



EUROCASH

CONSOLIDATED QUARTERLY REPORT

3rd QUARTER 2019

TRANSLATORS' EXPLANATORY NOTE

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

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

CONTENTS

- I. SELECTED CONSOLIDATED FINANCIAL DATA**
- II. QUARTERLY ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS**
- III. SELECTED SEPARATE FINANCIAL DATA**
- IV. QUARTERLY ABBREVIATED SEPARATE FINANCIAL STATEMENTS**
- V. MANAGEMENT DISCUSSION OF THE FINANCIAL RESULTS FOR THE
3Q 2019**

SELECTED CONSOLIDATED FINANCIAL DATA

| | Non audited for the period from 01.01.2019 to 30.09.2019 PLN | Non audited for the period from 01.01.2018 to 30.09.2018 PLN | Non audited for the period from 01.01.2019 to 30.09.2019 EUR | Non audited for the period from 01.01.2018 to 30.09.2018 EUR |
|---|--|--|--|--|
| Sales | 18 594 038 988 | 16 988 049 789 | 4 322 285 267 | 3 997 470 360 |
| Operating profit (loss) | 156 035 765 | 112 031 595 | 36 271 360 | 26 362 236 |
| Profit (loss) before income tax | 56 754 992 | 78 955 761 | 13 193 006 | 18 579 138 |
| Profit (loss) for the on continued operations | 31 811 695 | 55 727 692 | 7 394 801 | 13 113 324 |
| Profit (loss) for the period | 31 811 695 | 55 727 692 | 7 394 801 | 13 113 324 |
| Net cash from operating activities | 528 023 963 | 301 134 373 | 122 742 036 | 70 860 149 |
| Net cash used in investing activities | (238 855 298) | (414 565 686) | (55 523 210) | (97 551 753) |
| Net cash used in financing activities | (328 423 460) | 64 006 779 | (76 343 816) | 15 061 482 |
| Net change in cash and cash equivalents | (39 254 796) | (49 424 533) | (9 124 990) | (11 630 123) |
| 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) | 0,20 | 0,41 | 0,05 | 0,10 |
| Diluted EPS (in PLN / EUR) | 0,20 | 0,41 | 0,05 | 0,10 |
| Average PLN / EUR rate* | | | 4,3019 | 4,2497 |
| | Non audited as at 30.09.2019 PLN | Non audited as at 31.12.2018 PLN | Non audited as at 30.09.2019 EUR | Non audited as at 31.12.2018 EUR |
| Assets | 7 949 235 792 | 6 010 906 273 | 1 817 549 797 | 1 397 885 180 |
| Non-current liabilities | 1 582 744 880 | 79 517 996 | 361 886 062 | 18 492 557 |
| Current liabilities | 5 447 576 299 | 4 894 979 758 | 1 245 558 876 | 1 138 367 386 |
| Equity | 918 914 613 | 1 036 408 518 | 210 104 859 | 241 025 237 |
| Share capital | 139 163 286 | 139 163 286 | 31 818 933 | 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) | 6,16 | 7,01 | 1,41 | 1,63 |
| Diluted book value per share (in PLN / EUR) | 6,04 | 6,86 | 1,38 | 1,60 |
| Dividends paid (in PLN / EUR) *** | 143 380 084 | 104 607 262 | 32 783 081 | 24 327 270 |
| Dividends paid per share (in PLN / EUR) | 1,03 | 0,75 | 0,24 | 0,17 |
| PLN / EUR rate at the end of the period** | | | 4,3736 | 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 3Q 2019 YTD,

** 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.

EUROCASH S.A. GROUP

CONDENSED INTERIM

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 SEPTEMBER 2019

TRANSLATORS' EXPLANATORY NOTE

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

| | | | |
|---|--|------------------------|--------------------|
| <i>Condensed interim consolidated financial statements of EUROCASH Group.</i> | | | |
| Financial statements period: | 01.01-30.09.2019 | Presentation currency: | Polish zloty (PLN) |
| Level of round-offs: | All amounts are expressed in Polish zloty (unless indicated otherwise) | | |

CONTENTS

| | |
|---|-----------|
| Introduction to condensed interim 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 30.09.2019 | 5 |
| Condensed consolidated statement of comprehensive income for the period from 01.01. to 30.09.2019 | 6 |
| Condensed consolidated statement of financial position as at 30.09.2019 | 7 |
| Condensed consolidated statement of cash flows for the period from 01.01. to 30.09.2019 | 9 |
| Condensed consolidated statement of changes in equity for the period from 01.01. to 30.09.2019 | 10 |
| Supplementary information to the condensed interim consolidated financial statements prepared for the period from 01.01.2019 to 30.09.2019 | 11 |
| 1. General information | 11 |
| 2. Notes to the Condensed interim consolidated financial statements prepared for the period from 01.01.2019 to 30.09.2019 | 25 |

| Condensed interim consolidated financial statements of EUROCASH Group. | | | |
|--|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 September 2019.

The consolidated statement of financial position has been prepared as at 30 September 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 September 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 Ciał – Member of the Management Board.

| <i>Condensed interim consolidated financial statements of EUROCASH Group.</i> | | | |
|---|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 September 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 May 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: | 01.01-30.09.2019 | 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 30.09.2019

| | Non audited for the period from 01.07.2019 to 30.09.2019 | Non audited for the period from 01.01.2019 to 30.09.2019 | Non audited for the period from 01.07.2018 to 30.09.2018 | Non audited for the period from 01.01.2018 to 30.09.2018 * restated |
|---|---|---|---|---|
| Sales | 6 672 870 465 | 18 594 038 988 | 6 241 503 510 | 16 988 049 789 |
| Sales of goods | 6 637 335 147 | 18 496 920 648 | 6 200 997 517 | 16 871 321 290 |
| Sales of services | 34 581 071 | 93 158 285 | 39 251 813 | 113 532 456 |
| Sales of materials | 954 247 | 3 960 055 | 1 254 180 | 3 196 043 |
| Costs of sales | (5 837 515 670) | (16 208 548 422) | (5 456 453 390) | (14 915 414 672) |
| Costs of goods sold | (5 836 670 023) | (16 204 871 689) | (5 455 568 283) | (14 913 142 551) |
| Costs of materials sold | (845 647) | (3 676 733) | (885 107) | (2 272 122) |
| Gross profit (loss) | 835 354 795 | 2 385 490 567 | 785 050 120 | 2 072 635 117 |
| Selling expenses | (667 369 444) | (1 953 406 079) | (625 845 560) | (1 658 860 473) |
| General and administrative expenses | (97 916 281) | (298 230 828) | (110 422 454) | (296 228 242) |
| Profit (loss) on sales | 70 069 069 | 133 853 660 | 48 782 105 | 117 546 401 |
| Other operating income | 32 914 356 | 62 552 250 | 19 113 098 | 42 876 864 |
| Other operating expenses | (18 663 973) | (40 370 145) | (16 394 325) | (48 391 670) |
| Operating profit (loss) | 84 319 452 | 156 035 765 | 51 500 878 | 112 031 595 |
| Financial income | 3 746 662 | 24 688 455 | 9 424 370 | 27 736 239 |
| Financial costs | (47 751 462) | (119 591 640) | (22 025 443) | (55 636 377) |
| Share in profits (losses) of equity accounted investees | (2 456 431) | (4 377 587) | (1 659 914) | (5 175 696) |
| Profit (loss) before tax | 37 858 221 | 56 754 992 | 37 239 891 | 78 955 761 |
| Income tax expense | (12 779 960) | (24 943 297) | 987 797 | (23 228 069) |
| Profit (loss) for the period | 25 078 261 | 31 811 695 | 38 227 688 | 55 727 692 |
| Attributable to: | | | | |
| Owners of the Company | 22 431 450 | 28 140 649 | 36 443 232 | 57 395 223 |
| Non-controlling interests | 2 646 811 | 3 671 046 | 1 784 456 | (1 667 531) |

EARNINGS PER SHARE

| | PLN / share | PLN / share |
|---|-------------|-------------|
| Profit (loss) attributable to Owners of the Company | 28 140 649 | 57 395 223 |
| 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 | 0,20 | 0,41 |
| - diluted | 0,20 | 0,41 |

* Note 3

| Condensed interim consolidated financial statements of EUROCASH Group. | | | |
|--|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 30.09.2019

| | Non audited for the period from 01.07.2019 to 30.09.2019 | Non audited for the period from 01.01.2019 to 30.09.2019 | Non audited for the period from 01.07.2018 to 30.09.2018 | Non audited for the period from 01.01.2018 to 30.09.2018 |
|--|---|---|---|---|
| Profit (loss) for the period | 25 078 261 | 31 811 695 | 38 227 688 | 55 727 692 |
| Other comprehensive income for the period | (493 560) | 1 167 237 | (190 312) | (544 398) |
| Items that may be subsequently reclassified to profit or loss: | | | | |
| - The result on hedge accounting with the tax effect: | (493 560) | 1 167 237 | (190 312) | (544 398) |
| Total comprehensive income for the period | 24 584 701 | 32 978 932 | 38 037 377 | 55 183 294 |
| Total Income | | | | |
| Owners of the Company | 21 937 889 | 29 307 886 | 36 252 921 | 56 850 825 |
| Non-controlling interests | 2 646 811 | 3 671 046 | 1 784 456 | (1 667 531) |
| Total comprehensive income for the period | 24 584 701 | 32 978 932 | 38 037 377 | 55 183 294 |

| Condensed interim consolidated financial statements of EUROCASH Group. | | | |
|--|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 30.09.2019

| | Non audited as at 30.09.2019 | as at 31.12.2018 |
|---|------------------------------------|----------------------|
| <i>Assets</i> | | |
| Non-current assets (long-term) | 4 810 086 822 | 3 006 009 506 |
| Goodwill | 1 849 269 975 | 1 783 646 478 |
| Intangible assets | 322 550 985 | 327 745 237 |
| Property, plant and equipment | 764 983 219 | 790 197 116 |
| Right of use assets | 1 741 974 030 | - |
| Investment property | 945 331 | 957 103 |
| Investments in equity accounted investees | 23 156 004 | 27 533 591 |
| Other long-term investments | 7 095 287 | 3 621 425 |
| Long-term receivables | 16 061 566 | 20 497 785 |
| Deferred tax assets | 82 218 337 | 50 465 787 |
| Other long-term prepayments | 1 832 087 | 1 344 982 |
| Current assets (short-term) | 3 139 148 970 | 3 004 896 767 |
| Inventories | 1 328 818 901 | 1 292 001 606 |
| Trade receivables | 1 458 537 595 | 1 343 421 596 |
| Current tax receivables | 4 530 820 | 1 370 241 |
| Other short-term receivables | 141 734 090 | 133 224 204 |
| Other short-term financial assets | 3 223 515 | - |
| Short-term prepayments | 44 999 993 | 38 320 268 |
| Cash and cash equivalents | 157 304 056 | 196 558 852 |
| Total assets | 7 949 235 792 | 6 010 906 273 |

| Condensed interim consolidated financial statements of EUROCASH Group. | | | |
|--|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 30.09.2019

| | Non audited as at 30.09.2019 | as at 31.12.2018 |
|---|------------------------------------|----------------------|
| <i>Equity and liabilities</i> | | |
| Equity | 918 914 613 | 1 036 408 518 |
| Equity attributable to Owners of the Company | 857 842 878 | 975 037 874 |
| Share capital | 139 163 286 | 139 163 286 |
| Reserve capital | 1 494 396 607 | 1 381 000 766 |
| Valuation equity of hedging transactions | (6 471 193) | (7 638 430) |
| Option for purchase/selling the shares | (64 865 604) | (57 363 613) |
| Retained earnings | (704 380 219) | (480 124 135) |
| Accumulated profit / loss from previous years | (732 520 869) | (589 768 309) |
| Profit (loss) for the period | 28 140 649 | 109 644 174 |
| Non-controlling interests | 61 071 735 | 61 370 645 |
| Liabilities | 7 030 321 179 | 4 974 497 754 |
| Non-current liabilities | 1 582 744 880 | 79 517 996 |
| Long-term financial liabilities | 967 989 | 3 003 350 |
| Long-term lease liabilities | 1 486 808 654 | - |
| Other long-term liabilities | 71 511 742 | 63 940 083 |
| Deferred tax liabilities | 16 903 719 | 5 954 698 |
| Employee benefits | 6 552 776 | 5 676 727 |
| Provisions | - | 943 138 |
| Current liabilities | 5 447 576 299 | 4 894 979 758 |
| Loans and borrowings | 647 539 837 | 542 754 634 |
| Short-term financial liabilities | 24 408 471 | 32 754 903 |
| Short-term lease liabilities | 282 407 695 | - |
| Trade payables | 4 022 208 781 | 3 813 380 430 |
| Current tax liabilities | 14 494 612 | 55 191 844 |
| Other short-term payables | 108 930 183 | 110 656 630 |
| Current employee benefits | 132 878 551 | 111 240 638 |
| Provisions | 214 708 169 | 229 000 679 |
| Total equity and liabilities | 7 949 235 792 | 6 010 906 273 |
| BOOK VALUE PER SHARE | | |
| | Non audited as at 30.09.2019 | as at 31.12.2018 |
| Equity attributable to Owners of the Company | 857 842 878 | 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 | 6,16 | 7,01 |
| Diluted book value per share | 6,04 | 6,86 |

| Condensed interim consolidated financial statements of EUROCASH Group. | | | |
|--|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 30.09.2019

Non audited
for the period
from 01.01.2019
to 30.09.2019

Non audited
for the period
from 01.01.2018
to 30.09.2018

Cash flow from operating activities

| | | |
|---|--------------------|--------------------|
| Profit (loss) before tax | 56 754 992 | 78 955 761 |
| Adjustments for: | 525 464 293 | 205 401 343 |
| Depreciation and amortization | 400 690 473 | 149 734 537 |
| Share in profits (losses) of equity accounted investees | 4 377 587 | 5 175 696 |
| Valuation of motivational program | 4 410 000 | 4 410 000 |
| Gain (loss) on sale of property, plant and equipment | 12 199 851 | 7 595 979 |
| Profit (loss) on exchange rates | 7 803 479 | - |
| Dividends received | (708 278) | (597 821) |
| Interest expenses | 101 984 286 | 46 555 986 |
| Interest received | (5 293 106) | (7 473 033) |
| Operating cash before changes in working capital | 582 219 285 | 284 357 105 |
| Changes in inventory | (25 539 643) | 57 313 858 |
| Changes in receivables | (114 917 335) | 68 576 733 |
| Changes in payables | 217 149 556 | (42 471 810) |
| Changes in provisions and employee benefits | 911 349 | (1 691 692) |
| Other adjustments | (902 021) | - |
| Operating cash | 658 921 191 | 366 084 194 |
| Interest received | 2 950 248 | 2 700 066 |
| Interest paid | (45 546 935) | (39 383 688) |
| Income tax paid | (88 300 541) | (28 266 199) |
| Net cash from operating activities | 528 023 963 | 301 134 373 |

