



EUROCASH

CONSOLIDATED QUARTERLY REPORT

1st QUARTER 2020

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 May 2020

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SELECTED CONSOLIDATED FINANCIAL DATA

	Non audited for the period from 01.01.2020 to 31.03.2020 PLN	Non audited for the period from 01.01.2019 to 31.03.2019 PLN	Non audited for the period from 01.01.2020 to 31.03.2020 EUR	Non audited for the period from 01.01.2019 to 31.03.2019 EUR
Sales	5 919 100 672	5 482 936 637	1 369 338 054	1 274 153 336
Operating profit (loss)	(10 409 586)	(9 694 037)	(2 408 177)	(2 252 751)
Profit (loss) before income tax	(65 555 301)	(37 457 359)	(15 165 711)	(8 704 536)
Profit (loss) for the on continued operations	(62 003 921)	(40 163 730)	(14 344 126)	(9 333 457)
Profit (loss) for the period	(62 003 921)	(40 163 730)	(14 344 126)	(9 333 457)
Net cash from operating activities	(39 618 640)	(133 921 884)	(9 165 465)	(31 121 464)
Net cash used in investing activities	(58 619 031)	(123 440 391)	(13 561 058)	(28 685 720)
Net cash used in financing activities	73 296 612	224 694 396	16 956 603	52 215 653
Net change in cash and cash equivalents	(24 941 060)	(32 667 879)	(5 769 921)	(7 591 532)
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)	(0,44)	(0,28)	(0,10)	(0,06)
Diluted EPS (in PLN / EUR)	(0,44)	(0,28)	(0,10)	(0,06)
Average PLN / EUR rate*			4,3226	4,3032
	Non audited as at 31.03.2020 PLN	Non audited as at 31.12.2019 PLN	Non audited as at 31.03.2020 EUR	Non audited as at 31.12.2019 EUR
Assets	8 054 166 830	7 885 006 965	1 769 252 209	1 851 592 571
Non-current liabilities	1 538 329 740	1 560 356 149	337 923 630	366 409 804
Current liabilities	5 644 762 592	5 361 251 600	1 239 980 360	1 258 953 058
Equity	871 074 497	963 399 217	191 348 219	226 229 709
Share capital	139 163 286	139 163 286	30 569 885	32 678 945
Number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Diluted number of shares	141 963 286	141 963 286	141 963 286	141 963 286
Book value per share (in PLN / EUR)	5,79	6,45	1,27	1,51
Diluted book value per share (in PLN / EUR)	5,68	6,32	1,25	1,48
Dividends paid (in PLN / EUR)	-	143 380 084	-	33 669 152
Dividends paid per share (in PLN / EUR)	-	1,03	-	0,24
PLN / EUR rate at the end of the period**			4,5523	4,2585

* Profit and loss items and cash flow items calculated on basis at a weighted average rate announced by the National Bank of Poland for 1Q 2020 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.

EUROCASH S.A. GROUP

CONDENSED INTERIM

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2020 TO 31 MARCH 2020

TRANSLATORS' EXPLANATORY NOTE

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

KOMORNIKI, 12TH May 2020

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-31.03.2020	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 2020 to 31 March 2020.

The consolidated statement of financial position has been prepared as at 31 March 2020 and the comparative figures are presented as at 31 December 2019.

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

2. BODIES OF THE PARENT ENTITY

2.1. MANAGEMENT BOARD OF THE PARENT ENTITY

As at 31 March 2020 the Parent Entity's Management Board consisted of the following members:

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

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
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2.2. SUPERVISORY BOARD OF THE PARENT ENTITY

As at 31 March 2020 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

According to the resolution of 18 December 2019, Noel Collett was appointed as a Member of the Management Board with effect on 1 January 2020.

