



EUROCASH GROUP

CONSOLIDATED SEMI-ANNUAL REPORT 2019

TRANSLATORS' EXPLANATORY NOTE

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

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

CONTENTS

- I. SELECTED CONSOLIDATED FINANCIAL DATA**
- II. AUDITOR'S REPORT**
- III. SEMI-ANNUAL ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS**
- IV. SELECTED SEPARATE FINANCIAL DATA**
- V. AUDITOR'S REPORT**
- VI. SEMI-ANNUAL ABBREVIATED SEPARATE FINANCIAL STATEMENTS**
- VII. REPORT OF THE MANAGEMENT BOARD**

SELECTED CONSOLIDATED FINANCIAL DATA

	Non audited for the period from 01.01.2019 to 30.06.2019 PLN	Non audited for the period from 01.01.2018 to 30.06.2018 PLN	Non audited for the period from 01.01.2019 to 30.06.2019 EUR	Non audited for the period from 01.01.2018 to 30.06.2018 EUR
Sales	11 921 168 524	10 746 546 280	2 776 691 245	2 545 790 699
Operating profit (loss)	71 716 313	60 530 716	16 704 240	14 339 354
Profit (loss) before income tax	18 896 771	41 715 870	4 401 456	9 882 233
Profit (loss) for the on continued operations	6 733 434	17 500 004	1 568 359	4 145 643
Profit (loss) for the period	6 733 434	17 500 004	1 568 359	4 145 643
Net cash from operating activities	264 922 239	185 685 875	61 705 969	43 987 842
Net cash used in investing activities	(179 769 035)	(377 683 107)	(41 871 995)	(89 470 804)
Net cash used in financing activities	(84 185 803)	138 161 063	(19 608 647)	32 729 506
Net change in cash and cash equivalents	967 400	(53 836 168)	225 328	(12 753 457)
Weighted average number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Weighted average diluted number of shares	139 163 286	139 163 286	139 163 286	139 163 286
EPS (in PLN / EUR)	0,05	0,15	0,01	0,04
Diluted EPS (in PLN / EUR)	0,05	0,15	0,01	0,04
Average PLN / EUR rate*			4,2933	4,2213
	Non audited as at 30.06.2019 PLN	Non audited as at 31.12.2018 PLN	Non audited as at 30.06.2019 EUR	Non audited as at 31.12.2018 EUR
Assets	8 249 388 908	6 010 906 273	1 940 119 687	1 397 885 180
Non-current liabilities	1 601 595 298	79 517 996	376 668 697	18 492 557
Current liabilities	5 748 350 596	4 894 979 758	1 351 916 885	1 138 367 386
Equity	899 443 014	1 036 408 518	211 534 105	241 025 237
Share capital	139 163 286	139 163 286	32 728 901	32 363 555
Number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Diluted number of shares	142 069 536	142 069 536	142 069 536	142 069 536
Book value per share (in PLN / EUR)	6,05	7,01	1,42	1,63
Diluted book value per share (in PLN / EUR)	5,93	6,86	1,39	1,60
Dividends paid (in PLN / EUR) ***	143 380 084	105 515 579	33 720 622	24 538 507
Dividends paid per share (in PLN / EUR)	1,03	0,76	0,24	0,18
PLN / EUR rate at the end of the period**			4,2520	4,3000

* Profit and loss items and cash flow items calculated on basis at a weighted average rate announced by the National Bank of Poland for 2Q 2019,

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

*** Dividend for 2018 year was paid till 19 June 2019 for shareholders of Parent Company as at 9 May 2019.

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders and Supervisory Board of Eurocash S.A.

Introduction

We have reviewed the condensed interim consolidated financial statements of Eurocash S.A Group (the 'Group'), for which the holding company is Eurocash S.A (the 'Company') located in Komorniki at Wiśniowa 11, containing: the introduction to condensed interim consolidated financial statements, condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period from 1 January to 30 June 2019, condensed consolidated statement of financial position as at 30 June 2019, condensed consolidated statement of cash flows and condensed consolidated statement of changes in equity for the period from 1 January to 30 June 2019, supplementary information to the condensed interim consolidated financial statements prepared for the period from 1 January to 30 June 2019 (the 'interim condensed consolidated financial statements').

The Company's Management is responsible for the preparation and presentation of the interim condensed consolidated financial statements in accordance with the requirements of International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with National Review Standard 2410 in the wording of the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ('standard'), adopted by the National Council of Statutory Auditors. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with National Auditing Standards in the wording of the International Auditing Standards adopted by the National Council of Statutory Auditors and consequently does not enable us to obtain

assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with the requirements of International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

Warsaw, 27 August 2019

Key certified auditor

Robert Klimacki
certified auditor
no in the register: 90055

on behalf of
Ernst & Young Audyt Polska
spółka z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1, 00-124 Warsaw
no on audit firms list: 130

EUROCASH S.A. GROUP

CONDENSED INTERIM

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019

TRANSLATORS' EXPLANATORY NOTE

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

KOMORNIKI, 27TH August 2019

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2019</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

CONTENTS

Introduction to condensed interim consolidated financial statements	3
1. Information about the Parent Entity	3
2. Bodies of the Parent Entity	3
Condensed consolidated income statement for the period from 01.01. to 30.06.2019	5
Condensed consolidated statement of comprehensive income for the period from 01.01. to 30.06.2019	6
Condensed consolidated statement of financial position as at 30.06.2019	7
Condensed consolidated statement of cash flows for the period from 01.01. to 30.06.2019	9
Condensed consolidated statement of changes in equity for the period from 01.01. to 30.06.2019	10
Supplementary information to the condensed interim consolidated financial statements prepared for the period from 01.01.2019 to 30.06.2019	11
1. General information	11
2. Notes to the Condensed interim consolidated financial statements prepared for the period from 01.01.2019 to 30.06.2019	25

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

INTRODUCTION TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. INFORMATION ABOUT THE PARENT ENTITY

NAME

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

REGISTERED OFFICE

ul. Wiśniowa 11, 62-052 Komorniki

CORE BUSINESS

Non-specialized wholesale trade
(PKD 4690Z)

REGISTRATION COURT

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

DURATION OF THE PARENT COMPANY

Indefinite

PERIOD COVERED BY THE FINANCIAL STATEMENTS

The reporting period is from 1 January 2019 to 30 June 2019.

The consolidated statement of financial position has been prepared as at 30 June 2019 and the comparative figures are presented as at 31 December 2018.

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

2. BODIES OF THE PARENT ENTITY

2.1. MANAGEMENT BOARD OF THE PARENT ENTITY

As at 30 June 2019 the Parent Entity's Management Board consisted of the following members:

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

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

2.2. SUPERVISORY BOARD OF THE PARENT ENTITY

As at 30 June 2019 the Parent Entity's Supervisory Board consisted of the following members:

Hans Joachim Körber – President of the Supervisory Board,
Francisco José Valente Hipólito dos Santos – Member of the Supervisory Board,
Jorge Mora – Member of the Supervisory Board,
Renato Arie – Member of the Supervisory Board,
Ewald Raben – Member of the Supervisory Board.

2.3. CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARD

On 09.05.2019, according to the expiration of the term of office of the members of the Supervisory Board, new members were appointed.

There were no changes in the Management Board till balanced sheet date.

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 01.01. TO 30.06.2019

	Non audited for the period from 01.04.2019 to 30.06.2019	Non audited for the period from 01.01.2019 to 30.06.2019	Non audited for the period from 01.04.2018 to 30.06.2018	Non audited for the period from 01.01.2018 to 30.06.2018 restated*
Sales	6 438 231 886	11 921 168 524	5 759 435 782	10 746 546 280
Sales of goods	6 408 288 339	11 859 585 501	5 718 733 338	10 670 323 774
Sales of services	28 265 920	58 577 214	39 647 856	74 280 643
Sales of materials	1 677 627	3 005 809	1 054 588	1 941 864
Costs of sales	(5 594 135 150)	(10 371 032 752)	(5 053 418 925)	(9 458 961 283)
Costs of goods sold	(5 592 600 594)	(10 368 201 666)	(5 052 689 196)	(9 457 574 268)
Costs of materials sold	(1 534 555)	(2 831 086)	(729 728)	(1 387 015)
Gross profit (loss)	844 096 737	1 550 135 772	706 016 857	1 287 584 997
Selling expenses	(662 595 644)	(1 286 036 635)	(541 623 308)	(1 033 014 913)
General and administrative expenses	(105 806 519)	(200 314 546)	(93 745 777)	(185 805 788)
Profit (loss) on sales	75 694 574	63 784 591	70 647 772	68 764 296
Other operating income	10 014 120	29 637 894	12 081 360	23 763 766
Other operating expenses	(4 298 344)	(21 706 172)	(15 100 319)	(31 997 345)
Operating profit (loss)	81 410 349	71 716 313	67 628 813	60 530 716
Financial income	13 560 835	20 941 793	10 286 969	18 311 869
Financial costs	(37 222 436)	(71 840 178)	(16 821 797)	(33 610 933)
Share in profits (losses) of equity accounted investees	(1 394 619)	(1 921 157)	(2 092 865)	(3 515 782)
Profit (loss) before tax	56 354 130	18 896 771	59 001 119	41 715 870
Income tax expense	(9 456 965)	(12 163 337)	(22 973 408)	(24 215 866)
Profit (loss) for the period	46 897 164	6 733 434	36 027 711	17 500 004
Attributable to:				
Owners of the Company	47 391 335	6 528 186	36 778 142	20 951 991
Non-controlling interests	(494 171)	205 248	(750 430)	(3 451 987)

EARNINGS PER SHARE

	PLN / share	PLN / share
Profit (loss) attributable to Owners of the Company	6 528 186	20 951 991
Weighted average number of shares	139 163 286	139 163 286
Weighted average diluted number of shares	139 163 286	139 163 286
Earnings per share		
- basic	0,05	0,15
- diluted	0,05	0,15

* Note 3

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 01.01. TO 30.06.2019

	Non audited for the period from 01.04.2019 to 30.06.2019	Non audited for the period from 01.01.2019 to 30.06.2019	Non audited for the period from 01.04.2018 to 30.06.2018	Non audited for the period from 01.01.2018 to 30.06.2018
Profit (loss) for the period	46 897 164	6 733 434	36 027 711	17 500 004
Other comprehensive income for the period	250 890	1 660 798	1 042 215	(354 087)
Items that may be subsequently reclassified to profit or loss:				
- The result on hedge accounting with the tax effect:	250 890	1 660 798	1 042 215	(354 087)
Total comprehensive income for the period	47 148 054	8 394 232	37 069 926	17 145 917
Total Income				
Owners of the Company	47 642 225	8 188 984	37 820 357	20 597 904
Non-controlling interests	(494 171)	205 248	(750 430)	(3 451 987)
Total comprehensive income for the period	47 148 054	8 394 232	37 069 926	17 145 917

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30.06.2019

	Non audited as at 30.06.2019	as at 31.12.2018
<i>Assets</i>		
Non-current assets (long-term)	4 857 639 301	3 006 009 506
Goodwill	1 846 046 941	1 783 646 478
Intangible assets	326 434 836	327 745 237
Property, plant and equipment	764 221 730	790 197 116
Right of use assets	1 787 352 444	-
Investment property	949 255	957 103
Investments in equity accounted investees	25 612 435	27 533 591
Other long-term investments	7 152 115	3 621 425
Long-term receivables	20 968 392	20 497 785
Deferred tax assets	77 322 369	50 465 787
Other long-term prepayments	1 578 784	1 344 982
Current assets (short-term)	3 391 749 606	3 004 896 767
Inventories	1 385 119 770	1 292 001 606
Trade receivables	1 605 391 630	1 343 421 596
Current tax receivables	4 453 983	1 370 241
Other short-term receivables	146 138 897	133 224 204
Other short-term financial assets	3 439 093	-
Short-term prepayments	49 679 981	38 320 268
Cash and cash equivalents	197 526 252	196 558 852
Total assets	8 249 388 908	6 010 906 273

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30.06.2019

	Non audited as at 30.06.2019	as at 31.12.2018
<i>Equity and liabilities</i>		
Equity	899 443 014	1 036 408 518
Equity attributable to Owners of the Company	842 083 919	975 037 874
Share capital	139 163 286	139 163 286
Reserve capital	1 482 598 108	1 381 000 766
Valuation equity of hedging transactions	(5 977 632)	(7 638 430)
Option for purchase/selling the shares	(58 113 306)	(57 363 613)
Retained earnings	(715 586 537)	(480 124 135)
Accumulated profit / loss from previous years	(722 114 723)	(589 768 309)
Profit (loss) for the period	6 528 186	109 644 174
Non-controlling interests	57 359 095	61 370 645
Liabilities	7 349 945 894	4 974 497 754
Non-current liabilities	1 601 595 298	79 517 996
Long-term financial liabilities	425 230	3 003 350
Long-term lease liabilities	1 514 880 932	-
Other long-term liabilities	64 947 889	63 940 083
Deferred tax liabilities	13 753 908	5 954 698
Employee benefits	6 944 200	5 676 727
Provisions	643 138	943 138
Current liabilities	5 748 350 596	4 894 979 758
Loans and borrowings	796 179 402	542 754 634
Short-term financial liabilities	23 150 919	32 754 903
Short-term lease liabilities	278 745 241	-
Trade payables	4 168 227 839	3 813 380 430
Current tax liabilities	18 406 399	55 191 844
Other short-term payables	127 817 617	110 656 630
Current employee benefits	130 254 548	111 240 638
Provisions	205 568 632	229 000 679
Total equity and liabilities	8 249 388 908	6 010 906 273
BOOK VALUE PER SHARE		

	Non audited as at 30.06.2019	as at 31.12.2018
Equity attributable to Owners of the Company	842 083 919	975 037 874
Number of shares	139 163 286	139 163 286
Diluted number of shares	142 069 536	142 069 536
Book value per share	6,05	7,01
Diluted book value per share	5,93	6,86