Cash flow from investing activities

| | | |
|--|----------------------|----------------------|
| Aquisition of intangible assets | (42 352 790) | (18 050 326) |
| Proceeds from sale of intangible assets, property, plant and equipment | 1 198 404 | - |
| Aquisition of property, plant and equipment tangible fixed assets | (126 824 878) | (114 785 216) |
| Proceeds from sale of property, plant and equipment | 9 736 005 | 7 599 904 |
| Income/expenses on other short-term financial assets | (7 466 822) | 45 765 624 |
| Dividends received | 708 278 | 597 821 |
| Aquisition of subsidiaries, net of cash acquired | (73 184 197) | (340 087 385) |
| Loans granted | (3 070 217) | - |
| Interest received | 2 400 917 | 4 393 893 |
| Net cash used in investing activities | (238 855 298) | (414 565 686) |

Cash flow from financing activities

| | | |
|---|----------------------|-------------------|
| Income/expenses for other financial liabilities | (683 739) | 3 323 908 |
| Issue of financial debt securities | - | (219 533 443) |
| Proceeds from loans and borrowings | 104 662 599 | 407 829 910 |
| Repayment of borrowings | - | (4 790 798) |
| Expenses for liabilities from leasing | (219 557 871) | (2 720 727) |
| Other interests | (56 704 665) | (3 591 382) |
| Interests on loans and borrowings | (12 759 701) | (11 903 428) |
| Dividends paid | (143 380 084) | (104 607 262) |
| Net cash used in financing activities | (328 423 460) | 64 006 779 |

| | | |
|---|---------------------|---------------------|
| Net change in cash and cash equivalents | (39 254 796) | (49 424 533) |
| 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 | 157 304 056 | 153 175 816 |

| Condensed interim consolidated financial statements of EUROCASH Group. | | | |
|--|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 30.09.2019

| | 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 30.09.2018 - 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 | - | - | - | - | 57 395 223 | 57 395 223 | - | 57 395 223 |
| Non-controlling interests | - | - | - | - | - | - | (1 667 531) | (1 667 531) |
| Net profit presented directly in equity | - | - | - | (544 398) | - | (544 398) | - | (544 398) |
| Total comprehensive income for the period from 01.01. to 30.09.2018 | - | - | - | (544 398) | 57 395 223 | 56 850 825 | (1 667 531) | 55 183 294 |
| Dividends paid | - | (101 589 199) | - | - | - | (101 589 199) | (3 018 064) | (104 607 262) |
| Dividends declared | - | - | - | - | - | - | (1 292 457) | (1 292 457) |
| Transfer to reserve capital | - | 15 949 649 | - | - | (15 949 649) | - | - | - |
| Equity-settled share-based payment transactions | - | 4 410 000 | - | - | - | 4 410 000 | - | 4 410 000 |
| Option for purchase/selling the shares | - | - | (423 261) | - | - | (423 261) | - | (423 261) |
| Other | - | - | - | - | (1 424 768) | (1 424 768) | 1 152 | (1 423 616) |
| Total contributions by and distributions to Owners of the Company | - | (81 229 550) | (423 261) | - | (17 374 417) | (99 027 228) | (4 309 368) | (103 336 595) |
| Balance as at 30.09.2018 | 139 163 286 | 1 379 530 766 | (55 135 709) | (7 028 175) | (532 373 087) | 924 157 081 | 57 695 017 | 981 852 099 |
| <i>Changes in equity in the period from 01.01 to 30.09.2019 - non audited</i> | | | | | | | | |
| 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 | - | - | - | - | 28 140 649 | 28 140 649 | - | 28 140 649 |
| Non-controlling interests | - | - | - | - | - | - | 3 671 046 | 3 671 046 |
| Other comprehensive income | - | - | - | 1 167 237 | - | 1 167 237 | - | 1 167 237 |
| Total comprehensive income for the period from 01.01. to 30.09.2019 | - | - | - | 1 167 237 | 28 140 649 | 29 307 886 | 3 671 046 | 32 978 932 |
| Dividends paid | - | - | - | - | (139 163 286) | (139 163 286) | (4 216 798) | (143 380 084) |
| Transfer to reserve capital | - | 109 214 270 | - | - | (109 214 270) | - | - | - |
| Equity-settled share-based payment transactions | - | 4 410 000 | - | - | - | 4 410 000 | - | 4 410 000 |
| Option for purchase/selling the shares | - | - | (7 501 991) | - | - | (7 501 991) | - | (7 501 991) |
| Other | - | (228 429) | - | - | (4 019 178) | (4 247 607) | 246 842 | (4 000 765) |
| Total contributions by and distributions to Owners of the Company | - | 113 395 841 | (7 501 991) | - | (252 396 734) | (146 502 884) | (3 969 955) | (150 472 839) |
| Balance as at 30.09.2019 | 139 163 286 | 1 494 396 607 | (64 865 604) | (6 471 193) | (704 380 219) | 857 842 877 | 61 071 735 | 918 914 612 |

| <i>Condensed interim consolidated financial statements of EUROCASH Group.</i> | | | |
|---|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 30.09.2019

1. GENERAL INFORMATION

1.1. ISSUE OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

According to the resolution of the Management Board dated 12 November 2019, the consolidated financial statements of Eurocash Group for the period from 1 January 2019 to 30 September 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 13 November 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 30.09.2019, 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: | 01.01-30.09.2019 | 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: | 01.01-30.09.2019 | Presentation currency: | Polish zloty (PLN) |
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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 |

| Condensed interim consolidated financial statements of EUROCASH Group. | | | |
|--|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | Presentation currency: | Polish zloty (PLN) |
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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 – 30.09.2019:

| | Dates before impact of IFRS 16 for the period from 01.01.2019 to 30.09.2019 | Impact of IFRS 16 for the period from 01.01.2019 to 30.09.2019 | Dates after impact of IFRS 16 for the period from 01.01.2019 to 30.09.2019 |
|-------------------------------------|---|---|--|
| Gross profit (loss) | 2 385 490 567 | - | 2 385 490 567 |
| Selling expenses | (1 980 467 554) | 27 061 475 | (1 953 406 079) |
| General and administrative expenses | (298 880 752) | 649 925 | (298 230 828) |
| Profit (loss) on sales | 106 142 260 | 27 711 400 | 133 853 660 |
| Operating profit (loss) | 128 324 365 | 27 711 400 | 156 035 765 |
| Financial costs | (60 908 578) | (58 683 062) | (119 591 640) |
| Profit (loss) before tax | 87 726 654 | (30 971 662) | 56 754 992 |
| Income tax expense | (30 827 913) | 5 884 616 | (24 943 297) |
| Profit (loss) for the period | 56 898 742 | (25 087 046) | 31 811 695 |

| <i>Condensed interim consolidated financial statements of EUROCASH Group.</i> | | | |
|---|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 30.09.2019:

| | Dates without impact of IFRS 16 as at 30.09.2019 | Impact of IFRS 16 na dzień 30.09.2019 | Dates with impact of IFRS 16 as at 30.09.2019 |
|---|---|---|--|
| <i>Assets</i> | | | |
| Non-current assets (long-term) | 3 070 902 535 | 1 739 184 286 | 4 810 086 822 |
| Property, plant and equipment | 773 657 579 | (8 674 360) | 764 983 219 |
| Right of use assets | - | 1 741 974 030 | 1 741 974 030 |
| Deferred tax assets | 76 333 721 | 5 884 616 | 82 218 337 |
| Current assets (short-term) | 3 139 148 970 | - | 3 139 148 970 |
| Total assets | 6 210 051 506 | 1 739 184 286 | 7 949 235 792 |
| <i>Equity and liabilities</i> | | | |
| Equity | 944 001 660 | (25 087 046) | 918 914 613 |
| Equity attributable to Owners of the Company | 881 152 484 | (23 309 606) | 857 842 878 |
| Retained earnings | (681 070 613) | (23 309 606) | (704 380 219) |
| Profit (loss) for the period | 51 450 256 | (23 309 606) | 28 140 649 |
| Non-controlling interests | 62 849 175 | (1 777 440) | 61 071 735 |
| Liabilities | 5 266 049 846 | 1 764 271 333 | 7 030 321 179 |
| Non-current liabilities | 97 265 750 | 1 485 479 130 | 1 582 744 880 |
| Long-term financial liabilities | 2 297 513 | (1 329 524) | 967 989 |
| Long-term lease liabilities | - | 1 486 808 654 | 1 486 808 654 |
| Current liabilities | 5 168 784 096 | 278 792 203 | 5 447 576 299 |
| Short-term financial liabilities | 28 023 963 | (3 615 493) | 24 408 471 |
| Short-term lease liabilities | - | 282 407 695 | 282 407 695 |
| Total equity and liabilities | 6 210 051 506 | 1 739 184 286 | 7 949 235 792 |

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

| | |
|--|---------------------|
| IFRS 16 impact on lease liabilities as at 30.09.2019 | 1 764 271 333 |
| IFRS 16 impact on lease liabilities as at 01.01.2019 | 1 801 660 265 |
| Changes in period from 01.01.2019 to 30.09.2019 | (37 388 933) |
| New agreements | 150 640 988 |
| Agreements changes | 28 854 019 |
| - due to change of conditions | 21 050 540 |
| - due to change of exchange rates | 7 803 479 |
| Change of liabilities | (216 883 940) |

| <i>Condensed interim consolidated financial statements of EUROCASH Group.</i> | | | |
|---|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 - 30.09.2019:

| | Dates before impact of IFRS 16 for the period from 01.01.2019 to 30.09.2019 | Impact of IFRS 16 for the period from 01.01.2019 to 30.09.2019 | Dates after impact of IFRS 16 for the period from 01.01.2019 to 30.09.2019 |
|---|---|---|--|
| <i>Cash flow from operating activities</i> | | | |
| Profit (loss) before income tax | 87 726 654 | (30 971 662) | 56 754 992 |
| Adjustments for: | 226 729 108 | 298 735 185 | 525 464 293 |
| Depreciation and amortization | 160 638 350 | 240 052 123 | 400 690 473 |
| Profit (loss) on exchange rates | - | 7 803 479 | 7 803 479 |
| Interest expenses | 51 104 703 | 50 879 583 | 101 984 286 |
| Operating cash before changes in working capital | 314 455 762 | 267 763 523 | 582 219 285 |
| Operating cash | 391 157 669 | 267 763 523 | 658 921 191 |
| Net cash from operating activities | 260 260 440 | 267 763 523 | 528 023 963 |
| <i>Cash flow from investing activities</i> | | | |
| Net cash from investing activities | (238 855 298) | - | (238 855 298) |
| <i>Cash flows from financing activities</i> | | | |
| Expenses for liabilities from financial leasing | (2 673 931) | (216 883 940) | (219 557 871) |
| Other interest | (5 825 082) | (50 879 583) | (56 704 665) |
| Net cash used in financing activities | (60 659 938) | (267 763 523) | (328 423 460) |
| Net change in cash and cash equivalents | (39 254 796) | 0 | (39 254 796) |
| 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 | 157 304 056 | 0 | 157 304 056 |

1.7. INFORMATION ABOUT THE PARENT ENTITY AND THE GROUP

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

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

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

Eurocash Group comprises Eurocash S.A. and subsidiaries.

| Condensed interim consolidated financial statements of EUROCASH Group. | | | |
|--|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | Presentation currency: | Polish zloty (PLN) |
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Entities comprising the Eurocash capital group and associates as at 30.09.2019 (continued)

| 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: | 01.01-30.09.2019 | 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 30.09.2019 (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 acquisition | 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: | 01.01-30.09.2019 | 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 30.09.2019 (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: | 01.01-30.09.2019 | 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 30.09.2019 (continued)

| No | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 |
|------------------------------|---|---|---|--|---|---|--|--|
| Unit | Eurocash VC3 Sp. z o.o. | ABC na kolach 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% |

| Condensed interim consolidated financial statements of EUROCASH Group. | | | |
|--|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 30.09.2019 (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 Zaradzyńska 95-054 Ksawerów | ul. Stara Huta 7 32-500 Chrzanów | ul. Sempołowskiej 4 95-200 Pabianice | Ul Tysiąclecia 1 38- 400 Krosno | Ul Tysiąclecia 1 38- 400 Krosno | ul .Wiśniowa 11 62-052 Komorniki |
| core of activity | PKD 8299Z | PKD 6920Z | PKD 4634A | PKD 4634A | PKD 4725Z | PKD 4711Z | PKD 4711Z | PKD 8559B |
| registration court | District Court Warszawa, XIII Commercial Division of the National Court Register KRS 0000584888 | District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000618542 | District Court Łódź - Śródmieście in Łódź, XX Commercial Division of the National Court Register KRS 0000124474 | District Court Kraków - Śródmieście in Kraków, XII Commercial Division of the National Court Register KRS 0000105078 | District Court Łódź - Śródmieście in Łódź, XX Division of the National Court Register KRS 0000293684 | District Court Rzeszów, XII Commercial Division of National Court Register KRS 0000241137 | District Court Rzeszów, XII Commercial Division of National Court Register KRS 0000243880 | District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000666485 |
| nature of relationship | Subsidiary | Subsidiary | Subsidiary | Subsidiary | Subsidiary | Subsidiary | Subsidiary | Subsidiary |
| applied consolidation method | Full | Full | Full | Full | Full | Full | Full | Full |
| date of aquisition | 22.06.2016 | 15.03.2016 | 30.12.2016 | 30.12.2016 | 30.12.2016 | 16.12.2016 | 16.12.2016 | 18.01.2017 |
| ownership interest | 74% | 100% | 100% | 66% | 100% | 50% | 50% | 100% |
| voting rights (in %) | 74% | 100% | 100% | 66% | 100% | 50% | 50% | 100% |

