ownership interest	100%	100%	100%	67%	100%	100%	100%	100%
voting rights (in %)	100%	100%	100%	71%	100%	100%	100%	100%

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Wykaz jednostek wchodzących w skład Grupy Kapitałowej objętych konsolidacją na dzień 31.12.2018 roku (część 4)

Lp	25	26	27	28	29	30	31	32
nazwa jednostki	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.	Eurocash Nieruchomości Sp. z o.o.	Eurocash Food Sp. z o.o.
siedziba	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	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki
przedmiot działalności	PKD 4617Z	PKD 7740Z	PKD 5621Z	PKD 4711Z	PKD 4711Z	PKD 4635Z	PKD 7022Z	PKD 7022Z
organ rejestrowy	Sąd Rejonowy dla m. st. Warszawy w Warszawie, XII Wydział Gospodarczy Krajowego Rejestru Sądowego KRS 0000525507	Sąd Rejonowy dla m. st. Warszawy w Warszawie, XIII Wydział Gospodarczy Krajowego Rejestru Sądowego, KRS 0000560795	Sąd Rejonowy Poznań - Nowe Miasto i Wilda w Poznaniu, VIII Wydział Gospodarczy Krajowego Rejestru Sądowego KRS 0000586936	Sąd Rejonowy Poznań - Nowe Miasto i Wilda w Poznaniu, VIII Wydział Gospodarczy Krajowego Rejestru Sądowego KRS 0000577163	Sąd Rejonowy dla Krakowa-Śródmieście w Krakowie, XII Wydział Gospodarczy Krajowego Rejestru Sądowego KRS 0000576321	Sąd Rejonowy Poznań - Nowe Miasto i Wilda w Poznaniu, VIII Wydział Gospodarczy Krajowego Rejestru Sądowego KRS 0000625487	Sąd Rejonowy Poznań - Nowe Miasto i Wilda w Poznaniu, VIII Wydział Gospodarczy Krajowego Rejestru Sądowego KRS 0000567562	Sąd Rejonowy dla m. st. Warszawy w Warszawie, XII Wydział Gospodarczy Krajowego Rejestru Sądowego, KRS 0000605658
charakter jednostki	Zależna	Zależna	Zależna	Zależna	Zależna	Zależna	Zależna	Zależna
zastosowana metoda konsolidacji	Pełna	Pełna	Pełna	Pełna	Pełna	Pełna	Pełna	Pełna
data objęcia kontroli	01.12.2014	11.05.2015	29.12.2015	22.07.2015	29.01.2016	20.06.2016	04.05.2015	04.05.2015
procent posiadanego kapitału akcyjnego / zakładowego	51,00%	100,00%	100,00%	100%	50,00%	100%	100%	100%
udział w ogólnej liczbie głosów na walnym zgromadzeniu / zgromadzeniu wspólników	51,00%	100,00%	100,00%	100%	50,00%	100%	100%	100%

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Wykaz jednostek wchodzących w skład Grupy Kapitałowej objętych konsolidacją na dzień 31.12.2018 roku (część 5)

Lp	33	34	35	36	37	38	39	40
nazwa jednostki	Sushi to go Sp. z o.o.	Sushi 2 go Sp. z o.o.	Detal Finanse Sp. z o.o.	Polska Dystrybucja Alkoholi Sp. z o.o.	Zagłoba Sp. z o.o. w likwidacji	ECA Detal Sp. z o.o.	FHC-2 Sp. z o.o.	Madas Sp. z o.o.
siedziba	ul. Piękna 24/26A 00-549 Warszawa	ul. Ks. Juliana Chrościckiego 93/105 02-414 Warszawa	ul. Wiśniowa 11 62-052 Komorniki	ul. Hubla 40, Wola Zaradzyńska 95-054 Ksawerów	ul. Stara Huta 7 32-500 Chrzanów	ul. Sempołowskiej 4 95-200 Pabianice	Ul Tysiąclecia 1 38- 400 Krosno	Ul Tysiąclecia 1 38- 400 Krosno
przedmiot działalności	PKD 1013Z	PKD 8299Z	PKD 6920Z	PKD 4634A	PKD 4634A	PKD 4725Z	PKD 4711Z	PKD 4711Z
organ rejestrowy	Sąd Rejonowy dla m. st. Warszawy w Warszawie, XII Wydział Gospodarczy Krajowego Rejestru Sądowego, KRS 0000492021	Sąd Rejonowy dla m. st. Warszawy w Warszawie, XIII Wydział Gospodarczy Krajowego Rejestru Sądowego, KRS 0000584888	Sąd Rejonowy Poznań - Nowe Miasto i Wilda w Poznaniu, VIII Wydział Gospodarczy Krajowego Rejestru Sądowego KRS 0000618542	Sąd Rejonowy dla Łodzi - Śródmieście w Łodzi, XX Wydział Krajowego Rejestru Sądowego KRS 0000124474	Sąd Rejonowy dla Krakowa - Śródmieścia w Krakowie, XII Wydział Gospodarczy Krajowego Rejestru Sądowego KRS 0000105078	Sąd Rejonowy dla Łodzi - Śródmieścia w Łodzi, XX Wydział Krajowego Rejestru Sądowego KRS 0000293684	Sąd Rejonowy w Rzeszowie, XII Wydział Gospodarczy Krajowego Krejestru Sądowego KRS 0000241137	Sąd Rejonowy w Rzeszowie, XII Wydział Gospodarczy Krajowego Krejestru Sądowego KRS 0000243880
charakter jednostki	Zależna	Zależna	Zależna	Zależna	Zależna	Zależna	Zależna	Zależna
zastosowana metoda konsolidacji	Pełna	Pełna	Pełna	Pełna	Pełna	Pełna	Pełna	Pełna
data objęcia kontroli	22.06.2016	22.06.2016	15.03.2016	30.12.2016	30.12.2016	30.12.2016	16.12.2016	16.12.2016
procent posiadanego kapitału akcyjnego / zakładowego	51%	74%	100%	100%	66%	100%	50%	50%
udział w ogólnej liczbie głosów na walnym zgromadzeniu / zgromadzeniu wspólników	51%	74%	100%	100%	66%	100%	50%	50%

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Wykaz jednostek wchodzących w skład Grupy Kapitałowej objętych konsolidacją na dzień 31.12.2018 roku (część 6)

Lp	41	42	43	44	45	46	47	48
nazwa jednostki	Eko Holding S.A.	Ledi Sp. z o.o.	Jim Sp. z o.o.	Foodmakers Logistics Sp, z o.o.	Akademia Umiejętności Eurocash Sp. z o.o.	EC VC7 Sp. z o.o.	Cerville Investments Sp. z o.o.	Mila S.A.
siedziba	ul. R. Chomicza 13C Nowa Wieś Wrocławska 55-080 Kąty Wrocławskie	ul. R. Chomicza 13C Nowa Wieś Wrocławska 55-080 Kąty Wrocławskie	ul. R. Chomicza 13C Nowa Wieś Wrocławska 55-080 Kąty Wrocławskie	Al. Niepodległości 31 61-714 Poznań	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki	ul. Czerniowieckiej 2B 02.705 Warszawa	ul. Świętokrzyska 22 88-100 Inowrocław
przedmiot działalności	PKD 4690Z	PKD 4711Z	PKD 7830Z	PKD 5210B	PKD 8559B	PKD 4690Z	PKD 4110Z	PKD 4711Z
organ rejestrowy	Sąd Rejonowy dla Wrocławia - Fabrycznej we Wrocławiu, IX Wydział Krajowego Rejestru Sądowego KRS 0000302877	Sąd Rejonowy dla Wrocławia - Fabrycznej we Wrocławiu, IX Wydział Krajowego Rejestru Sądowego KRS 0000116761	Sąd Rejonowy dla Wrocławia - Fabrycznej we Wrocławiu, IX Wydział Krajowego Rejestru Sądowego KRS 0000370167	Sąd Rejonowy Poznań - Nowe Miasto i Wilda w Poznaniu, VIII Wydział Gospodarczy Krajowego Rejestru Sądowego KRS 0000670394	Sąd Rejonowy Poznań - Nowe Miasto i Wilda w Poznaniu, VIII Wydział Gospodarczy Krajowego Rejestru Sądowego KRS 0000666485	Sąd Rejonowy Poznań - Nowe Miasto i Wilda w Poznaniu, VIII Wydział Gospodarczy Krajowego Rejestru Sądowego KRS 0000666652	Sąd Rejonowy dla m. st. Warszawy w Warszawie, XIII Wydział Gospodarczy Krajowego Rejestru Sądowego KRS 0000495219	Sąd Rejonowy w Bydgoszczy, XIII Wydział Gospodarczy Krajowego Rejestru Sądowego KRS 0000644111
charakter jednostki	Zależna	Zależna	Zależna	Zależna	Zależna	Zależna	Zależna	Zależna
zastosowana metoda konsolidacji	Pełna	Pełna	Pełna	Pełna	Pełna	Pełna	Pełna	Pełna
data objęcia kontroli	04.01.2017	04.01.2017	04.01.2017	01.02.2017	18.01.2017	18.01.2017	13.12.2017	29.05.2018
procent posiadanego kapitału akcyjnego / zakładowego	100%	100%	100%	50%	100,00%	100%	100%	100,00%
udział w ogólnej liczbie głosów na walnym zgromadzeniu / zgromadzeniu wspólników	100%	100%	100%	50%	100,00%	100%	100%	100,00%

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2018	Presentation currency:	Polish zloty (PLN)
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Wykaz jednostek wchodzących w skład Grupy Kapitałowej objętych konsolidacją na dzień 31.12.2018 roku (część 7)

Lp	49	50	51	52	53	54
nazwa jednostki	Investpol 700 Mila spółka akcyjna sp.j.	Mila Holding S.A.	"Koja-Mila Spółka Akcyjna" Sp. j.	Domelius Limited	ABC Sp. z o.o.	Groszek Sp. z o.o.
siedziba	ul. Świętokrzyska 22 88-100 Inowrocław	ul. Świętokrzyska 22 88-100 Inowrocław	os. Na Stoku 1 31-701 Kraków	43 Demostheni Severi Avenue Nicosia, 1080 Cypr	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki
przedmiot działalności	PKD 6820Z	PKD 6420Z	PKD 6831Z	-	PKD 7490Z	PKD 7490Z
organ rejestrowy	Sąd Rejonowy w Bydgoszczy, XIII Wydział Gospodarczy Krajowego Rejestru Sądowego KRS 0000550561	Sąd Rejonowy w Bydgoszczy, XIII Wydział Gospodarczy Krajowego Rejestru Sądowego KRS 0000666862	Sąd Rejonowy dla Krakowa-Śródmieścia w Krakowie, XI Wydział Gospodarczy Krajowego Rejestru Sądowego KRS 0000303300	Spółka prawa Cypryjskiego	Sąd Rejonowy Poznań - Nowe Miasto i Wilda w Poznaniu, VIII Wydział Gospodarczy Krajowego Rejestru Sądowego KRS 0000746077	Sąd Rejonowy Poznań - Nowe Miasto i Wilda w Poznaniu, VIII Wydział Gospodarczy Krajowego Rejestru Sądowego KRS 0000745820
charakter jednostki	Zależna	Zależna	Zależna	Zależna	Zależna	Zależna
zastosowana metoda konsolidacji	Pełna	Pełna	Pełna	Pełna	Pełna	Pełna
data objęcia kontroli	29.05.2018	29.05.2018	29.05.2018	29.05.2018	18.07.2018	18.07.2018
procent posiadanego kapitału akcyjnego / zakładowego	100,00%	100,00%	100,00%	100%	100,00%	100,00%
udział w ogólnej liczbie głosów na walnym zgromadzeniu / zgromadzeniu wspólników	100,00%	100,00%	100,00%	100%	100,00%	100,00%

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.