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 01.01. TO 30.06.2019

	Non audited for the period from 01.01.2019 to 30.06.2019	Non audited for the period from 01.01.2018 to 30.06.2018
<i>Cash flow from operating activities</i>		
Profit (loss) before tax	18 896 771	41 715 870
Adjustments for:	345 382 269	129 197 446
Depreciation and amortization	265 806 984	96 110 054
Share in profits (losses) of equity accounted investees	1 921 157	3 515 782
Valuation of motivational program	2 940 000	2 940 000
Gain (loss) on sale of property, plant and equipment	14 098 708	5 719 131
Dividends received	(708 278)	-
Interest expenses	64 904 767	26 833 014
Interest received	(3 581 069)	(5 920 535)
Operating cash before changes in working capital	364 279 039	170 913 316
Changes in inventory	(83 666 574)	(63 574 888)
Changes in receivables	(246 577 499)	10 643 138
Changes in payables	331 576 321	115 777 229
Changes in provisions and employee benefits	4 023 299	941 819
Other adjustments	(770 801)	(483 351)
Operating cash	368 863 786	234 217 263
Interest received	1 894 721	1 605 591
Interest paid	(36 186 849)	(27 467 538)
Income tax paid	(69 649 419)	(22 669 441)
Net cash from operating activities	264 922 239	185 685 875
<i>Cash flow from investing activities</i>		
Aquisition of intangible assets	(22 110 335)	(14 022 650)
Proceeds from sale of intangible assets, property, plant and equipment	655 071	-
Aquisition of property, plant and equipment tangible fixed assets	(85 351 429)	(79 659 081)
Proceeds from sale of property, plant and equipment	7 741 186	6 839 531
Income/expenses on other short-term financial assets	(7 493 695)	45 978 075
Dividends received	708 278	-
Aquisition of subsidiaries, net of cash acquired	(72 890 923)	(340 087 385)
Loans granted	(2 726 132)	-
Interest received	1 698 945	3 268 404
Net cash used in investing activities	(179 769 035)	(377 683 107)
<i>Cash flow from financing activities</i>		
Income/expenses for other financial liabilities	(1 673 877)	3 567 757
Income/expenses for short term debt securities	-	(219 533 443)
Proceeds from loans and borrowings	303 701 035	481 405 046
Repayment of borrowings	(50 276 267)	(13 953 996)
Expenses for liabilities from leasing	(149 158 204)	(795 965)
Other interests	(35 476 171)	(3 728 565)
Interests on loans and borrowings	(7 922 236)	(7 210 572)
Dividends paid	(143 380 084)	(101 589 199)
Net cash used in financing activities	(84 185 803)	138 161 063
Net change in cash and cash equivalents	967 400	(53 836 168)
Cash and cash equivalents at the beginning of the period	196 558 852	202 600 349
Cash and cash equivalents at the end of the period	197 526 252	148 764 181

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 01.01. TO 30.06.2019

	Share capital	Reserve capital	Option for purchase/selling the shares	Hedge reserve	Retained earnings	Equity attributable to Owners of the Company	Non-controlling interests	Total
<i>Changes in equity in the period from 01.01 to 30.06.2018 - non audited</i>								
Balance as at 01.01.2018 after changes	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	-	-	-	-	20 951 991	20 951 991	-	20 951 991
Non-controlling interests	-	-	-	-	-	-	(3 451 987)	(3 451 987)
Net profit presented directly in equity	-	-	-	(354 087)	-	(354 087)	-	(354 087)
Total comprehensive income for the period from 01.01. to 30.06.2018	-	-	-	(354 087)	20 951 991	20 597 904	(3 451 987)	17 145 917
Dividends paid	-	(101 589 199)	-	-	-	(101 589 199)	(3 926 381)	(105 515 579)
Transfer to reserve capital	-	14 970 032	-	-	(14 970 032)	-	-	-
Equity-settled share-based payment transactions	-	2 940 000	-	-	-	2 940 000	-	2 940 000
Option for purchase/selling the shares	-	-	(4 964 441)	-	-	(4 964 441)	-	(4 964 441)
Other	-	-	-	-	(1 424 678)	(1 424 678)	1 152	(1 423 526)
Total contributions by and distributions to Owners of the Company	-	(83 679 167)	(4 964 441)	-	(16 394 710)	(105 038 318)	(3 925 228)	(108 963 546)
Balance as at 30.06.2018	139 163 286	1 377 081 149	(59 676 889)	(6 837 864)	(567 836 612)	881 893 070	56 294 701	938 187 771

Changes in equity in the period from 01.01 to 30.06.2019 - non audited

Balance as at 01.01.2019	139 163 286	1 381 000 766	(57 363 613)	(7 638 430)	(480 124 135)	975 037 874	61 370 645	1 036 408 518
Total comprehensive income for the reporting period								
Owners of the Company	-	-	-	-	6 528 186	6 528 186	-	6 528 186
Non-controlling interests	-	-	-	-	-	-	205 248	205 248
Other comprehensive income	-	-	-	1 660 798	-	1 660 798	-	1 660 798
Total comprehensive income for the period from 01.01. to 30.06.2019	-	-	-	1 660 798	6 528 186	8 188 984	205 248	8 394 232
Dividends paid	-	-	-	-	(139 163 286)	(139 163 286)	(4 216 798)	(143 380 084)
Transfer to reserve capital	-	98 899 741	-	-	(98 899 741)	-	-	-
Equity-settled share-based payment transactions	-	2 940 000	-	-	-	2 940 000	-	2 940 000
Option for purchase/selling the shares	-	-	(749 693)	-	-	(749 693)	-	(749 693)
Other	-	(242 399)	-	-	(3 927 561)	(4 169 961)	-	(4 169 961)
Total contributions by and distributions to Owners of the Company	-	101 597 342	(749 693)	-	(241 990 588)	(141 142 939)	(4 216 798)	(145 359 737)
Balance as at 30.06.2019	139 163 286	1 482 598 108	(58 113 306)	(5 977 632)	(715 586 537)	842 083 918	57 359 095	899 443 014

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

SUPPLEMENTARY INFORMATION TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2019 TO 30.06.2019

1. GENERAL INFORMATION

1.1. ISSUE OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

According to the resolution of the Management Board dated 27 August 2019, the consolidated financial statements of Eurocash Group for the period from 1 January 2019 to 30 June 2019 were authorized for publication.

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

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

1.2. STATEMENT OF COMPLIANCE

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

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, income 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.

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 and in any future periods affected. The most significant estimates are related to allocation of the acquisition price of the companies, impairment of assets and reserves, which were presented in Note 1.

As at 30.06.2019, no indications of goodwill impairment were identified, and therefore no impairment tests were carried out.

The Eurocash Group identifies control over entities in which it holds fifty or fewer shares on the basis of the analysis performed in accordance with IFRS 10, and on the basis of subscriptions arising from investment agreements.

The Eurocash Group uses many financial instruments, including contracts for financing the supply chain (reverse factoring) in relation to its trade liabilities. Taking into account the potential impact of this type of agreements on the cash flow statement and the statement of financial position, the Group analyzes the content of such agreements on a case-by-case

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

basis. In particular, the Management Board assesses 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 the 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, which were presented in Note 4.

The judgments related to the implementation of IFRS 16 were described in Note 1.6.

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 2018, excluding the application of new or amended standards and interpretations applicable to annual periods beginning on 1 January 2019 and later.

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

Implementation of IFRS 16

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

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

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

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

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

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

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

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

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

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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

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

The analysis of the Group's agreements in terms of IFRS 16 began by determining which contracts are under 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 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 segments 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 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 indefinite period, the Group applied the criteria of sufficient certainty and took into account all relevant facts and circumstances, including business plans.

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

Lease liabilities

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

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

IFRS 16 impact on separate statement of financial position as at 01.01.2019:

	Dates without impact of IFRS 16 as at 01.01.2019	Impact of IFRS 16 as at 01.01.2019	Dates with impact of IFRS 16 as at 01.01.2019
<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	(16 212 493)	773 984 623
Right of use assets	-	1 817 872 758	1 817 872 758
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	1 534 843 698	1 537 847 048
Long-term financial liabilities	3 003 350	(3 003 350)	-
Long-term lease liabilities	-	1 537 847 048	1 537 847 048
Current liabilities	4 894 979 758	266 816 567	299 571 470
Short-term financial liabilities	32 754 903	(5 466 067)	27 288 836
Short-term lease liabilities	-	272 282 634	272 282 634
Total equity and liabilities	6 010 906 273	1 801 660 265	7 812 566 538

In the table below, the Group presented IFRS 16 impact on separate income statement for the period 01.01.2019 – 30.06.2019:

	Dates before impact of IFRS 16 for the period from 01.01.2019 to 30.06.2019	Impact of IFRS 16 for the period from 01.01.2019 to 30.06.2019	Dates after impact of IFRS 16 for the period from 01.01.2019 to 30.06.2019
			-
Gross profit (loss)	1 550 135 772	-	1 550 135 772
Selling expenses	(1 304 145 288)	18 108 653	(1 286 036 635)
General and administrative expenses	(200 756 310)	441 764	(200 314 546)
Profit (loss) on sales	45 234 173	18 550 417	63 784 591
Operating profit (loss)	53 165 895	18 550 417	71 716 313
Financial income	16 383 247	4 558 546	20 941 793
Financial costs	(37 477 863)	(34 362 315)	(71 840 178)
Profit (loss) before tax	30 150 122	(11 253 351)	18 896 771
Income tax expense	(14 301 473)	2 138 137	(12 163 337)
Profit (loss) for the period	15 848 649	(9 115 215)	6 733 434

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

IFRS 16 impact on separate statement of financial position as at 30.06.2019:

	Dates without impact of IFRS 16 as at 30.06.2019	Impact of IFRS 16 na dzień 30.06.2019	Dates with impact of IFRS 16 as at 30.06.2019
<i>Assets</i>			
Non-current assets (long-term)	3 079 099 689	1 778 539 613	4 857 639 301
Property, plant and equipment	775 172 698	(10 950 968)	764 221 730
Right of use assets	-	1 787 352 444	1 787 352 444
Deferred tax assets	75 184 233	2 138 137	77 322 369
Current assets (short-term)	3 391 749 606	-	3 391 749 606
Total assets	6 470 849 295	1 778 539 613	8 249 388 908
<i>Equity and liabilities</i>			
Equity	908 558 228	(9 115 215)	899 443 014
Equity attributable to Owners of the Company	849 888 007	(7 804 089)	842 083 919
Retained earnings	(707 782 448)	(7 804 089)	(715 586 537)
Profit (loss) for the period	14 332 275	(7 804 089)	6 528 186
Non-controlling interests	58 670 221	(1 311 126)	57 359 095
Liabilities	5 562 291 067	1 787 654 827	7 349 945 894
Non-current liabilities	88 758 525	1 512 836 773	1 601 595 298
Long-term financial liabilities	2 469 390	(2 044 160)	425 230
Long-term lease liabilities	-	1 514 880 932	1 514 880 932
Current liabilities	5 473 532 542	274 818 055	5 748 350 596
Short-term financial liabilities	27 078 106	(3 927 186)	23 150 919
Short-term lease liabilities	-	278 745 241	278 745 241
Total equity and liabilities	6 470 849 295	1 778 539 613	8 249 388 908

IFRS 16 impact of lease liabilities in consolidated statement of financial position:

IFRS 16 impact on lease liabilities as at 30.06.2019	1 787 654 827
IFRS 16 impact on lease liabilities as at 01.01.2019	1 801 660 265
Changes in period from 01.01.2019 to 30.06.2019	(14 005 438)
New agreements	98 975 849
Agreements changes	30 232 079
- due to change of conditions	34 790 626
- due to change of exchange rates	(4 558 546)
Change of liabilities	(143 213 366)

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

IFRS 16 impact on consolidated statement of cash flows for the period 01.01 - 30.06.2019:

	Dates before impact of IFRS 16 for the period from 01.01.2019 to 30.06.2019	Impact of IFRS 16 for the period from 01.01.2019 to 30.06.2019	Dates after impact of IFRS 16 for the period from 01.01.2019 to 30.06.2019
<i>Cash flow from operating activities</i>			
Profit (loss) before income tax	30 150 122	(11 253 351)	18 896 771
Adjustments for:	151 994 690	193 387 579	345 382 269
Depreciation and amortization	106 781 720	159 025 264	265 806 984
Interest expenses	30 542 452	34 362 315	64 904 767
Operating cash before changes in working capital	182 144 812	182 134 227	364 279 039
Operating cash	186 729 559	182 134 227	368 863 786
Net cash from operating activities	82 788 011	182 134 227	264 922 239
<i>Cash flow from investing activities</i>			
Net cash from investing activities	(179 769 035)	-	(179 769 035)
<i>Cash flows from financing activities</i>			
Expenses for liabilities from financial leasing	(1 386 292)	(147 771 912)	(149 158 204)
Other interest	(1 113 856)	(34 362 315)	(35 476 171)
Net cash used in financing activities	97 948 424	(182 134 227)	(84 185 803)
Net change in cash and cash equivalents	967 400	-	967 400
Cash and cash equivalents at the beginning of the period	196 558 852	-	196 558 852
Cash and cash equivalents at the end of the period	197 526 252	-	197 526 252

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.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Entities comprising the Eurocash capital group and associates as at 30.06.2019

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

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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

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

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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

No	17	18	19	20	21	22	23	24
Unit	Lewiatan Zachód Sp. z o.o.	Lewiatan Podkarpacie Sp. z o.o.	Lewiatan Holding S.A.	Lewiatan Północ Sp. z o.o.	Eurocash Detal Sp. z o.o.	Eurocash Convenience Sp. z o.o.	Kontigo Sp. z o.o.	Inmedio Sp. z o.o.
address	ul. Przemysłowa 5 73-110 Stargard Szczeciński	ul. Krakowska 47 39-200 Dębica	ul. Kilińskiego 10 87-800 Włocławek	ul. I Dywizji Wojska Polskiego nr 98 84-230 Rumia	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki	ul. Al.Jerozolimskie 174 02-486 Warszawa
core of activity	PKD 6419Z	PKD 8299Z	PKD 7740Z	PKD 4639Z	PKD 4690Z	PKD 7010Z	PKD 7010Z	PKD 4617Z
registration court	District Court Szczecin Centrum, XIII Commercial Division of the National Court Register KRS 0000017136	District Court Rzeszów, XII Commercial Division of the National Court Register KRS 0000186622	District Court Toruń, VII Commercial Division of the National Court Register KRS 0000089450	District Court Gdańsk- North in Gdańsk, VII Commercial Division of the National Court Register KRS 0000322297	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register, KRS 0000499437	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000509266	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000510241	District Court Warszawa, XII Commercial Division of the National Court Register KRS 0000525507
nature of relationship	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
applied consolidation method	Full	Full	Full	Full	Full	Full	Full	Full
date of aquisition	21.12.2011	28.06.2013	21.12.2011	21.12.2011	18.11.2013	05.03.2014	17.04.2014	01.12.2014
ownership interest	100%	100%	66,61%	100%	100%	100%	100%	51%
voting rights (in %)	100%	100%	71,17%	100%	100%	100%	100%	51%

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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

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

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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

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

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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

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

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		
Entities comprising the Eurocash capital group and associates as at 30.06.2019 (continued)			

No	49	50	51	52	53	54	55	56
Unit	"Koja-Mila Spółka Akcyjna" Sp. j.	Domelius Limited	ABC Sp. z o.o.	Groszek Sp. z o.o.	Partner Sp. z o.o.	Bielliana Sp. z o.o.	Panabia Sp. z o.o.	Rabiossa Sp. z o.o.
address	os. Na Stoku 1 31-701 Kraków	43 Demostheni Severi Avenue Nicosia, 1080 Cyprus	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki	Os. Armii Krajowej 6a 87-600 Lipno	Pl. Marszałka Piłsudskiego 1 lok.4 00-078 Warszawa	Pl. Marszałka Piłsudskiego 1 lok.4 00-078 Warszawa	Pl. Marszałka Piłsudskiego 1 lok.4 00-078 Warszawa
core of activity	PKD 6831Z	-	PKD 7490Z	PKD 7490Z	PKD 4711Z	PKD 7022Z	PKD 7022Z	PKD 7022Z
registration court	District Court Kraków- Śródmieście in Kraków, XI Commercial Division of the National Court Register KRS 0000303300	Company under Cypriot law	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000746077	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000745820	District Court Toruń, VII Commercial Division of the National Court Register KRS 0000229327	District Court Warszawa, XII Commercial Division of the National Court Register KRS 0000772585	District Court Warszawa, XII Commercial Division of the National Court Register KRS 0000772558	District Court Warszawa, XII Commercial Division of the National Court Register KRS 0000772562
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	29.05.2018	29.05.2018	18.07.2018	18.07.2018	2019-03-01	07.06.2019	07.06.2019	07.06.2019
ownership interest	100%	100%	100%	100%	100%	100%	100%	100%
voting rights (in %)	100%	100%	100%	100%	100%	100%	100%	100%

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

On 28.02.2019 Eurocash Group sold 94% of shares in entity Detal Podlasie Sp. z o.o.