| Condensed interim consolidated financial statements of EUROCASH Group. | | | |
|--|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 30.09.2019 (continued)

| No | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 |
|------------------------------|--|--|---|---|---|---|---|---|
| Unit | Eko Holding S.A. | Ledi 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. | Koja-Invest Sp. z o.o. |
| address | ul. R. Chomicza 13C Nowa Wieś Wrocławska 55-080 Kąty | ul. R. Chomicza 13C Nowa Wieś Wrocławska 55-080 Kąty | ul. Wiśniowa 11 62-052 Komorniki | ul. Czerniowieckiej 2B 02.705 Warszawa | ul. Świętokrzyska 22 88-100 Inowrocław | ul. Świętokrzyska 22 88-100 Inowrocław | ul. Świętokrzyska 22 88-100 Inowrocław | os. Na Stoku 1 31-701 Kraków |
| core of activity | PKD 4690Z | PKD 4711Z | PKD 4690Z | PKD 4110Z | PKD 4711Z | PKD 6820Z | PKD 6420Z | PKD 4711Z |
| 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 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 | District Court Kraków- Śródmieście in Kraków, XI Commercial Division of the National Court Register KRS 0000801461 |
| 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 | 18.01.2017 | 13.12.2017 | 29.05.2018 | 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% |

| <i>Condensed interim consolidated financial statements of EUROCASH Group.</i> | | | |
|---|---|-------------------------------|---------------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 30.09.2019 (continued)

| No | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 |
|------------------------------|---|---|---|---|--|--|--|---|
| Unit | Domelius Limited | ABC Sp. z o.o. | Groszek Sp. z o.o. | Partner Sp. z o.o. | Delikatesy Centrum 2 Sp. z o.o. | Delikatesy Centrum 4 Sp. z o.o. | Delikatesy Centrum 3 Sp. z o.o. | Podlaskie Delikatesy Centrum Sp. z o.o. |
| address | 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 | ul .Wiśniowa 11 62-052 Komorniki |
| core of activity | - | PKD 7490Z | PKD 7490Z | PKD 4711Z | PKD 7022Z | PKD 7022Z | PKD 7022Z | PKD 4711Z |
| registration court | 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 | District Court Białystok, XII Commercial Division of the National Court Register KRS 0000423861 |
| 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 | 29.05.2018 | 18.07.2018 | 18.07.2018 | 2019-03-01 | 07.06.2019 | 07.06.2019 | 07.06.2019 | 2019-08-20 |
| ownership interest | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 75% |
| voting rights (in %) | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 75% |

| <i>Condensed interim consolidated financial statements of EUROCASH Group.</i> | | | |
|---|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | Presentation currency: | Polish zloty (PLN) |
| Level of round-offs: | All amounts are expressed in Polish zloty (unless indicated otherwise) | | |

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 Rabirossa Sp. z o.o., which changed their names into Delikatesy Centrum 2 Sp. z o.o., Delikatesy Centrum 3 Sp. z o.o. and Delikatesy Centrum 4 Sp. z o.o.

On 07.08.2019 "Koja-Mila Spółka Akcyjna" Sp.j. was transferred into Koja-Invest Sp. z o.o.

On 20.08.2019 Eurocash Group acquired 75% of shares in entity MD Projekt Sp. z o.o., which changed its name into Podlaskie Delikatesy Centrum Sp. z o.o. on 11.09.2019.

On 02.09.2019 Jim Sp. z o.o. finished the activity after the merger with Delikatesy Centrum Sklepy Sp. z o.o.

Entities comprising the Eurocash capital group and associates as at 30.09.2019

| 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: | 01.01-30.09.2019 | 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 September 2019, there was a surplus of the Group's current liabilities over its current assets in the amount of PLN 2.3 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, 30 September, 2019, the terms of loan agreements were not broken. In addition, as at the balance sheet date, 30 September 2019, the Group also has unused credit limits in the amount of PLN 392,460,163.

2. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2019 TO 30.09.2019

NOTE 1. ACQUISITION OF SHARES IN A SUBSIDIARIES

Acquisition of 100% of shares in Partner Sp. z o.o.

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

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

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: | 01.01-30.09.2019 | 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: | 01.01-30.09.2019 | Presentation currency: | Polish zloty (PLN) |
| Level of round-offs: | All amounts are expressed in Polish zloty (unless indicated otherwise) | | |

Acquisition of 75% of shares in MD Projekt Sp. z o.o.

On 20 August 2019 Eurocash Group finalised a transaction to acquire a 75% stake in MD Projekt Sp. z o.o.

On 11 September 2019 MD Projekt Sp. z o.o. changed its name into Podlaskie Delikatesy Centrum Sp. z o.o.

GENERAL INFORMATION CONCERNING BUSINESS ACQUISITION OF THE UNITS

| | |
|-----------------------------|-----------------------|
| 1. Name of acquired company | MD Projekt Sp. z o.o. |
| 2. Acquisition date | 20.08.2019 |
| 3. Acquisition cost | 3 375 744 |

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 MD Projekt Sp. z o.o. 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: | 01.01-30.09.2019 | 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 20.08.2019 |
|---------------------------------------|--|
| <i>Assets</i> | |
| Non-current assets (long-term) | 212 546 |
| Tangible fixed assets | 193 020 |
| Other long-term financial assets | 19 525 |
| Current assets (short-term) | 2 530 019 |
| Inventory | 1 369 547 |
| Trade receivables | 134 785 |
| Other short-term receivables | 33 929 |
| Short-term prepayments | 29 906 |
| Cash and cash equivalents | 961 852 |
| Total assets | 2 742 565 |
| <i>Equity nad liabilities</i> | |
| Liabilities | 2 002 038 |
| Non-current liabilities | - |
| Current liabilities | 2 002 038 |
| Trade liabilities | 1 451 983 |
| Other short-term liabilities | 329 899 |
| Current employee benefits | 205 963 |
| Other short-term provisions | 14 192 |
| Total liabilities | 2 002 038 |
| Net assets | 740 527 |
| Net assets acquired (75 %) | 740 527 |
| Goodwill on acquisition | 2 635 217 |
| Acquisition cost | 3 375 744 |

The resulting goodwill is mainly due to the fact that thanks to the acquisition of MD Projekt Sp. z o.o., Eurocash S.A. Group expanded its distribution channels for food and chemical-cosmetic products.

| <i>Condensed interim consolidated financial statements of EUROCASH Group.</i> | | | |
|---|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 Limited, Koja-Invest Sp. z o.o., Partner Sp. z o.o., Delikatesy Centrum Podlasie Sp. z o.o., Podlaskie Delikatesy Centrum 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.

| <i>Condensed interim consolidated financial statements of EUROCASH Group.</i> | | | |
|---|---|------------------------|---------------------------|
| Financial statements period: | <i>01.01-30.09.2019</i> | Presentation currency: | <i>Polish zloty (PLN)</i> |
| Level of round-offs: | <i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i> | | |

Basic information about each reportable segment is shown below.

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

| | Wholesale | Retail | Projects | Other | Exclusions | Total |
|--|-----------------------|----------------------|---------------------|---------------------|------------------------|-----------------------|
| Sales | 15 338 571 696 | 5 296 720 217 | 69 178 486 | 4 662 220 | (2 115 093 630) | 18 594 038 988 |
| External sales of goods | 14 081 556 652 | 4 349 148 440 | 66 215 555 | - | - | 18 496 920 648 |
| Other external sales | 32 093 185 | 63 602 208 | 1 174 651 | 248 297 | - | 97 118 340 |
| Inter-segmental sales | 1 224 921 859 | 883 969 568 | 1 788 280 | 4 413 923 | (2 115 093 630) | - |
| Operating profit | 249 141 610 | 25 866 237 | (36 535 925) | (82 436 157) | - | 156 035 765 |
| Finance income | | | | | | 24 688 455 |
| Finance costs | | | | | | (119 591 640) |
| Share in losses of companies consolidated with the equity method | | | | | | (4 377 587) |
| Profit before income tax | | | | | | 56 754 992 |
| Income tax | | | | | | (24 943 297) |
| Net profit (loss) | | | | | | 31 811 695 |

| Condensed interim consolidated financial statements of EUROCASH Group. | | | |
|--|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 SEPTEMBER 2018

| | Wholesale | Retail | Projects | Other | Exclusions | Total |
|--|-----------------------|----------------------|---------------------|---------------------|------------------------|-----------------------|
| Sales | 14 505 700 958 | 4 406 202 344 | 37 880 830 | 1 869 060 | (1 963 603 404) | 16 988 049 789 |
| External sales of goods | 13 333 650 224 | 3 501 742 335 | 35 928 732 | - | - | 16 871 321 290 |
| Other external sales | 48 715 680 | 66 463 487 | 515 007 | 1 034 325 | - | 116 728 499 |
| Inter-segmental sales | 1 123 335 055 | 837 996 522 | 1 437 091 | 834 735 | (1 963 603 404) | - |
| Operating profit | 207 685 533 | 4 282 847 | (30 529 068) | (69 407 717) | - | 112 031 595 |
| Finance income | | | | | | 27 736 239 |
| Finance costs | | | | | | (55 636 377) |
| Share in losses of companies consolidated with the equity method | | | | | | (5 175 696) |
| Profit before income tax | | | | | | 78 955 761 |
| Income tax | | | | | | (23 228 069) |
| Net profit (loss) | | | | | | 55 727 692 |

| Condensed interim consolidated financial statements of EUROCASH Group. | | | |
|--|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 30.09.2018 | Correction for the period from 01.01.2018 to 30.09.2018 | The corrected amount for the period from 01.01.2018 to 30.09.2018 |
|----------------------------|--|--|--|
| Sales | 17 031 883 584 | (43 833 795) | 16 988 049 789 |
| Sales of goods | 16 915 155 086 | (43 833 795) | 16 871 321 290 |
| Sales of services | 113 532 456 | - | 113 532 456 |
| Sales of materials | 3 196 043 | - | 3 196 043 |
| Costs of sales | (14 959 248 468) | 43 833 795 | (14 915 414 672) |
| Costs of goods sold | (14 956 976 346) | 43 833 795 | (14 913 142 551) |
| Costs of materials sold | (2 272 122) | - | (2 272 122) |
| Gross profit (loss) | 2 072 635 117 | - | 2 072 635 117 |

NOTE 4. EXPLANATIONS TO CONSOLIDATED INCOME STATEMENT

Financial costs

The increase in financial costs in the 3Q 2019 in comparison to 3Q 2018 was mainly due to the application of IFRS 16 (the impact of IFRS 16 on consolidated financial costs in 3Q 2019 was PLN 24.3 m). Details on IFRS 16 are presented in section 1.6.

Other operating income

The increase in other operating income in 3Q 2019 in comparison to 3Q 2018 was mainly due signing an agreement with Polskie ePłatności S.A. including an selling agreement of entity PayUp Polska S.A.

| Condensed interim consolidated financial statements of EUROCASH Group. | | | |
|--|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 01.07.2019 to 30.09.2019 | for the period from 01.01.2019 to 30.09.2019 | for the period from 01.07.2018 to 30.09.2018 | for the period from 01.01.2018 to 30.09.2018 |
|---|--|--|--|--|
| Profit (loss) before tax | 37 858 221 | 56 754 992 | 37 239 891 | 78 955 761 |
| Income tax expense | (12 779 960) | (24 943 297) | 987 797 | (23 228 069) |
| % rate | -33,8% | -43,9% | 2,7% | -29,4% |
| Differences: | | | | |
| Costs not constituting tax deductible costs | -3 316 536 | -9 778 447 | -2 675 719 | -6 392 976 |
| Impact of asset due to tax losses | -1 592 023 | -3 479 137 | 10 086 592 | -1 138 445 |
| Other | -505 453 | -721 150 | 608 571 | -529 213 |
| Profit (loss) before tax | 37 858 221 | 56 754 992 | 37 239 891 | 78 955 761 |
| Income tax expense | (7 365 948) | (10 964 563) | (7 031 647) | (15 167 435) |
| % 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 September 2019, the value of balances covered by the supplier financing program was recognized in the amount of PLN 1,724,576,392 while as at 31 December 2018 the corresponding value of balances was PLN 1,618,297,269.

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: | 01.01-30.09.2019 | 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 SEPTEMBER 2019

| Beneficiary | | Title | Currency | as at 30.09.2019 | as at 31.12.2018 |
|-------------|--------|---|----------|---------------------|---------------------|
| 1 | Bank 1 | Surety for the obligations due to the "Franchise partners financing program" for the Franchisee Delikatesy Centrum" | PLN | 2 144 594 | 4 815 009 |
| 2 | Bank 2 | Surety for finance liabilities of Frisco S.A. | PLN | 29 326 440 | 4 825 494 |
| | | | | 31 471 033 | 9 640 503 |

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

| | The Issuer | Title | Currency | as at 30.09.2019 | as at 31.12.2018 |
|----|------------|--|----------|---------------------|---------------------|
| 1 | Bank 1 | Security of rent liabilities | PLN | 1 764 872 | 1 961 687 |
| 2 | Bank 2 | Security of rent liabilities | PLN* | 37 192 368 | 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 | 2 126 522 | 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* | 19 879 977 | 15 414 936 |
| 8 | Bank 8 | Security of payments to suppliers | PLN | 30 000 000 | 46 000 000 |
| 9 | Bank 9 | Security of rent liabilities | PLN | 1 286 027 | 999 747 |
| 10 | Bank 10 | Security of payments to suppliers | PLN | 800 000 | 1 970 000 |
| 11 | Bank 11 | Security of rent liabilities | PLN | 8 915 373 | 9 097 518 |
| | | | | 181 187 239 | 170 875 999 |

* - Guarantee in EUR is translated into PLN at the average exchange rate of NBP:

as at 30.09.2019: 1 EUR = 4,3736 PLN

as at 31.12.2018: 1 EUR = 4,3000 PLN

| Condensed interim consolidated financial statements of EUROCASH Group. | | | |
|--|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 SEPTEMBER 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 | 797 352 |
| * security nominal value | | |

NOTE 7.