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Entities comprising the Eurocash capital group and associates as at 31.12.2018

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:	01.01-31.12.2018	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

1.8. GOING CONCERN ASSUMPTION

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

2. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01. TO 31.12.2018

NOTE 1. IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Group adopted IFRS 15 using the full retrospective method of adoption, i.e. with reclassification of comparative period.

NOTE 2. ACQUISITION OF SHARES IN A SUBSIDIARIES

1. Acquisition of 100% shares in Mila.

General information

On 29 May 2018, Eurocash purchased 100% of shares in the Cyprus-based company Domelius Limited, with its registered office in Nikozja and took over the control of Domelius and subsidiaries of Domelius, which are: Mila Holding S.A. (previously Grupa 700 market-Detal spółka z ograniczoną odpowiedzialnością S.K.A.), Mila S.A. (previously: Market-Detal spółka z ograniczoną odpowiedzialnością sp.j.) and Investpol 700 Mila spółka akcyjna spółka jawna oraz „Koja-Mila spółka akcyjna” spółka jawna.

GENERAL INFORMATION CONCERNING BUSINESS ACQUISITION OF THE UNITS

1. Name of acquired company	Mila Group
2. Acquisition date	29.05.2018
3. Acquisition cost	349 276 106

Settlement of business acquisition

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

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2018	Presentation currency:	Polish zloty (PLN)
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In the initial settlement of the purchase price, the net assets have been adopted due to the book value (corrected by the adjustments to the Eurocash Group policy); the purchase cost is the final price.

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

ACQUISITION COST

	as at
	29.05.2018
Cash	349 276 106

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2018	Presentation currency:	Polish zloty (PLN)
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NET ASSETS ACQUIRED	Settlement of the acquisition as at 29.05.2018
<i>Assets</i>	
Non-current assets (long-term)	144 789 628
Intangible assets	11 436 026
Tangible fixed assets	125 662 084
Long-term receivables	7 447 826
Other long-term prepayments	243 692
Current assets (short-term)	140 770 706
Inventory	115 480 302
Trade receivables	6 898 959
Other short-term receivables	6 960 201
Short-term prepayments	2 233 434
Cash and cash equivalents	9 197 811
Total assets	285 560 334
<i>Equity nad liabilities</i>	
Liabilities	324 315 934
Non-current liabilities	36 870 224
Other long-term financial liabilities	991 609
Long-term loans and credits	30 796 210
Other long-term liabilities	2 697 653
Deferred tax liabilities	1 676 765
Employee benefits	707 987
Current liabilities	287 445 710
Short-term loans and credits	5 353 520
Other short-term financial liabilities	6 054 410
Trade liabilities	198 369 374
Other short-term liabilities	17 193 077
Current employee benefits	18 893 728
Other short-term provisions	41 581 602
Total liabilities	324 315 934
Net assets	(38 755 600)
Net assets acquired (100 %)	(38 755 600)
Goodwill on acquisition	388 031 705
Acquisition cost	349 276 106

The acquisition of the Mila Group had a significant impact on statement of cash flows in activities: operating (about PLN 130 million), investment (about PLN 134 million) and financial (about PLN 3 million).

The investment activity was also influenced by the purchase of the Mila Group in the amount of PLN 349 million.

Other differences result mainly from different recognition of each transactions for the purposes of the statement of financial position and statement of cash flows.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2018	Presentation currency:	Polish zloty (PLN)
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NOTE 3.

SALE OF 100% SHARES IN PAYUP POLSKA S.A.

On 19th December 2018 was concluded the final agreement to sell 100% shares of PayUp Polska S.A. with its registered office in Komorniki to Centrum Rozliczeń Elektronicznych Polskie E-Płatności S.A. The price for the 100% shares in PayUp Polska was set at PLN 85,6 million.

The parties to the transaction have also concluded on 27th September 2018 an agreement on long-term cooperation, ensuring the continuity of payment services for Eurocash Group's customers. The acquisition of PayUp by Polskie ePłatności will make it possible to further develop the services provided through POS terminals installed at Eurocash customers' stores. PayUp will gain a strong strategic partner with the know-how and resources necessary for further development. Eurocash Group will focus on its core business and the development of new projects that support the competitiveness of independent retail in Poland.

NOTE 4.

RESTATEMENT OF COMPARATIVE DATA

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 746,8 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 382,4 million and revenues from sale of services by PLN 1.292,2 million.

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-31.12.2018	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 for the period from 01.01.2017 to 31.12.2017	Correction for the period from 01.01.2017 to 31.12.2017	The corrected amount for the period from 01.01.2017 to 31.12.2017
Sales	23 271 078 476	(2 421 613 514)	20 849 464 962
Sales of goods	21 842 339 034	(1 129 335 433)	20 713 003 600
Sales of services	1 423 836 472	(1 292 278 081)	131 558 391
Sales of materials	4 902 971	-	4 902 971
Costs of sales	(20 830 101 294)	2 445 953 594	(18 384 147 701)
Costs of goods sold	(20 636 236 321)	2 256 269 688	(18 379 966 634)
Costs of services sold	(189 683 906)	189 683 906	-
Costs of materials sold	(4 181 067)	-	(4 181 067)
Gross profit (loss)	2 440 977 182	24 340 079	2 465 317 261
Selling expenses	(1 922 221 341)	(23 373 129)	(1 945 594 470)
General and administrative expenses	(372 521 997)	(966 950)	(373 488 948)
Profit (loss) on sales	146 233 843	(0)	146 233 843
Other operating income	75 180 146	-	75 180 146
Other operating expenses	(158 419 741)	-	(158 419 741)
Operating profit (loss)	62 994 248	(0)	62 994 248

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2018	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTE 5. OPERATING SEGMENTS

Starting in 2018, the Eurocash Management Board has decided to change the presentation of segments. The main change was the connection of an independent wholesale and integrated wholesale into one segment, which was called "Wholesale".

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., Mila S.A., Investpol 700 Mila spółka akcyjna sp.j., and Mila Holding S.A., Domelius, „Koja-Mila spółka akcyjna” spółka jawna, as well as mark 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. z o.o, Eurocash Detal Sp. z o.o., ABC na kołach Sp. z o.o., Duży Ben Sp. z o.o., Sushi 2Go Sp. z o.o., 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. w likwidacji, Eurocash VC3 Sp. z o.o. Detal Finanse Sp. z o.o., Akademia Umiejętności Eurocash Sp. z o.o. and the Group's general and administrative expenses not allocated to any operating segment.

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

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

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

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Basic information about each reportable segment is shown below.

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

	Wholesale	Retail	Projects	Other	Exclusions	Total
Sales	19 266 666 055	5 542 815 443	685 854 992	4 340 614	(2 666 788 706)	22 832 888 398
External sales	17 744 351 252	4 407 586 868	680 487 069	463 209	-	22 832 888 398
Inter-segmental sales	1 522 314 804	1 135 228 575	5 367 922	3 877 405	(2 666 788 706)	-
Operating profit	303 926 387	26 609 792	(45 072 311)	(71 088 386)	-	214 375 483
Finance income						35 915 044
Finance costs						(89 856 973)
Share in losses of companies consolidated with the equity method						(4 882 304)
Profit before income tax						155 551 249
Income tax						(43 898 979)
Net profit (loss)						111 652 270

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-31.12.2018</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 DECEMBER 2017 (restated)

	Wholesale	Retail	Projects	Other	VAT settlements	Exclusions	Total
Sales	18 095 690 771	4 165 731 084	672 313 396	306 975	-	(2 084 577 265)	20 849 464 962
External sales	16 710 339 022	3 469 526 790	669 292 175	306 975	-	-	20 849 464 962
Inter-segmental sales	1 385 351 749	696 204 294	3 021 221	-	-	(2 084 577 265)	-
Operating profit	239 103 403	92 346 681	(53 075 415)	(100 979 561)	(114 400 861)	-	62 994 248
Finance income							29 035 301
Finance costs							(66 969 577)
Share in losses of companies consolidated with the equity method							(4 747 298)
Profit before income tax							20 312 674
Income tax							(49 872 379)
Net profit (loss)							(29 559 705)

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2018	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

**NOTE 6.
OTHER EXPLANATORY NOTES**

The main reasons for changes in each positions in the statement of financial position are due to the purchase of the Mila Group (details in Note 2).

Other main changes relate to the sale of financial instruments, taking short-term loans and borrowings and repayment of bonds.

In the income statement, the Wholesale segment and the revenues of the Mila Group had a positive impact on the sales volume.

**NOTE 7.
TRANSACTIONS WITH SUBSIDIARIES**

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

**NOTE 8.
ITEMS NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION**

CONTINGENTIES AS AT 31 DECEMBER 2018

Beneficiary	Title	Currency	as at	as at	
			31.12.2018	31.12.2017	
1	Bank 1	Surety for the obligations due to the "Franchise partners financing program" for the Franchisee Delkatesy Centrum"	PLN	4 815 009	7 653 291
			4 815 009	7 653 291	

* debt value as at balance sheet date

Condensed interim consolidated financial statements of EUROCASH Group.

Financial statements period: 01.01-31.12.2018 Presentation currency: Polish zloty (PLN)

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

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

	The Issuer	Title	Currency	as at 31.12.2018	as at 31.12.2017
1	Bank 1	Security payments to suppliers	PLN	-	16 000 000
2	Bank 2	Security for liabilities due to Agency agreement	PLN	-	200 000
3	Bank 3	Security for rent liabilities	PLN	1 961 687	6 986 764
4	Bank 4	Security for rent liabilities	PLN*	36 349 913	28 627 184
5	Bank 5	Security for excise duty	PLN	300 000	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	1 547 098	457 889
8	Bank 8	Security payments to suppliers	PLN	56 615 000	113 219 000
9	Bank 9	Security payments to suppliers	PLN*	15 414 936	4 170 900
10	Bank 10	Security payments to suppliers	PLN	46 000 000	-
11	Bank 11	Security for rent liabilities	PLN	999 747	-
12	Bank 12	Security payments to suppliers	PLN	1 970 000	-
13	Bank 13	Security for rent liabilities	PLN	9 097 518	-
				170 875 999	172 981 837

* - Guarantee in EUR is translated into PLN at the average exchange rate of NBP:
as at 31.12.2018: 1 EUR = 4,3000 PLN,
as at 29.12.2017: 1 EUR = 4,1709 PLN.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2018	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 DECEMBER 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	1 069 455

* security nominal value

NOTE 9.