On 01.03.2019 Eurocash Group acquired 100% of shares in entity Partner Sp. z o.o.

On 07.06.2019 Eurocash Group signed an agreement with TMF Poland Sp. z o.o. purchasing 100% of shares in entities Beliana Sp. z o.o., Panabia Sp. z o.o. and Rabiossa Sp. z o.o.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Entities comprising the Eurocash capital group and associates as at 30.06.2019

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

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

1.8. GOING CONCERN ASSUMPTION

These financial statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future.

As at 30 June 2019, there was a surplus of the Group's current liabilities over its current assets in the amount of PLN 2.4 billion, which is typical for the industry in which the Eurocash Group operates, in which a significant part of sales is made on cash terms, inventory is minimized, and suppliers provide deferred payment terms. At the same time, the Capital Group is developing the retail network by employing its own resources and those coming from external financing sources. The financial plans for 2020 and subsequent years prepared by the Management Board indicate that the Group companies maintain liquidity and provide ongoing servicing of liabilities. Suspension conditions related to loan agreements are monitored on an ongoing basis, as at the balance sheet date, June 30, 2019, the terms of loan agreements were not broken. In addition, as at the balance sheet date, 30 June 2019, the Group also has unused credit limits in the amount of PLN 243,820,598.

2. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2019 TO 30.06.2019

NOTE 1.

ACQUISITION OF SHARES IN A SUBSIDIARIES

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

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

GENERAL INFORMATION CONCERNING BUSINESS ACQUISITION OF THE UNITS

1. Name of acquired company	Partner Sp. z o.o.
2. Acquisition date	01.03.2019
3. Acquisition cost	73 119 019

Settlement of business acquisition

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

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

The acquisition took place market conditions.

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NET ASSETS ACQUIRED	Settlement of the acquisition as at 01.03.2019
<i>Assets</i>	
Non-current assets (long-term)	5 691 834
Intangible assets	3 126
Tangible fixed assets	5 452 316
Deferred income tax assets	236 393
Current assets (short-term)	16 906 427
Inventory	10 662 480
Trade receivables	3 018 301
Other short-term receivables	81 400
Other short-term financial assets	995 272
Short-term prepayments	370 877
Cash and cash equivalents	1 778 096
Total assets	22 598 261
<i>Equity nad liabilities</i>	
Liabilities	13 702 492
Non-current liabilities	1 251 382
Employee benefits	1 251 382
Current liabilities	12 451 110
Trade liabilities	9 745 821
Current income tax liabilities	96 013
Other short-term liabilities	1 265 114
Current employee benefits	1 344 163
Total liabilities	13 702 492
Net assets	8 895 769
Net assets acquired (100 %)	8 895 769
Goodwill on acquisition	64 223 250
Acquisition cost	73 119 019

The resulting goodwill is mainly due to the fact that thanks to the acquisition of Partner Sp. z o.o. (Lewiatan stores), Eurocash S.A. Group expanded its distribution channels for food and chemical-cosmetic products. Goodwill in the amount of PLN 64,223,250 consists of the expected synergy effect resulting from the acquisition.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTE 2. OPERATING SEGMENTS

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

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

There are varying levels of relationships between the segments in the Group. These relationships include mutual sales of merchandise, provision of marketing services, logistics, administrative support, and other services. The accounting policies of each specific reporting segment are the same as the policies of the whole Group. Eurocash Group operates only in the territory of Poland which, considering the economic conditions and business risks, can be treated as a uniform territory.

In the FMCG retail and 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.

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Basic information about each reportable segment is shown below.

REVENUES AND PROFITS BY BUSINESS SEGMENTS IN THE PERIOD FROM 01 JANUARY 2019 TO 30 JUNE 2019

	Wholesale	Retail	Projects	Other	Exclusions	Total
Sales	9 798 295 547	3 437 213 866	40 797 136	2 858 085	(1 357 996 111)	11 921 168 524
External sales of goods	8 994 662 818	2 825 919 217	39 003 466	-	-	11 859 585 501
Other external sales	22 174 559	38 533 288	734 946	140 230	-	61 583 023
Inter-segmental sales	781 458 170	572 761 362	1 058 724	2 717 855	(1 357 996 111)	-
Operating profit	140 080 638	13 323 807	(24 665 027)	(57 023 105)	-	71 716 313
Finance income						20 941 793
Finance costs						(71 840 178)
Share in losses of companies consolidated with the equity method						(1 921 157)
Profit before income tax						18 896 771
Income tax						(12 163 337)
Net profit (loss)						6 733 434

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

REVENUES AND RESULTS BY BUSINESS SEGMENTS IN THE PERIOD FROM 01 JANUARY 2018 TO 30 JUNE 2018

	Wholesale	Retail	Projects	Other	Exclusions	Total
Sales	9 311 172 025	2 683 208 888	25 205 866	510 935	(1 273 551 434)	10 746 546 280
External sales of goods	8 561 425 832	2 085 012 321	23 885 620	-	-	10 670 323 774
Other external sales	31 124 498	44 621 368	335 611	141 030	-	76 222 506
Inter-segmental sales	718 621 695	553 575 199	984 635	369 905	(1 273 551 434)	-
Operating profit	104 611 540	15 644 507	(22 036 823)	(37 688 507)	-	60 530 716
Finance income						18 311 869
Finance costs						(33 610 933)
Share in losses of companies consolidated with the equity method						(3 515 782)
Profit before income tax						41 715 870
Income tax						(24 215 866)
Net profit (loss)						17 500 004

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTE 3. RESTATEMENT OF COMPARATIVE DATA

The transformation of comparative data is related to a change in the recognition of the sale of goods and costs of goods sold and does not affect the Group's operating profit.

	The amount in the approved report for the period from 01.01.2018 to 30.06.2018	Correction for the period from 01.01.2018 to 30.06.2018	The corrected amount for the period from 01.01.2018 to 30.06.2018
Sales	10 775 697 976	(29 151 696)	10 746 546 280
Sales of goods	10 699 475 470	(29 151 696)	10 670 323 774
Sales of services	74 280 643	-	74 280 643
Sales of materials	1 941 864	-	1 941 864
Costs of sales	(9 488 112 979)	29 151 696	(9 458 961 283)
Costs of goods sold	(9 486 725 964)	29 151 696	(9 457 574 268)
Costs of materials sold	(1 387 015)	-	(1 387 015)
Gross profit (loss)	1 287 584 997	-	1 287 584 997

NOTE 4. EXPLANATIONS TO CONSOLIDATED INCOME STATEMENT

Financial costs

The increase in financial costs in the first half of 2019 in comparison to the first half of 2018 was mainly due to the application of IFRS 16 (the impact of IFRS 16 on consolidated financial costs in 2019 was PLN 34.4 m). Details on IFRS 16 are presented in section 1.6.

Other operating income

The increase in other operating income in the first half of 2019 in comparison to the first half of 2018 was mainly due to other operating income of Mila S., A. which is consolidated from 01.06.2018 (consolidated data for the first half of 2018 included only the financial data of Mila S.A. for June 2018). Other operating income in Mila S.A. for the first half of 2019 amounted to PLN 3,6 m.

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Income tax

The table below presents the factors affecting the current tax rate of the Group.

	for the period from 01.04.2019 to 30.06.2019	for the period from 01.01.2019 to 30.06.2019	for the period from 01.04.2018 to 30.06.2018	for the period from 01.01.2018 to 30.06.2018
Profit (loss) before tax	56 354 130	18 896 771	59 001 119	41 715 870
Income tax expense	(9 456 965)	(12 163 337)	(22 973 408)	(24 215 866)
% rate	-16,8%	-64,4%	-38,9%	-58,0%
Differences:				
Costs not constituting tax deductible costs	-4 294 023	-6 461 911	-2 060 409	-3 717 257
Write-off of tax losses	-3 636 759	-4 016 759	-1 828 261	-3 147 321
Related to an asset due to tax losses	-6 038 024	-13 310 586	-7 264 723	-8 077 717
Related to the emergence and reversal of temporary differences	15 481 827	15 481 827	-	-
Other	-281 333	-215 696	-780 934	-1 178 879
Profit (loss) before tax	56 354 130	18 896 771	59 001 119	41 715 870
Income tax expense	(10 688 652)	(3 640 211)	(11 039 081)	(8 094 692)
% rate	-19%	-19%	-19%	-19%

Changes in the tax loss asset are related to a change in the method of integration of the Retail segment.

Trade liabilities

Eurocash made the assessment of the liabilities covered by reverse factoring and based on this judgment classified liabilities under reverse factoring as a trade liabilities, as there were no significant changes in the nature of these liabilities, in particular significant changes in the terms of payment, as a result of submitting the given factoring obligations. As part of the balance of trade payables as at 30 June 2019, the value of balances covered by the supplier financing program was recognized in the amount of PLN 1,668,506,345 while as at 31 December 2018 the corresponding value of balances was PLN 1,618,297,269.

Working capital

The changes in working capital are mainly related to the growth of sales in the first half of 2019 and reduction of stock as at the end of year 2018.

NOTE 5. TRANSACTIONS WITH SUBSIDIARIES

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

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTE 6.

ITEMS NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION

CONTINGENTIES AS AT 30 JUNE 2019

			as at	as at	
Beneficiary	Title	Currency	30.06.2019	31.12.2018	
1	Bank 1	Surety for the obligations due to the "Franchise partners financing program" for the Franchisee Delkatesy Centrum"	PLN	2 570 440	4 815 009
2	Bank 2	Surety for finance liabilities of Frisco S.A.	PLN	28 280 230	7 192 480
			30 850 670	12 007 489	

BANK GUARANTEES AS AT 30 JUNE 2019 - SECURITIES FOR RENT LIABILITIES

	The Issuer	Title	Currency	as at 30.06.2019	as at 31.12.2018
1	Bank 1	Security of rent liabilities	PLN	1 651 865	1 961 687
2	Bank 2	Security of rent liabilities	PLN*	30 247 132	36 349 913
3	Bank 3	Security of excise duty	PLN	500 000	300 000
4	Bank 4	Security for using of the national roads	PLN	620 100	620 100
5	Bank 5	Security of the liabilities of the promotion lottery	PLN	2 664 189	1 547 098
6	Bank 6	Security of payments to suppliers	PLN	78 102 000	56 615 000
7	Bank 7	Security of payments to suppliers	PLN*	17 325 385	15 414 936
8	Bank 8	Security of payments to suppliers	PLN	31 120 000	46 000 000
9	Bank 9	Security of rent liabilities	PLN	1 250 272	999 747
10	Bank 10	Security of payments to suppliers	PLN	-	1 970 000
11	Bank 11	Security of rent liabilities	PLN	16 827 714	9 097 518
				180 308 657	170 875 999

* - Guarantee in EUR is translated into PLN at the average exchange rate of NBP:
as at 30.06.2019: 1 EUR = 4,2520 PLN
as at 31.12.2018: 1 EUR = 4,3000 PLN

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

COLLATERALS

SECURITIES RELATED TO ASSETS AS AT 30 JUNE 2019

Title	Secured property	Amount secure in PLN
Bank 1 security on the credit line agreement *	Pledge on inventories of Eurocash. S.A.	90 000 000
Securing a framework agreement to provide bank guarantees Bank 2 *	Pledge on inventories of Eurocash Serwis Sp. z o.o.	100 000 000
Bank 3 security on the credit line agreement *	Pledge on inventories of Eurocash. S.A.	88 000 000
Security on the consolidated loan agreement to the amount 700.000.000 PLN *	Pledge on shares of Eurocash Serwis Sp. z o.o.	9 547 300
Security on the consolidated loan agreement to the amount 700.000.000 PLN *	Pledge on shares of Eurocash Franczyza Sp. z o.o.	3 800 000
Security on the consolidated loan agreement to the amount 700.000.000 PLN *	Pledge on shares of Ambra Sp. z o.o.	8 000 000
Financial leasing agreements (due to net value of fixed assets at the balance sheet date)	Ownership of fixed assets in financial leasing	752 332

* security nominal value

NOTE 7.

FAIR VALUE OF FINANCIAL INSTRUMENTS

As at 30 June 2019, the fair value of financial instruments approximated their carrying value. The Group implements interest rate risk security instruments (IRS), which are measured at their fair value. For these IRSs, the fair value was qualified to level 2 of the hierarchy - fair value is determined based on the values observed on the market yet not being direct market quotes (e.g. determined by direct or indirect reference to similar instruments existing on the market). In connection with the applied hedge accounting, the effect of valuation is recognized in other comprehensive income.

NOTE 8.

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.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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

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

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

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

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

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

By decision of 19 March 2019, the Director of the Tax Administration Center in Poznan, after considering the appeal of Eurocash SA, completely overturned the above decision of the Head of the Wielkopolska Customs and Tax Office in Poznan and remitted the case. In view of the above, as at 30 June 2019, in the opinion of the Company's Management Board, there is no reason for creating any provisions due to this case.

On 28 February 2018, the Head of the Customs and Revenue Office for Wielkopolska Region in Poznan initiated an audit of corporate income tax for 2016. On 30 June 2019 the audit hasn't been completed.

NOTE 9.

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

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

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

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

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2019</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

NOTE 10.

SIGNIFICANT EVENTS DURING THE PERIOD COVERED BY THE FINANCIAL STATEMENTS

1. Payment of the dividend for year 2018

On 19 June 2019, according to the decision of the Ordinary General Meeting of Eurocash S.A., a dividend of PLN 1 per share was paid from the Group's reserve capital. The total amount of dividend paid was PLN 139,163,286.

NOTE 11.