FAIR VALUE OF FINANCIAL INSTRUMENTS

As at 30 September 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.

| <i>Condensed interim consolidated financial statements of EUROCASH Group.</i> | | | |
|---|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | Presentation currency: | Polish zloty (PLN) |
| Level of round-offs: | All amounts are expressed in Polish zloty (unless indicated otherwise) | | |

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

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

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

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

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

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

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

By decision of 19 March 2019, the Director of the Tax Administration Center in Poznan, after considering the appeal of Eurocash SA, completely overturned the above decision of the Head of the Wielkopolska Customs and Tax Office in Poznan and remitted the case. In view of the above, as at 30 September 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 September 2019 the audit hasn't been completed.

| <i>Condensed interim consolidated financial statements of EUROCASH Group.</i> | | | |
|---|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | Presentation currency: | Polish zloty (PLN) |
| Level of round-offs: | All amounts are expressed in Polish zloty (unless indicated otherwise) | | |

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.

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: | 01.01-30.09.2019 | 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 |
|---|--------------------------|-----------------------------------|-----------|
| Management Board Member Human Resources Director | Katarzyna Kopaczewska | 12 th November 2019 | |
| Management Board Member Financial Director | Jacek Owczarek | 12 th November 2019 | |

SELECTED SEPARATE FINANCIAL DATA

| | Non audited for the period from 01.01.2019 to 30.09.2019 PLN | Non audited for the period from 01.01.2018 to 30.09.2018 PLN | Non audited for the period from 01.01.2019 to 30.09.2019 EUR | Non audited for the period from 01.01.2018 to 30.09.2018 EUR |
|---|--|--|--|--|
| Net sales | 11 347 801 756 | 11 064 953 965 | 2 637 858 099 | 2 603 702 371 |
| Operating profit (loss) | 109 427 676 | 144 611 378 | 25 437 057 | 34 028 609 |
| Profit (loss) before tax | 55 377 552 | 122 696 761 | 12 872 813 | 28 871 864 |
| Net Profit (loss) on continued operations | 44 983 116 | 94 346 015 | 10 456 569 | 22 200 630 |
| Net profit (loss) | 44 983 116 | 94 346 015 | 10 456 569 | 22 200 630 |
| Net operating cash flow | 370 847 813 | 270 431 015 | 86 205 587 | 63 635 319 |
| Net investment cash flow | (246 290 183) | (366 197 948) | (57 251 490) | (86 170 306) |
| Net financial cash flow | (168 701 863) | 30 248 924 | (39 215 664) | 7 117 896 |
| Net change in cash and cash equivalents | (44 144 233) | (65 518 009) | (10 261 566) | (15 417 090) |
| 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) | 0,32 | 0,68 | 0,08 | 0,16 |
| Diluted EPS (in PLN / EUR) | 0,32 | 0,68 | 0,08 | 0,16 |
| Average PLN / EUR rate* | | | 4,3019 | 4,2497 |
| | Non audited as at 30.09.2019 PLN | Non audited as at 31.12.2018 PLN | Non audited as at 30.09.2019 EUR | Non audited as at 31.12.2018 EUR |
| Assets | 6 312 816 430 | 5 354 939 292 | 1 443 391 355 | 1 245 334 719 |
| Long-term liabilities | 798 989 792 | 74 392 609 | 182 684 697 | 17 300 607 |
| Short-term liabilities | 4 552 875 620 | 4 229 679 808 | 1 040 990 402 | 983 646 467 |
| Equity | 960 951 018 | 1 050 866 874 | 219 716 256 | 244 387 645 |
| Share capital | 139 163 286 | 139 163 286 | 31 818 933 | 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) | 6,91 | 7,55 | 1,58 | 1,76 |
| Diluted book value per share (in PLN / EUR) | 6,76 | 7,40 | 1,55 | 1,72 |
| Dividend paid (in PLN / EUR) *** | 139 163 286 | 101 589 199 | 31 818 933 | 23 625 395 |
| Dividend paid per share (in PLN / EUR) | 1,00 | 0,73 | 0,23 | 0,17 |
| PLN / EUR rate at the end of the period** | | | 4,3736 | 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 3Q 2019 YTD.

** 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.

EUROCASH S.A.

**CONDENSED INTERIM
SEPARATE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 SEPTEMBER 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, 12th November 2019

| <i>Condensed interim separate financial statements of EUROCASH S.A.</i> | | | |
|---|---|------------------------|---------------------------|
| Financial statements period: | <i>01.01-30.09.2019</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 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 30.09.2019 | 5 |
| Condensed separate statement of comprehensive income for the period from 01.01.2019 to 30.09.2019 | 6 |
| Condensed separate statement of financial position as at 30.09.2019 | 7 |
| Condensed separate statement of cash flows for the period from 01.01.2019 to 30.09.2019..... | 9 |
| Condensed separate statement on changes in equity in the period from 01.01.2019 to 30.09.2019..... | 10 |
| Supplementary information to the condensed interim separate financial statements prepared for the period from 01.01.2019 to 30.09.2019 | 11 |
| 1. General information | 11 |
| 2. Notes to condensed interim separate financial statements prepared for the period from 01.01.2019 to 30.09.2019 | 16 |

| Condensed interim separate financial statements of EUROCASH S.A. | | | |
|--|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 September 2019.

The separate statement of financial position has been prepared as at 30 September 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 September 2019 the Company's Management Board consisted of the following members:

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

| <i>Condensed interim separate financial statements of EUROCASH S.A.</i> | | | |
|---|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | Presentation currency: | Polish zloty (PLN) |
| Level of round-offs: | All amounts are expressed in Polish zloty (unless indicated otherwise) | | |

2.2. SUPERVISORY BOARD

As at 30 September 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 May 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: | 01.01-30.09.2019 | 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 30.09.2019

| | Non audited for the period from 01.07.2019 to 30.09.2019 | Non audited for the period from 01.01.2019 to 30.09.2019 | Non audited for the period from 01.07.2018 to 30.09.2018 | Non audited for the period from 01.01.2018 to 30.09.2018 |
|-------------------------------------|---|---|---|---|
| Sales | 4 039 221 901 | 11 347 801 756 | 3 949 982 776 | 11 064 953 965 |
| Sales of goods | 4 021 640 773 | 11 294 364 240 | 3 929 177 052 | 11 002 493 636 |
| Sales of services | 17 581 128 | 53 437 515 | 20 805 724 | 62 460 329 |
| Costs of sales | (3 584 631 069) | (10 026 066 201) | (3 491 431 932) | (9 784 525 071) |
| Cost of goods and services sold | (3 584 631 069) | (10 026 066 201) | (3 491 431 932) | (9 784 525 071) |
| Gross profit (loss) | 454 590 831 | 1 321 735 555 | 458 550 844 | 1 280 428 894 |
| Selling expenses | (353 761 077) | (1 014 322 200) | (328 416 735) | (946 197 729) |
| General and administrative expenses | (68 594 259) | (213 655 383) | (71 361 164) | (198 553 404) |
| Profit (loss) on sales | 32 235 495 | 93 757 972 | 58 772 945 | 135 677 761 |
| Other operating income | 20 081 512 | 35 540 093 | 7 240 662 | 25 140 907 |
| Other operating expenses | (3 833 292) | (19 870 389) | (2 192 666) | (16 207 290) |
| Operating profit (loss) | 48 483 716 | 109 427 676 | 63 820 940 | 144 611 378 |
| Financial income | 3 949 053 | 25 030 051 | 7 192 501 | 26 756 271 |
| Financial costs | (31 746 346) | (79 080 175) | (19 735 762) | (48 670 887) |
| Profit (loss) before tax | 20 686 423 | 55 377 552 | 51 277 680 | 122 696 761 |
| Income tax expense | (8 522 783) | (10 394 437) | (12 235 441) | (28 350 746) |
| Profit (loss) for the period | 12 163 640 | 44 983 116 | 39 042 239 | 94 346 015 |

NET EARNINGS PER SHARE

| | PLN / share | PLN / share |
|---|-------------|-------------|
| Net profit (loss) | 44 983 116 | 94 346 015 |
| 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 | 0,32 | 0,68 |
| - diluted | 0,32 | 0,68 |

| Condensed interim separate financial statements of EUROCASH S.A. | | | |
|--|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 30.09.2019**

| | Non audited for the period from 01.07.2019 to 30.09.2019 | Non audited for the period from 01.01.2019 to 30.09.2019 | Non audited for the period from 01.07.2018 to 30.09.2018 | Non audited for the period from 01.01.2018 to 30.09.2018 |
|--|---|---|---|---|
| Profit (loss) for the period | 12 163 640 | 44 983 116 | 39 042 239 | 94 346 015 |
| Other comprehensive income (loss) for the period | (493 560) | 1 167 237 | (190 312) | (544 398) |
| Items that may be subsequently reclassified to profit or loss: | | | | |
| - The result on hedge accounting with the tax effect: | (493 560) | 1 167 237 | (190 312) | (544 398) |
| Total comprehensive income (loss) for the period | 11 670 079 | 46 150 353 | 38 851 928 | 93 801 617 |

| Condensed interim separate financial statements of EUROCASH S.A. | | | |
|--|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 30.09.2019

| | Non audited as at 30.09.2019 | as at 31.12.2018 |
|--|------------------------------------|----------------------|
| <i>Assets</i> | | |
| Non-current assets (long-term) | 4 207 797 238 | 3 222 629 262 |
| Goodwill | 862 819 840 | 862 819 840 |
| Intangible assets | 598 818 432 | 523 056 721 |
| Property, plant and equipment | 434 291 085 | 447 770 647 |
| Perpetual use | 838 631 714 | - |
| Investment real property | 945 331 | 957 103 |
| Investments in subsidiary companies | 1 371 612 616 | 1 291 451 999 |
| Investments in associates and joint ventures | 40 586 757 | 40 586 757 |
| Other long-term investments | 49 392 875 | 45 932 683 |
| Long-term receivables | 9 310 982 | 9 298 123 |
| Other long-term prepayments | 1 387 604 | 755 389 |
| Current assets (short-term) | 2 105 019 192 | 2 132 310 029 |
| Inventories | 798 146 738 | 851 055 722 |
| Trade receivables | 1 146 286 949 | 1 083 188 629 |
| Current tax assets | 2 461 240 | - |
| Other short-term receivables | 64 831 002 | 66 788 792 |
| Other short-term investments | 6 651 901 | 3 410 994 |
| Short-term prepayments | 32 691 619 | 29 771 917 |
| Cash and cash equivalents | 53 949 743 | 98 093 976 |
| Total assets | 6 312 816 430 | 5 354 939 292 |

| Condensed interim separate financial statements of EUROCASH S.A. | | | |
|--|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | Presentation currency: | Polish zloty (PLN) |
| Level of round-offs: | All amounts are expressed in Polish zloty (unless indicated otherwise) | | |

| | Non audited as at 30.09.2019 | as at 31.12.2018 |
|---|------------------------------------|----------------------|
| <i>Equity and liabilities</i> | | |
| Equity | 960 951 018 | 1 050 866 874 |
| Share capital | 139 163 286 | 139 163 286 |
| Reserve capital | 695 067 775 | 680 200 006 |
| Valuation equity of hedging transactions | (6 471 193) | (7 638 430) |
| Retained earnings | 133 191 150 | 239 142 012 |
| Accumulated profit (loss) from previous years | 88 208 034 | 89 520 957 |
| Profit (loss) for the period | 44 983 116 | 149 621 055 |
| Liabilities | 5 351 865 413 | 4 304 072 417 |
| Non-current liabilities | 798 989 792 | 74 392 609 |
| Other long-term financial liabilities | 762 878 | 281 330 |
| Long-term lease liabilities | 713 897 791 | - |
| Other long-term liabilities | 1 164 100 | 1 061 800 |
| Deferred tax liabilities | 79 882 790 | 69 767 245 |
| Employee benefits | 3 282 234 | 3 282 234 |
| Current liabilities | 4 552 875 620 | 4 229 679 808 |
| Loans and borrowings | 1 136 420 412 | 1 014 433 854 |
| Short-term financial liabilities | 24 402 026 | 28 882 096 |
| Short-term lease liabilities | 142 716 946 | - |
| Trade liabilities | 2 991 255 643 | 2 887 356 977 |
| Current tax liabilities | - | 40 241 661 |
| Other short-term payables | 40 374 313 | 49 419 392 |
| Current employee benefits | 76 168 592 | 68 627 054 |
| Provisions | 141 537 688 | 140 718 774 |
| Total equity and liabilities | 6 312 816 430 | 5 354 939 292 |