FINANCE RISK MANAGEMENT

As at 31 December 2018, there was a surplus of current liabilities of the Group over its current assets in the amount of PLN 1.9 billion which is typical for the industry in which the Eurocash Group provides the activity, in which a significant part of sales is made on cash conditions, stock levels are minimized and suppliers provide deferred payment terms. At the same time, the Group is developing the retail network by involving its own funds and from external financing sources. The financial plans of the Management Board indicate that the Group will maintain liquidity. Conditions related to credit agreements are being monitored, as at the balance sheet date, 31 December 2018, the terms of loan agreements were not broken. In addition, the Group has not used credit limits. Considering the above, as at the date of approval of these separate financial statements, there are no circumstances indicating a threat of a loss of financial liquidity by the Group.

NOTE 10.

FAIR VALUE OF FINANCIAL INSTRUMENTS

As at 31 December 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.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2018	Presentation currency:	Polish zloty (PLN)
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NOTE 11.

DEBT IN THE RESULT OF BOND ISSUE

On 20 June 2013, Eurocash issued bonds with a total nominal value of PLN 140 million within the framework of the bonds program dated 22 April 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.

According to the assumptions, on 20 June 2018, all bonds issued in this program were bought back. On the same day, the holders of bonds also received interest payments for the last interest period of the program.

NOTE 12.

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.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2018	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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

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

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

On 28 February 2018, the Head of the Customs and Revenue Office for Wielkopolska Region in Poznań initiated an audit of corporate income tax for 2016. As at 31 December 2018, the audit was not completed.

NOTE 13.

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

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

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

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

NOTE 14.

SIGNIFICANT EVENTS DURING THE PERIOD COVERED BY THE FINANCIAL STATEMENTS

1. Payment of the dividend for the year 2017

On 6 June 2018, in accordance with the decision of the Ordinary General Meeting of Eurocash SA, a dividend of PLN 0.73 per share was paid out of the reserve capital. The total amount of the paid dividend was PLN 101,589.198.78.

2. Planned acquisition in Partner Sp. z o.o.

On 21 December 2018, Eurocash received from the Office of Competition and Consumer Protection (UOKiK) agreement for concentration in connection with the planned acquisition of shares in the company Partner Sp. z o.o. based in Lipno. The company operates 25 stores under the label of Lewiatan.

NOTE 15.

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 of the Group.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.12.2018	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	27 th February 2019	
Member of the Management Board	Katarzyna Kopaczewska	27 th February 2019	

SELECTED SEPARATE FINANCIAL DATA

	Non audited for the period from 01.01.2018 to 31.12.2018 PLN	Non audited for the period from 01.01.2017 to 31.12.2017 PLN	Non audited for the period from 01.01.2018 to 31.12.2018 EUR	Non audited for the period from 01.01.2017 to 31.12.2017 EUR
Net sales	14 775 940 898	13 658 042 229	3 466 659 057	3 207 920 478
Operating profit (loss)	178 661 815	(22 009 654)	41 916 762	(5 169 498)
Profit (loss) before tax	194 006 583	(29 745 445)	45 516 877	(6 986 435)
Net Profit (loss) on continued operations	149 621 055	(71 713 088)	35 103 361	(16 843 548)
Net profit (loss)	149 621 055	(71 713 088)	35 103 361	(16 843 548)
Net operating cash flow	318 749 139	417 129 837	74 783 365	97 972 998
Net investment cash flow	(309 279 830)	(279 796 782)	(72 561 722)	(65 717 019)
Net financial cash flow	(27 058 407)	(114 674 100)	(6 348 311)	(26 933 977)
Net change in cash and cash equivalents	(17 589 098)	22 658 955	(4 126 668)	5 322 002
Weighted average number of shares	139 163 286	139 158 564	139 163 286	139 158 564
Weighted average diluted number of shares	139 163 286	139 158 564	139 163 286	139 158 564
EPS (in PLN / EUR)	1,08	(0,52)	0,25	(0,12)
Diluted EPS (in PLN / EUR)	1,08	(0,52)	0,25	(0,12)
Average PLN / EUR rate*			4,2623	4,2576
	Non audited as at 31.12.2018 PLN	Non audited as at 31.12.2017 PLN	Non audited as at 31.12.2018 EUR	Non audited as at 31.12.2017 EUR
Assets	5 354 939 292	5 322 938 556	1 245 334 719	1 276 208 626
Long-term liabilities	74 392 609	87 317 132	17 300 607	20 934 842
Short-term liabilities	4 229 679 808	4 237 511 754	983 646 467	1 015 970 595
Equity	1 050 866 874	998 109 670	244 387 645	239 303 189
Share capital	139 163 286	139 163 286	32 363 555	33 365 290
Number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Diluted number of shares	142 069 536	142 069 536	142 069 536	142 069 536
Book value per share (in PLN / EUR)	7,55	7,17	1,76	1,72
Diluted book value per share (in PLN / EUR)	7,40	7,03	1,72	1,68
Dividend paid (in PLN / EUR) ***	101 589 199	101 589 199	23 625 395	24 356 661
Dividend paid per share (in PLN / EUR)	0,73	0,73	0,17	0,18
PLN / EUR rate at the end of the period**			4,3000	4,1709

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

*** Dividend for 2017 year was paid till 6 June 2018 for shareholders of Parent Company as at 16 May 2018.

EUROCASH S.A.

**CONDENSED INTERIM
SEPARATE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 1 JANUARY 2018 TO 31 DECEMBER 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, 27th February 2019

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.12.2018</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

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<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-31.12.2018	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

INTRODUCTION TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

1. INFORMATION ABOUT THE COMPANY

NAME

EUROCASH Spółka Akcyjna

REGISTERED OFFICE

ul. Wiśniowa 11, 62-052 Komorniki

CORE BUSINESS

Non-specialized wholesale trade
(PKD 4690Z)

REGISTRY COURT

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

DURATION OF THE COMPANY

Indefinite

PERIOD COVERED BY THE FINANCIAL STATEMENTS

The reporting period is 1 January 2018 – 31 December 2018.

The separate statement of financial position has been prepared as at 31 December 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 December 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>01.01-31.12.2018</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 December 2018 the Company's Supervisory Board consisted of the following members:

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

2.3. CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARD

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.

On 26 July 2018, Mr. Paweł Musiał resigned from the function of Member of the Management Board with effect on 31 July 2018.

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-31.12.2018	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 31.12.2018

	Non audited 4th Quarter for the period from 01.10.2018 to 31.12.2018	Non audited 4 Quarters for the period from 01.01.2018 to 31.12.2018	Non audited 4th Quarter for the period from 01.10.2017 to 31.12.2017 restated **	Non audited 4 Quarters for the period from 01.01.2017 to 31.12.2017 restated **
Sales *	3 710 986 932	14 775 940 898	3 550 727 711	13 658 042 229
Sales of goods *	3 695 244 758	14 697 738 394	3 530 442 416	13 580 367 154
Sales of services *	15 742 175	78 202 504	20 285 295	77 675 075
Costs of sales *	(3 241 840 608)	(13 026 365 679)	(3 180 571 119)	(12 113 678 872)
Cost of goods and services sold *	(3 241 840 608)	(13 026 365 679)	(3 180 571 119)	(12 113 678 872)
Gross profit (loss)	469 146 325	1 749 575 219	370 156 592	1 544 363 357
Selling expenses	(371 296 065)	(1 317 493 794)	(334 334 985)	(1 201 890 746)
General and administrative expenses	(65 121 604)	(263 675 008)	(62 315 317)	(257 739 539)
Profit (loss) on sales	32 728 656	168 406 417	(26 493 710)	84 733 071
Other operating income	16 733 115	41 874 022	17 644 291	42 278 532
Other operating expenses	(15 411 334)	(31 618 624)	42 847 783	(149 021 257)
Operating profit (loss)	34 050 437	178 661 815	33 998 364	(22 009 654)
Financial income	69 106 365	95 862 636	11 587 366	53 756 600
Financial costs	(31 846 980)	(80 517 868)	(26 837 656)	(61 492 391)
Profit (loss) before tax	71 309 822	194 006 583	18 748 074	(29 745 445)
Income tax expense	(16 034 782)	(44 385 528)	(31 318 460)	(41 967 643)
Profit (loss) for the period	55 275 040	149 621 055	(12 570 386)	(71 713 088)

NET EARNINGS PER SHARE

	PLN / share	PLN / share
Net profit (loss)	149 621 055	(71 713 088)
Weighted average number of shares	139 163 286	139 158 564
Weighted average diluted number of shares	139 163 286	139 158 564
Earnings per share		
- basic	1,08	(0,52)
- diluted	1,08	(0,52)

* Note 2

** Note 4

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.12.2018</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 31.12.2018

	Non audited 4th Quarter for the period from 01.10.2018 to 31.12.2018	Non audited 4 Quarters for the period from 01.01.2018 to 31.12.2018	Non audited 4th Quarter for the period from 01.10.2017 to 31.12.2017	Non audited 4 Quarters for the period from 01.01.2017 to 31.12.2017
Profit (loss) for the period	55 275 040	149 621 055	(12 570 386)	(71 713 088)
Other comprehensive income (loss) for the period	(610 254)	(1 154 653)	505 311	(173 072)
Items that may be subsequently reclassified to profit or loss:				
- The result on hedge accounting with the tax effect:	(610 254)	(1 154 653)	505 311	(173 072)
Total comprehensive income (loss) for the period	54 664 786	148 466 403	(12 065 075)	(71 886 160)

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.12.2018</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 31.12.2018

	Non audited as at 31.12.2018	as at 31.12.2017
<i>Assets</i>		
Non-current assets (long-term)	3 222 629 262	2 901 783 317
Goodwill	862 819 840	862 819 840
Intangible assets	523 056 721	537 898 915
Property, plant and equipment	447 770 647	460 893 534
Investment real property	957 103	972 799
Investments in subsidiary companies	1 291 451 999	953 265 943
Investments in associates and joint ventures	40 586 757	40 586 757
Other long-term investments	45 932 683	42 293 906
Long-term receivables	9 298 123	2 012 691
Other long-term prepayments	755 389	1 038 932
Current assets (short-term)	2 132 310 029	2 421 155 239
Inventories	851 055 722	888 688 306
Trade receivables	1 083 188 629	1 258 480 286
Current tax assets	-	18 659 162
Other short-term receivables	66 788 792	58 719 957
Other short-term investments	3 410 994	51 335 537
Short-term prepayments	29 771 917	29 588 917
Cash and cash equivalents	98 093 976	115 683 074
Total assets	5 354 939 292	5 322 938 556

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-31.12.2018	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 31.12.2018