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

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 01.01. TO 31.03.2020

	Non audited 1 Quarter for the period from 01.01.2020 to 31.03.2020	Non audited 1 Quarter for the period from 01.01.2019 to 31.03.2019
Sales	5 919 100 672	5 482 936 637
Sales of goods	5 886 808 927	5 451 297 162
Sales of services	30 169 031	30 311 293
Sales of materials	2 122 714	1 328 182
Costs of sales	(5 131 480 390)	(4 771 436 382)
Costs of goods sold	(5 129 513 147)	(4 770 139 851)
Costs of materials sold	(1 967 243)	(1 296 531)
Gross profit (loss)	787 620 282	711 500 255
Selling expenses	(707 769 567)	(628 902 211)
General and administrative expenses	(88 085 526)	(94 508 028)
Profit (loss) on sales	(8 234 811)	(11 909 983)
Other operating income	16 496 740	19 623 774
Other operating expenses	(18 671 515)	(17 407 828)
Operating profit (loss)	(10 409 586)	(9 694 037)
Financial income	9 354 718	7 380 958
Financial costs	(63 614 617)	(34 617 743)
Share in profits (losses) of equity accounted investees	(885 816)	(526 538)
Profit (loss) before tax	(65 555 301)	(37 457 359)
Income tax expense	3 551 380	(2 706 371)
Profit (loss) for the period	(62 003 921)	(40 163 730)
Attributable to:		
Owners of the Company	(60 646 635)	(38 907 826)
Non-controlling interests	(1 357 285)	(1 255 904)
EARNINGS PER SHARE		
	PLN / share	PLN / share
Profit (loss) attributable to Owners of the Company	(60 646 635)	(38 907 826)
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	(0,44)	(0,28)
- diluted	(0,44)	(0,28)

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM
01.01. TO 31.03.2020**

	Non audited 1 Quarter for the period from 01.01.2020 to 31.03.2020	Non audited 1 Quarter for the period from 01.01.2019 to 31.03.2019
Profit (loss) for the period	(62 003 921)	(40 163 730)
Other comprehensive income for the period	(17 233 131)	1 409 907
Items that may be subsequently reclassified to profit or loss:		
- The result on hedge accounting with the tax effect:	(17 233 131)	1 409 907
Total comprehensive income for the period	(79 237 051)	(38 753 823)
Total Income		
Owners of the Company	(77 879 766)	(37 497 918)
Non-controlling interests	(1 357 285)	(1 255 904)
Total comprehensive income for the period	(79 237 051)	(38 753 823)

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31.03.2020

	Non audited as at 31.03.2020	as at 31.12.2019
Assets		
Non-current assets (long-term)	4 856 807 007	4 912 607 709
Goodwill	1 850 000 695	1 850 000 695
Intangible assets	332 255 820	323 905 814
Property, plant and equipment	758 578 797	766 197 929
Right of use assets	1 740 071 152	1 801 034 427
Investment property	937 482	941 407
Investments in equity accounted investees	23 733 640	24 619 456
Other long-term investments	7 082 090	7 064 491
Long-term receivables	11 649 831	14 324 673
Deferred tax assets	130 628 253	122 904 027
Other long-term prepayments	1 869 247	1 614 790
Current assets (short-term)	3 197 359 823	2 972 399 256
Inventories	1 472 152 358	1 271 273 085
Trade receivables	1 399 113 705	1 404 893 545
Current tax receivables	881 216	808 002
Other short-term receivables	154 066 967	111 963 366
Other short-term financial assets	2 355 464	2 933 505
Short-term prepayments	47 061 312	33 857 892
Cash and cash equivalents	121 728 801	146 669 860
Total assets	8 054 166 830	7 885 006 965

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31.03.2020

	Non audited as at 31.03.2020	as at 31.12.2019
<i>Equity and liabilities</i>		
Equity	871 074 497	963 399 217
Equity attributable to Owners of the Company	806 014 380	896 981 814
Share capital	139 163 286	139 163 286
Reserve capital	597 211 965	596 712 165
Valuation equity of hedging transactions	(22 560 819)	(5 327 688)
Option for purchase/selling the shares	(80 530 440)	(69 761 777)
Retained earnings	172 730 388	236 195 828
Accumulated profit / loss from previous years	233 377 023	166 333 791
Profit (loss) for the period	(60 646 635)	69 862 037
Non-controlling interests	65 060 118	66 417 403
Liabilities	7 183 092 333	6 921 607 748
Non-current liabilities	1 538 329 740	1 560 356 149
Other long-term financial liabilities	7 616 220	70 671
Long-term lease liabilities	1 507 023 734	1 527 021 294
Other long-term liabilities	3 579 308	4 132 977
Deferred tax liabilities	10 837 358	19 806 994
Employee benefits	7 458 121	7 344 214
Provisions	1 815 000	1 980 000
Current liabilities	5 644 762 592	5 361 251 600
Loans and borrowings	822 045 795	648 790 562
Other short-term financial liabilities	33 733 622	21 098 739
Short-term lease liabilities	288 970 959	297 625 204
Trade payables	3 904 641 835	3 794 789 276
Current tax liabilities	17 435 644	49 233 587
Other short-term payables	194 528 769	191 296 725
Current employee benefits	164 274 824	147 720 291
Provisions	219 131 144	210 697 215
Total equity and liabilities	8 054 166 830	7 885 006 965
BOOK VALUE PER SHARE		