BOOK VALUE PER SHARE

| | as at 30.09.2019 | as at 31.12.2018 |
|-------------------------------------|---------------------|----------------------|
| Book value | 960 951 018 | 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 | 6,91 | 7,55 |
| Diluted book value per share | 6,76 | 7,40 |

| Condensed interim separate financial statements of EUROCASH S.A. | | | |
|--|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 30.09.2019

| | Non audited for the period from 01.01.2019 to 30.09.2019 | Non audited for the period from 01.01.2018 to 30.09.2018 |
|---|---|---|
| <i>Cash flow from operating activities</i> | | |
| Profit (loss) before income tax | 55 377 552 | 122 696 761 |
| Adjustments for: | 284 747 404 | 130 667 613 |
| Depreciation and amortization | 210 051 927 | 86 885 481 |
| Equity-settled shared share-based payment transactions | 4 410 000 | 4 410 000 |
| (Gain) loss on sale of property, plant and equipment | 6 567 840 | 5 429 494 |
| Gain (loss) on exchange rates | 5 405 658 | - |
| Interest expenses | 67 317 141 | 43 831 163 |
| Interest received | (4 080 086) | (5 329 140) |
| Dividend and remission of sales income | (4 925 076) | (4 559 384) |
| Operating cash before changes in working capital | 340 124 957 | 253 364 374 |
| Changes in inventories | 52 908 983 | 49 770 519 |
| Changes in receivables | (69 996 633) | 9 025 090 |
| Changes in payables | 119 428 616 | 14 257 271 |
| Changes in provisions and employee benefits | 3 049 975 | (20 958 782) |
| Operating cash | 445 515 899 | 305 458 473 |
| Interest received | 2 687 157 | 2 586 764 |
| Interest paid | (34 407 624) | (31 160 933) |
| Income tax paid | (42 947 619) | (6 453 289) |
| Net cash from operating activities | 370 847 813 | 270 431 015 |
| <i>Cash flow from investing activities</i> | | |
| Acquisition of intangible assets | (115 048 300) | (16 561 523) |
| Proceeds from sale of intangible assets | 7 623 | - |
| Acquisition of property, plant and equipment | (60 759 538) | (44 476 429) |
| Proceeds from sale of property, plant and equipment | 1 314 044 | 5 619 769 |
| Income/expenses on other short-term financial assets | (3 627 160) | 45 765 624 |
| Acquisition of subsidiaries, net of cash acquired | (71 479 811) | (360 578 606) |
| Loans granted | (3 121 228) | (3 218 537) |
| Repayment received of granted loans | 240 649 | 857 718 |
| Interest received | 1 258 463 | 1 834 652 |
| Dividends received | 4 925 076 | 4 559 384 |
| Net cash from investing activities | (246 290 183) | (366 197 948) |
| <i>Cash flows from financing activities</i> | | |
| Income/expenses for other financial liabilities | (683 739) | 3 323 908 |
| Income/expenses for short term debt securities | - | (219 533 443) |
| Proceeds from loans and borrowings | 121 986 603 | 384 528 546 |
| Repayment of borrowings | - | (15 074 891) |
| Payment of finance lease liabilities | (104 353 746) | (839 521) |
| Other interest | (26 394 766) | (3 199 839) |
| Interests on loans and borrowings | (20 092 929) | (17 366 637) |
| Dividends paid | (139 163 286) | (101 589 199) |
| Net cash used in financing activities | (168 701 863) | 30 248 924 |
| Net change in cash and cash equivalents | (44 144 233) | (65 518 009) |
| 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 | 53 949 743 | 50 165 065 |

| Condensed interim separate financial statements of EUROCASH S.A. | | | |
|--|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 30.09.2019

| | Share capital | Reserve capital | Hedge reserve | Retained earnings | Total |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| <i>Changes in equity in the period from 01.01 to 30.09.2018 - 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 30.09.2018 | - | - | - | 94 346 015 | 94 346 015 |
| Other comprehensive income for the period 01.01 to 30.09.2018 | - | - | (544 398) | - | (544 398) |
| Total comprehensive income for the period from 01.01. to 30.09.2018 | - | - | (544 398) | 94 346 015 | 93 801 617 |
| Dividends | - | (101 589 199) | - | - | (101 589 199) |
| Equity-settled share based payment transactions | - | 4 410 000 | - | - | 4 410 000 |
| Retained earnings | - | (71 713 088) | - | 71 713 088 | - |
| Balance as at 30.09.2018 | 139 163 286 | 678 730 006 | (7 028 175) | 183 866 972 | 994 732 088 |

Changes in equity in the period from 01.01. to 30.09.2019 - non audited

| | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|----------------------|
| 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 30.09.2019 | - | - | - | 44 983 116 | 44 983 116 |
| Other comprehensive income for the period 01.01 to 30.09.2019 | - | - | 1 167 237 | - | 1 167 237 |
| Total comprehensive income for the period from 01.01. to 30.09.2019 | - | - | 1 167 237 | 44 983 116 | 46 150 353 |
| Dividends | - | - | - | (139 163 286) | (139 163 286) |
| Transfer to reserve capital | - | 10 457 769 | - | (10 457 769) | - |
| Equity-settled share based payment transactions | - | 4 410 000 | - | - | 4 410 000 |
| Other | - | - | - | (1 312 924) | (1 312 924) |
| Balance as at 30.09.2019 | 139 163 286 | 695 067 775 | (6 471 193) | 133 191 150 | 960 951 018 |

| <i>Condensed interim separate financial statements of EUROCASH S.A.</i> | | | |
|---|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 30.09.2019

1. GENERAL INFORMATION

1.1. ISSUE OF THE FINANCIAL STATEMENT

According to the resolution of the Management Board dated 12 November 2019, the separate financial statements of Eurocash S.A. for the period from 1 January 2019 to 30 September 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 September 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.

| <i>Condensed interim separate financial statements of EUROCASH S.A.</i> | | | |
|---|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 September 2019 there was a surplus of current liabilities of the Company over its current assets in the amount of PLN 2.4 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 September 2019, the terms of loan agreements were not broken. In addition, as at the balance sheet date, 30 September 2019, the Company also has unused credit limits in the amount of PLN 399.771.988.

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: | <i>01.01-30.09.2019</i> | Presentation currency: | <i>Polish zloty (PLN)</i> |
| Level of round-offs: | <i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i> | | |

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 |

| Condensed interim separate financial statements of EUROCASH S.A. | | | |
|--|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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:

| | Data before impact of IFRS 16 as at 01.01.2019 | Impact of IFRS 16 as at 01.01.2019 | Data 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 – 30.09.2019:

| | Data before impact of IFRS 16 for the period from 01.01.2019 to 30.09.2019 | Impact of IFRS 16 for the period from 01.01.2019 to 30.09.2019 | Data after impact of IFRS 16 for the period from 01.01.2019 to 30.09.2019 |
|-------------------------------------|--|---|---|
| Gross profit (loss) | 1 321 735 555 | - | 1 321 735 555 |
| Selling expenses | (1 026 924 616) | 12 602 416 | (1 014 322 200) |
| General and administrative expenses | (214 192 717) | 537 334 | (213 655 383) |
| Profit (loss) on sales | 80 618 222 | 13 139 750 | 93 757 972 |
| Operating profit (loss) | 96 287 926 | 13 139 750 | 109 427 676 |
| Financial income | 25 030 051 | - | 25 030 051 |
| Financial costs | (48 841 037) | (30 239 138) | (79 080 175) |
| Profit (loss) before tax | 72 476 940 | (17 099 388) | 55 377 552 |
| Income tax expense | (13 643 320) | 3 248 884 | (10 394 437) |
| Profit (loss) for the period | 58 833 620 | (13 850 504) | 44 983 116 |

| Condensed interim separate financial statements of EUROCASH S.A. | | | |
|--|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 30.09.2019:

| | Data before impact of IFRS 16 as at 30.09.2019 | Impact of IFRS 16 as at 30.09.2019 | Data after impact of IFRS 16 as at 30.09.2019 |
|---------------------------------------|---|--|--|
| Assets | | | |
| Non-current assets (long-term) | 3 369 931 091 | 859 824 831 | 4 229 755 922 |
| Property, plant and equipment | 435 056 652 | (765 567) | 434 291 085 |
| Perpetual use | - | 860 590 398 | 860 590 398 |
| Current assets (short-term) | 2 105 019 192 | - | 2 105 019 192 |
| Total assets | 5 474 950 283 | 859 824 831 | 6 334 775 114 |
| Equity and liabilities | | | |
| Equity | 974 801 522 | (3 382 323) | 971 419 199 |
| Retained earnings | 147 041 654 | (3 382 323) | 143 659 331 |
| Profit (loss) for the period | 58 833 620 | (3 382 323) | 55 451 297 |
| Liabilities | 4 500 148 762 | 863 207 154 | 5 363 355 915 |
| Non-current liabilities | 88 792 233 | 733 136 581 | 821 928 815 |
| Other long-term financial liabilities | 1 214 226 | (451 348) | 762 878 |
| Long-term lease liabilities | - | 734 381 314 | 734 381 314 |
| Deferred tax liabilities | 83 131 673 | (793 384) | 82 338 289 |
| Current liabilities | 4 411 356 528 | 130 070 572 | 4 541 427 101 |
| Short-term financial liabilities | 25 599 880 | (1 197 854) | 24 402 026 |
| Short-term lease liabilities | - | 131 268 427 | 131 268 427 |
| Total equity and liabilities | 5 474 950 283 | 859 824 831 | 6 334 775 114 |

IFRS 16 impact on lease liabilities in separate financial statements:

| | |
|--|-------------------|
| IFRS 16 impact on lease liabilities as at 30.09.2019 | 854 965 535 |
| IFRS 16 impact on lease liabilities as at 01.01.2019 | 861 323 545 |
| Changes in period from 01.01.2019 to 30.09.2019 | -6 358 010 |
| New agreements | 78 404 682 |
| Agreements changes | 19 125 567 |
| - due to change of conditions | 13 719 909 |
| - due to change of exchange rates | 5 405 658 |
| Change of liabilities | (103 888 259) |

| Condensed interim separate financial statements of EUROCASH S.A. | | | |
|--|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | 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 cash flows for the period 01.01 - 30.09.2019:

| | Data before impact of IFRS 16 for the period from 01.01.2019 to 30.09.2019 | Impact of IFRS 16 for the period from 01.01.2019 to 30.09.2019 | Data after impact of IFRS 16 for the period from 01.01.2019 to 30.09.2019 |
|---|--|---|---|
| <i>Cash flow from operating activities</i> | | | |
| Profit (loss) before income tax | 72 476 940 | (17 099 388) | 55 377 552 |
| Adjustments for: | 138 926 278 | 145 821 126 | 284 747 404 |
| Depreciation and amortization | 94 469 939 | 115 581 988 | 210 051 927 |
| Wycena programów motywacyjnych | 4 410 000 | - | 4 410 000 |
| Wynik na działalności inwestycyjnej oraz odpisy pożyczek | 6 567 840 | - | 6 567 840 |
| Gain (loss) on exchange rates | - | 5 405 658 | 5 405 658 |
| Interest expenses | 42 483 661 | 24 833 480 | 67 317 141 |
| Operating cash before changes in working capital | 211 403 218 | 128 721 738 | 340 124 957 |
| Operating cash | 316 794 161 | 128 721 738 | 445 515 899 |
| Net cash from operating activities | 242 126 075 | 128 721 738 | 370 847 813 |
| <i>Cash flow from investing activities</i> | | | |
| Net cash from investing activities | (246 290 183) | - | (246 290 183) |
| <i>Cash flows from financing activities</i> | | | |
| Payment of finance lease liabilities | (465 488) | (103 888 259) | (104 353 746) |
| Other interest | (1 561 286) | (24 833 480) | (26 394 766) |
| Net cash used in financing activities | (39 980 125) | (128 721 738) | (168 701 863) |
| Net change in cash and cash equivalents | (44 144 233) | 0 | (44 144 233) |
| 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 | 53 949 743 | 0 | 53 949 743 |

2. NOTES TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2019 TO 30.09.2019

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 September 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

| <i>Condensed interim separate financial statements of EUROCASH S.A.</i> | | | |
|---|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | Presentation currency: | Polish zloty (PLN) |
| Level of round-offs: | All amounts are expressed in Polish zloty (unless indicated otherwise) | | |

mean that tax exposure is greater in Poland than in countries that have a more established taxation system.

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

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

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

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

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

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

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

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

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 September 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 September 2019 the audit hasn't been completed.

| Condensed interim separate financial statements of EUROCASH S.A. | | | |
|--|--|------------------------|--------------------|
| Financial statements period: | 01.01-30.09.2019 | Presentation currency: | Polish zloty (PLN) |
| Level of round-offs: | All amounts are expressed in Polish zloty (unless indicated otherwise) | | |

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 3Q2019 comparing to the 3Q2018 was mainly due to the application of IFRS 16 (the impact of IFRS 16 on financial costs in 3Q2019, amounted to PLN 13,7 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 September 2019, the value of balances covered by the supplier financing program was recognized in the amount of PLN 1,172,317,008 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.

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.

| | | | |
|---|---|------------------------|---------------------------|
| <i>Condensed interim separate financial statements of EUROCASH S.A.</i> | | | |
| Financial statements period: | <i>01.01-30.09.2019</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 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.

| | | | |
|---|--|------------------------|--------------------|
| <i>Condensed interim separate financial statements of EUROCASH S.A.</i> | | | |
| Financial statements period: | 01.01-30.09.2019 | 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 |
|---|--------------------------|-----------------------------------|-----------|
| Management Board Member Human Resources Director | Katarzyna Kopaczewska | 12 th November 2019 | |
| Management Board Member Financial Director | Jacek Owczarek | 12 th November 2019 | |

Management discussion of the financial results for the 3Q 2019

1. Eurocash Group - overview

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

Below we present the basic financial and operating data of the Eurocash Group broken down into the following segments and distribution formats:

Wholesale – wholesale distribution formats:

- **Eurocash Distribution** consisting of:
 - active distribution companies (Eurocash S.A. after merger with Tradis Sp. z o.o., DEF Sp. z o.o., AMBRA Sp. z o.o.);
 - companies organizing or supporting franchise chains of retail shops: Euro Sklep S.A., 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 Delikatesy Centrum Sklepy Sp. z o.o. and 75% of shares in Podlaskie Delikatesy Centrum Sp. z o.o.
 - EKO – own retail stores under brand Delikatesy Centrum and EKO operated by EKO Holding S.A.;

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| EUROCASH GROUP – CONSOLIDATED QUARTERLY REPORT (3Q 2019) | Page 2 |
| REPORT OF THE MANAGEMENT BOARD | |

- 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.

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

Profit & loss account

Table 1: Eurocash Group: Summary of consolidated financial results for 3Q 2019

| | 3Q 2019 | 3Q 2019 before IFRS16 | 3Q 2018 | Change % (before IFRS16) |
|--|----------|--------------------------|----------|-----------------------------|
| PLN m | | | | |
| Sales revenues (traded goods, materials) | 6 672.87 | 6 672.87 | 6 241.50 | 6.91% |
| Gross profit (loss) on sales | 835.35 | 835.35 | 785.05 | 6.41% |
| Gross profitability on sales (%) | 12.52% | 12.52% | 12.58% | -0.06 p.p. |
| EBITDA | 219.20 | 129.02 | 105.13 | 22.73% |
| (EBITDA margin %) | 3.28% | 1.93% | 1.68% | 0.25 p.p. |
| EBIT | 84.32 | 75.16 | 51.50 | 45.94% |
| (EBIT margin %) | 1.26% | 1.13% | 0.83% | 0.30 p.p. |
| Gross profit | 37.86 | 57.58 | 37.24 | 54.61% |
| Net Income | 25.08 | 41.05 | 38.23 | 7.38% |
| (Net profitability %) | 0.38% | 0.62% | 0.61% | 0.00 p.p. |

Table 2: Eurocash Group: Summary of consolidated financial results for 3Q YTD 2019

| | 3Q YTD 2019 | 3Q YTD 2019 before IFRS16 | 3Q YTD 2018 | Change % (before IFRS16) |
|--|-------------|------------------------------|-------------|-----------------------------|
| PLN m | | | | |
| Sales revenues (traded goods, materials) | 18 594.04 | 18 594.04 | 16 988.05 | 9.45% |
| Gross profit (loss) on sales | 2 385.49 | 2 385.49 | 2 072.64 | 15.09% |
| Gross profitability on sales (%) | 12.83% | 12.83% | 12.20% | 0.63 p.p. |
| EBITDA | 556.73 | 288.96 | 261.77 | 10.39% |
| (EBITDA margin %) | 2.99% | 1.55% | 1.54% | 0.01 p.p. |
| EBIT | 156.04 | 128.32 | 112.03 | 14.54% |
| (EBIT margin %) | 0.84% | 0.69% | 0.66% | 0.03 p.p. |
| Gross profit | 56.75 | 87.73 | 78.96 | 11.11% |
| Net Income | 31.81 | 56.90 | 55.73 | 2.10% |
| (Net profitability %) | 0.17% | 0.31% | 0.33% | -0.02 p.p. |

Consolidated total sales of Eurocash Group in 3Q 2019 amounted to PLN 6 672.87 m and increased by 6.91% YoY. Both main segments noted strong organic sales growth with wholesale sales increase by 6.59% and retail sales increase by 7.52%. Consolidated total sales of Eurocash Group in 3Q YTD 2019 amounted to PLN 18 594.04 m and increased by 9.45% YoY.