	Non audited as at 31.12.2018	as at 31.12.2017
<i>Equity and liabilities</i>		
Equity	1 050 866 874	998 109 670
Share capital	139 163 286	139 163 286
Reserve capital	680 200 006	847 622 292
Hedging reserve	(7 638 430)	(6 483 777)
Retained earnings	239 142 012	17 807 869
Accumulated profit (loss) from previous years	89 520 957	89 520 957
Profit (loss) for the period	149 621 055	(71 713 088)
Liabilities	4 304 072 417	4 324 828 886
Non-current liabilities	74 392 609	87 317 132
Other long-term financial liabilities	281 330	693 162
Other long-term liabilities	1 061 800	903 500
Deferred tax liabilities	69 767 245	82 997 612
Employee benefits	3 282 234	2 722 858
Current liabilities	4 229 679 808	4 237 511 754
Loans and borrowings	1 014 433 854	691 467 746
Short-term financial liabilities	28 882 096	245 956 170
Trade liabilities	2 887 356 977	3 061 015 686
Current tax liabilities	40 241 661	-
Other short-term payables	49 419 392	53 782 691
Current employee benefits	68 627 054	68 730 494
Provisions	140 718 774	116 558 967
Total equity and liabilities	5 354 939 292	5 322 938 556

BOOK VALUE PER SHARE

	as at 31.12.2018	as at 31.12.2017
Book value	1 050 866 874	998 109 670
Number of shares	139 163 286	139 163 286
Diluted number of shares	142 069 536	142 069 536
Book value per share	7,55	7,17
Diluted book value per share	7,40	7,03

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-31.12.2018	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 31.12.2018

	Non audited 4 Quarters for the period from 01.01.2018 to 31.12.2018	Non audited 4 Quarters for the period from 01.01.2017 to 31.12.2017
<i>Cash flow from operating activities</i>		
Profit (loss) before income tax	194 006 583	(29 745 445)
Adjustments for:	125 463 908	147 845 797
Depreciation and amortization	115 740 618	114 132 123
Equity-settled shared share-based payment transactions	5 880 000	3 920 000
(Gain) loss on sale of property, plant and equipment	5 947 462	11 783 424
Result on the sale of shares - subsidiaries	(63 207 255)	-
Interest expenses	73 550 140	47 713 008
Interest received	(6 595 217)	(3 415 066)
Dividend and remission of sales income	(5 851 841)	(26 287 691)
Operating cash before changes in working capital	319 470 491	118 100 352
Changes in inventories	37 634 186	(89 689 757)
Changes in receivables	160 548 744	63 453 584
Changes in payables	(178 718 781)	316 499 226
Changes in provisions and employee benefits	20 738 042	26 541 672
Operating cash	359 672 681	434 905 077
Interest received	3 330 895	2 023 434
Interest paid	(37 801 148)	(16 376 618)
Income tax paid	(6 453 289)	(3 422 056)
Net cash from operating activities	318 749 139	417 129 837
<i>Cash flow from investing activities</i>		
Acquisition of intangible assets	(26 116 081)	(34 591 234)
Acquisition of property, plant and equipment	(62 654 972)	(95 578 000)
Proceeds from sale of property, plant and equipment	5 851 277	1 704 136
Income/expenses on other short-term financial assets	42 765 624	(50 264 534)
Acquisition of subsidiaries, net of cash acquired	(360 588 801)	(106 884 472)
Proceeds from the sale of shares and stocks - subsidiaries	85 605 000	-
Loans granted	(3 263 004)	(24 348 375)
Repayment received of granted loans	918 672	5 700 000
Interest received	2 350 614	389 464
Dividends received and remission of sales income	5 851 841	26 287 691
Net cash from investing activities	(309 279 830)	(279 796 782)
<i>Cash flows from financing activities</i>		
Proceeds from issue of share capital	-	2 543 150
Income/expenses for other financial liabilities	1 741 224	(4 663 046)
Income/expenses for short term debt securities	(219 533 443)	58 533 443
Proceeds from loans and borrowings	322 584 210	23 335 024
Repayment of borrowings	-	(67 880 924)
Payment of finance lease liabilities	(1 508 439)	(1 427 351)
Other interest	(3 185 536)	(4 451 863)
Interests on loans and borrowings	(25 567 226)	(19 073 334)
Dividends paid	(101 589 199)	(101 589 199)
Net cash used in financing activities	(27 058 407)	(114 674 100)
Net change in cash and cash equivalents	(17 589 098)	22 658 955
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	98 093 976	115 683 074

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.12.2018</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 31.12.2018

	Share capital	Reserve capital	Hedge reserve	Retained earnings	Total
<i>Changes in equity in the period from 01.01 to 31.12.2017 - non audited</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 31.12.2017	-	-	-	(71 713 088)	(71 713 088)
Other comprehensive income for the period 01.01 to 31.12.2017	-	-	(173 072)	-	(173 072)
Total comprehensive income for the period from 01.01. to 31.12.2017	-	-	(173 072)	(71 713 088)	(71 886 160)
Dividends	-	-	-	(101 589 199)	(101 589 199)
Transfer to reserve capital	-	1 024 874	-	(1 024 874)	-
Equity-settled share based payment transactions	-	3 920 000	-	-	3 920 000
Share options exercised	66 925	2 476 225	-	-	2 543 150
Total transaction with Owners of the Company recognized directly in equity	66 925	7 421 099	-	(102 614 073)	(95 126 049)
Balance as at 31.12.2017	139 163 286	847 622 292	(6 483 777)	17 807 869	998 109 670
<i>Changes in equity in the period from 01.01. to 31.12.2018 - non audited</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 31.12.2018	-	-	-	149 621 055	149 621 055
Other comprehensive income for the period 01.01 to 31.12.2018	-	-	(1 154 653)	-	(1 154 653)
Total comprehensive income for the period from 01.01. to 31.12.2018	-	-	(1 154 653)	149 621 055	148 466 403
Dividends	-	(101 589 199)	-	-	(101 589 199)
Equity-settled share based payment transactions	-	5 880 000	-	-	5 880 000
Retained earnings	-	(71 713 088)	-	71 713 088	0
Total transaction with Owners of the Company recognized directly in equity	-	(167 422 287)	-	71 713 088	(95 709 199)
Balance as at 31.12.2018	139 163 286	680 200 006	(7 638 430)	239 142 012	1 050 866 874

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Financial statements period:	<i>01.01-31.12.2018</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 31.12.2018

1. GENERAL INFORMATION

1.1. ISSUE OF THE FINANCIAL STATEMENT

According to the resolution of the Management Board dated 27 February 2019, the separate financial statements of Eurocash S.A. for the period from 1 January 2018 to 31 December 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 December 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.grupaeurocash.pl.

1.3. PRESENTATION CURRENCY, ROUNDINGS

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

1.4. USE OF ESTIMATES AND JUDGEMENTS

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

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

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

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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, excluding the application of new or amended standards and interpretations applicable to annual periods beginning on 1 January 2018 and later.

1.6. GOING CONCERN ASSUMPTION

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

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

Implementation of IFRS 9

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

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

IFRS 9 does not have a significant impact on the Company's financial statements

Implementation of IFRS 15

The impact of IFRS 15 “Revenue from contracts with customers” on the Company's financial statements is presented in Note 2 to the condensed i separate financial statements.

Implementation of IFRS 16

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

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

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

The lessee updates the valuation of the lease liability after the occurrence of certain events (eg changes in the leasing period, changes in future lease payments resulting from the change in the index or the rate used to determine these charges). In principle, the lessee

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recognizes the revaluation of the lease liability as an adjustment to the asset's value due to the right of use.

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

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

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

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

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

The Company plans to implement IFRS 16 using a modified retrospective method.

In summary, the Company expects the impact of the implementation of IFRS 16 to be as follows:

	as at 31.12.2018	Impact of IFRS 16	as at 31.12.2018
<i>Assets</i>			
Non-current assets (long-term)	3 222 629 262	861 323 545	4 083 952 807
Property, plant and equipment	447 770 647	861 323 545	1 309 094 198
Current assets (short-term)	2 132 310 029	-	2 132 310 029
Total assets	5 354 939 292	861 323 545	6 216 262 836
<i>Equity and liabilities</i>			
Equity	1 050 866 874	-	1 050 866 874
Liabilities	4 304 072 417	861 323 545	5 165 395 962
Non-current liabilities	74 392 609	850 851 416	925 244 025
Other long-term financial liabilities	281 330	850 851 416	851 132 746
Current liabilities	4 229 679 808	10 472 129	4 240 151 937
Short-term financial liabilities	28 882 096	10 472 129	39 354 225
Total equity and liabilities	5 354 939 292	861 323 545	6 216 262 836

The analysis of the Company's agreements in terms of IFRS 16 began by determining which contracts meet the definition of a lease. Lease liabilities are recognized at the value of discounted future payments during the lease term and the asset due to the right of use - in the same amount corrected by the amount of any prepayments or calculated lease payments recognized in the statement of financial position immediately before the date of first application. Lease payments are discounted using the lesser interest rate of the lessee on the date of the first application, determined for individual leasing portfolios depending on their period and the type of the asset being leased.

The date of start of the leasing period is the date on which the lessor makes the asset available for use by the lessee. The leasing period includes the irrevocable period during which the lessee is entitled to use, along with optional periods, when the Company may with reasonable assurance assume that it will exercise the option of extending or will not use the

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option of termination. In the case of establishing periods of contracts concluded for an indefinite period, the Company applied the criterion of sufficient certainty and took into account all relevant facts and circumstances, including business plans.

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

Other

a. IFRIC Interpretation 22 Foreign Currency Transaction and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advances consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt in advance consideration.

This Interpretation does not have any impact on the Company's consolidated financial statements.

b. Amendments to IAS 40 Transfers of Investment Property

The amendments clarifies when an entity should transfer property, including property under construction for development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet , the definition of investment property and there is evidence of change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

These amendments do not have any impact on the Company's consolidated financial statements.

c. Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transaction

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transactions; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

These amendments do not have any impact on Company's consolidated financial statements.

d. Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments allow entities that carry out insurance activity to postpone the date of entry into force of IFRS 9 by 1 January 2021. The effect of such postponement is that the entities concerned may continue to prepare financial statements in accordance with the applicable standard, i.e. IAS 39.

These changes do not apply to the Company.

e. Amendments to IAS 28 Investments in Associates and Joint Ventures as a part of Amendments resulting from the review of IFRSs 2014-2016

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The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit and loss under IFRS 9. If an entity, that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interest in subsidiaries. This selection is made separately for each investment entity associate or joint venture, at the later of the date on which a) the investment entity associate or joint venture is initially recognised; b) the associate or joint venture becomes an investment entity; c) the investment entity associate or joint venture becomes a parent.

These amendments do not have any impact on Company's consolidated financial statements.

- f. Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards as part of amendments resulting from the review of IFRSs 2014-2016

Short-term exemptions in paragraphs E3-E7 of IFRS 1 were deleted because they have not served their intended purpose.

These amendments do not have any impact on the Company's consolidated financial statements.

The company has not decided to apply earlier any standard, interpretation or amendment that has been published but has not yet entered into force due to the European Union regulations

2. NOTES TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2018 TO 31.12.2018

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 December 2018.

NOTE 2.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

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The Company adopted IFRS 15 using the full retrospective method of adoption, with adjusting the comparative data.

NOTE 3.

SALE OF 100% SHARES IN PAYUP POLSKA S.A.