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:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

Position	Name and surname	Date	Signature
President of the Management Board	Luis Amaral	27 th August 2019	
Management Board Member Chief Executive Officer	Rui Amaral	27 th August 2019	
Management Board Member	Arnaldo Guerreiro	27 th August 2019	
Management Board Member	Pedro Martinho	27 th August 2019	
Management Board Member Human Resources Director	Katarzyna Kopaczewska	27 th August 2019	
Management Board Member Financial Director	Jacek Owczarek	27 th August 2019	
Management Board Member	Przemysław Ciaś	27 th August 2019	

SELECTED SEPARATE FINANCIAL DATA

	Non audited for the period from 01.01.2019 to 30.06.2019 PLN	Non audited for the period from 01.01.2018 to 30.06.2018 PLN	Non audited for the period from 01.01.2019 to 30.06.2019 EUR	Non audited for the period from 01.01.2018 to 30.06.2018 EUR
Net sales	7 308 579 855	7 114 971 189	1 702 322 189	1 685 492 902
Operating profit (loss)	60 943 961	80 790 437	14 195 132	19 138 758
Profit (loss) before tax	34 691 130	71 419 081	8 080 295	16 918 741
Net Profit (loss) on continued operations	24 506 232	55 303 776	5 708 018	13 101 124
Net profit (loss)	24 506 232	55 303 776	5 708 018	13 101 124
Net operating cash flow	136 341 622	220 383 834	31 756 835	52 207 575
Net investment cash flow	(125 588 701)	(344 991 207)	(29 252 254)	(81 726 294)
Net financial cash flow	(20 945 499)	60 195 180	(4 878 648)	14 259 868
Net change in cash and cash equivalents	(10 192 578)	(64 412 192)	(2 374 066)	(15 258 852)
Weighted average number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Weighted average diluted number of shares	139 163 286	139 163 286	139 163 286	139 163 286
EPS (in PLN / EUR)	0,18	0,40	0,04	0,09
Diluted EPS (in PLN / EUR)	0,18	0,40	0,04	0,09
Average PLN / EUR rate*			4,2933	4,2213
	Non audited as at 30.06.2019 PLN	Non audited as at 31.12.2018 PLN	Non audited as at 30.06.2019 EUR	Non audited as at 31.12.2018 EUR
Assets	6 522 371 327	5 354 939 292	1 533 953 746	1 245 334 719
Long-term liabilities	819 533 162	74 392 609	192 740 631	17 300 607
Short-term liabilities	4 763 648 441	4 229 679 808	1 120 331 242	983 646 467
Equity	939 189 725	1 050 866 874	220 881 873	244 387 645
Share capital	139 163 286	139 163 286	32 728 901	32 363 555
Number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Diluted number of shares	142 069 536	142 069 536	142 069 536	142 069 536
Book value per share (in PLN / EUR)	6,75	7,55	1,59	1,76
Diluted book value per share (in PLN / EUR)	6,61	7,40	1,55	1,72
Dividend paid (in PLN / EUR) ***	139 163 286	101 589 199	32 728 901	23 625 395
Dividend paid per share (in PLN / EUR)	1,00	0,73	0,24	0,17
PLN / EUR rate at the end of the period**			4,2520	4,3000

* Profit and loss items and cash flow items calculated on basis at a weighted average rate announced by the National Bank of Poland for 2Q 2019.

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

*** Dividend for 2018 year was paid till 19 June 2019 for shareholders of Parent Company as at 9 May 2019.

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

To the Shareholders and Supervisory Board of Eurocash S.A.

Introduction

We have reviewed the condensed interim separate financial statements of Eurocash S.A. (the 'Company') located in Komorniki at Wiśniowa 11 containing: the introduction to condensed interim separate financial statements, condensed separate income statement and condensed separate statement of comprehensive income for the period from 1 January to 30 June 2019, condensed separate statement of financial position as at 30 June 2019, condensed separate statement of cash flows and condensed separate statement on changes in equity for the period from 1 January to 30 June 2019, supplementary information to the condensed interim separate financial statements prepared for the period from 1 January to 30 June 2019 (the 'interim condensed financial statements').

The Company's Management is responsible for the preparation and presentation of the interim condensed financial statements in accordance with the requirements of International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

Our responsibility is to express a conclusion on the interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with National Review Standard 2410 in the wording of the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ('standard'), adopted by the National Council of Statutory. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with National Auditing Standards in the wording of the International Auditing Standards adopted by the National Council of Statutory Auditors and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed financial statements are not prepared, in all material respects, in accordance with the requirements of International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

Warsaw, 27 August 2019

Key certified auditor

Robert Klimacki
certified auditor
no in the register: 90055

on behalf of
Ernst & Young Audyt Polska
spółka z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1, 00-124 Warsaw
no on audit firms list: 130

EUROCASH S.A.

**CONDENSED INTERIM
SEPARATE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019

TRANSLATORS' EXPLANATORY NOTE

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

KOMORNIKI, 27th August 2019

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONTENTS

Introduction to condensed interim separate financial statements	3
1. Information about the company	3
2. Bodies of the company	3
Condensed separate income statement for the period from 01.01.2019 to 30.06.2019	5
Condensed separate statement of comprehensive income for the period from 01.01.2019 to 30.06.2019	6
Condensed separate statement of financial position as at 30.06.2019	7
Condensed separate statement of cash flows for the period from 01.01.2019 to 30.06.2019.....	9
Condensed separate statement on changes in equity in the period from 01.01.2019 to 30.06.2019.....	10
Supplementary information to the condensed interim separate financial statements prepared for the period from 01.01.2019 to 30.06.2019	11
1. General information	11
2. Notes to condensed interim separate financial statements prepared for the period from 01.01.2019 to 30.06.2019	17

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

INTRODUCTION TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

1. INFORMATION ABOUT THE COMPANY

NAME

EUROCASH Spółka Akcyjna

REGISTERED OFFICE

ul. Wiśniowa 11, 62-052 Komorniki

CORE BUSINESS

Non-specialized wholesale trade
(PKD 4690Z)

REGISTRY COURT

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

DURATION OF THE COMPANY

Indefinite

PERIOD COVERED BY THE FINANCIAL STATEMENTS

The reporting period is from 1 January 2019 to 30 June 2019.

The separate statement of financial position has been prepared as at 30 June 2019 and the comparative data has been prepared as at 31 December 2018.

2. BODIES OF THE COMPANY

2.1. MANAGEMENT BOARD

As at 30 June 2019 the Company's Management Board consisted of the following members:

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

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2019</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

2.2. SUPERVISORY BOARD

As at 30 June 2019 the Company's Supervisory Board consisted of the following members:

Hans Joachim Körber – President of the Supervisory Board,
Francisco José Valente Hipólito dos Santos – Member of the Supervisory Board,,
Jorge Mora – Member of the Supervisory Board,,
Renato Arie – Member of the Supervisory Board,,
Ewald Raben – Member of the Supervisory Board,

2.3. CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARD

On 09.05.2019, according to the expiration of the term of office of the members of the Supervisory Board, new members were appointed.

There were no changes in the Management Board till balanced sheet date.

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED SEPARATE INCOME STATEMENT FOR THE PERIOD FROM 01.01.2019 TO 30.06.2019

	Non audited for the period from 01.04.2019 to 30.06.2019	Non audited for the period from 01.01.2019 to 30.06.2019	Non audited for the period from 01.04.2018 to 30.06.2018	Non audited for the period from 01.01.2018 to 30.06.2018
Sales	3 929 769 278	7 308 579 855	3 762 687 681	7 114 971 189
Sales of goods	3 911 190 601	7 272 723 468	3 740 447 796	7 073 316 584
Sales of services	18 578 678	35 856 388	22 239 886	41 654 605
Costs of sales	(3 455 433 003)	(6 441 435 132)	(3 311 950 495)	(6 293 093 139)
Cost of goods and services sold	(3 455 433 003)	(6 441 435 132)	(3 311 950 495)	(6 293 093 139)
Gross profit (loss)	474 336 276	867 144 723	450 737 186	821 878 050
Selling expenses	(341 093 046)	(660 561 123)	(315 215 334)	(617 780 994)
General and administrative expenses	(77 795 663)	(145 061 124)	(63 982 158)	(127 192 240)
Profit (loss) on sales	55 447 567	61 522 477	71 539 694	76 904 816
Other operating income	5 778 736	15 458 581	9 294 012	17 900 246
Other operating expenses	(8 410 622)	(16 037 097)	(9 515 080)	(14 014 624)
Operating profit (loss)	52 815 680	60 943 961	71 318 626	80 790 437
Financial income	15 015 582	21 080 998	13 736 314	19 563 769
Financial costs	(21 447 334)	(47 333 829)	(15 277 678)	(28 935 126)
Profit (loss) before tax	46 383 928	34 691 130	69 777 262	71 419 081
Income tax expense	(11 353 872)	(10 184 898)	(14 741 990)	(16 115 305)
Profit (loss) for the period	35 030 056	24 506 232	55 035 272	55 303 776

NET EARNINGS PER SHARE

	PLN / share	PLN / share
Net profit (loss)	24 506 232	55 303 776
Weighted average number of shares	139 163 286	139 163 286
Weighted average diluted number of shares	139 163 286	139 163 286
- basic	0,18	0,40
- diluted	0,18	0,40

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

**CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 01.01.2019
TO 30.06.2019**

	Non audited for the period from 01.04.2019 to 30.06.2019	Non audited for the period from 01.01.2019 to 30.06.2019	Non audited for the period from 01.04.2018 to 30.06.2018	Non audited for the period from 01.01.2018 to 30.06.2018
Profit (loss) for the period	35 030 056	24 506 232	55 035 272	55 303 776
Other comprehensive income (loss) for the period	250 890	1 660 798	1 042 215	(354 087)
Items that may be subsequently reclassified to profit or loss:				
- The result on hedge accounting with the tax effect:	250 890	1 660 798	1 042 215	(354 087)
Total comprehensive income (loss) for the period	35 280 946	26 167 030	56 077 487	54 949 689

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 30.06.2019

	Non audited as at 30.06.2019	as at 31.12.2018
<i>Assets</i>		
Non-current assets (long-term)	4 239 756 868	3 222 629 262
Goodwill	862 819 840	862 819 840
Intangible assets	606 661 897	523 056 721
Property, plant and equipment	436 743 708	447 770 647
Right of use assets	860 541 044	-
Investment real property	949 255	957 103
Investments in subsidiary companies	1 371 580 931	1 291 451 999
Investments in associates and joint ventures	40 586 757	40 586 757
Other long-term investments	49 441 740	45 932 683
Long-term receivables	9 356 327	9 298 123
Other long-term prepayments	1 075 368	755 389
Current assets (short-term)	2 282 614 459	2 132 310 029
Inventories	830 209 139	851 055 722
Trade receivables	1 257 360 022	1 083 188 629
Current tax assets	2 705 959	-
Other short-term receivables	61 167 726	66 788 792
Other short-term investments	6 137 125	3 410 994
Short-term prepayments	37 133 090	29 771 917
Cash and cash equivalents	87 901 398	98 093 976
Total assets	6 522 371 327	5 354 939 292

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

	Non audited as at 30.06.2019	as at 31.12.2018
<i>Equity and liabilities</i>		
Equity	939 189 725	1 050 866 874
Share capital	139 163 286	139 163 286
Reserve capital	693 597 775	680 200 006
Valuation equity of hedging transactions	(5 977 632)	(7 638 430)
Retained earnings	112 406 296	239 142 012
Accumulated profit (loss) from previous years	87 900 064	89 520 957
Profit (loss) for the period	24 506 232	149 621 055
Liabilities	5 583 181 602	4 304 072 417
Non-current liabilities	819 533 162	74 392 609
Other long-term financial liabilities	425 230	281 330
Long-term lease liabilities	734 319 885	-
Other long-term liabilities	1 164 100	1 061 800
Deferred tax liabilities	80 341 713	69 767 245
Employee benefits	3 282 234	3 282 234
Current liabilities	4 763 648 441	4 229 679 808
Loans and borrowings	1 237 427 263	1 014 433 854
Short-term financial liabilities	23 140 202	28 882 096
Short-term lease liabilities	131 271 299	-
Trade liabilities	3 123 309 973	2 887 356 977
Current tax liabilities	-	40 241 661
Other short-term payables	50 108 953	49 419 392
Current employee benefits	71 312 471	68 627 054
Provisions	127 078 280	140 718 774
Total equity and liabilities	6 522 371 327	5 354 939 292

BOOK VALUE PER SHARE

	as at 30.06.2019	as at 31.12.2018
Book value	939 189 725	1 050 866 874
Number of shares	139 163 286	139 163 286
Diluted number of shares	142 069 536	142 069 536
Book value per share	6,75	7,55
Diluted book value per share	6,61	7,40

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED SEPARATE STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 01.01.2019 TO 30.06.2019

	Non audited for the period from 01.01.2019 to 30.06.2019	Non audited for the period from 01.01.2018 to 30.06.2018
<i>Cash flow from operating activities</i>		
Profit (loss) before income tax	34 691 130	71 419 081
Adjustments for:	179 942 193	86 171 577
Depreciation and amortization	135 663 717	57 984 368
Equity-settled shared share-based payment transactions	2 940 000	2 940 000
(Gain) loss on sale of property, plant and equipment	6 343 208	4 277 664
Interest expenses	42 668 097	24 998 390
Interest received	(2 747 752)	(4 028 846)
Dividend and remission of sales income	(4 925 076)	-
Operating cash before changes in working capital	214 633 323	157 590 658
Changes in inventories	20 846 583	(37 863 572)
Changes in receivables	(151 612 180)	(31 492 459)
Changes in payables	122 943 675	166 310 772
Changes in provisions and employee benefits	(1 323 873)	(7 033 450)
Operating cash	205 487 529	247 511 949
Interest received	1 855 412	1 562 876
Interest paid	(28 053 700)	(22 237 701)
Income tax paid	(42 947 619)	(6 453 289)
Net cash from operating activities	136 341 622	220 383 834
<i>Cash flow from investing activities</i>		
Acquisition of intangible assets	(18 182 486)	(10 543 093)
Proceeds from sale of intangible assets	5 071	2 838
Acquisition of property, plant and equipment	(36 505 773)	(35 207 478)
Proceeds from sale of property, plant and equipment	908 602	5 336 126
Income/expenses on other short-term financial assets	(3 627 160)	45 765 624
Acquisition of subsidiaries, net of cash acquired	(71 448 126)	(349 276 106)
Loans granted	(2 598 490)	(3 448 687)
Repayment received of granted loans	118 943	1 079 771
Interest received	815 642	1 299 798
Dividends received	4 925 076	-
Net cash from investing activities	(125 588 701)	(344 991 207)
<i>Cash flows from financing activities</i>		
Income/expenses for other financial liabilities	(1 673 877)	3 567 757
Income/expenses for short term debt securities	-	(219 533 443)
Proceeds from loans and borrowings	263 560 853	481 228 118
Repayment of borrowings	(40 840 690)	(88 839 865)
Payment of finance lease liabilities	(72 712 788)	(678 210)
Other interest	(17 525 708)	(3 519 461)
Interests on loans and borrowings	(12 590 003)	(10 440 518)
Dividends paid	(139 163 286)	(101 589 199)
Net cash used in financing activities	(20 945 499)	60 195 180
Net change in cash and cash equivalents	(10 192 578)	(64 412 192)
Cash and cash equivalents at the beginning of the period	98 093 976	115 683 074
Cash and cash equivalents at the end of the period	87 901 398	51 270 882

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED SEPARATE STATEMENT ON CHANGES IN EQUITY IN THE PERIOD FROM 01.01.2019 TO 30.06.2019

	Share capital	Reserve capital	Hedge reserve	Retained earnings	Total
<i>Changes in equity in the period from 01.01 to 30.06.2018 - non audited</i>					
Balance as at 1 January 2018	139 163 286	847 622 292	(6 483 777)	17 807 869	998 109 670
Profit (loss) for the period from 01.01. to 30.06.2018	-	-	-	55 303 776	55 303 776
Other comprehensive income for the period 01.01 to 30.06.2018	-	-	(354 087)	-	(354 087)
Total comprehensive income for the period from 01.01. to 30.06.2018	-	-	(354 087)	55 303 776	54 949 689
Dividends	-	(101 589 199)	-	-	(101 589 199)
Equity-settled share based payment transactions	-	2 940 000	-	-	2 940 000
Retained earnings	-	(71 713 088)	-	71 713 088	-
Balance as at 30.06.2018	139 163 286	677 260 006	(6 837 864)	144 824 733	954 410 161
<i>Changes in equity in the period from 01.01. to 30.06.2019 - non audited</i>					
Balance as at 01 January 2019	139 163 286	680 200 006	(7 638 430)	239 142 012	1 050 866 874
Profit (loss) for the period from 01.01 to 30.06.2019	-	-	-	24 506 232	24 506 232
Other comprehensive income for the period 01.01 to 30.06.2019	-	-	1 660 798	-	1 660 798
Total comprehensive income for the period from 01.01. to 30.06.2019	-	-	1 660 798	24 506 232	26 167 030
Dividends	-	-	-	(139 163 286)	(139 163 286)
Transfer to reserve capital	-	10 457 769	-	(10 457 769)	-
Equity-settled share based payment transactions	-	2 940 000	-	-	2 940 000
Other	-	-	-	(1 620 893)	(1 620 893)
Balance as at 30.06.2019	139 163 286	693 597 775	(5 977 632)	112 406 296	939 189 725

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

SUPPLEMENTARY INFORMATION TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2019 TO 30.06.2019

1. GENERAL INFORMATION

1.1. ISSUE OF THE FINANCIAL STATEMENT

According to the resolution of the Management Board dated 27 August 2019, the separate financial statements of Eurocash S.A. for the period from 1 January 2019 to 30 June 2019 were authorised for publication.