Consolidated gross profitability in 3Q 2019 amounted to 12.52% and decreased by -0.06 p.p. comparing to 3Q 2018. Lower gross profitability was attributable mainly to fast growing low margin Tobacco distribution format. In 3Q YTD 2019 gross profitability increased by 0.63 p.p. YoY and amounted to 12.83%.

Consolidated EBITDA in 3Q 2019 amounted to PLN 219.20 m. Consolidated EBITDA in 3Q 2019 before IFRS16 increased by 22.73% YoY and amounted to PLN 129.02 m. EBITDA increase was attributable mainly to better performance of ex-EKO and Mila chains as well as to one-offs: 12.25 m PayUp earn-out partially off-

set by -7.98 m Sushi 2 Go write-off. Consolidated EBITDA in 3Q YTD 2019 amounted to PLN 556.73 m. Consolidated EBITDA in 3Q YTD 2019 before IFRS16 amounted to PLN 288.96 m, which means an increase of 10.39% YoY.

The net profit amounted to PLN 25.08 m in 3Q 2019. The net profit before IFRS16 amounted to PLN 41.05 m in 3Q 2019 comparing with net profit at level of PLN 38.23 m in 3Q 2018. In 3Q YTD 2019, net profit reached PLN 31.81 m. In 3Q YTD 2019 before IFRS16, net profit reached PLN 56.90 m compared to PLN 55.73 m in 3Q YTD 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.

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| EUROCASH GROUP – CONSOLIDATED QUARTERLY REPORT (3Q 2019) | Page 5 |
| REPORT OF THE MANAGEMENT BOARD | |

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: External sales of goods dynamics by distribution format for 3Q 2019

| PLN m | 3Q 2019 | 3Q 2018 | Change % |
|--------------------------------|-----------------|-----------------|----------------|
| Wholesale | 5 086.89 | 4 772.23 | 6.59% |
| Cash&Carry | 1 253.32 | 1 244.91 | 0.68% |
| Tobacco | 1 870.78 | 1 600.71 | 16.87% |
| Distribution | 1 811.29 | 1 796.00 | 0.85% |
| <i>Alcohol</i> | 447.30 | 571.81 | -21.78% |
| <i>Distribution previously</i> | 1 364.00 | 1 224.20 | 11.42% |
| Food Service | 146.85 | 128.92 | 13.90% |
| Other | 4.65 | 1.67 | 178.01% |
| Retail | 1 523.23 | 1 416.73 | 7.52% |
| Delikatesy Centrum Franchise | 586.65 | 553.67 | 5.96% |
| Supermarkets Own | 810.50 | 746.63 | 8.55% |
| <i>Delikatesy Centrum Own</i> | 222.96 | 196.78 | 13.30% |
| <i>EKO</i> | 204.47 | 204.43 | 0.02% |
| <i>Mila & Others</i> | 383.08 | 345.42 | 10.90% |
| Inmedio | 126.08 | 116.42 | 8.29% |
| Projects | 27.21 | 12.04 | 125.97% |
| Eurocash Group | 6 637.33 | 6 201.00 | 7.04% |

Table 4: Eurocash Group: External sales of goods dynamics by distribution format for 3Q YTD 2019

| PLN m | 3Q YTD 2019 | 3Q YTD 2018 | Change% |
|-------------------------------|------------------|------------------|---------------|
| Wholesale | 14 081.56 | 13 333.65 | 5.61% |
| Cash&Carry | 3 469.88 | 3 416.46 | 1.56% |
| Tobacco | 5 045.35 | 4 484.28 | 12.51% |
| Distribution | 5 167.00 | 5 074.56 | 1.82% |
| <i>Alcohol</i> | 1 377.66 | 1 629.50 | -15.45% |
| <i>Distribution</i> | 3 789.33 | 3 445.06 | 9.99% |
| Food Service | 390.12 | 352.42 | 10.70% |
| Other | 9.21 | 5.93 | 55.29% |
| Retail | 4 349.15 | 3 501.74 | 24.20% |
| Delikatesy Centrum | 1 632.72 | 1 550.84 | 5.28% |
| Supermarkety Własne | 2 360.24 | 1 623.84 | 45.35% |
| <i>Delikatesy Centrum Own</i> | 618.58 | 546.33 | 13.22% |
| <i>EKO</i> | 617.30 | 594.83 | 3.78% |
| <i>Mila i inne</i> | 1 124.37 | 482.68 | 132.94% |
| Inmedio | 356.18 | 327.06 | 8.90% |
| Projects | 66.22 | 35.93 | 84.30% |
| Eurocash Group | 18 496.92 | 16 871.32 | 9.64% |

Wholesale

- In 3Q 2019 external sales of goods in Wholesale segment amounted to PLN 5 086.89 m and increased by 6.59% comparing with 3Q 2018. In 3Q YTD 2019 sales amounted to PLN 14 081.56 m and increased by 5.61% YoY.
- EBITDA of the Wholesale segment amounted in 3Q 2019 to PLN 177.31 m. EBITDA before IFRS16 amounted to PLN 130.02 m while in 3Q 2018 it amounted to PLN 129.74 m. EBITDA in 3Q 2019 was impacted by strong low margin sales growth in Tobacco distribution format. EBITDA in 3Q YTD 2019

amounted to PLN 455.03 m. EBITDA before IFRS16 in 3Q YTD 2019 amounted to PLN 309.65 m comparing to PLN 287.01 m in 3Q YTD 2018.

- LFL sales growth (same number of stores) in Eurocash Cash&Carry stores in 3Q 2019 amounted to 0.68% and 1.56% in 3Q YTD 2019.
- The number of Eurocash Cash&Carry stores at the end of 3Q 2019 amounted to 180.
- The number of abc stores amounted to 8 816 at the end of 3Q 2019.
- Number of partnership or franchise stores organized by companies belonging to Eurocash Group (Groszek, Euro Sklep, Lewiatan and PSD) amounted to 5 087 stores as of the end of 3Q 2019.
- Sales of cigarettes Tobacco & Impulse distribution format in terms of volume amounted in 3Q 2019 to 3 152 m pieces and increased by 14.85% YoY. In 3Q YTD 2019 volume amounted to 8 547 m pieces and increase by 11.80% YoY.
- Sales of cigarettes in terms of value increased by 17.7% in 3Q 2019 and 14.3% in 3Q YTD 2019.

Retail

- Sales of goods realized by Retail segment in 3Q 2019 amounted to PLN 1 523.23 m and increased by 7.52%. Sales increase was driven by own supermarkets, franchise as well as Inmedio newsagents. In 3Q YTD 2019 sales amounted to PLN 4 349.15 m and increased by 24.20% YoY.
- Starting from 2019 Retail Segment includes sales distribution of fresh products to franchise stores in Delikatesy Centrum chain. Historical data of the segment were restated.
- EBITDA of the Retail segment in 3Q 2019 amounted to PLN 73.84 m. EBITDA before IFRS16 amounted to PLN 32.53 m comparing to PLN 11.64 m in 3Q 2018. Increase of EBITDA was attributable to better performance of ex-EKO and Mila chains. In 3Q YTD 2019 EBITDA amounted to PLN 203.13 m. In 3Q YTD 2019 EBITDA before IFRS16 amounted to PLN 85.19 m while in 3Q YTD 2018 it amounted to PLN 61.77 m.
- LFL growth of wholesale sales realized by Eurocash to "Delikatesy Centrum" franchise stores amounted to 4.14% in 3Q 2019 and 3.21% in 3Q YTD 2019.
- LFL growth of retail sales of "Delikatesy Centrum" franchise stores amounted to 4.06% in 3Q 2019 and 3.60% in 3Q YTD 2019.
- LFL dynamic of retail sales in 3Q 2019 amounted in Inmedio stores to 4.98% YoY and 4.93% in 3Q YTD 2019 YoY.
- Number of Small Supermarkets in 3Q 2019 amounted to 1 561, including 986 Franchise stores and 575 Own stores.
- Number of total "Delikatesy Centrum" stores at the end of 3Q 2019 amounted to 1 342.
- Number of Inmedio stores at the end of 3Q 2019 amounted to 445 stores.

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| EUROCASH GROUP – CONSOLIDATED QUARTERLY REPORT (3Q 2019) | Page 8 |
| REPORT OF THE MANAGEMENT BOARD | |

Projects

- Sales of goods realized by Projects segment in 3Q 2019 amounted to PLN 27.21 m comparing to PLN 12.04 m in 3Q 2018. In 3Q YTD 2019 sales amounted to PLN 66.22 m comparing to 35.93 m in 3Q YTD 2018. Sales from distribution of fresh products to franchise stores in Delikatesy Centrum chain was moved to the Retail segment.
- EBITDA of Projects segment in 3Q 2019 amounted to negative PLN -9.09 m. EBITDA before IFRS16 amounted to PLN -10.67 m comparing to result of PLN -7.51 m in 3Q 2018. Result of the segment was impacted by expansion costs and investments into projects brand awareness increase. In 3Q YTD 2019 EBITDA amounted to PLN -28.63 m. In 3Q YTD 2019 EBITDA before IFRS16 amounted to PLN -33.03 m comparing to PLN -27.71 m in 3Q YTD 2018.

Others

- EBITDA of Others segment amounted in 3Q 2019 to PLN -22.85 m. EBITDA before IFRS16 amounted to PLN -22.87 m comparing to PLN -28.76 m in 3Q 2018. In 3Q YTD 2019 EBITDA amounted to PLN -72.80 m. In 3Q YTD 2019 EBITDA before IFRS16 amounted to PLN -72.85 m comparing to PLN -59.31 m in 3Q YTD 2018.

Operating segments

Due to changes in financial results presentation by operating segments in 2018, below we present quarter results of each segment for years 2018-2019 according to definition of segments implemented in 2018.

Table 5: Eurocash Group: Operating segments results in Q1, Q2 and Q3 2019 (IFRS16)

| 1Q 2019 (PLN m) | Wholesale | Retail | Projects | Others | Total |
|---------------------------------|------------------|---------------|-----------------|---------------|----------------------|
| Sales revenue from traded goods | 4 108.16 | 1 327.40 | 15.73 | 0.00 | 5 451.30 |
| EBIT | 32.77 | -6.25 | -12.75 | -23.47 | -9.69 |
| <i>(EBIT margin %)</i> | <i>0.80%</i> | <i>-0.47%</i> | <i>-81.06%</i> | <i>0.00%</i> | <i>-0.18%</i> |
| EBITDA | 100.72 | 52.02 | -10.73 | -20.65 | 121.37 |
| <i>(EBITDA margin %)</i> | <i>2.45%</i> | <i>3.92%</i> | <i>-68.23%</i> | <i>0.00%</i> | <i>2.23%</i> |
| | | | | | |
| 2Q 2019 (PLN m) | Wholesale | Retail | Projects | Others | Total |
| Sales revenue from 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 |
| <i>(EBIT margin %)</i> | <i>2.20%</i> | <i>1.31%</i> | <i>-51.19%</i> | <i>0.00%</i> | <i>1.27%</i> |
| EBITDA | 177.00 | 77.27 | -8.81 | -29.30 | 216.16 |
| <i>(EBITDA margin %)</i> | <i>3.62%</i> | <i>5.16%</i> | <i>-37.86%</i> | <i>0.00%</i> | <i>3.37%</i> |
| | | | | | |
| 3Q 2019 (PLN m) | Wholesale | Retail | Projects | Others | Total |
| Sales revenue from traded goods | 5 086.89 | 1 523.23 | 27.21 | 0.00 | 6 637.34 |
| EBIT | 109.06 | 12.54 | -11.87 | -25.41 | 84.32 |
| <i>(EBIT margin %)</i> | <i>2.14%</i> | <i>0.82%</i> | <i>-43.62%</i> | <i>0.00%</i> | <i>1.27%</i> |
| EBITDA | 177.31 | 73.84 | -9.09 | -22.85 | 219.20 |
| <i>(EBITDA margin %)</i> | <i>3.49%</i> | <i>4.85%</i> | <i>-33.41%</i> | <i>0.00%</i> | <i>3.30%</i> |

Table 6: Eurocash Group: Operating segments results in Q1, Q2 and Q3 2019 (before IFRS16)

| 1Q 2019 (PLN m) | Wholesale | Retail | Projects | Others | Total |
|---------------------------------|------------------|---------------|-----------------|---------------|----------------------|
| Sales revenue from traded goods | 4 108.16 | 1 327.40 | 15.73 | 0.00 | 5 451.30 |
| EBIT | 27.99 | -10.75 | -12.82 | -23.47 | -19.06 |
| <i>(EBIT margin %)</i> | <i>0.68%</i> | <i>-0.81%</i> | <i>-81.51%</i> | <i>0.00%</i> | <i>-0.35%</i> |
| EBITDA | 52.80 | 13.32 | -11.99 | -20.66 | 33.46 |
| <i>(EBITDA margin %)</i> | <i>1.29%</i> | <i>1.00%</i> | <i>-76.23%</i> | <i>0.00%</i> | <i>0.61%</i> |
| | | | | | |
| 2Q 2019 (PLN m) | Wholesale | Retail | Projects | Others | Total |
| Sales revenue from 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 |
| <i>(EBIT margin %)</i> | <i>2.10%</i> | <i>1.02%</i> | <i>-51.50%</i> | <i>0.00%</i> | <i>1.13%</i> |
| EBITDA | 126.82 | 39.34 | -10.36 | -29.31 | 126.49 |
| <i>(EBITDA margin %)</i> | <i>2.60%</i> | <i>2.63%</i> | <i>-44.53%</i> | <i>0.00%</i> | <i>1.97%</i> |
| | | | | | |
| 3Q 2019 (PLN m) | Wholesale | Retail | Projects | Others | Total |
| Sales revenue from traded goods | 5 086.89 | 1 523.23 | 27.21 | 0.00 | 6 637.34 |
| EBIT | 104.68 | 7.94 | -12.04 | -25.41 | 75.16 |
| <i>(EBIT margin %)</i> | <i>2.06%</i> | <i>0.52%</i> | <i>-44.25%</i> | <i>0.00%</i> | <i>1.13%</i> |
| EBITDA | 130.02 | 32.53 | -10.67 | -22.87 | 129.02 |
| <i>(EBITDA margin %)</i> | <i>2.56%</i> | <i>2.14%</i> | <i>-39.21%</i> | <i>0.00%</i> | <i>1.94%</i> |