On 19th December 2018 was concluded the final agreement to sell 100% shares of PayUp Polska S.A. with its registered office in Komorniki to Centrum Rozliczeń Elektronicznych Polskie E-Płatności S.A. The price for the 100% shares in PayUp Polska was set at PLN 85,6 million.

The parties to the transaction have also concluded on 27th September 2018 an agreement on long-term cooperation, ensuring the continuity of payment services for Eurocash Group's customers. The acquisition of PayUp by Polskie ePłatności will make it possible to further develop the services provided through POS terminals installed at Eurocash customers' stores. PayUp will gain a strong strategic partner with the know-how and resources necessary for further development. Eurocash Group will focus on its core business and the development of new projects that support the competitiveness of independent retail in Poland.

NOTE 4.

RESTATEMENT OF COMPARATIVE DATA

The restatement of comparative data is related 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 283,8 million and revenues from sale of services by PLN 917,2 million.

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	The amount in the approved report for the period from 01.01.2017 to 31.12.2017	Correction for the period from 01.01.2017 to 31.12.2017	The corrected amount for the period from 01.01.2017 to 31.12.2017
Sales	14 859 167 869	(1 201 125 641)	13 658 042 229
Sales of goods	13 864 239 157	(283 872 004)	13 580 367 154
Sales of services	994 928 712	(917 253 637)	77 675 075
Costs of sales	(13 314 804 513)	1 201 125 641	(12 113 678 872)
Cost of goods and services sold	(13 314 804 513)	1 201 125 641	(12 113 678 872)
Gross profit (loss)	1 544 363 357	-	1 544 363 357
Selling expenses	(1 201 890 746)	-	(1 201 890 746)
General and administrative expenses	(257 739 539)	-	(257 739 539)
Profit (loss) on sales	84 733 071	-	84 733 071
Other operating income	42 278 532	-	42 278 532
Other operating expenses	(149 021 257)	-	(149 021 257)
Operating profit (loss)	(22 009 654)	-	(22 009 654)
Financial income	53 756 600	-	53 756 600
Financial costs	(61 492 391)	-	(61 492 391)
Profit (loss) before income tax	(29 745 445)	-	(29 745 445)
Income tax expense	(41 967 643)	-	(41 967 643)
Profit (loss) for the period	(71 713 088)	-	(71 713 088)

NOTE 5.

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.

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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 December 2018, the Management Board of the Company has no confirmation for creating of any provisions due to these interpretations.

On 28 February 2018, the Head of the Customs and Revenue Office for Wielkopolska Region in Poznań initiated an audit of corporate income tax for 2016. As at 31 December 2018, the audit was not completed.

NOTE 6.

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

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

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

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

NOTE 7.

OTHER EXPLANATORY NOTES

The main changes in statement of financial position are related to the sale of shares in other entities, that were classified as assets held for sale, short-term loans and borrowings and the repayment of bonds.

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NOTE 8.

TRANSACTIONS WITH SUBSIDIARIES

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

NOTE 9.

FINANCE RISK MANAGEMENT

As at 31 December 2018, there was a surplus of current liabilities of the Company over its current assets in the amount of PLN 2.07 billion which is typical for the industry in which the Company provides the activity, in which a significant part of sales is made on cash conditions, stock levels are minimized and suppliers provide deferred payment terms. At the same time, the Company is developing the retail network by involving its own funds and from external financing sources. The financial plans of the Management Board indicate that the Company will maintain liquidity. Conditions related to credit agreements are being monitored, as at the balance sheet date, 31 December 2018, the terms of loan agreements were not broken. In addition, the Company has not used credit limits. Considering the above, as at the date of approval of these separate financial statements, there are no circumstances indicating a threat of a loss of financial liquidity by the Company.

NOTE 10.

IMPORTANT EVENTS DURING THE PERIOD COVERED BY THE FINANCIAL STATEMENTS

1. Payment of the dividend for the year 2017

On 6 June 2018, in accordance with the decision of the Ordinary General Meeting of Eurocash S.A., a dividend of PLN 0.73 per share was paid out of the reserve capital. The total amount of the paid dividend was PLN 101,589,198.78.

2. Planned acquisition in Partner Sp. z o.o.

On 21 December 2018, Eurocash received from the Office of Competition and Consumer Protection (UOKiK) agreement for concentration in connection with the planned acquisition of shares in the company Partner Sp. z o.o. based in Lipno. The company operates 25 stores under the label of Lewiatan.

NOTE 11.

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.

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SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

Position	Name and surname	Date	Signature
Member of the Management Board Financial Director	Jacek Owczarek	27 th February 2019	
Member of the Management Board	Katarzyna Kopaczewska	27 th February 2019	

Management discussion of the financial results for 4Q 2018

1. Eurocash Group - overview

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

In its business activity, Eurocash uses a range of distribution formats in different segments, which first and foremost include:

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 Podkarpackie 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.

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.;
- **Mila** – own retail stores under brand Mila operated by Mila S.A.;
- **Inmedio** – press retail kiosks under Inmedio brand.

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REPORT OF THE MANAGEMENT BOARD	

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 2Go Sp. z o.o., 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 1 Sp. z o.o., Eurocash Trade 2 Sp. z o.o., Eurocash VC3 Sp. z o.o. and Central Head Office costs consolidation not related to any of above segment.

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

2. Summary of financial and operational results of Eurocash Group in 4Q 2018 and 4Q YTD 2018

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

Profit & loss account

Table 1: Eurocash Group: Summary of consolidated financial results for 4Q 2018

	4Q 2018	4Q 2017	Change
PLN m			
Sales revenues (traded goods, materials)	5 801,00	5 190,94	11,75%
Gross profit (loss) on sales	809,24	650,83	24,34%
Gross profitability on sales (%)	13,95%	12,54%	1,41 p.p.
EBITDA	156,85	101,48	54,55%
<i>(EBITDA margin %)</i>	2,70%	1,96%	0,75 p.p.
EBIT	102,34	51,38	99,17%
<i>(EBIT margin %)</i>	1,76%	0,99%	0,77 p.p.
Gross profit	76,60	34,78	120,22%
Net Income	55,92	9,75	473,57%
<i>(Net profitability %)</i>	0,96%	0,19%	0,78 p.p.

Table 2: Eurocash Group: Normalized financial results for 4Q 2018

	4Q 2018	4Q 2017	Change %
PLN m			
One-off items	47,76		
<i>PayUp disposal</i>	74,76		
<i>Provision on restructuring costs</i>	(27,00)		
EBITDA normalized	109,09	101,48	7,49%
<i>(Normalized EBITDA margin %)</i>	1,88%	1,96%	-0,08 p.p.
EBIT normalized	54,59	51,38	6,23%
<i>(Normalized EBIT margin %)</i>	0,94%	0,99%	-0,05 p.p.
Net profit normalized	8,17	9,75	-16,25%
<i>(Normalized net profitability %)</i>	0,14%	0,19%	-0,05 p.p.

Table 3: Eurocash Group: Summary of consolidated financial results for 2018

	2018	2017	Change
PLN m			
Sales revenues (traded goods, materials)	22 832,89	20 849,46	9,51%
Gross profit (loss) on sales	2 881,88	2 465,32	16,90%
Gross profitability on sales (%)	12,62%	11,82%	0,80 p.p.
EBITDA	418,61	246,31	69,95%
(EBITDA margin %)	1,83%	1,18%	0,65 p.p.
EBIT	214,38	62,99	240,31%
(EBIT margin %)	0,94%	0,30%	0,64 p.p.
Gross profit	155,55	20,31	665,78%
Net Income	111,65	(29,56)	-477,72%
(Net profitability %)	0,49%	-0,14%	0,63 p.p.

Table 4: Eurocash Group: Normalized financial results for 2018

	2018	2017	Change %
PLN m			
One-off items	44,75	(114,40)	
<i>PayUp disposal</i>	<i>74,76</i>		
<i>Provision on restructuring costs</i>	<i>(27,00)</i>		
<i>Costs of Mila process</i>	<i>(3,01)</i>		
<i>Cost of potential Vat liabilities</i>		<i>(114,40)</i>	
EBITDA normalized	373,86	360,71	3,64%
(Normalized EBITDA margin %)	1,64%	1,73%	-0,09 p.p.
EBIT normalized	169,62	177,40	-4,38%
(Normalized EBIT margin %)	0,74%	0,85%	-0,09 p.p.
Net profit normalized	66,90	84,84	-21,15%
(Normalized net profitability %)	0,29%	0,41%	-0,12 p.p.

Consolidated total sales revenues of Eurocash Group in 4Q 2018 amounted to PLN 5 801.00 m and increased by 11.75% YoY. In 4Q YTD 2018 consolidated sales reached PLN 22 832.89 m comparing with PLN 20 849.46 m in the same period previous year. Sales growth was driven mainly by Wholesale segment (PLN +223m in 4Q 2018 and PLN +957m in 4Q YTD 2018) and consolidation of acquired retail company Mila S.A. (PLN +369m in 4Q 2018 and PLN +835m in 4Q YTD 2018)

Consolidated gross profit margin amounted to 13.95% in 4Q 2018 and increased by 1.41 p.p. YoY. In 4Q YTD 2018 gross profitability increased by 0.80 p.p. YoY and amounted to 12.62%. Increase of gross margin was attributable mainly to consolidation of acquired Mila supermarket chain. Excluding M&A consolidated gross margin in 4Q YTD 2018 increased by 0.22 p.p.

Consolidated EBITDA in 4Q 2018 amounted to PLN 156.85 m and increased by 54.55%. After the four quarters cumulatively EBITDA amounted to PLN 418.61 m compared with PLN 246.31 m previous year (an increase by 69.95%). Consolidated EBITDA in 4Q YTD 2018 was impacted mainly by one-off items like disposal of PayUp (PLN +75m), restructuring provision (PLN -27m) and costs of Mila process paid in 2Q 2018 (PLN +3m). Normalized EBITDA excluding one-off items increased in 4Q 2018 by 7.49% and

amounted to PLN 109.09 m. In 4Q YTD 2018 normalized EBITDA increased by 3.64% and amounted to PLN 373.86 m. EBITDA increase was primarily related to the improvement of the wholesale segment's financial results, which were partly off-set by the financial results of the retail segment being in the process of reorganization and integration.

The net profit in 4Q 2018 amounted to PLN 55.92 m comparing to PLN 9.75 m in 4Q 2017. In 4Q YTD 2018 net profit reached PLN 111.65 m, which means PLN 141m increase YoY. Normalized net profit in 4Q 2018 amounted to PLN 8.17m in comparison to PLN 9.75m in 4Q 2017 and in 4Q YTD 2018 amounted to PLN 66.90m comparing to PLN 84.84 m in 4Q YTD 2017. Normalized net profit in 2018 was impacted by higher depreciation driven by Retail segment and increased net financial costs due to increased leverage driven by acquisition of Mila chain.