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

1.2. STATEMENT OF COMPLIANCE

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

These condensed interim financial statements should be read in conjunction with the condensed interim consolidated financial statements of Eurocash S.A. Group as at and for the period ended 30 June 2019, and the separate financial statements of Eurocash S.A. as at and for the year ended 31 December 2018, which are available on the website www.grupaeurocash.pl.

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

Drafting financial statements in conformity with UE IFRS requires the Management Board to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions were made based on past experience and other factors accepted as reasonable in the given circumstances, and the results of these estimates and judgments were the basis for determining the carrying values of assets and liabilities that were not directly derived from other sources. The actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revised accounting estimates are recognized in the current period and in any future periods affected. The company identifies control over the entities in which it holds fifty or fewer percent of shares based on the analysis performed in accordance with IFRS 10 and on the basis investment agreements.

The Company uses many financial instruments, including contracts for financing the supply chain (reverse factoring) in relation to its trade liabilities. Taking into account the potential impact of this type of agreements on the cash flow statement and the statement of financial position, the Company analyzes the content of such agreements on a case-by-case basis. In particular, the Management Board assesses 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 the 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, which were presented in Note 4.

The judgments related to the implementation of IFRS 16 were described in Note 1.7.

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

1.5. COMPARABILITY OF FINANCIAL STATEMENTS

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

1.6. GOING CONCERN ASSUMPTION

These financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future.

As at 30 June 2019 there was a surplus of current liabilities of the Company over its current assets in the amount of PLN 2.5 billion, which is typical for the industry in which the Company operates, in which a significant part of sales is made on cash terms, inventory is minimized, and suppliers provide deferred payment terms. At the same time, the Company conducts the development of the retail network by employing its own resources and those coming from external financing sources. The financial plans for 2020 and subsequent years prepared by the Management Board indicate that the Company maintains liquidity and provides ongoing servicing of its liabilities. Suspension conditions related to loan agreements are monitored on an ongoing basis, as at the balance sheet date, 30 June 2019, the terms of loan agreements were not broken. In addition, as at the balance sheet date, 30 June 2019, the Company also has unused credit limits in the amount of PLN 218.825.710.

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

Implementation of IFRS 16

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

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

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

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

The 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

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

agreements using the same classification principles as in IAS 17, distinguishing between operating leases and financial leasing.

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

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

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

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

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

The analysis of the Company's agreements in terms of IFRS 16 began by determining which contracts are under 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 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 segments 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 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 option of termination. In the case of establishing periods of contracts concluded for an indefinite period, the Company applied the criteria of sufficient certainty and took into account all relevant facts and circumstances, including business plans.

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

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

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

IFRS 16 impact on separate statement of financial position as at 01.01.2019:

	Dates before impact of IFRS 16 as at 01.01.2019	Impact of IFRS 16 as at 01.01.2019	Dates after impact of IFRS 16 as at 01.01.2019
<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	(1 024 668)	446 745 986
Right of use assets	-	862 348 213	862 348 213
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	736 448 767	810 841 376
Other long-term financial liabilities	281 330	(281 330)	-
Long-term lease liabilities	-	736 730 097	736 730 097
Current liabilities	4 229 679 808	124 874 778	4 354 554 586
Short-term financial liabilities	28 882 096	(1 593 260)	27 288 836
Short-term lease liabilities	-	126 468 038	126 468 038
Total equity and liabilities	5 354 939 292	861 323 545	6 216 262 836

IFRS 16 impact on separate income statement for the period 01.01.2019 – 30.06.2019:

	Dates before impact of IFRS 16 for the period from 01.01.2019 to 30.06.2019	Impact of IFRS 16 for the period from 01.01.2019 to 30.06.2019	Dates after impact of IFRS 16 for the period from 01.01.2019 to 30.06.2019
Gross profit (loss)	867 144 723	-	867 144 723
Selling expenses	(669 379 495)	8 818 372	(660 561 123)
General and administrative expenses	(145 438 390)	377 266	(145 061 124)
Profit (loss) on sales	52 326 838	9 195 639	61 522 477
Operating profit (loss)	51 748 322	9 195 639	60 943 961
Financial income	17 958 400	3 122 598	21 080 998
Financial costs	(30 839 885)	(16 493 944)	(47 333 829)
Profit (loss) before tax	38 866 837	(4 175 707)	34 691 130
Income tax expense	(10 978 282)	793 384	(10 184 898)
Profit (loss) for the period	27 888 555	(3 382 323)	24 506 232

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

IFRS 16 impact on separate statement of financial position as at 30.06.2019:

	Dates before impact of IFRS 16 as at 30.06.2019	Impact of IFRS 16 as at 30.06.2019	Dates after impact of IFRS 16 as at 30.06.2019
Assets			
Non-current assets (long-term)	3 379 932 037	859 824 831	4 239 756 868
Property, plant and equipment	437 459 921	(716 213)	436 743 708
Right of use assets	-	860 541 044	860 541 044
Current assets (short-term)	2 282 614 459	-	2 282 614 459
Total assets	5 662 546 496	859 824 831	6 522 371 327
Equity and liabilities			
Equity	942 572 048	(3 382 323)	939 189 725
Retained earnings	115 788 619	(3 382 323)	112 406 296
Profit (loss) for the period	27 888 555	(3 382 323)	24 506 232
Liabilities	4 719 974 449	863 207 154	5 583 181 602
Non-current liabilities	86 396 580	733 136 581	819 533 162
Other long-term financial liabilities	815 149	(389 919)	425 230
Long-term lease liabilities	-	734 319 885	734 319 885
Deferred tax liabilities	81 135 097	(793 384)	80 341 713
Current liabilities	4 633 577 868	130 070 572	4 763 648 441
Short-term financial liabilities	24 340 929	(1 200 727)	23 140 202
Short-term lease liabilities	-	131 271 299	131 271 299
Total equity and liabilities	5 662 546 496	859 824 831	6 522 371 327

IFRS 16 impact on lease liabilities in separate financial statements:

IFRS 16 impact on lease liabilities as at 30.06.2019	864 000 538
IFRS 16 impact on lease liabilities as at 01.01.2019	861 323 545
Changes in period from 01.01.2019 to 30.06.2019	2 676 993
New agreements	51 117 633
Agreements changes	20 818 706
- due to change of conditions	23 941 304
- due to change of exchange rates	(3 122 598)
Change of liabilities	(69 259 346)

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2019</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

IFRS 16 impact on separate statement of cash flows for the period 01.01 - 30.06.2019:

	Dates before impact of IFRS 16 for the period from 01.01.2019 to 30.06.2019	Impact of IFRS 16 for the period from 01.01.2019 to 30.06.2019	Dates after impact of IFRS 16 for the period from 01.01.2019 to 30.06.2019
<i>Cash flow from operating activities</i>			
Profit (loss) before income tax	38 866 837	(4 175 707)	34 691 130
Adjustments for:	86 890 598	93 051 595	179 942 193
Depreciation and amortization	59 106 066	76 557 651	135 663 717
Interest expenses	26 174 152	16 493 944	42 668 097
Operating cash before changes in working capital	125 757 435	88 875 888	214 633 323
Operating cash	116 611 641	88 875 888	205 487 529
Net cash from operating activities	47 465 734	88 875 888	136 341 622
<i>Cash flow from investing activities</i>			
Net cash from investing activities	(125 588 701)	-	(125 588 701)
<i>Cash flows from financing activities</i>			
Payment of finance lease liabilities	(330 844)	(72 381 944)	(72 712 788)
Other interest	(1 031 764)	(16 493 944)	(17 525 708)
Net cash used in financing activities	67 930 389	(88 875 888)	(20 945 499)
Net change in cash and cash equivalents	(10 192 578)	-	(10 192 578)
Cash and cash equivalents at the beginning of the period	98 093 976	-	98 093 976
Cash and cash equivalents at the end of the period	87 901 398	-	87 901 398

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

2. NOTES TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2019 TO 30.06.2019

NOTE 1.

OTHER EXPLANATORY INFORMATION

These condensed interim separate financial statements should be read in conjunction with condensed interim consolidated financial statements of Eurocash S.A. Group prepared as at and for the period ended 30 June 2019.

NOTE 2.

UNCERTAIN TAX TREATMENT

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

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

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

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

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

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

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

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

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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

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

By decision of 19 March 2019, the Director of the Tax Administration Center in Poznan, after considering the appeal of Eurocash SA, completely overturned the above decision of the Head of the Wielkopolska Customs and Tax Office in Poznan and remitted the case. In view of the above, as at 30 June 2019, in the opinion of the Company's Management Board, there is no reason for creating any provisions due to this case.

On 28 February 2018, the Head of the Customs and Revenue Office for Wielkopolska Region in Poznan initiated an audit of corporate income tax for 2016. On 30 June 2019 the audit hasn't been completed.

NOTE 3.

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

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

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

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

NOTE 4.

EXPLANATIONS TO CONSOLIDATED INCOME STATEMENT

Financial costs

The increase in financial costs in the first half of 2019 comparing to the first half of 2018 was mainly due to the application of IFRS 16 (the impact of IFRS 16 on financial costs in 2019, amounted to PLN 16.5 million). Details on IFRS 16 are presented in section 1.7.

Trade liabilities

Eurocash made the assessment of the liabilities covered by reverse factoring and based on this judgment classified liabilities under reverse factoring as a trade liabilities, as there were no significant changes in the nature of these liabilities, in particular significant changes in the terms of payment, as a result of submitting the given factoring obligations. As part of the balance of trade payables as at 30 June 2019, the value of balances covered by the supplier financing program was recognized in the amount of PLN 1,116,784,618 while as at 31 December 2018 the corresponding value of balances was PLN 1,190,147,484.

The main change in investments in subsidiaries results from the acquisition of Partner Sp. z o. o.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2019</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

NOTE 5.

TRANSACTIONS WITH SUBSIDIARIES

Transactions with related entities did not differ from market conditions and did not differ in type from transactions concluded in previous reporting periods.

On 28 June 2019, Eurocash S.A. signed an agreement regarding taking over the distribution function from EKO Holding S.A.

In connection with the above, the Company recognized in the condensed separate statement of financial position an intangible asset in the amount of PLN 87,024,233 reflecting the right to majority supply of stores and a deferred tax reserve of PLN 16,075,308. The price for taking over the function, was paid in July 2019. The depreciation period for the recognized intangible asset was set at 3 years.

NOTE 6.

IMPORTANT EVENTS DURING THE PERIOD COVERED BY THE FINANCIAL STATEMENTS

1. Payment of the dividend for year 2018

On 19 June 19, according to the decision of the Ordinary General Meeting of Eurocash S.A., a dividend of PLN 1 per share was paid from the Company's reserve capital. The total amount of dividend paid was PLN 139,163,286.

NOTE 7.

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 Company.

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2019	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

Position	Name and surname	Date	Signature
President of the Management Board	Luis Amaral	27 th August 2019	
Management Board Member Chief Executive Officer	Rui Amaral	27 th August 2019	
Management Board Member	Arnaldo Guerreiro	27 th August 2019	
Management Board Member	Pedro Martinho	27 th August 2019	
Management Board Member Human Resources Director	Katarzyna Kopaczewska	27 th August 2019	
Management Board Member Financial Director	Jacek Owczarek	27 th August 2019	
Management Board Member	Przemysław Ciał	27 th August 2019	

REPORT OF THE MANAGEMENT BOARD

1. Eurocash Group - overview

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

Wholesale – wholesale distribution formats:

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

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

- **Delikatesy Centrum franchise stores** – a franchise system for retail stores operating under the brand “Delikatesy Centrum”;
- **Own supermarkets, consisting of:**
 - Delikatesy Centrum own retail stores – own retail stores operating by companies that Eurocash hold 50% of shares: Firma Rogala Sp. z o.o., FHC-2 Sp. z o.o., Madas Sp. z o.o. and 100% of shares in Eurocash Detal Sp. z o.o.;
 - EKO – own retail stores under brand Delikatesy Centrum and EKO operated by EKO Holding S.A.;
 - Mila & Others – own retail stores under brand Mila operated by Mila S.A. and under brand Lewiatan operated by Partner Sp. z o.o.;
- **Inmedio** – press retail kiosks under Inmedio brand.