	Non audited as at 31.03.2020	as at 31.12.2019
Equity attributable to Owners of the Company	806 014 380	896 981 814
Number of shares	139 163 286	139 163 286
Diluted number of shares	141 963 286	141 963 286
Book value per share	5,79	6,45
Diluted book value per share	5,68	6,32

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 01.01. TO 31.03.2020

	Non audited 1 Quarter for the period from 01.01.2020 to 31.03.2020	Non audited 1 Quarter for the period from 01.01.2019 to 31.03.2019
<i>Cash flow from operating activities</i>		
Profit (loss) before tax	(65 555 301)	(37 457 359)
Adjustments for:	192 118 594	171 152 477
Depreciation and amortization	136 573 933	131 060 008
Share in profits (losses) of equity accounted investees	885 816	526 538
Valuation of motivational program	499 800	1 470 000
Gain (loss) on sale of property, plant and equipment	(2 990 336)	10 071 450
Profit (loss) on exchange rates	25 496 427	-
Interest expenses	33 576 789	30 241 720
Interest received	(1 923 835)	(2 217 238)
Operating cash before changes in working capital	126 563 292	133 695 118
Changes in inventory	(200 879 273)	(187 566 502)
Changes in receivables	(34 683 678)	(70 746 496)
Changes in payables	122 803 695	34 363 156
Changes in provisions and employee benefits	9 574 630	(17 228 183)
Other adjustments	(267 901)	(477 757)
Operating cash	23 110 766	(107 960 666)
Interest received	1 187 826	902 762
Interest paid	(21 427 502)	(20 352 001)
Income tax paid	(42 489 730)	(6 511 979)
Net cash from operating activities	(39 618 640)	(133 921 884)
<i>Cash flow from investing activities</i>		
Aquisition of intangible assets	(22 781 422)	(11 169 311)
Proceeds from sale of intangible assets, property, plant and equipment	-	653 294
Aquisition of property, plant and equipment tangible fixed assets	(42 186 718)	(45 056 642)
Proceeds from sale of property, plant and equipment	8 215 327	2 119 623
Income/expenses on other short-term financial assets	-	(3 628 000)
Aquisition of subsidiaries, net of cash acquired	-	(67 611 536)
Loans granted	(2 624 682)	-
Interest received	758 463	1 252 181
Net cash used in investing activities	(58 619 031)	(123 440 391)
<i>Cash flow from financing activities</i>		
Financing for franchisees	(1 323 240)	1 664 640
Proceeds from loans and borrowings	173 599 642	315 806 604
Income/expenses for liabilities from financial leasing	(75 936 683)	(71 919 521)
Other interests	(17 086 382)	(17 689 044)
Interests on loans and borrowings	(5 956 726)	(3 168 283)
Net cash used in financing activities	73 296 612	224 694 396
Net change in cash and cash equivalents	(24 941 060)	(32 667 879)
Cash and cash equivalents at the beginning of the period	146 669 860	196 558 852
Cash and cash equivalents at the end of the period	121 728 801	163 890 973