Sales by format

Table 5: Eurocash Group: Sales dynamics by distribution format for 4Q 2018

PLN m	4Q 2018	4Q 2017	Change%
Wholesale	4 349,03	4 126,07	5,40%
Cash&Carry	1 058,29	988,81	7,03%
Tobacco	1 409,74	1 334,76	5,62%
Alcohol	582,94	619,92	-5,96%
Distribution	1 170,12	1 070,42	9,31%
Food Service	123,94	112,15	10,51%
Other	4,00	0,01	47703,66%
Retail	1 286,36	873,14	47,33%
Delikatesy Centrum	392,07	374,28	4,75%
Inmedio	118,78	112,63	5,46%
Delikatesy Centrum Own	192,93	184,62	4,50%
EKO	213,52	201,62	5,91%
Mila	369,06	0,00	
Projects	174,18	156,35	11,40%
Eurocash Group	5 809,57	5 155,56	12,69%

Table 6: Eurocash Group: Sales dynamics by distribution format for 2018

PLN m	2018	2017	Change%
Wholesale	17 681,88	16 724,60	5,72%
Cash&Carry	4 474,74	4 312,53	3,76%
Tobacco	5 894,02	5 535,65	6,47%
Alcohol	2 212,44	2 265,88	-2,36%
Distribution	4 615,18	4 177,28	10,48%
Food Service	476,36	433,26	9,95%
Other*	9,13	0,01	104000,42%
Retail	4 318,72	3 436,83	25,66%
Delikatesy Centrum	1 490,42	1 465,55	1,70%
Inmedio	445,84	424,90	4,93%
Delikatesy Centrum Own	739,26	704,89	4,88%
EKO	808,36	841,48	-3,94%
Mila	834,85	0,00	
Projects	680,30	551,57	23,34%
Eurocash Group	22 680,90	20 713,00	9,50%

* Other format data in the Wholesale segment was corrected for intra-group sales of Cerville Investments Sp. z o.o.

Wholesale:

- In 4Q 2018 external sales of goods in Wholesale segment amounted to PLN 4 349.03 m and increased by 5.40% comparing with 4Q 2017. In 4Q YTD 2018 sales amounted to PLN 17 681.88 m and increased by 5.72% YoY.
- EBITDA of the Wholesale segment amounted in 4Q 2018 to PLN 118.44 m while in 4Q 2017 it amounted to PLN 107.14 m (an increase by 10.54% YoY). EBITDA in 4Q YTD 2018 amounted to PLN 409.63 m comparing to PLN 346.61 m in the same period of 2017 (an increase by 18.18% YoY).
- LFL sales growth (same number of stores) in Eurocash Cash&Carry stores in 4Q 2018 amounted to positive 6.93% (the best result from 1Q 2013) and 4.13% in 4Q YTD 2018
- The number of Eurocash Cash&Carry stores at the end of 4Q 2018 amounted to 180.
- The number of abc stores amounted to 8 708 at the end of 4Q 2018.
- Number of partnership or franchise stores organized by companies belonging to Eurocash Group (Groszek, Euro Sklep, Lewiatan and PSD) amounted to 5 024 stores as of the end of 4Q 2018.
- Sales of cigarettes in Tobacco & Impulse distribution format in terms of volume amounted in 4Q 2018 to 2 396 m pieces and increased by 7.09% YoY.
- Sales of cigarettes in terms of value increased by 8.9% in 4Q 2018 and 8.5% in 4Q YTD 2018 YoY

Retail:

- Sales of goods realized by Retail segment in 4Q 2018 amounted to PLN 1 286.36 m and increased by 47.33% YoY. In 4Q YTD 2018 sales amounted to PLN 4 318.72 m and increased by 25.66% YoY. Sales increase was attributable mainly to consolidation of acquired in May 2018 Mila chain (sales revenues PLN 369.06 m in 4Q and PLN 834.85 m in 4Q YTD 2018)
- EBITDA of the Retail segment amounted in 4Q 2018 to PLN 44.19 m comparing to PLN 47.62 m in 4Q 2017. In 4Q YTD 2018 EBITDA amounted to PLN 107.03 m comparing to PLN 153.27 m in 4Q

YTD 2017. The decrease in the EBITDA of the retail segment was mainly related to the integration of the EKO and Mila chain acquired in 2017 and 2018 respectively.

- LFL dynamics of wholesale sales realized by Eurocash to "Delikatesy Centrum" franchise stores (the same number of stores) amounted to +3.35% in 4Q 2018 and +2.88% in 4Q YTD 2018.
- LFL growth of retail sales of "Delikatesy Centrum" franchise stores amounted to 2.04% in 4Q 2018 and +0.89% in 4Q YTD 2018. LFL growth of retail sales in EKO stores under Delikatesy Centrum brand amounted to 5.85% in 4Q 2018 and 1.93% in 4Q YTD 2018. The improvement of logistics processes after the integration of two warehouses and the stores remodeling with the change of the brand to Delikatesy Centrum had a positive effect on the increase in LFL sales.
- LFL dynamics of retail sales in 4Q 2018 amounted in Inmedio stores to +2.30% YoY and +1.74% in 4Q YTD 2018 YoY.
- Number of total small supermarkets amounted to 1 539 stores at the end of 4Q 2018 comparing to 1 326 in 4Q 2017. The number of stores includes 1 002 franchise stores, 127 own stores operated by Firma Rogala and FHC-2, 223 own stores operated by EKO Holding (199 under Delikatesy Centrum brand), and 187 stores operated by Mila under Mila brand.
- Total number of Inmedio newsagents amounted to 448 stores at the end of 2018.

Projects

- Sales of goods realized by Projects segment in 4Q 2018 amounted to PLN 174.18 m comparing to PLN 156.35 m in 4Q 2017. In 4Q YTD 2018 sales of goods amounted to PLN 680.30 m comparing to 551.57 m in 4Q YTD 2017.
- The main driver of sales increase in Projects has been development of distribution of fresh products to franchise stores in Delikatesy Centrum chain. Sales of Fresh Project in 4Q YTD 2018 amounted to PLN 605.90 m comparing to PLN 488.87 m in 4Q YTD 2017. Starting from 2019 Fresh Project will be excluded from Projects segment and included in Retail segment due to the fact that project has reached break-even point in 2H 2018.
- Negative EBITDA contribution of Projects segment amounted in 4Q 2018 to PLN -8.46 m comparing to PLN -12.78 m in 4Q 2017. In 4Q YTD 2018 EBITDA amounted to PLN -40.91 m comparing to PLN -52.09 m in 2017.

Others

- EBITDA of Others segment in 4Q 2018 amounted to negative PLN 8.46 m comparing to negative PLN 40.50 m in 4Q 2017. In 4Q YTD 2018 EBITDA amounted to PLN -57.13 m comparing to PLN -87.08 m in 4Q YTD 2017. Segment of others was impacted by one-off items like disposal of PayUp (PLN +75m), restructuring provision (PLN -27m) and costs of Mila process paid in 2Q 2018 (PLN +3m). Excluding one-off items EBITDA of Others segment amounted to negative PLN 56.22m in 4Q and negative PLN 101.88 m in 4Q YTD 2018.

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 7: Group Eurocash: Operating segments results in 2018

1Q 2018 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenues from traded goods	3 969,71	817,40	164,48	0,00	4 951,59
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>
2Q 2018 (PLN m)					
Sales revenues from traded goods	4 591,08	953,89	173,77	0,00	5 718,73
EBIT	86,47	13,44	-13,03	-19,25	67,63
<i>(EBIT margin %)</i>	<i>1,88%</i>	<i>1,41%</i>	<i>-7,50%</i>	<i>0,00%</i>	<i>1,18%</i>
EBITDA	112,82	32,06	-11,97	-15,88	117,03
<i>(EBITDA margin %)</i>	<i>2,45%</i>	<i>3,36%</i>	<i>-6,89%</i>	<i>0,00%</i>	<i>2,04%</i>
3Q 2018 (PLN m)					
Sales revenues from traded goods	4 772,06	1 261,07	167,87	0,00	6 201,00
EBIT	104,31	-13,57	-7,33	-31,90	51,50
<i>(EBIT margin %)</i>	<i>2,19%</i>	<i>-1,08%</i>	<i>-4,37%</i>	<i>0,00%</i>	<i>0,83%</i>
EBITDA	130,98	9,29	-6,22	-28,93	105,13
<i>(EBITDA margin %)</i>	<i>2,74%</i>	<i>0,74%</i>	<i>-3,70%</i>	<i>0,00%</i>	<i>1,70%</i>
4Q 2018 (PLN m)					
Sales revenues from traded goods	4 349,03	1 286,36	174,18	0,00	5 809,57
EBIT	92,06	20,71	-9,28	-1,15	102,34
<i>(EBIT margin %)</i>	<i>2,12%</i>	<i>1,61%</i>	<i>-5,33%</i>	<i>0,00%</i>	<i>1,76%</i>
EBITDA	118,44	44,19	-8,46	2,69	156,85
<i>(EBITDA margin %)</i>	<i>2,72%</i>	<i>3,43%</i>	<i>-4,86%</i>	<i>0,00%</i>	<i>2,70%</i>

Table 8: Eurocash Group: Operating segments results in 2018 YTD

1Q YTD 2018 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenues from traded goods	3 969,71	817,40	164,48	0,00	4 951,59
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>
2Q YTD 2018 (PLN m)					
Wholesale	Retail	Projects	Other	Total	
Sales revenues from traded goods	8 560,79	1 771,29	338,25	0,00	10 670,32
EBIT	107,55	19,47	-28,46	-38,03	60,53
<i>(EBIT margin %)</i>	<i>1,25%</i>	<i>1,10%</i>	<i>-8,41%</i>	<i>0,00%</i>	<i>0,57%</i>
EBITDA	160,21	53,55	-26,23	-30,89	156,64
<i>(EBITDA margin %)</i>	<i>1,87%</i>	<i>3,02%</i>	<i>-7,75%</i>	<i>0,00%</i>	<i>1,46%</i>
3Q YTD 2018 (PLN m)					
Wholesale	Retail	Projects	Other	Total	
Sales revenues from traded goods	13 332,85	3 032,36	506,11	0,00	16 871,32
EBIT	211,86	5,90	-35,79	-69,93	112,03
<i>(EBIT margin %)</i>	<i>1,59%</i>	<i>0,19%</i>	<i>-7,07%</i>	<i>0,00%</i>	<i>0,66%</i>
EBITDA	291,19	62,84	-32,45	-59,82	261,77
<i>(EBITDA margin %)</i>	<i>2,18%</i>	<i>2,07%</i>	<i>-6,41%</i>	<i>0,00%</i>	<i>1,55%</i>
4Q YTD 2018 (PLN m)					
Wholesale	Retail	Projects	Other	Total	
Sales revenues from traded goods	17 681,88	4 318,72	680,30	0,00	22 680,89
EBIT	303,93	26,61	-45,07	-71,09	214,38
<i>(EBIT margin %)</i>	<i>1,72%</i>	<i>0,62%</i>	<i>-6,63%</i>	<i>0,00%</i>	<i>0,95%</i>
EBITDA	409,63	107,03	-40,91	-57,13	418,61
<i>(EBITDA margin %)</i>	<i>2,32%</i>	<i>2,48%</i>	<i>-6,01%</i>	<i>0,00%</i>	<i>1,85%</i>