EUROCASH GROUP – CONSOLIDATED SEMI-ANNUAL REPORT 2019	Page 2
REPORT OF THE MANAGEMENT BOARD	

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

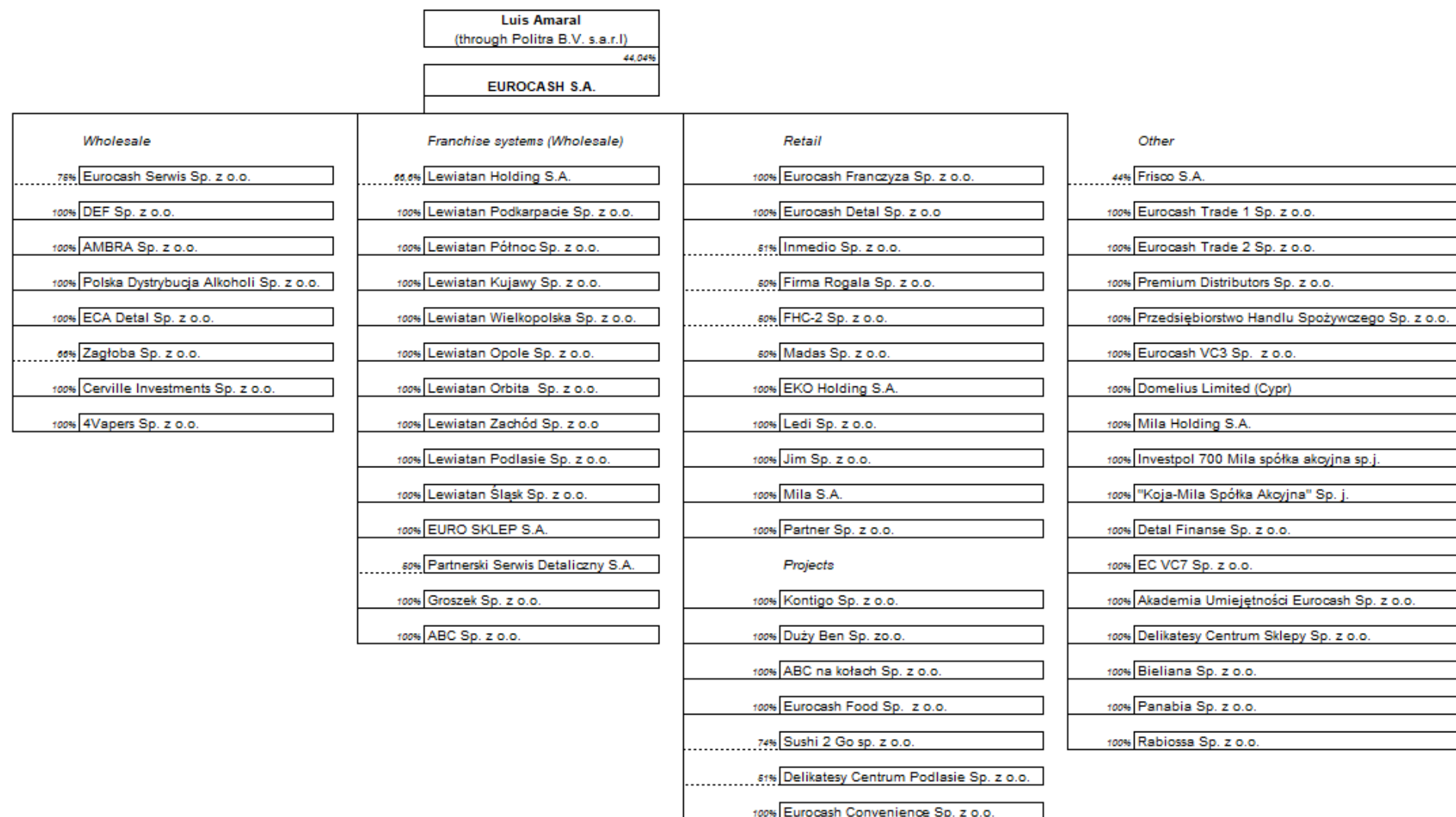
Starting from 2019 sales of fresh product distribution to Delikatesy Centrum was excluded from Projects Segment and moved to Retail Segment due to the fact that project achieved break-even point.

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., Akademia Umiejętności Eurocash 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. The structure of the Eurocash Group and its affiliated companies

The diagram below presents the structure of the Eurocash Group and its subsidiaries as at June 30th 2019:



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

Profit & loss account

Table 1: Eurocash Group: Summary of consolidated financial results for 2Q 2019

	2Q 2019	2Q 2019 before IFRS16	2Q 2018	Change % (before IFRS16)
PLN m				
Sales revenues (traded goods, materials)	6 438.23	6 438.23	5 759.44	11.79%
Gross profit (loss) on sales	844.10	844.10	706.02	19.56%
Gross profitability on sales (%)	13.11%	13.11%	12.26%	0.85 p.p.
EBITDA	216.16	126.49	117.03	8.08%
(EBITDA margin %)	3.36%	1.96%	2.03%	-0.07 p.p.
EBIT	81.41	72.22	67.63	6.79%
(EBIT margin %)	1.26%	1.12%	1.17%	-0.05 p.p.
Gross profit	56.35	59.80	59.00	1.36%
Net Income	46.90	49.69	36.03	37.93%
(Net profitability %)	0.73%	0.77%	0.63%	0.15 p.p.

Table 2: Eurocash Group: Summary of consolidated financial results for 1H 2019

	1H 2019	1H 2019 before IFRS16	1H 2018	Change % (before IFRS16)
PLN m				
Sales revenues (traded goods, materials)	11 921.17	11 921.17	10 746.55	10.93%
Gross profit (loss) on sales	1 550.14	1 550.14	1 287.58	20.39%
Gross profitability on sales (%)	13.00%	13.00%	11.98%	1.02 p.p.
EBITDA	337.52	159.95	156.64	2.11%
(EBITDA margin %)	2.83%	1.34%	1.46%	-0.12 p.p.
EBIT	71.72	53.17	60.53	-12.17%
(EBIT margin %)	0.60%	0.45%	0.56%	-0.12 p.p.
Gross profit	18.90	30.15	41.72	-27.73%
Net Income	6.73	15.85	17.50	-9.44%
(Net profitability %)	0.06%	0.13%	0.16%	-0.03 p.p.

Consolidated sales of Eurocash Group in 2Q 2019 amounted to PLN 6 438.23 m, which means an increase of 11.79% YoY. In 1H 2019, consolidated sales reached PLN 11 921.17 m compared to PLN 10 746.55 m in 1H 2018, which shows an increase of 10.93%. The total sales of the Eurocash Group, excluding the Mila chain purchased on May 29th, 2018 and Partner stores purchased on March 1st, 2019, increased by 7.34% in the 2Q 2019 YoY and by 5.39% in the 1H 2019 YoY. Positive impact on the sales growth of the Eurocash Group was related also to the Tobacco and Distribution business as well as sales of Delikatesy Centrum own and franchise stores.

Consolidated gross profitability of Eurocash Group amounted to 13.11% in 2Q 2019 and increased by 0.85 p.p. YoY. In 1H 2019, the gross profitability increased by 1.02 p.p. YoY and amounted to 13.00% and was mainly driven by consolidation of acquired retail companies.

Consolidated EBITDA of Eurocash Group in 2Q 2019 amounted to PLN 216.16 m. Consolidated EBITDA of Eurocash Group in 2Q 2019 before IFRS16 amounted to PLN 126.49 m and increased by 8.08% YoY.

Consolidated EBITDA in 1H 2019 amounted to PLN 337.52 m. Consolidated EBITDA in 1H 2019 before IFRS16 amounted to PLN 159.95 m, which means an increase of 2.11% YoY.

Eurocash Group net profit in 2Q 2019 amounted to PLN 46.90 m. Eurocash Group net profit in 2Q 2019 before IFRS16 amounted to PLN 49.69 m compared to PLN 36.03 m in 2Q 2018. In 1H 2019, net profit reached PLN 6.73 m. In 1H 2019 before IFRS16, net profit reached PLN 15.85 m compared to PLN 17.50 m in 1H 2018.

Implementation of IFRS16

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

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

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

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

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

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

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

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

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

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

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

The analysis of the Group's agreements in terms of IFRS 16 began by determining which contracts are under 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 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 segments 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 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 indefinite period, the Group applied the criteria of sufficient certainty and took into account all relevant facts and circumstances, including business plans.

Sales by format

Table 3: Eurocash Group: Sales of goods dynamics by distribution format for 2Q 2019

PLN m	2Q 2019	2Q 2018	Change %
Wholesale	4 886.50	4 591.22	6.43%
Cash&Carry	1 221.43	1 207.02	1.19%
Tobacco	1 723.78	1 552.20	11.05%
Distribution	1 806.23	1 712.38	5.48%
<i>Alcohol</i>	501.20	549.54	-8.80%
<i>Distribution previously</i>	1 305.02	1 162.84	12.23%
Food Service	132.73	117.89	12.59%
Other	2.33	1.73	34.37%
Retail	1 498.51	1 115.68	34.31%
Delikatesy Centrum Franchise	553.40	508.86	8.75%
Supermarkets Own	824.58	499.04	65.23%
<i>Delikatesy Centrum Own</i>	210.40	177.80	18.33%
<i>EKO</i>	215.22	200.87	7.14%
<i>Mila & Others</i>	398.96	120.37	231.45%
Inmedio	120.53	107.78	11.83%
Projects	23.27	11.84	96.60%
Eurocash Group	6 408.29	5 718.73	12.06%

Table 4: Eurocash Group: Sales of goods dynamics by distribution format for 1H 2019

PLN m	1H 2019	1H 2018	Change %
Wholesale	8 994.66	8 561.43	5.06%
Cash&Carry	2 216.56	2 171.54	2.07%
Tobacco	3 174.56	2 883.57	10.09%
Distribution	3 355.70	3 278.56	2.35%
<i>Alcohol</i>	930.37	1 057.69	-12.04%
<i>Distribution previously</i>	2 425.34	2 220.87	9.21%
Food Service	243.28	223.50	8.85%
Other	4.56	4.26	7.07%
Retail	2 825.92	2 085.01	35.53%
Delikatesy Centrum Franchise	1 046.07	997.17	4.90%
Supermarkets Own	1 549.74	877.21	76.67%
<i>Delikatesy Centrum Own</i>	395.62	359.59	10.02%
<i>EKO</i>	412.83	397.25	3.92%
<i>Mila & Others</i>	741.29	120.37	515.86%
Inmedio	230.10	210.64	9.24%
Projects	39.00	23.89	63.28%
Eurocash Group	11 859.59	10 670.33	11.15%

Wholesale:

- In 2Q 2019 external sales of goods in Wholesale segment amounted to PLN 4 886.50 m and increased by 6.43% comparing with 2Q 2018. In 1H 2019 sales amounted to PLN 8 994.66 m and increased by 5.06% YoY. The growth was driven mainly by Tobacco and Distribution segments.

- EBITDA of the Wholesale segment amounted in 2Q 2019 to PLN 177.00 m. EBITDA before IFRS16 of the Wholesale segment amounted in 2Q 2019 to PLN 126.82 m while in 2Q 2018 it amounted to PLN 111.17 m. EBITDA in 1H 2019 amounted to PLN 277.72 m. EBITDA before IFRS16 in 1H 2019 amounted to PLN 179.62 m comparing to PLN 157.27 m in 1H 2018.
- LFL sales growth (same number of stores) in Eurocash Cash&Carry stores in 2Q 2019 amounted to positive 1.19% and 2.07% in 1H 2019.
- The number of Eurocash Cash&Carry stores at the end of 1H 2019 has not changed and amounted to 180.
- The number of abc stores amounted to 8 753 at the end of 1H 2019, 300 more than a year ago.
- Number of partnership or franchise stores organized by companies belonging to Eurocash Group (Groszek, Euro Sklep, Lewiatan and PSD) amounted to 5 040 stores as of the end of 2Q 2019, which means an increase by 138 stores comparing to 1H 2018.
- Sales of cigarettes Tobacco & Impulse distribution format in terms of volume amounted in 2Q 2019 to 2 923 m pieces and increased by 11.00% YoY. In 1H 2019 sales exceeded the volume of 5 395 m units and increased by 10.09%.
- Sales of cigarettes in terms of value increased by 13.6% in 2Q 2019 and 12.3% in 1H 2019 YoY.

Retail:

- Sales of goods realized by Retail segment in 2Q 2019 amounted to PLN 1 498.51 m and increased by 34.31% YoY. In 1H 2019 sales amounted to PLN 2 825.92 m and increased by 35.53% YoY. Main driver of sales growth was consolidation of acquired retail companies and organic sales growth of Delikatesy Centrum franchise and own stores.
- Starting from 2019 Retail Segment includes sales distribution of fresh products to franchise stores in Delikatesy Centrum chain. Historical data of the segment were restated.
- EBITDA of the Retail segment amounted in 2Q 2019 to PLN 77.27 m. EBITDA before IFRS16 of the Retail segment amounted in 2Q 2019 to PLN 39.34 m comparing to PLN 31.08 m in 2Q 2018. In 1H 2019 EBITDA amounted to PLN 129.29 m. In 1H 2019 EBITDA before IFRS16 amounted to PLN 52.66 m while in 1H 2018 it amounted to PLN 50.13 m.
- LFL growth of wholesale sales realized by Eurocash to "Delikatesy Centrum" franchise stores amounted to 6.74% in 2Q 2019 and increased by 2.69% in 1H 2019.
- LFL growth of retail sales of "Delikatesy Centrum" franchise stores amounted to 7.99% in the 2Q 2019 and 3.35% in 1H 2019.
- LFL dynamic of retail sales in 2Q 2019 amounted in Inmedio stores to 7.84% YoY and 5.22% in the 1H 2019 YoY.
- Number of Small Supermarkets at the end of 2Q 2019 amounted to 1 560, including 996 Franchise stores and 564 Own stores.
- Number of total "Delikatesy Centrum" stores at the end of 2Q 2019 amounted to 1 339.
- Number of Inmedio stores at the end of 2Q 2019 amounted to 449 stores.

Projects

- Sales of goods realized by Projects segment in 2Q 2019 amounted to PLN 23.27 m comparing to PLN 11.84 m in 2Q 2018. In 1H 2019 sales amounted to PLN 39.00 m comparing to 23.89 m in 1H 2018.
- EBITDA of Projects segment amounted in 2Q 2019 to PLN -8.81 m. EBITDA of Projects segment before IFRS16 amounted in 2Q 2019 to PLN -10.36 m comparing to result of PLN -9.52 m in 2Q 2018. In 1H 2019 EBITDA amounted to PLN -19.54 m. In 1H 2019 EBITDA before IFRS16 amounted to PLN -22.35 m comparing to PLN -20.20 m in 1H 2018. Result of the segment was impacted by expansion costs and investments into projects brand awareness.

Others

- EBITDA of Others segment amounted in 2Q 2019 to PLN -29.30 m. EBITDA of Others segment before IFRS16 amounted in 2Q 2019 to PLN -29.31 m comparing to PLN -15.70 m in 2Q 2018. In 1H 2019 EBITDA amounted to PLN -49.95 m. In 1H 2019 EBITDA before IFRS16 amounted to PLN -49.98 m comparing to PLN -30.55 m in 1H 2018. Result of the segment was impacted by provision for employees bonus for achievement of the objectives.