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

| 1Q 2018 (PLN m) | Wholesale | Retail | Projects | Others | Total |
|---------------------------------|------------------|---------------|-----------------|---------------|----------------------|
| Sales revenue from 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> | <i>0.50%</i> | <i>0.35%</i> | <i>-96.84%</i> | <i>0.00%</i> | <i>-0.14%</i> |
| EBITDA | 46.10 | 19.04 | -10.68 | -14.85 | 39.61 |
| <i>(EBITDA margin %)</i> | <i>1.16%</i> | <i>1.96%</i> | <i>-88.65%</i> | <i>0.00%</i> | <i>0.80%</i> |
| | | | | | |
| 2Q 2018 (PLN m) | Wholesale | Retail | Projects | Others | Total |
| Sales revenue from 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> | <i>1.85%</i> | <i>1.10%</i> | <i>-87.59%</i> | <i>0.00%</i> | <i>1.18%</i> |
| EBITDA | 111.17 | 31.08 | -9.52 | -15.70 | 117.03 |
| <i>(EBITDA margin %)</i> | <i>2.42%</i> | <i>2.79%</i> | <i>-80.45%</i> | <i>0.00%</i> | <i>2.05%</i> |
| | | | | | |
| 3Q 2018 (PLN m) | Wholesale | Retail | Projects | Others | Total |
| Sales revenue from 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> | <i>2.16%</i> | <i>-0.80%</i> | <i>-70.52%</i> | <i>0.00%</i> | <i>0.83%</i> |
| EBITDA | 129.74 | 11.64 | -7.51 | -28.76 | 105.13 |
| <i>(EBITDA margin %)</i> | <i>2.72%</i> | <i>0.82%</i> | <i>-62.32%</i> | <i>0.00%</i> | <i>1.70%</i> |
| | | | | | |
| 4Q 2018 (PLN m) | Wholesale | Retail | Projects | Others | Total |
| Sales revenue from 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> | <i>2.08%</i> | <i>1.52%</i> | <i>-63.14%</i> | <i>0.00%</i> | <i>1.76%</i> |
| EBITDA | 117.05 | 45.67 | -8.80 | 2.93 | 156.85 |
| <i>(EBITDA margin %)</i> | <i>2.69%</i> | <i>3.16%</i> | <i>-58.61%</i> | <i>0.00%</i> | <i>2.70%</i> |

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

| 1Q YTD 2019 (PLN m) | Wholesale | Retail | Projects | Others | Total |
|---------------------------------|------------------|---------------|-----------------|---------------|----------------------|
| Sales revenue from 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> | <i>0.80%</i> | <i>-0.47%</i> | <i>-81.06%</i> | <i>0.00%</i> | <i>-0.18%</i> |
| EBITDA | 100.72 | 52.02 | -10.73 | -20.65 | 121.37 |
| <i>(EBITDA margin %)</i> | <i>2.45%</i> | <i>3.92%</i> | <i>-68.23%</i> | <i>0.00%</i> | <i>2.23%</i> |
| | | | | | |
| 2Q YTD 2019 (PLN m) | Wholesale | Retail | Projects | Others | Total |
| Sales revenue from 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> | <i>1.56%</i> | <i>0.47%</i> | <i>-63.24%</i> | <i>0.00%</i> | <i>0.60%</i> |
| EBITDA | 277.72 | 129.29 | -19.54 | -49.95 | 337.52 |
| <i>(EBITDA margin %)</i> | <i>3.09%</i> | <i>4.58%</i> | <i>-50.10%</i> | <i>0.00%</i> | <i>2.85%</i> |
| | | | | | |
| 3Q YTD 2019 (PLN m) | Wholesale | Retail | Projects | Others | Total |
| Sales revenue from traded goods | 14 081.56 | 4 349.15 | 66.22 | 0.00 | 18 496.92 |
| EBIT | 249.14 | 25.87 | -36.54 | -82.44 | 156.04 |
| <i>(EBIT margin %)</i> | <i>1.77%</i> | <i>0.59%</i> | <i>-55.18%</i> | <i>0.00%</i> | <i>0.84%</i> |
| EBITDA | 455.03 | 203.13 | -28.63 | -72.80 | 556.73 |
| <i>(EBITDA margin %)</i> | <i>3.23%</i> | <i>4.67%</i> | <i>-43.24%</i> | <i>0.00%</i> | <i>3.01%</i> |

Table 9: Eurocash Group: Operating segments results in 2019 YTD (before IFRS16)

| 1Q YTD 2019 (PLN m) | Wholesale | Retail | Projects | Others | Total |
|---------------------------------|------------------|---------------|-----------------|---------------|----------------------|
| Sales revenue from 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> | <i>0.68%</i> | <i>-0.81%</i> | <i>-81.51%</i> | <i>0.00%</i> | <i>-0.35%</i> |
| EBITDA | 52.80 | 13.32 | -11.99 | -20.66 | 33.46 |
| <i>(EBITDA margin %)</i> | <i>1.29%</i> | <i>1.00%</i> | <i>-76.23%</i> | <i>0.00%</i> | <i>0.61%</i> |
| | | | | | |
| 2Q YTD 2019 (PLN m) | Wholesale | Retail | Projects | Others | Total |
| Sales revenue from 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> | <i>1.45%</i> | <i>0.16%</i> | <i>-63.60%</i> | <i>0.00%</i> | <i>0.45%</i> |
| EBITDA | 179.62 | 52.66 | -22.35 | -49.98 | 159.95 |
| <i>(EBITDA margin %)</i> | <i>2.00%</i> | <i>1.86%</i> | <i>-57.32%</i> | <i>0.00%</i> | <i>1.35%</i> |
| | | | | | |
| 3Q YTD 2019 (PLN m) | Wholesale | Retail | Projects | Others | Total |
| Sales revenue from traded goods | 14 081.56 | 4 349.15 | 66.22 | 0.00 | 18 496.92 |
| EBIT | 235.14 | 12.47 | -36.85 | -82.44 | 128.32 |
| <i>(EBIT margin %)</i> | <i>1.67%</i> | <i>0.29%</i> | <i>-55.65%</i> | <i>0.00%</i> | <i>0.69%</i> |
| EBITDA | 309.65 | 85.19 | -33.03 | -72.85 | 288.96 |
| <i>(EBITDA margin %)</i> | <i>2.20%</i> | <i>1.96%</i> | <i>-49.88%</i> | <i>0.00%</i> | <i>1.56%</i> |

Table 8: Eurocash Group: Operating segments results in 2018 YTD (before IFRS16)

| 1Q YTD 2018 (PLN m) | Wholesale | Retail | Projects | Others | Total |
|---------------------------------|------------------|---------------|-----------------|---------------|----------------------|
| Sales revenue from 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> | <i>0.50%</i> | <i>0.35%</i> | <i>-96.84%</i> | <i>0.00%</i> | <i>-0.14%</i> |
| EBITDA | 46.10 | 19.04 | -10.68 | -14.85 | 39.61 |
| <i>(EBITDA margin %)</i> | <i>1.16%</i> | <i>1.96%</i> | <i>-88.65%</i> | <i>0.00%</i> | <i>0.80%</i> |
| | | | | | |
| 2Q YTD 2018 (PLN m) | Wholesale | Retail | Projects | Others | Total |
| Sales revenue from 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> | <i>1.22%</i> | <i>0.75%</i> | <i>-92.26%</i> | <i>0.00%</i> | <i>0.57%</i> |
| EBITDA | 157.27 | 50.13 | -20.20 | -30.55 | 156.64 |
| <i>(EBITDA margin %)</i> | <i>1.84%</i> | <i>2.40%</i> | <i>-84.59%</i> | <i>0.00%</i> | <i>1.47%</i> |
| | | | | | |
| 3Q YTD 2018 (PLN m) | Wholesale | Retail | Projects | Others | Total |
| Sales revenue from 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> | <i>1.56%</i> | <i>0.12%</i> | <i>-84.97%</i> | <i>0.00%</i> | <i>0.66%</i> |
| EBITDA | 287.01 | 61.77 | -27.71 | -59.31 | 261.77 |
| <i>(EBITDA margin %)</i> | <i>2.15%</i> | <i>1.76%</i> | <i>-77.12%</i> | <i>0.00%</i> | <i>1.55%</i> |
| | | | | | |
| 4Q YTD 2018 (PLN m) | Wholesale | Retail | Projects | Others | Total |
| Sales revenue from 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> | <i>1.69%</i> | <i>0.53%</i> | <i>-78.54%</i> | <i>0.00%</i> | <i>0.95%</i> |
| EBITDA | 404.06 | 107.44 | -36.51 | -56.38 | 418.61 |
| <i>(EBITDA margin %)</i> | <i>2.29%</i> | <i>2.17%</i> | <i>-71.67%</i> | <i>0.00%</i> | <i>1.85%</i> |

Cash flow

Table 11: Eurocash Group: Consolidated cash flow for 3Q 2019

| | 3Q 2019 | 3Q 2019 before IFRS16 | 3Q 2018 |
|-------------------------------------|---------------|--------------------------|--------------|
| PLN m | | | |
| Operating cash flow | 263.10 | 177.47 | 115.45 |
| <i>Gross profit (loss)</i> | <i>37.86</i> | <i>57.58</i> | <i>37.24</i> |
| <i>Depreciation</i> | <i>134.88</i> | <i>53.86</i> | <i>53.62</i> |
| <i>Change in working capital</i> | <i>75.36</i> | <i>75.36</i> | <i>20.57</i> |
| <i>Other</i> | <i>15.00</i> | <i>(9.32)</i> | <i>4.01</i> |
| Cash flow from investments | (59.09) | (59.09) | (36.88) |
| Cash flow from financing activities | (244.24) | (158.61) | (74.15) |
| Total cash flow | (40.22) | (40.22) | 4.41 |

Table 12: Eurocash Group: Consolidated cash flow for 3Q YTD 2019

| | 3Q YTD 2019 | 3Q YTD 2019 before IFRS16 | 3Q YTD 2018 |
|-------------------------------------|---------------|------------------------------|----------------|
| PLN m | | | |
| Operating cash flow | 528.02 | 260.26 | 301.13 |
| <i>Gross profit (loss)</i> | <i>56.75</i> | <i>87.73</i> | <i>78.96</i> |
| <i>Depreciation</i> | <i>400.69</i> | <i>160.64</i> | <i>149.73</i> |
| <i>Change in working capital</i> | <i>76.69</i> | <i>76.69</i> | <i>83.42</i> |
| <i>Other</i> | <i>(6.11)</i> | <i>(64.80)</i> | <i>(10.97)</i> |
| Cash flow from investments | (238.86) | (238.86) | (414.57) |
| Cash flow from financing activities | (328.42) | (60.66) | 64.01 |
| Total cash flow | (39.25) | (39.25) | (49.42) |

Total cash flow in 3Q 2019 amounted to PLN -40.22 m, while the operating cash flow reached PLN 263.10 m. Cash flow from investments amounted to PLN -59.09 m and cash flow from financing activities amounted in 3Q 2019 to PLN -244.24 m.

Total cash flow before IFRS16 in 3Q 2019 amounted to PLN -40.22 m, while the operating cash flow reached PLN 177.47 m. Cash flow from investments amounted to PLN -59.09 m and cash flow from financing activities amounted in 3Q 2019 to PLN -158.61 m.

Total cash flow in 3Q YTD 2019 amounted to PLN -39.25 m, while the operating cash flow reached PLN 528.02 m. Cash flow from investments amounted to PLN -238.86 m and cash flow from financing activities amounted in 3Q YTD 2019 to PLN -328.42 m.

Total cash flow before IFRS16 in 3Q YTD 2019 amounted to PLN -39.25 m, while the operating cash flow reached PLN 260.26 m. Cash flow from investments amounted to PLN -238.86 m and cash flow from financing activities amounted in 3Q YTD 2019 to PLN -60.66 m.

Working capital

Table 13: Eurocash Group: Consolidated working capital ratios flow for 3Q 2019

| Turnover in days | 3Q 2019 | 3Q 2019 before IFRS16 | 3Q 2018 |
|-------------------------------|---------|--------------------------|---------|
| 1. Inventories turnover | 18.32 | 18.32 | 20.31 |
| 2. Trade receivables turnover | 20.11 | 20.11 | 24.23 |
| 3. Trade liabilities turnover | (63.39) | (63.39) | (68.84) |
| | | | |
| 4. Operating cycle (1+2) | 38.43 | 38.43 | 44.54 |
| 5. Cash conversion (4+3) | (24.96) | (24.96) | (24.29) |

Table 14: Eurocash Group: Consolidated working capital ratios flow for 3Q YTD 2019

| Turnover in days | 3Q YTD 2019 | 3Q YTD 2019 before IFRS16 | 3Q YTD 2018 |
|-------------------------------|-------------|------------------------------|-------------|
| 1. Inventories turnover | 19.51 | 19.51 | 22.15 |
| 2. Trade receivables turnover | 21.41 | 21.41 | 26.41 |
| 3. Trade liabilities turnover | (67.75) | (67.75) | (74.72) |
| | | | |
| 4. Operating cycle (1+2) | 40.92 | 40.92 | 48.56 |
| 5. Cash conversion (4+3) | (26.82) | (26.82) | (26.16) |

Cash conversion in 3Q 2019 reached -24.96 days comparing with -24.29 days in 3Q 2018. In 3Q YTD 2019 cash conversion cycle amounted to -26.82 days compared to -26.16 days in 3Q YTD 2018. Changes of rotation of each part of working capital was mainly attributable to different sales mix with fast growing Tobacco distribution format.