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 01.01. TO 31.03.2020

	Share capital	Reserve capital	Option for purchase/selling the shares	Hedge reserve	Retained earnings	Equity attributable to Owners of the Company	Non-controlling interests	Total
<i>Changes in equity in the period from 01.01 to 31.03.2019 - non audited</i>								
Balance as at 01.01.2019 after changes	139 163 286	594 118 608	(57 363 613)	(7 638 430)	306 758 023	975 037 874	61 370 645	1 036 408 518
Total comprehensive income for the reporting period								
Owners of the Company	-	-	-	-	(38 907 826)	(38 907 826)	-	(38 907 826)
Non-controlling interests	-	-	-	-	-	-	(1 255 904)	(1 255 904)
Net profit presented directly in equity	-	-	-	1 409 907	-	1 409 907	-	1 409 907
Total comprehensive income for the period from 01.01. to 31.03.2019	-	-	-	1 409 907	(38 907 826)	(37 497 918)	(1 255 904)	(38 753 823)
Valuation of motivational program for employees	-	1 470 000	-	-	-	1 470 000	-	1 470 000
Other	-	-	9 076 292	-	-	9 076 292	-	9 076 292
Total contributions by and distributions to Owners of the Company	-	1 470 000	9 076 292	-	-	10 546 292	-	10 546 292
Balance as at 31.03.2019	139 163 286	595 588 608	(48 287 321)	(6 228 522)	267 850 197	948 086 247	60 114 740	1 008 200 988
<i>Changes in equity in the period from 01.01 to 31.03.2020 - non audited</i>								
Balance as at 01.01.2020	139 163 286	596 712 165	(69 761 777)	(5 327 688)	236 195 828	896 981 814	66 417 403	963 399 217
Total comprehensive income for the reporting period								
Owners of the Company	-	-	-	-	(60 646 635)	(60 646 635)	-	(60 646 635)
Non-controlling interests	-	-	-	-	-	-	(1 357 285)	(1 357 285)
Other comprehensive income	-	-	-	(17 233 131)	-	(17 233 131)	-	(17 233 131)
Total comprehensive income for the period from 01.01. to 31.03.2020	-	-	-	(17 233 131)	(60 646 635)	(77 879 766)	(1 357 285)	(79 237 051)
Equity-settled share-based payment transactions	-	499 800	-	-	-	499 800	-	499 800
Option for purchase/selling the shares	-	-	(10 768 663)	-	-	(10 768 663)	-	(10 768 663)
Other	-	-	-	-	(2 818 805)	(2 818 805)	-	(2 818 805)
Total contributions by and distributions to Owners of the Company	-	499 800	(10 768 663)	-	(2 818 805)	(13 087 668)	-	(13 087 668)
Balance as at 31.03.2020	139 163 286	597 211 965	(80 530 440)	(22 560 819)	172 730 388	806 014 380	65 060 118	871 074 497

Condensed interim consolidated financial statements of EUROCASH Group.			
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SUPPLEMENTARY INFORMATION TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2020 TO 31.03.2020

1. GENERAL INFORMATION

1.1. ISSUE OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

According to the resolution of the Management Board dated 12 May 2020, the consolidated financial statements of Eurocash Group for the period from 1 January 2020 to 31 March 2020 were authorized for publication.

According to the information included in the report no. 1/2020 dated 10 January 2020 sent to the Polish Financial Supervision Authority, Eurocash S.A. issues its interim consolidated financial statements on 13 May 2020.

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 2019, 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 judgments 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.

As at 31 March 2020, 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 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

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
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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.

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 2019, excluding the application of new or amended standards and interpretations applicable to annual periods beginning on 1 January 2020 and later.

1.6. INFORMATION ABOUT THE PARENT ENTITY AND THE GROUP

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

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

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

Eurocash Group comprises Eurocash S.A. and subsidiaries.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
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Entities comprising the Eurocash capital group and associates as at 31.03.2020

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:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Entities comprising the Eurocash capital group and associates as at 31.03.2020 (continued)

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

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Entities comprising the Eurocash capital group and associates as at 31.03.2020 (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 Convenience Sp. z o.o.	Kontigo Sp. z o.o.	Inmedio Sp. z o.o.	Eurocash VC3 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. Al.Jerozolimskie 174 02-486 Warszawa	ul. Taśmowa 7 02-677 Warszawa
core of activity	PKD 6419Z	PKD 8299Z	PKD 7740Z	PKD 4639Z	PKD 7010Z	PKD 7010Z	PKD 4617Z	PKD 7740Z
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 0000509266	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000510241	District Court Warszawa, XII Commercial Division of the National Court Register KRS 0000525507	District Court Warszawa, XIII Commercial Division of the National Court Register KRS 0000560795
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	05.03.2014	17.04.2014	01.12.2014	11.05.2015
ownership interest	100%	100%	66,61%	100%	100%	100%	51%	100%
voting rights (in %)	100%	100%	71,17%	100%	100%	100%	51%	100%