Operating segments

Due to changes in financial results presentation by operating segments in 2018, below we present quarter results of each segment for years 2017-2019 according to definition of segments implemented in 2018. Impact of IFRS16 on the results is shown in the tables no. 5 and no. 7 below:

Table 5: Eurocash Group: Operating segments results in 2019 (IFRS16)

1Q 2019 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenues (traded goods)	4 108.16	1 327.40	15.73	0.00	5 451.30
EBIT	32.77	-6.25	-12.75	-23.47	-9.69
(EBIT margin %)	0.80%	-0.47%	-81.06%	0.00%	-0.18%
EBITDA	100.72	52.02	-10.73	-20.65	121.37
(EBITDA margin %)	2.45%	3.92%	-68.23%	0.00%	2.23%
2Q 2019 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenues (traded goods)	4 886.50	1 498.51	23.27	0.00	6 408.29
EBIT	107.31	19.57	-11.91	-33.55	81.41
(EBIT margin %)	2.20%	1.31%	-51.19%	0.00%	1.27%
EBITDA	177.00	77.27	-8.81	-29.30	216.16
(EBITDA margin %)	3.62%	5.16%	-37.86%	0.00%	3.37%

Table 6: Eurocash Group: Operating segments results in 2019 (before IFRS16)

1Q 2019 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenues (traded goods)	4 108.16	1 327.40	15.73	0.00	5 451.30
EBIT	27.99	-10.75	-12.82	-23.47	-19.06
(EBIT margin %)	0.68%	-0.81%	-81.51%	0.00%	-0.35%
EBITDA	52.80	13.32	-11.99	-20.66	33.46
(EBITDA margin %)	1.29%	1.00%	-76.23%	0.00%	0.61%
2Q 2019 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenues (traded goods)	4 886.50	1 498.51	23.27	0.00	6 408.29
EBIT	102.48	15.29	-11.99	-33.55	72.22
(EBIT margin %)	2.10%	1.02%	-51.50%	0.00%	1.13%
EBITDA	126.82	39.34	-10.36	-29.31	126.49
(EBITDA margin %)	2.60%	2.63%	-44.53%	0.00%	1.97%

Table 7: Eurocash Group: Operating segments results in 2019 YTD (IFRS16)

1Q YTD 2019 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenues (traded goods)	4 108.16	1 327.40	15.73	0.00	5 451.30
EBIT	32.77	-6.25	-12.75	-23.47	-9.69
<i>(EBIT margin %)</i>	0.80%	-0.47%	-81.06%	0.00%	-0.18%
EBITDA	100.72	52.02	-10.73	-20.65	121.37
<i>(EBITDA margin %)</i>	2.45%	3.92%	-68.23%	0.00%	2.23%
2Q YTD 2019 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenues (traded goods)	8 994.66	2 825.92	39.00	0.00	11 859.59
EBIT	140.08	13.32	-24.67	-57.02	71.72
<i>(EBIT margin %)</i>	1.56%	0.47%	-63.24%	0.00%	0.60%
EBITDA	277.72	129.29	-19.54	-49.95	337.52
<i>(EBITDA margin %)</i>	3.09%	4.58%	-50.10%	0.00%	2.85%

Table 8: Eurocash Group: Operating segments results in 2019 YTD (before IFRS16)

1Q YTD 2019 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenues (traded goods)	4 108.16	1 327.40	15.73	0.00	5 451.30
EBIT	27.99	-10.75	-12.82	-23.47	-19.06
<i>(EBIT margin %)</i>	0.68%	-0.81%	-81.51%	0.00%	-0.35%
EBITDA	52.80	13.32	-11.99	-20.66	33.46
<i>(EBITDA margin %)</i>	1.29%	1.00%	-76.23%	0.00%	0.61%
2Q YTD 2019 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenues (traded goods)	8 994.66	2 825.92	39.00	0.00	11 859.59
EBIT	130.46	4.53	-24.81	-57.02	53.17
<i>(EBIT margin %)</i>	1.45%	0.16%	-63.60%	0.00%	0.45%
EBITDA	179.62	52.66	-22.35	-49.98	159.95
<i>(EBITDA margin %)</i>	2.00%	1.86%	-57.32%	0.00%	1.35%

Table 9: Eurocash Group: Operating segments results in 2018 (before IFRS16)

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

Table 10: Eurocash Group: Operating segments results in 2017 (before IFRS16)

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

Table 11: Eurocash Group: Operating segments results in 2018 YTD (before IFRS16)

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

Table 12: Eurocash Group: Operating segments results in 2017 YTD (before IFRS16)

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

Cash flow

Table 13: Eurocash Group: Consolidated cash flows for 2Q 2019

	2Q 2019	2Q 2019 before IFRS16	2Q 2018
PLN m			
Operating cash flow	398.84	304.63	240.42
<i>Gross profit (loss)</i>	56.35	59.80	59.00
<i>Depreciation</i>	134.75	54.27	49.40
<i>Change in working capital</i>	234.18	234.18	150.48
<i>Other</i>	(26.44)	(43.62)	(18.46)
Cash flow from investments	(56.33)	(56.33)	(337.93)
Cash flow from financing activities	(308.88)	(214.67)	(251.44)
Total cash flow	33.64	33.64	(348.95)

Table 14: Eurocash Group: Consolidated cash flows for 1H 2019

	1H 2019	1H 2019 before IFRS16	1H 2018
PLN m			
Operating cash flow	264.92	82.79	185.69
<i>Gross profit (loss)</i>	18.90	30.15	41.72
<i>Depreciation</i>	265.81	106.78	96.11
<i>Change in working capital</i>	1.33	1.33	62.85
<i>Other</i>	(21.11)	(55.48)	(14.99)
Cash flow from investments	(179.77)	(179.77)	(377.68)
Cash flow from financing activities	(84.19)	97.95	138.16
Total cash flow	0.97	0.97	(53.84)

Total cash flow in 2Q 2019 amounted to PLN 33.64 m, while the operating cash flow reached PLN 398.84 m. Cash flow from investments amounted to PLN -56.33 m and cash flow from financing activities amounted in 2Q 2019 to PLN -308.88 m.

Total cash flow before IFRS16 in 2Q 2019 amounted to PLN 33.64 m, while the operating cash flow reached PLN 304.63 m. Cash flow from investments amounted to PLN -56.33 m and cash flow from financing activities amounted in 2Q 2019 to PLN -214.67 m.

Total cash flow in 1H 2019 amounted to PLN 0.97 m, while the operating cash flow reached PLN 264.92 m. Cash flow from investments amounted to PLN -179.77 m and cash flow from financing activities amounted in 1H 2019 to PLN -84.19 m.

Total cash flow before IFRS16 in 1H 2019 amounted to PLN 0.97 m, while the operating cash flow reached PLN 82.79 m. Cash flow from investments amounted to PLN 179.77 m and cash flow from financing activities amounted in 1H 2019 to PLN 97.95 m.

Working capital

Table 15: Eurocash Group: Consolidated working capital ratios flow for 2Q 2019

Turnover in days	2Q 2019	2Q 2019 before IFRS16	2Q 2018
1. Inventories turnover	19.58	19.58	23.69
2. Trade receivables turnover	22.69	22.69	27.15
3. Trade liabilities turnover	(67.80)	(67.80)	(75.92)
4. Operating cycle (1+2)	42.27	42.27	50.84
5. Cash conversion (4+3)	(25.54)	(25.54)	(25.08)

Table 16: Eurocash Group: Consolidated working capital ratios flow for 1H 2019

Turnover in days	1H 2019	1H 2019 before IFRS16	1H 2018
1. Inventories turnover	21.03	21.03	25.25
2. Trade receivables turnover	24.37	24.37	28.94
3. Trade liabilities turnover	(72.75)	(72.75)	(80.67)
4. Operating cycle (1+2)	45.41	45.41	54.19
5. Cash conversion (4+3)	(27.34)	(27.34)	(26.48)

Cash conversion in 2Q 2019 reached -25.54 days comparing with -25.08 days in 2Q 2018. In 1H 2019 cash conversion cycle amounted to -27.34 days compared to -26.48 days in 1H 2018. Change in each position of working capital was related to change in mix of sales i.e. increase of share of tobacco and fresh categories in total sales revenues of the Group.

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	30.06.2019		31.12.2018	
Fixed assets	4 857,64	58,88%	3 006,01	50,01%
Current assets	3 391,75	41,12%	3 004,90	49,99%
Total assets	8 249,39	100,00%	6 010,91	100,00%
Equity	899,44	10,90%	1 036,41	17,24%
Liabilities and provisions	7 349,95	89,10%	4 974,50	82,76%
Total liabilities and equity	8 249,39	100,00%	6 010,91	100,00%

Net debt of Eurocash Group at the end of June 2019 amounted to PLN 2 415.86 m. Before IFRS16 net debt amounted to PLN 628.20 m comparing to PLN 684.21 m at the end of June 2018.

4. Summary of financial results of Eurocash S.A. in 2Q and 1H 2019

Profit & loss account

Table 18: Eurocash S.A.: Summary of financial results for 2Q 2019

	2Q 2019	2Q 2019 before IFRS16	2Q 2018	Change % (before IFRS16)
PLN m				
Sales revenues (traded goods, materials)	3 929.77	3 929.77	3 762.69	4.44%
Gross profit (loss) on sales	474.34	474.34	450.74	5.24%
Gross profitability on sales (%)	12.07%	12.07%	11.98%	0.09 p.p.
EBITDA	122.46	79.13	100.30	-21.10%
(EBITDA margin %)	3.12%	2.01%	2.67%	-0.65 p.p.
EBIT	52.82	48.12	71.32	-32.53%
(EBIT margin %)	1.34%	1.22%	1.90%	-0.67 p.p.
Gross profit	46.38	46.78	69.78	-32.95%
Net Income	35.03	35.35	55.04	-35.76%
(Net profitability %)	0.89%	0.90%	1.46%	-0.56 p.p.

Table 19: Eurocash S.A.: Summary of financial results for 1H 2019

	1H 2019	1H 2019 before IFRS16	1H 2018	Change % (before IFRS16)
PLN m				
Sales revenues (traded goods, materials)	7 308.58	7 308.58	7 114.97	2.72%
Gross profit (loss) on sales	867.14	867.14	821.88	5.51%
Gross profitability on sales (%)	11.86%	11.86%	11.55%	0.31 p.p.
EBITDA	196.61	110.85	138.77	-20.12%
(EBITDA margin %)	2.69%	1.52%	1.95%	-0.43 p.p.
EBIT	60.94	51.75	80.79	-35.95%
(EBIT margin %)	0.83%	0.71%	1.14%	-0.43 p.p.
Gross profit	34.69	38.87	71.42	-45.58%
Net Income	24.51	27.89	55.30	-49.57%
(Net profitability %)	0.34%	0.38%	0.78%	-0.4 p.p.

Sales of Eurocash S.A. in 2Q 2019 amounted to PLN 3 929.77 m, which means an increase of 4.44% YoY. In 1H 2019, sales reached PLN 7 308.58 m compared to PLN 7 114.97 m in 1H 2018, which shows an increase of 2.72%.

Consolidated gross profitability of Eurocash S.A. amounted to 12.07% in 2Q 2019 and increased by 0.09 p.p. YoY. In 1H 2019, the gross profitability increased by 0.31 p.p. YoY and amounted to 11.86%.

In 2Q 2019 EBITDA of Eurocash S.A. amounted to PLN 122.46 m. In 2Q 2019 EBITDA before IFRS16 amounted to PLN 79.13 m. In 1H 2019 EBITDA of Eurocash S.A. amounted to PLN 196.61 m. In 1H 2019 EBITDA before IFRS16 amounted to PLN 110.85 m.

The net profit of Eurocash S.A. in 2Q 2019 amounted to PLN 35.03 m. The net profit in 2Q 2019 before IFRS16 amounted to PLN 35.35 m. The net profit of Eurocash S.A. in 1H 2019 amounted to PLN 24.51 m. The net profit in 2Q 2019 before IFRS16 amounted to PLN 27.89 m.

Cash flow

Table 20: Eurocash S.A.: Cash flow for 2Q 2019

PLN m	2Q 2019	2Q 2019 before IFRS16	2Q 2018
Operating cash flow	250.83	204.37	258.49
<i>Gross profit (loss)</i>	<i>46.38</i>	<i>46.78</i>	<i>69.78</i>
<i>Depreciation</i>	<i>69.65</i>	<i>31.01</i>	<i>28.98</i>
<i>Change in working capital</i>	<i>158.01</i>	<i>158.01</i>	<i>159.31</i>
<i>Other</i>	<i>(23.22)</i>	<i>(31.43)</i>	<i>0.43</i>
Cash flow from investments	(18.21)	(18.21)	(328.09)
Cash flow from financing activities	(217.78)	(171.33)	(292.76)
Total cash flow	14.83	14.83	(362.35)

Table 21: Eurocash S.A.: Cash flow for 1H 2019

PLN m	1H 2019	1H 2019 before IFRS16	1H 2018
Operating cash flow	136.34	47.47	220.38
<i>Gross profit (loss)</i>	<i>34.69</i>	<i>38.87</i>	<i>71.42</i>
<i>Depreciation</i>	<i>135.66</i>	<i>59.11</i>	<i>57.98</i>
<i>Change in working capital</i>	<i>(7.82)</i>	<i>(7.82)</i>	<i>96.95</i>
<i>Other</i>	<i>(26.19)</i>	<i>(42.69)</i>	<i>(5.97)</i>
Cash flow from investments	(125.59)	(125.59)	(344.99)
Cash flow from financing activities	(20.95)	67.93	60.20
Total cash flow	(10.19)	(10.19)	(64.41)

Total cash flow of Eurocash S.A. in 2Q 2019 amounted to PLN 14.83 m comparing to PLN -362.35 m in 2Q 2018. In 1H 2019 Eurocash S.A. total cash flow reached PLN -10.19 m, while in 1H 2018 it reached PLN -64.41 m.

Working capital

Table 22: Eurocash S.A.: Working capital ratios for 2Q 2019

Turnover in days	2Q 2019	2Q 2019 before IFRS16	2Q 2018
1. Inventories turnover	19.22	19.22	22.41
2. Trade receivables turnover	29.12	29.12	31.80
3. Trade liabilities turnover	(82.25)	(82.25)	(88.12)
4. Operating cycle (1+2)	48.34	48.34	54.21
5. Cash conversion (4+3)	(33.91)	(33.91)	(33.91)

Table 23: Eurocash S.A.: Working capital ratios for 1H 2019

Turnover in days	1H 2019	1H 2019 before IFRS16	1H 2018
1. Inventories turnover	20.56	20.56	23.57
2. Trade receivables turnover	31.14	31.14	33.45
3. Trade liabilities turnover	(87.76)	(87.76)	(92.24)
4. Operating cycle (1+2)	51.70	51.70	57.02
5. Cash conversion (4+3)	(36.06)	(36.06)	(35.22)

Cash conversion of Eurocash S.A. in 2Q 2019 amounted to -33.91 days and in 1H 2019 -36.06 days. In 2Q 2018 cash conversion reached -33.91 days and in 1H 2018 -35.22 days.

Statement of the financial position

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

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

PLN m	30.06.2019		31.12.2018	
Fixed assets	4 239,76	65,00%	3 222,63	60,18%
Current assets	2 282,61	35,00%	2 132,31	39,82%
Total assets	6 522,37	100,00%	5 354,94	100,00%
Equity	939,19	14,40%	1 050,87	19,62%
Liabilities and provisions	5 583,18	85,60%	4 304,07	80,38%
Total liabilities and equity	6 522,37	100,00%	5 354,94	100,00%

5. 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

6. Major events and factors that influenced consolidated income or loss of Eurocash Group in 1H 2019

Cost optimization program

In 2017 Eurocash Group initiated a medium-term program to increase cost efficiency by reducing the costs in areas of Selling, General and Administrative Expenses and Other Operating Costs. The total potential of the cost reductions may reach PLN 150 m by 2020. The planned effect of the cost reduction program is expected to be partially off-set by the increase of the level of wages resulting from the pressure on labour costs and inflation. By 2018 PLN 70 m costs were reduced, and was fully off-set by increase of labour costs. In 2019 further optimizations will take place including merger of Alcohol distribution with Eurocash Distribution and integration of retail businesses.