Table 9: Eurocash Group: Operating segments results in 2017

1Q 2017 (PLN m)	Wholesale	Retail	Projects	Other	VAT settlements	Total
Sales revenues 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>	-0,15%
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>	0,81%
2Q 2017 (PLN m)						
Sales revenues from traded goods	4 404,61	855,09	135,84	0,00	0,00	5 395,54
EBIT	78,43	26,27	-10,68	-19,19	-114,40	-39,56
<i>(EBIT margin %)</i>	<i>1,78%</i>	<i>3,07%</i>	<i>-7,86%</i>	<i>0,00%</i>	<i>0,00%</i>	-0,73%
EBITDA	105,38	41,21	-10,39	-15,94	-114,40	5,87
<i>(EBITDA margin %)</i>	<i>2,39%</i>	<i>4,82%</i>	<i>-7,65%</i>	<i>0,00%</i>	<i>0,00%</i>	0,11%
3Q 2017 (PLN m)						
Sales revenues from traded goods	4 479,27	915,04	147,86	0,00	0,00	5 542,18
EBIT	71,33	16,91	-12,80	-17,28	0,00	58,15
<i>(EBIT margin %)</i>	<i>1,59%</i>	<i>1,85%</i>	<i>-8,66%</i>	<i>0,00%</i>	<i>0,00%</i>	1,05%
EBITDA	97,41	31,40	-12,90	-14,45	0,00	101,47
<i>(EBITDA margin %)</i>	<i>2,17%</i>	<i>3,43%</i>	<i>-8,72%</i>	<i>0,00%</i>	<i>0,00%</i>	1,83%
4Q 2017 (PLN m)						
Sales revenues from traded goods	4 126,07	873,14	156,35	0,00	0,00	5 155,56
EBIT	79,43	30,60	-13,25	-45,40	0,00	51,38
<i>(EBIT margin %)</i>	<i>1,93%</i>	<i>3,50%</i>	<i>-8,47%</i>	<i>0,00%</i>	<i>0,00%</i>	1,00%
EBITDA	107,14	47,62	-12,78	-40,50	0,00	101,48
<i>(EBITDA margin %)</i>	<i>2,60%</i>	<i>5,45%</i>	<i>-8,17%</i>	<i>0,00%</i>	<i>0,00%</i>	1,97%

Table 10: Eurocash Group: Operating segments results in 2017 YTD

1Q YTD 2017 (PLN m)	Wholesale	Retail	Projects	Other	VAT settlements	Total
Sales revenues 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>	-0,15%
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>	0,81%
2Q YTD 2017 (PLN m)						
Sales revenues from traded goods	8 119,26	1 648,64	247,36	0,00	0,00	10 015,26
EBIT	88,35	44,84	-27,03	-38,30	-114,40	-46,54
<i>(EBIT margin %)</i>	<i>1,09%</i>	<i>2,72%</i>	<i>-10,93%</i>	<i>0,00%</i>	<i>0,00%</i>	-0,46%
EBITDA	142,05	74,25	-26,41	-32,13	-114,40	43,36
<i>(EBITDA margin %)</i>	<i>1,75%</i>	<i>4,50%</i>	<i>-10,68%</i>	<i>0,00%</i>	<i>0,00%</i>	0,43%
3Q YTD 2017 (PLN m)						
Sales revenues from traded goods	12 598,54	2 563,68	395,22	0,00	0,00	15 557,44
EBIT	159,67	61,75	-39,83	-55,58	-114,40	11,61
<i>(EBIT margin %)</i>	<i>1,27%</i>	<i>2,41%</i>	<i>-10,08%</i>	<i>0,00%</i>	<i>0,00%</i>	0,07%
EBITDA	239,47	105,65	-39,31	-46,58	-114,40	144,83
<i>(EBITDA margin %)</i>	<i>1,90%</i>	<i>4,12%</i>	<i>-9,95%</i>	<i>0,00%</i>	<i>0,00%</i>	0,93%
4Q YTD 2017 (PLN m)						
Sales revenues from traded goods	16 724,60	3 436,83	551,57	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>-9,62%</i>	<i>0,00%</i>	<i>0,00%</i>	0,30%
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>-9,44%</i>	<i>0,00%</i>	<i>0,00%</i>	1,19%

Table 11: Eurocash Group: Operating segments results in 2016

1Q 2016 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenues 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
(EBIT margin %)	0,39%	3,28%	-17,86%	0,00%	0,15%
EBITDA	41,85	29,52	-7,05	-16,99	47,34
(EBITDA margin %)	1,14%	4,94%	-16,43%	0,00%	1,10%
2Q 2016 (PLN m)					
Sales revenues 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
(EBIT margin %)	1,76%	2,73%	-14,78%	0,00%	1,45%
EBITDA	100,94	24,43	-8,40	-6,71	110,26
(EBITDA margin %)	2,39%	4,49%	-14,20%	0,00%	2,29%
3Q 2016 (PLN m)					
Sales revenues from traded goods	4 366,99	653,21	67,75	0,00	5 087,95
EBIT	85,06	27,52	-11,03	-20,47	81,08
(EBIT margin %)	1,91%	4,21%	-16,28%	0,00%	1,57%
EBITDA	114,44	37,45	-10,47	-18,19	123,24
(EBITDA margin %)	2,57%	5,73%	-15,45%	0,00%	2,39%
4Q 2016 (PLN m)					
Sales revenues from traded goods	3 965,37	601,32	101,59	0,00	4 668,29
EBIT	118,43	49,04	-14,10	-36,84	116,52
(EBIT margin %)	3,05%	8,15%	-13,88%	0,00%	2,54%
EBITDA	147,50	60,01	-13,88	-33,98	159,65
(EBITDA margin %)	3,79%	9,98%	-13,66%	0,00%	3,48%

Table 12: Eurocash Group: Operating segments results in 2016 YTD

1Q YTD 2016 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenues 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	Other	Total
Sales revenues 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	Other	Total
Sales revenues from traded goods	12 251,92	1 795,41	169,76	0,00	14 217,08
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	Other	Total
Sales revenues 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>

Cash flow

Table 13: Eurocash Group: Consolidated cash flow for 4Q 2018

PLN m	4Q 2018	4Q 2017
Operating cash flow	197,63	187,53
<i>Gross profit (loss)</i>	76,60	34,78
<i>Depreciation</i>	54,50	50,10
<i>Change in working capital</i>	92,08	72,77
<i>Other</i>	(25,54)	29,88
Cash flow from investments	35,68	(50,43)
Cash flow from financing activities	(189,93)	(93,27)
Total cash flow	43,38	43,83

Table 14: Eurocash Group: Consolidated cash flow for 2018

PLN m	2018	2017
Operating cash flow	498,77	471,25
<i>Gross profit (loss)</i>	155,55	20,31
<i>Depreciation</i>	204,24	183,32
<i>Change in working capital</i>	175,50	247,11
<i>Other</i>	(36,52)	20,51
Cash flow from investments	(378,88)	(335,71)
Cash flow from financing activities	(125,93)	(94,81)
Total cash flow	(6,04)	40,73

Total cash flow in 4Q 2018 amounted to PLN 43.38 m and the operating cash flow reached PLN 197.63 m. In 4Q YTD 2018 total cash flows amounted to negative PLN 6.04 m and operational cash flows amounted to PLN 498.77 m. High level of operational cash flow was driven by acquisition of Mila retail chain, as well as decreased receivables due to increased wholesale sales with short payment periods and introduction of non-recourse factoring.

Cash flow from investments amounted to positive PLN 35.68 m in 4Q 2018 and negative PLN 378.88 m in 4Q YTD 2018 and was driven by acquisition of Mila chain and off-set by disposal of subsidiary PayUp Polska S.A. Cash flow from financing activities amounted to negative PLN 189.93 m in 4Q 2018 and negative PLN 125.93 m in 4Q YTD 2018.

Working capital

Table 15: Eurocash Group: Consolidated working capital ratios for 4Q 2018

Turnover in days	4Q 2018	4Q 2017
1. Inventories turnover	20,49	23,40
2. Trade receivables turnover	21,31	29,83
3. Trade liabilities turnover	70,28	79,86
4. Operating cycle (1+2)	41,80	53,22
5. Cash conversion (4-3)	(28,49)	(26,63)

Table 16: Eurocash Group: Consolidated working capital ratios for 2017

Turnover in days	2018	2017
1. Inventories turnover	20,65	23,11
2. Trade receivables turnover	21,48	29,46
3. Trade liabilities turnover	69,77	78,24
4. Operating cycle (1+2)	42,13	52,57
5. Cash conversion (4-3)	(27,64)	(25,67)

Cash conversion in 4Q 2018 reached -28.49 days comparing to -26.63 days previous year. In 4Q YTD 2018 cash conversion cycle amounted to -27.64 days comparing with -25.67 days in 2017. Changes in rotation of Working Capital elements was attributable to consolidation of Mila supermarket chains. Improved rotation of trade receivables was also driven by increased sales with short payment term as well as introduction of non-recourse factoring.

Statement of the financial position

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

Table 17: Eurocash Group: Selected consolidated balance sheet items

PLN m	31.12.2018		31.12.2017	
Fixed assets	3 006,01	50,01%	2 526,97	42,26%
Current assets	3 004,90	49,99%	3 452,96	57,74%
Total assets	6 010,91	100,00%	5 979,92	100,00%
Equity	1 036,41	17,24%	1 030,01	17,22%
Liabilities and provisions	4 974,50	82,76%	4 949,92	82,78%
Total liabilities and equity	6 010,91	100,00%	5 979,92	100,00%

Net debt of Eurocash Group at the end of December 2018 amounted to PLN 381.95 m compared with PLN 369.55 m at the end of year 2017.

Since 2019 financial year the Company is obliged to report financial results including new IFRS 16 rule. Impact of new standard on Net Debt will amount to PLN 1 801.66 m. Estimated impact of IFRS16 on 2019 EBITDA level should amount appx. PLN 329.81m with the assumption that the number of contracts will be constant and no change of their conditions is to occur. The estimated IFRS16 EBITDA shall not constitute any definitive forecasts and as such is not guaranteed by Eurocash to any extent .

3. Summary of financial results of Eurocash S.A. in 4Q and FY 2018

Profit & loss account

Table 18: Eurocash S.A.: Summary of financial results for 4Q 2018

PLN m	4Q 2018	4Q 2017	Change
Sales revenues (traded goods, materials)	3 710,99	3 550,73	4,51%
Gross profit (loss) on sales	469,15	370,16	26,74%
Gross profitability on sales (%)	12,64%	10,42%	2,22 p.p.
EBITDA	62,91	64,21	-2,02%
(EBITDA margin %)	1,70%	1,81%	0,11 p.p.
EBIT	34,05	34,00	0,15%
(EBIT margin %)	0,92%	0,96%	0,04 p.p.
Gross profit	71,31	18,75	280,36%
Net Income	55,28	(12,57)	-539,72%
(Net profitability %)	1,49%	-0,35%	1,84 p.p.