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Entities comprising the Eurocash capital group and associates as at 31.03.2020 (continued)

No	25	26	27	28	29	30	31	32
Unit	ABC na kołach Sp. z o.o.	Duży Ben Sp. z o.o.	Firma Rogala Sp. z o.o.	4Vapers Sp. z o.o.	Eurocash Food Sp. z o.o.	Platforma Innowacji Handlu Sp. z o.o.	Sushi 2 go Sp. z o.o.	Detal Finanse Sp. z o.o.
address	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. Pola Karolińskie 4 02-401 Warszawa	ul. Wiśniowa 11 62-052 Komorniki
core of activity	PKD 5621Z	PKD 4711Z	PKD 4711Z	PKD 4635Z	PKD 7022Z	PKD 1013Z	PKD 8299Z	PKD 6920Z
registration court	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 Warszawa, XII Commercial Division of the National Court Register KRS 0000605658	District Court Warszawa, XII Commercial Division of the National Court Register KRS 0000492021	District Court Warszawa, XIII Commercial Division of the National Court Register KRS 0000584888	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000618542
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	29.12.2015	22.07.2015	29.01.2016	20.06.2016	04.05.2015	22.06.2016	22.06.2016	15.03.2016
ownership interest	100%	100%	50%	100%	100%	100%	74%	100%
voting rights (in %)	100%	100%	50%	100%	100%	100%	74%	100%

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Entities comprising the Eurocash capital group and associates as at 31.03.2020 (continued)

No	33	34	35	36	37	38	39	40
Unit	Polska Dystrybucja Alkoholi Sp. z o.o.	ECA Detal Sp. z o.o.	FHC-2 Sp. z o.o.	Madas Sp. z o.o.	Akademia Umiejętności Eurocash Sp. z o.o.	Eko Holding S.A. w likwidacji	Delikatesy Centrum Sp. z o.o.	EC VC7 Sp. z o.o.
address	ul. Hubla 40,Wola Zaradzyńska 95-054 Ksawerów	ul. Sempołowskiej 4 95-200 Pabianice	Ul Tysiąclecia 1 38- 400 Krosno	Ul Tysiąclecia 1 38- 400 Krosno	ul .Wiśniowa 11 62-052 Komorniki	ul. R. Chomicza 13C Nowa Wieś Wrocławska 55-080 Kały Wrocławskie	ul .Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki
core of activity	PKD 4634A	PKD 4725Z	PKD 4711Z	PKD 4711Z	PKD 8559B	PKD 4690Z	PKD 4711Z	PKD 4690Z
registration court	District Court Łódź - Śródmieście in Łódź, XX Commercial Division of the National Court Register KRS 0000124474	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	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
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	30.12.2016	30.12.2016	16.12.2016	16.12.2016	18.01.2017	04.01.2017	04.01.2017	18.01.2017
ownership interest	100%	100%	50%	50%	100%	100%	100%	100%
voting rights (in %)	100%	100%	50%	50%	100%	100%	100%	100%

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Entities comprising the Eurocash capital group and associates as at 31.03.2020 (continued)

No	41	42	43	44	45	46	47	48
Unit	Cerville Investments Sp. z o.o.	Investpol700 Koja-Invest spółka z ograniczoną odpowiedzialnością sp.j.	Mila Holding S.A.	Koja-Invest Sp. z o.o.	Domelius Limited	ABC Sp. z o.o.	Groszek Sp. z o.o.	Partner Sp. z o.o.
address	ul. Czerniowieckiej 2B 02.705 Warszawa	ul. Świętokrzyska 22 88-100 Inowrocław	ul. Świętokrzyska 22 88-100 Inowrocław	os. Na Stoku 1 31-701 Kraków	43 Demostheni Severi Avenue Nicosia, 1080 Cyprus	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki	Os. Armii Krajowej 6a 87-600 Lipno
core of activity	PKD 4110Z	PKD 6820Z	PKD 6420Z	PKD 4711Z	-	PKD 7490Z	PKD 7490Z	PKD 4711Z
registration court	District Court Warszawa, XIII Commercial Division of the National Court Register KRS 0000495219	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	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
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	13.12.2017	29.05.2018	29.05.2018	29.05.2018	29.05.2018	18.07.2018	18.07.2018	01.03.2019
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:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Entities comprising the Eurocash capital group and associates as at 31.03.2020 (continued)