Information regarding dividends

In accordance with Resolution No. 5 adopted by the Annual General Meeting on 9th May 2019, persons who were shareholders of the Company on 29th May 2019, received a dividend of PLN 1.00 per one Company share. The total dividend paid on 19th June 2019 amounted to PLN 139 163 286.00

Changes in equity

In the period between 1st January 2019 and 30th June 2019 no shares were issued.

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

7. Development perspectives

External Factors

Growth in the FMCG market and its structure

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

Fuel prices

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

Inflation

Unexpected substantial changes in prices of food, beverages, alcohol and other FMCG products, 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 retail companies at the operational level, in the opinion of Eurocash S.A. Board full synergies associated with these transactions will be possible to reach within 3 years after the acquisition of control over these companies. All companies will be integrated within Delikatesy Centrum chain.

Development of Eurocash Retail segment

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

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

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

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

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

As a result of new organization and investments, Eurocash Retail segment operates app. 1 560 proximity supermarket stores.

Investment in strategic growth projects

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

Cost optimization program

In 2017 Eurocash Group initiated a medium-term program to increase cost efficiency by reducing the costs in areas of Selling, General and Administrative Expenses and Other Operating Costs. The total potential of the cost reductions may reach PLN 150 m by 2020. The planned effect of the cost reduction program is expected to be partially off-set by the increase of the level of wages resulting from the pressure on labour costs and inflation. By 2018 PLN 70 m costs were reduced and was fully off-set by increase of labour costs. In 2019 further optimizations will take place including merger of Alcohol distribution with Eurocash Distribution and integration of retail businesses.

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 half of the year.

8. Major risks and threats related to the operational activities for the other months of the year

External Factors

Macroeconomic situation. Purchasing power of the population

Economic slowdown, drop of the purchasing power and decrease in household expenditures for consumption may have a negative impact on the sales volume of the Company.

The structure of the FMCG retail distribution market in Poland

In 1H 2019, the traditional distribution channel was a significant form of FMCG retail distribution, representing the share of 40.3%¹. Such a high share (against other European countries) results from a low concentration of population in a country as well as from poor housing conditions as small and medium-size shops located away from large conglomerates comprise the key customer group for Eurocash. Growth in the share of modern distribution will shrink a prospective market for the Eurocash Group's business.

¹ Nielsen Retail Trade Panel, Value sales, period: January - June 2019, Food categories

The structure of the traditional FMCG distribution channel. Competition

According to the estimates compiled by the Eurocash Group, approx. 3000-4000 entities operate in the wholesale FMCG distribution market. Market consolidation and an entry of new strong players could have a negative impact on margin levels.

Internal Factors

IT systems

An efficient, uniform IT system allows for centralized and effective management of business processes, allowing for an exact analysis of profitability of particular products and particular discount stores, which guarantees high safety of the conducted business. Possible disturbances in the system operation would be a threat for the business of the Group.

New investments

The Eurocash Group wishes to be an active player in the process of market consolidation by way of acquiring FMCG warehouses. While taking over other enterprises, the Group faces numerous material risks connected to integration, achievement of synergies planned, or an inadequate assessment of the market potential.

Suppliers

Due to the range of products offered by the Eurocash Group and geographically diverse sales, key suppliers of the Group are numerous and as at 30th June 2019 comprised over 1 809 national and foreign entities.

Suppliers of branded products, comprised of key producers and importers of FMCG merchandise including tobacco products and alcoholic beverages, are selected mainly based on their market share, impact of the brand, the coverage of individual product segments, and regional diversification.

Due the nature of the FMCG market, as well as market competitiveness and lower sales volumes noted for tobacco products in Poland, the Group's operations does not depend on suppliers, as a result of which the risk related to contract termination or adverse changes in contractual terms could have a negative effect on business operations of Eurocash and its financial performance is limited.

Risk management system

The Eurocash Group runs a risk management system that covers all aspects of the operations of the entities comprising it. The system focuses both on internal and external areas, taking into account, among other things, the impact of the Group's activities in relation to social, employment, environmental issues, respect for human rights and counteracting corruption.

The Group's risk management is based on a series of internal procedures and policies, as well as on complementary and systematically performed internal control tasks through dedicated resources. In addition, the Eurocash Group has an Internal Audit function which, through its tasks, plays a consultative role in the field of quality and efficiency of the above mentioned audits.

Below are the most important elements of the risk management system related to the broadly understood social and natural environment.

Table 25: Risk management system

Risk area	Risk examples	Elements of the risk management system - methods of monitoring and controlling
Ethics and counteracting corruption	<ul style="list-style-type: none"> • Risk of corruption in relations with contractors • Risk of fraud against employees • Risk of fraud against contractors 	<ul style="list-style-type: none"> • Eurocash Group's Code of Ethics • Eurocash Group values - clearly defined and communicated to employees • Line of trust for employees to anonymously report cases of corruption, abuse and breaches of the Code of Ethics • Anti-mobbing policy • Training for employees on Eurocash Group values and ethics rules • Instructions for accepting gifts from contractors (giving gifts for charity)
Human resources/workplace	<ul style="list-style-type: none"> • Risk of losing employees • Risk of non-compliance with labor law by employees • Risk of low employee involvement • Risk of mobbing and other abuses towards employees • Risk of unfair assessment of employees' professional development • Risk of lack of professional development opportunities for employees • Risk of low employee satisfaction with work 	<ul style="list-style-type: none"> • Procedures and instructions regulating the workplace, including work regulations, remuneration and employee bonuses regulations • Activities and agreements with trade unions • Established and uniform rules for the use of the Social Benefits Fund • Ensuring compliance with labor law by training for management and continuous monitoring of working time records • Procedures and instructions for hiring new employees • Benefits system for employees (private medical care, co-financing for sports activities) • Co-financing of education for employees • Cyclical survey of employees' opinions • Eurocash Group values - clearly defined and communicated to employees • Line of trust for employees to anonymously report cases of corruption, abuse and breaches of the Code of Ethics • Work results management system • Annual employee development assessments • Talent development programs (Management Trainee and Sales & Operational Trainee) • E-learning platform with numerous employee trainings • External training according to the needs of given roles / functions / departments • Anti-mobbing policy • Activity in social media

Employees' health and safety	<ul style="list-style-type: none"> • Risk of accidents at work • Risk of fire and other accidents that may endanger the life and health of employees • The risk of access to unauthorized facilities that may endanger the safety of employees • Risk of assault on employees in the field and branches • Risk of occupational diseases (work at the computer, work in a warehouse, etc.) 	<ul style="list-style-type: none"> • Internal health and safety procedures and instructions • Systematic checks on compliance with health and safety procedures and instructions • Health and safety training for employees • Systematic training on emergency actions (e.g. trial evacuations in case of fires, etc.) • Devices and means ensuring safety in crisis situations (fire, evacuation, etc.) • Providing AED (defibrillator) devices in the Group's facilities with a large number of employees • Protection against access by third parties and protection of objects • Ensuring the physical protection of employees and facilities • Systematic training in first aid • A program to increase driving safety • Co-financing for sport activities and private medical care • Functioning of sports clubs enabling integration and recreation of employees
Food Quality and Safety	<ul style="list-style-type: none"> • Risk of marketing food that is not tested, of dubious quality or does not meet legal standards • The risk of food being placed on the market after the expiration date • Risk of breaking the cold chain for fresh products • Risk of inadequate storage and transport of food products • Risk of inadequate disposal of overdue, defective or damaged products • Risk of non-compliance with sanitary requirements 	<ul style="list-style-type: none"> • The implemented HACCP food safety program • IFS, BRC, ISO 22000 certifications and audits conducted by external entities in relation to the EC Group • Internal analysis and quality audits in distribution centers and branches • A dedicated team of food quality controllers covering geographically all regions of activity • OWDP (General Terms of Supply of Products) regulating cooperation with suppliers in the field of quality and food transport • In the case of own brand products - systematic audits at manufacturers' factories • Complaint process regarding both returns from customers and suppliers

Social and business environment	<ul style="list-style-type: none"> • Risk of stopping the development of entrepreneurship • Risk of stopping the development of local communities due to the lack of local entrepreneurship development • Risk of cessation of activity by local entrepreneurs (due to, for example, strong competition) • Risk of failure to comply with legal provisions • Risk of unauthorized/unlawful disclosure of personal information • Risk of selling alcohol for resale to recipients without valid alcohol concessions • Risk of cooperation with counterparties unreliable in the tax context • Risk of unfair business practices applied by the Group's employees 	<ul style="list-style-type: none"> • Entrepreneurship Academy (training, post-graduate studies for clients and franchisees, etc.) • Innovative business tools - eurocash.pl platform • Offering various business cooperation solutions (several franchise networks, new concepts of retail stores, etc.) • Applying good business practices • Support for equal treatment of entrepreneurs by producers ("Equals in business") • Satisfaction surveys of clients/entrepreneurs from cooperation with the Eurocash Group • Dedicated Compliance function in the EC Group (compliance with legal regulations) • Dedicated function to meet the requirements of GDPR - a separate team, procedures and instructions (in accordance with the requirements of the Act) • On-going and systematic monitoring of legal regulations and adaptation of activities to their requirements • Continuous monitoring and verification of the possession of valid alcohol licenses at recipients to whom such goods are sold for resale • The ban on trading on non-commercial Sundays • Verification of contractors' credibility • Cooperation regulated by contracts with producers and suppliers • Cooperation with the Large 3+ Family Union • Employees' participation in charitable initiatives, e.g. charitable events, collections and actions for those in need
Natural environment	<ul style="list-style-type: none"> • Risk of contamination or poisoning of the environment • Risk of excessive CO2 emissions • Risk of uncontrolled energy consumption in buildings and the transport fleet • Risk of generating waste unfavorable to the environment • Risk of a significant amount of waste (e.g. damage, food processing) • Risk of improper waste and secondary raw materials segregation 	<ul style="list-style-type: none"> • Energy efficiency audits • Introduction of a fleet of hybrid cars • Introduction of the eco-driving program • Monitoring fuel consumption, driving style and emissions • Continuous improvement of the efficiency of the logistics chain • Continuous optimization of loss management in logistics • Cooperation with food banks • Waste segregation and management of recyclable materials

9. Additional information

Explanations regarding seasonality

In FMCG wholesale sales are traditionally lower in 2Q, then sales peak during summer period and stabilize in the 4Q.

Issuance redemption and repayment of debt and capital securities

In the period between 1st January 2019 and 30th June 2019 no shares have been issued.

On 30th June 2019 Eurocash total nominal value of issued bonds amounted to PLN 0.00 .

Changes in the basic management principles

Appointment of Members of the Supervisory Board

On 9th May 2019, The Management Board of Eurocash S.A. announced that due to the termination of terms of office of the members of the Supervisory Board on 9th May 2019, Politra B.V. S. a r.l. (legal successor of Politra B.V.), being the holder of 43.55% of the shares in the share capital of the Company, informed the Management Board, that in exercise of its statutory right set forth in § 13 Sec. 2 of the Company Statute, on 9th May 2019 it appointed Mr. Francisco José Valente Hipólito dos Santos, Jorge Mora and Renato Arie to the Supervisory Board for the subsequent term of office.

On 9th May 2019, the Annual General Meeting, in exercise of its statutory right set forth in §13 Sec. 3 of the Company Statute, appointed Mr. Hans Joachim Körber and Ewald Raben to the Supervisory Board for the subsequent term of office.

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

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

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

Table 26: Shareholders owning directly or indirectly – through dependent entities – at least 5 % of total number of votes at the general assembly

	28.08.2019				10.05.2019			
Shareholder	Number of shares	Share in share capital (%)	Number of shares	Share in total number of votes	Number of shares	Share in share capital (%)	Number of shares	Share in total number of votes
Luis Amaral (directly and indirectly*)	61 287 778	44.04%	61 287 778	44.04%	61 287 778	44.04%	61 287 778	44.04%
Azvalor Asset Management S.G.I.I.C. S.A.	13 146 900	9.45%	12 582 270	9.04%	13 363 834	9.60%	12 806 087	9.20%
Others	64 728 608	46.51%	65 293 238	46.92%	64 511 674	46.36%	65 069 421	46.76%
Total	139 163 286	100.00%	139 163 286	100.00%	139 163 286	100.00%	139 163 286	100.00%

* through Politra B.V. S.à.r.l. and Westerngate Private Investments Ltd.

Table 27: 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	
	28.08.2019	10.05.2019
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	70 750
Przemysław Ciał	1 000	1 000
Supervisory Board members		
Hans-Joachim Körber	0	0
Jorge Mora	121 500	0
Renato Arie	0	0
Francisco José Valente Hipólito dos Santos	0	0
Ewald Raben	0	0

Information on legal suits

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

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

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

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

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

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

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

10. Representations of the Management Board

Accuracy and reliability of the reports presented

The members of the Management Board of Eurocash S.A. represent that, according to their best knowledge:

- the abbreviated semi-annual consolidated financial statements and comparable data have been drawn up in accordance with the applicable accounting principles and give a true and fair view of the economic and financial position of Eurocash Group and of the financial results for the 1H 2019,
- the abbreviated semi-annual separate financial statements and comparable data have been drawn up in accordance with the applicable accounting principles and give a true and fair view of the economic and financial position of Eurocash and of the results of its operations for the 1H 2019.
- the report of the Management Board on the business activities of Eurocash Group for the 1H 2019 contains a true views of the development, achievements and position of Eurocash Group, including a description of main risks and threats.

Appointment of the entity qualified to audit financial statements

The Management Board of Eurocash S.A. acting under par.14 point 2 Statute of the Company, on 9th May 2019, appointed Ernst & Young Audyt Polska Sp. z o.o. sp. k. with its registered office in Warsaw, entered by the National Chamber of Statutory Auditors on the list of entities authorized to audit financial statements under No. 130, on the external auditor to examine the company's financial statements for the year 2019, 2020 and 2021.

The members of the Management Board of Eurocash S.A. represent that:

- Ernst & Young Audyt Polska sp. z o.o. sp. k., the entity qualified to audit financial statements, which reviewed the abbreviated semi-annual consolidated of Eurocash Group and the abbreviated semi-annual separate of Eurocash, has been appointed in compliance with the applicable laws and regulations. The entity and the auditors have met the prerequisites for giving an impartial and independent report from the review in accordance with the applicable provisions of the law.

Signatures of the Management Board Members:

Position	Name and surname	Date	Signature
President of the Management Board	Luis Amaral	27 th August 2019	
Member of the Management Board Chief Executive Officer	Rui Amaral	27 th August 2019	
Member of the Management Board	Przemysław Ciał	27 th August 2019	
Member of the Management Board	Arnaldo Guerreiro	27 th August 2019	
Member of the Management Board Human Resources Director	Katarzyna Kopaczewska	27 th August 2019	
Member of the Management Board	Pedro Martinho	27 th August 2019	
Member of the Management Board Financial Director	Jacek Owczarek	27 th August 2019	