Table 19: Eurocash S.A.: Summary of financial results for 2018

PLN m	2018	2017	Change
Sales revenues (traded goods, materials)	14 775,94	13 658,04	8,18%
Gross profit (loss) on sales	1 749,58	1 544,36	13,29%
Gross profitability on sales (%)	11,84%	11,31%	0,53 p.p.
EBITDA	294,40	92,12	219,58%
(EBITDA margin %)	1,99%	0,67%	1,32 p.p.
EBIT	178,66	(22,01)	-911,74%
(EBIT margin %)	1,21%	-0,16%	1,37 p.p.
Gross profit	194,01	(29,75)	-752,22%
Net Income	149,62	(71,71)	-308,64%
(Net profitability %)	1,01%	-0,53%	1,54 p.p.

Sales of Eurocash S.A. in 4Q 2018 amounted to PLN 3 710.99 m and increased by 4,51% YoY. In 2018 sales of Eurocash S.A. increased by 8.18% and amounted to PLN 14 775.94 m.

Gross margin on sales realized by Eurocash in 4Q 2018 amounted to 12.64% and was higher than in 4Q 2017 by 2.22 p.p. In FY 2018 gross margin amounted 11.84% comparing to 11.31% in 2017.

In 4Q 2018 EBITDA amounted to PLN 62.91 m and in 2018 PLN 294.40 m. Net profit in 4Q 2018 amounted to PLN 55.28 m and in 2018 PLN amounted to 149.62 m.

Cash flow

Table 20: Eurocash S.A.: Cash flow for 4Q 2018

	PLN m	4Q 2018	4Q 2017
Operating cash flow		48,32	188,16
<i>Gross profit (loss)</i>		71,31	18,75
<i>Depreciation</i>		28,86	30,21
<i>Change in working capital</i>		(53,59)	91,02
<i>Other</i>		1,74	48,19
Cash flow from investments		56,92	(65,61)
Cash flow from financing activities		(57,31)	(93,82)
Total cash flow		47,93	28,72

Table 21: Eurocash S.A.: Cash flow for 2018

	PLN m	2018	2017
Operating cash flow		318,75	417,13
<i>Gross profit (loss)</i>		194,01	(29,75)
<i>Depreciation</i>		115,74	114,13
<i>Change in working capital</i>		19,46	290,26
<i>Other</i>		(10,46)	42,48
Cash flow from investments		(309,28)	(279,80)
Cash flow from financing activities		(27,06)	(114,67)
Total cash flow		(17,59)	22,66

Total cash flow of Eurocash S.A. in 4Q 2018 amounted to PLN 47.93 m and in 2018 amounted to negative PLN 17.59m.

Working capital

Table 22: Eurocash S.A.: Working capital ratios for 4Q 2018

Turnover in days	4Q 2018	4Q 2017
1. Inventories turnover	21,10	23,03
2. Trade receivables turnover	26,85	32,61
3. Trade liabilities turnover	81,94	88,54
4. Operating cycle (1+2)	47,95	55,63
5. Cash conversion (4-3)	(33,99)	(32,91)

Table 23: Eurocash S.A.: Working capital ratios for 2018

Turnover in days	2018	2017
1. Inventories turnover	21,02	23,75
2. Trade receivables turnover	26,76	33,63
3. Trade liabilities turnover	80,90	92,23
4. Operating cycle (1+2)	47,78	57,38
5. Cash conversion (4-3)	(33,12)	(34,85)

Cash conversion in 4Q 2018 improved by 1.08 days comparing with 4Q 2017. In 2018 cash conversion changed by -1.73 days comparing with 2017.

Statement of the financial position

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

Table 24: Eurocash S.A.: Selected balance sheet items

PLN m	31.12.2018		31.12.2017	-
Fixed assets	3 222,63	60,18%	2 901,78	54,51%
Current assets	2 132,31	39,82%	2 421,16	45,49%
Total assets	5 354,94	100,00%	5 322,94	100,00%
Equity	1 050,87	19,62%	998,11	18,75%
Liabilities and provisions	4 304,07	80,38%	4 324,83	81,25%
Total liabilities and equity	5 354,94	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 4Q 2018.

Agreement to acquire entities controlling the MILA chain of stores

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

Value of the transaction was settled on PLN 349,28 m, excluding some real estate which will not be taken over by Eurocash.

The takeover of the network of 187 Mila grocery stores operating in central Poland will enable the further development of the Eurocash Group and creation of a nationwide supermarket chain based on franchise and own stores.

Total sales revenues in the Mila network in 2017 reached approximately PLN 1.48 billion.

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. By 2018 PLN 70m costs were reduced, and was fully off-set by increase of labour costs.

Information regarding dividends

In accordance with Resolution No. 6 adopted by the Annual General Meeting on 25th April 2018, persons who were shareholders of the Company on 16th May 2018, received a dividend of PLN 0.73 per one Company share. The total dividend paid on 6th June 2018 amounted to PLN 101,589,198.78

Changes in equity

In the period between 1st October 2018 and 31st December 2018 no shares were issued

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

Inflation

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

Labour costs

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

Internal Factors

Integration of acquired companies

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

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 in next 5 years. 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, EKO Holding S.A. and the Mila supermarket chain. 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, 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 successfully completed projects in previous years: Faktoria Win and PayUp, the Company decided to develop the Duży Ben concept and make it available to franchisees and distribution project for high-quality fresh products to the customers of Eurocash Distribution.

Cost optimization program

In 2017, the Eurocash Group initiated a medium-term program aimed at increasing cost effectiveness by reducing costs in areas such as Sales, General Management Costs and Other Operating Expenses. The total cost reduction potential may reach PLN 150 million by 2020. The planned effect of the cost reduction program may be partially reduced by an increase in the level of wages resulting from pressure on labour costs and inflation. By 2018 PLN 70m costs were reduced, and was fully off-set by increase of labour costs.

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

7. Additional information

Information regarding dividends

In accordance with Resolution No. 6 adopted by the Annual General Meeting on 25th April 2018, persons who were shareholders of the Company on 16th May 2018, received a dividend of PLN 0.73 per one Company share. The total dividend paid on 6th June 2018 amounted to PLN 101,589,198.78

Explanations regarding seasonality

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

Issuance, redemption and repayment of debt and capital securities

In the period between 1st October 2018 and 31st December 2018 no shares were issued
As at December 31, 2018, the total value of bonds issued by Eurocash was PLN 0.00.

Incentive program for employees

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

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

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

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

Performance targets:

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

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

Changes in the basic management principles

Resignation of Member of the 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.

Appointment and Resignation 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.

On 26th July 2018, Company received a notification from Mr. Paweł Musiał about resignation from the position of Member of the Management Board of Eurocash S.A. with effect as of 31st July 2018. The resignation did not contain information about its causes.

In 4Q 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 financial forecast for 2018 and does not intend to publish financial forecast for 2019.

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

Shareholder	28.02.2019				08.11.2018			
	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 through Politra B.V. S.à.r.l.)	61 287 778	44,04%	61 287 778	44,04%	61 287 778	44,04%	60 615 240	43,56%
AzValor	13 605 690	9,78%	13 014 591	9,35%	13 403 760	9,63%	13 014 591	9,35%
Others	64 269 818	46,18%	64 860 917	46,61%	64 471 748	46,33%	65 533 455	47,09%
Total	139 163 286	100,00%	139 163 286	100,00%	139 163 286	100,00%	139 163 286	100,00%

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

	Shares or rights to acquire Eurocash shares	
	28.02.2019	08.11.2017
Management Board members		
Luis Amaral (directly and indirectly)	61 287 778	61 287 778
Rui Amaral	347 025	347 025
Katarzyna Kopaczewska	330 000	330 000
Arnaldo Guerreiro	325 500	325 500
Pedro Martinho	875 803	875 803
Jacek Owczarek	70 750	58 500
Przemysław Cias	1 000	1 000
Supervisory Board members		
Alicja Kornasiewicz	0	0
Joao Borges de Assuncao	0	0
Hans-Joachim Körber	0	0
Jacek Sz wajcowski	0	0
Francisco Santos	0	0

Information on legal suits

In the 4Q 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 4Q 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 4Q 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.

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

Agreement to acquire entities controlling the MILA chain of stores

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

Value of the transaction was settled on PLN 349,28 m, excluding some real estate which will not be taken over by Eurocash.

The takeover of the network of 187 Mila grocery stores operating in central Poland will enable the further development of the Eurocash Group and creation of a nationwide supermarket chain based on franchise and own stores.

Total sales revenues in the Mila network in 2017 reached approximately PLN 1.48 billion.

Sale of 100% shares in PayUp Polska S.A.

On 19th December 2018 was concluded the final agreement to sell 100% shares of PayUp Polska S.A. with its registered office in Komorniki to Centrum Rozliczeń Elektronicznych Polskie E-Płatności S.A. The price for the 100% shares in PayUp Polska was set at PLN 85,6 million.

The parties to the transaction have also concluded on 27th September 2018 an agreement on long-term cooperation, ensuring the continuity of payment services for Eurocash Group's customers. The acquisition of PayUp by Polskie ePłatności will make it possible to further develop the services provided through POS terminals installed at Eurocash customers' stores. PayUp will gain a strong strategic partner with the know-how and resources necessary for further development. Eurocash Group will focus on its core business and the development of new projects that support the competitiveness of independent retail in Poland.

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:

4. Acquisitions of regional small supermarket chains
5. Opening stores run by franchisees
6. Opening of own retail stores (in cooperation with Real Estate partners).

Total investment to be realized with Real Estate partners is estimated at app. PLN 1.5 – 2.0 bn. The expansion plan assumes achievement of the following operational parameters:

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

The envisaged organizational structure of the Eurocash Retail segment, assumes, that it will consist of all companies operating retail stores such as Firma Rogala, FHC-2, Madas and EKO Holding S.A. and potentially also companies running the Mila supermarket chain (acquisition of Mila chain is in progress due to antimonopoly office approval process). Moreover, the target structure shall include also all wholesale and retail operations related to supply and support provided for retail stores operated by franchisees under Delikatesy Centrum brand. As a result Fresh Project shall be included in this segment by app. 2020.

As a result of new organization and investments, Eurocash Retail segment shall operate (pro-forma, potentially including Mila chain) app. 1,527 proximity supermarket stores with consolidated sales of app. PLN 5.1 bn and app. PLN 7.4 bn retail sales including revenues of Delikatesy Centrum franchised and own stores.

Investment in strategical growth projects

To remain competitiveness of independent retail stores in Poland Eurocash Group continues an investment in innovative projects: Duży Ben, abc on wheels, Kontigo, distribution of high quality fresh products and others. Results of these projects have negative impact on the Group profitability, however the Board recognizes necessity of such investment to assure the growth in 5 to 10 years. After successful development of projects: Faktoria Win and PayUp in previous years, Company decided to expand: Duży Ben concept as a franchise chain and fresh products distribution to Eurocash Distribution clients. On the other hand 1minute project is going to be suspended due to lack of dedicated offer and supply chain on the market.

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.

Signatures of Management Board Members:

Position	Name and surname	Date	Signature
Member of the Management Board Financial Director	Jacek Owczarek	27 th February 2019	
Member of the Management Board	Katarzyna Kopaczewska	27 th February 2019	