Statement of the financial position

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

Table 15: Eurocash Group: Selected consolidated balance sheet items

| PLN m | 30.09.2019 | | 31.12.2018 | |
|------------------------------|------------|---------|------------|---------|
| Fixed assets | 4 810.09 | 60.51% | 3 006.01 | 50.01% |
| Current assets | 3 139.15 | 39.49% | 3 004.90 | 49.99% |
| Total assets | 7 949.24 | 100.00% | 6 010.91 | 100.00% |
| | | | | |
| Equity | 918.91 | 11.56% | 1 036.41 | 17.24% |
| Liabilities and provisions | 7 030.32 | 88.44% | 4 974.50 | 82.76% |
| Total liabilities and equity | 7 949.24 | 100.00% | 6 010.91 | 100.00% |

Net debt of Eurocash Group at the end of September 2019 amounted to PLN 2 284.83 m. Before IFRS16 net debt amounted to PLN 520.56 m comparing to PLN 607.98 m at the end of September 2018.

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

Profit & loss account

Table 16: Eurocash S.A.: Summary of financial results for 3Q 2019

| PLN m | 3Q 2019 | 3Q 2019 before IFRS16 | 3Q 2018 | Change % (before IFRS16) |
|--|----------|--------------------------|----------|--------------------------------|
| Sales revenues (traded goods, materials) | 4 039.22 | 4 039.22 | 3 949.98 | 2.26% |
| Gross profit (loss) on sales | 454.59 | 454.59 | 458.55 | -0.86% |
| Gross profitability on sales (%) | 11.25% | 11.25% | 11.61% | -0.35 p.p. |
| EBITDA | 122.87 | 79.90 | 92.72 | -13.82% |
| (EBITDA margin %) | 3.04% | 1.98% | 2.35% | -0.37 p.p. |
| EBIT | 48.48 | 44.54 | 63.82 | -30.21% |
| (EBIT margin %) | 1.20% | 1.10% | 1.62% | -0.51 p.p. |
| Gross profit | 20.69 | 33.61 | 51.28 | -34.45% |
| Net Income | 12.16 | 22.63 | 39.04 | -42.03% |
| (Net profitability %) | 0.30% | 0.56% | 0.99% | -0.43 p.p. |

Table 17: Eurocash S.A.: Summary of financial results for 3Q YTD 2019

| PLN m | 3Q YTD 2019 | 3Q YTD 2019 before IFRS16 | 3Q YTD 2018 | Change % (before IFRS16) |
|--|----------------|------------------------------|----------------|--------------------------------|
| Sales revenues (traded goods, materials) | 11 347.80 | 11 347.80 | 11 064.95 | 2.56% |
| Gross profit (loss) on sales | 1 321.74 | 1 321.74 | 1 280.43 | 3.23% |
| Gross profitability on sales (%) | 11.65% | 11.65% | 11.57% | 0.08 p.p. |
| EBITDA | 319.48 | 190.76 | 231.50 | -17.60% |
| (EBITDA margin %) | 2.82% | 1.68% | 2.09% | -0.41 p.p. |
| EBIT | 109.43 | 96.29 | 144.61 | -33.42% |
| (EBIT margin %) | 0.96% | 0.85% | 1.31% | -0.46 p.p. |
| Gross profit | 55.38 | 72.48 | 122.70 | -40.93% |
| Net Income | 44.98 | 58.83 | 94.35 | -37.64% |
| (Net profitability %) | 0.40% | 0.52% | 0.85% | -0.33 p.p. |

Sales of Eurocash S.A. in 3Q 2019 amounted to PLN 4 039.22 m and increased by 2.26% YoY. In 3Q YTD 2019, sales reached PLN 11 347.80 m compared to PLN 11 064.95 m in 1H 2018, which shows an increase of 2.56%.

Gross margin on sales realized by Eurocash S.A. in 3Q 2019 amounted to 11.25%, 0.35 p.p. lower than in 3Q 2018. In 3Q YTD 2019, gross margin increased by 0.08 p.p. YoY and amounted to 11.65%.

In 3Q 2019 EBITDA of Eurocash S.A. amounted to PLN 122.87 m. In 3Q 2019 EBITDA before IFRS16 amounted to PLN 79.90 m. In 3Q YTD 2019 EBITDA amounted to PLN 319.48 m. In 3Q YTD 2019 EBITDA before IFRS16 amounted to PLN 190.76 m.

The net profit in 3Q 2019 amounted to PLN 12.16 m. The net profit in 3Q 2019 before IFRS16 amounted to PLN 22.63 m. In 3Q YTD 2019 net profit amounted to PLN 44.98 m. Net profit in 3Q YTD 2019 before IFRS16 amounted to PLN 58.83 m.

Cash flow

Table 18: Eurocash S.A.: Cash flow for 3Q 2019

| PLN m | 3Q 2019 | 3Q 2019 before IFRS16 | 3Q 2018 |
|-------------------------------------|---------------|--------------------------|----------------|
| Operating cash flow | 234.51 | 194.66 | 50.38 |
| <i>Gross profit (loss)</i> | <i>20.69</i> | <i>33.61</i> | <i>51.28</i> |
| <i>Depreciation</i> | <i>74.39</i> | <i>35.36</i> | <i>28.90</i> |
| <i>Change in working capital</i> | <i>110.16</i> | <i>110.16</i> | <i>(23.90)</i> |
| <i>Other</i> | <i>29.27</i> | <i>15.52</i> | <i>(5.90)</i> |
| Cash flow from investments | (120.70) | (120.70) | (21.21) |
| Cash flow from financing activities | (147.76) | (107.91) | (30.28) |
| Total cash flow | (33.95) | (33.95) | (1.11) |

Table 19: Eurocash S.A.: Cash flow for 3Q YTD 2019

| PLN m | 3Q YTD 2019 | 3Q YTD 2019 before IFRS16 | 3Q YTD 2018 |
|-------------------------------------|---------------|------------------------------|----------------|
| Operating cash flow | 370.85 | 242.13 | 270.43 |
| <i>Gross profit (loss)</i> | <i>55.38</i> | <i>72.48</i> | <i>122.70</i> |
| <i>Depreciation</i> | <i>210.05</i> | <i>94.47</i> | <i>86.89</i> |
| <i>Change in working capital</i> | <i>102.34</i> | <i>102.34</i> | <i>73.05</i> |
| <i>Other</i> | <i>3.08</i> | <i>(27.16)</i> | <i>(12.20)</i> |
| Cash flow from investments | (246.29) | (246.29) | (366.20) |
| Cash flow from financing activities | (168.70) | (39.98) | 30.25 |
| Total cash flow | (44.14) | (44.14) | (65.52) |

Total cash flow of Eurocash S.A. in 3Q 2019 amounted to PLN -33.95 m and operating cash flow amounted to PLN 234.51 m. Total cash flow of Eurocash S.A. in 3Q 2019 before IFRS16 amounted to PLN -33.95 m and operating cash flow amounted to PLN 194.66 m.

Total cash flow of Eurocash S.A. in 3Q YTD 2019 amounted to PLN -44.14 m and operating cash flow amounted to PLN 370.85 m. Total cash flow of Eurocash S.A. in 3Q YTD 2019 before IFRS16 amounted to PLN -44.14 m and operating cash flow amounted to PLN 242.13 m.

Working capital

Table 20: Eurocash S.A.: Working capital ratios for 3Q 2019

| Turnover in days | 3Q 2019 | 3Q 2019 before IFRS16 | 3Q 2018 |
|-------------------------------|---------|--------------------------|---------|
| 1. Inventories turnover | 18.18 | 18.18 | 19.54 |
| 2. Trade receivables turnover | 26.11 | 26.11 | 29.67 |
| 3. Trade liabilities turnover | (76.77) | (76.77) | (80.95) |
| 4. Operating cycle (1+2) | 44.29 | 44.29 | 49.20 |
| 5. Cash conversion (4+3) | (32.48) | (32.48) | (31.75) |

Table 21: Eurocash S.A.: Working capital ratios for 3Q YTD 2019

| Turnover in days | 3Q YTD 2019 | 3Q YTD 2019 before IFRS16 | 3Q YTD 2018 |
|-------------------------------|-------------|------------------------------|-------------|
| 1. Inventories turnover | 19.20 | 19.20 | 20.70 |
| 2. Trade receivables turnover | 27.58 | 27.58 | 31.42 |
| 3. Trade liabilities turnover | (81.45) | (81.44) | (85.72) |
| | | | |
| 4. Operating cycle (1+2) | 46.78 | 46.78 | 52.12 |
| 5. Cash conversion (4+3) | (34.67) | (34.67) | (33.59) |

Cash conversion of Eurocash S.A. in 3Q 2019 amounted to -32.48 days which is better result compare to the 3Q 2018 -31.75 days. In 3Q YTD 2019 cash conversion amounted to -34.67 days compared to -33.59 days in 3Q YTD 2018.

Statement of the financial position

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

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

| PLN m | 30.09.2019 | | 31.12.2018 | |
|------------------------------|------------|---------|------------|---------|
| Fixed assets | 4 207.80 | 66.65% | 3 222.63 | 60.18% |
| Current assets | 2 105.02 | 33.35% | 2 132.31 | 39.82% |
| Total assets | 6 312.82 | 100.00% | 5 354.94 | 100.00% |
| | | | | |
| Equity | 960.95 | 15.22% | 1 050.87 | 19.62% |
| Liabilities and provisions | 5 351.87 | 84.78% | 4 304.07 | 80.38% |
| Total liabilities and equity | 6 312.82 | 100.00% | 5 354.94 | 100.00% |

4. Definitions of the financial ratios

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

| | |
|--|---------|
| EUROCASH GROUP – CONSOLIDATED QUARTERLY REPORT (3Q 2019) | Page 20 |
| REPORT OF THE MANAGEMENT BOARD | |

5. Major events and factors that influenced consolidated income or loss in 3Q 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, estimated based on current risk and uncertainty expectations, may reach PLN 150 m by 2020. Actual results may differ from those presented here. In addition, 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.

Changes in equity

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

There have been no other major events that influenced Eurocash Group income or loss in 3Q 2019.

6. Development perspectives

External Factors

Growth in the FMCG market and its structure

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

Fuel prices

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

Inflation

Unexpected substantial changes in prices of food, beverages, alcohol and other FMCG products, 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.

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| EUROCASH GROUP – CONSOLIDATED QUARTERLY REPORT (3Q 2019) | Page 21 |
| REPORT OF THE MANAGEMENT BOARD | |

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 segment¹

Eurocash Group continues expansion of the franchise chain Delikatesy Centrum and envisages opening of new Delikatesy Centrum stores to reach 2 400 outlets within next 3-4 years. Expansion of Delikatesy Centrum chain assumes three sources of growth:

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

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

- Average stores size of 350 sqm (selling area),
- Average sales per sqm of app. 15 600 PLN p.a. in newly opened mature own store
- Average EBITDA margin of mature own 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. 1 561 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

¹ The final correctness of forward-looking statements depends on many known and unknown elements of threats and events, various unknowns and other factors that may cause actual results, outcomes or achievements, to differ from those predicted today.

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| EUROCASH GROUP – CONSOLIDATED QUARTERLY REPORT (3Q 2019) | Page 22 |
| REPORT OF THE MANAGEMENT BOARD | |

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, estimated based on current risk and uncertainty expectations, may reach PLN 150 m by 2020. Actual results may differ from those presented here. In addition, 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 quarter of the year.

7. 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 3Q 2019, the traditional distribution channel was a significant form of FMCG retail distribution, representing the share of 40.2%². 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.

² Nielsen Retail Trade Panel, Value sales, period: January - September 2019, Food categories

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.

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 23: 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) |

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|-------------------------------------|---|--|
| 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. fire 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 |
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8. Additional information

Explanations regarding seasonality

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

Issuance, redemption and repayment of debt and capital securities

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

As at September 30th, 2019, the total value of bonds issued by Eurocash was PLN 0.00.

Changes in the basic management principles

In 3Q 2019 there were no major changes in the basic management principles.

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

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

Table 24: Shareholders owning directly or indirectly – through dependent entities – at least 5 % of total number of votes at the general assembly

| | 13.11.2019 | | | | 28.08.2019 | | | |
|--|--------------------|----------------------------|--------------------|--------------------------------|--------------------|----------------------------|--------------------|--------------------------------|
| 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. | 12 800 755 | 9.20% | 12 242 540 | 8.80% | 13 146 900 | 9.45% | 12 582 270 | 9.04% |
| Others | 65 074 753 | 46.76% | 65 632 968 | 47.16% | 64 728 608 | 46.51% | 65 293 238 | 46.92% |
| Total | 139 163 286 | 100.00% | 139 163 286 | 100.00% | 139 163 286 | 100.00% | 139 163 286 | 100.00% |

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

Table 25: 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 | |
|--|---|------------|
| | 13.11.2019 | 28.08.2019 |
| 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 (indirectly)* | 71 050 | 71 050 |
| Przemysław Ciaś | 1 000 | 1 000 |
| Supervisory Board members | | |
| Hans-Joachim Körber | 0 | 0 |
| Jorge Mora | 121 500 | 121 500 |
| Renato Arie | 0 | 0 |
| Francisco José Valente Hipólito dos Santos | 0 | 0 |
| Ewald Raben | 0 | 0 |

*indirectly through person closely related

Information on legal suits

In the 3Q 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.

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| EUROCASH GROUP – CONSOLIDATED QUARTERLY REPORT (3Q 2019) | Page 28 |
| REPORT OF THE MANAGEMENT BOARD | |

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

In the 3Q 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 3Q 2019 companies belonging to Eurocash Group did not execute transactions with related parties otherwise than in the ordinary course of business on an arm's length basis.

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

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

Signatures of Management Board Members:

| Position | Name and surname | Date | Signature |
|--|-----------------------|--------------------------------|-----------|
| Member of the Management Board Financial Director | Jacek Owczarek | 12 th November 2019 | |
| Member of the Management Board Human Resources Director | Katarzyna Kopaczewska | 12 th November 2019 | |