No	49	50	51	52
Unit	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	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 7022Z	PKD 7022Z	PKD 7022Z	PKD 4711Z
registration court	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
applied consolidation method	Full	Full	Full	Full
date of aquisition	07.06.2019	07.06.2019	07.06.2019	20.08.2019
ownership interest	100%	100%	100%	100%
voting rights (in %)	100%	100%	100%	100%

On 02.03.2020, there was a merger of company Delikatesy Centrum Sp. z o.o. (acquiring company) with Delikatesy Centrum Sklepy Sp. z o.o. (company being acquired).

On 20.03.2020, Delikatesy Centrum Podlasie Sp. z o.o. changed its name into Platforma Innowacji Handlu Sp. z o.o.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-31.03.2020</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

Entities comprising the Eurocash capital group and associates as at 31.03.2020

No	1	2
Unit	FRISCO S.A.	Partnerski Serwis Detaliczny S.A.
address	ul. Grochowska 306/ 308 03-840 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%

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

1.7. GOING CONCERN ASSUMPTION

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

As at 31 March 2020, there was a surplus of the Group's current liabilities over its current assets in the amount of PLN 2.45 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, 31 March 2020, the terms of loan agreements were not broken. In addition, as at the balance sheet date, 31 March 2020, the Group also has unused credit limits in the amount of PLN 182.079.617.

2. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2020 TO 31.03.2020

NOTE 1. 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., 4vapors 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. w likwidacji, Investpol 700 Koja-Invest sp. z o.o. sp.j., and Mila Holding S.A., Domelius Limited, Koja-Invest Sp. z o.o., Partner Sp. z o.o., Platforma Innowacji Handlu Sp. z o.o., Podlaskie Delikatesy Centrum Sp. z o.o., Delikatesy Centrum 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.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

- *Other* – sales realized by Eurocash Trade 2 Sp. z o.o., Eurocash VC3 Sp. z o.o. Detal Finanse Sp. z o.o., Akademia Umiejętności Eurocash Sp. z o.o. and the Group's general and administrative expenses not allocated to any operating segment.

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

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

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

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Basic information about each reportable segment is shown below.

REVENUES AND PROFITS BY BUSINESS SEGMENTS IN THE PERIOD FROM 01 JANUARY 2020 TO 31 MARCH 2020

	Wholesale	Retail	Projects	Other	Exclusions	Total
Sales	4 786 792 082	2 086 874 901	38 726 819	1 510 903	(994 804 032)	5 919 100 672
External sales of goods	4 362 310 036	1 486 458 309	38 040 582	-	-	5 886 808 927
Other external sales	10 861 788	21 256 490	132 002	41 465	-	32 291 745
Inter-segmental sales	413 620 258	579 160 102	554 235	1 469 438	(994 804 032)	-
Operating profit (loss)	45 793 631	(6 077 841)	(18 703 587)	(31 421 788)	-	(10 409 586)
Finance income						9 354 718
Finance costs						(63 614 617)
Share in losses of companies consolidated with the equity method						(885 816)
Profit (loss) before income tax						(65 555 301)
Income tax						3 551 380
Net profit (loss)						(62 003 921)

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

REVENUES AND PROFITS BY BUSINESS SEGMENTS IN THE PERIOD FROM 01 JANUARY 2019 TO 31 MARCH 2019

	Wholesale	Retail	Projects	Other	Exclusions	Total
Sales	4 494 010 007	1 622 997 776	16 776 328	1 274 379	(652 121 853)	5 482 936 637
External sales of goods	4 108 163 164	1 327 404 434	15 729 565	-	-	5 451 297 162
Other external sales	11 070 508	20 070 464	426 298	72 205	-	31 639 475
Inter-segmental sales	374 776 336	275 522 878	620 465	1 202 174	(652 121 853)	-
Operating profit (loss)	32 772 630	(6 247 013)	(12 750 106)	(23 469 548)	-	(9 694 037)
Finance income						7 380 958
Finance costs						(34 617 743)
Share in losses of companies consolidated with the equity method						(526 538)
Profit (loss) before income tax						(37 457 359)
Income tax						(2 706 371)
Net profit (loss)						(40 163 730)

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTE 2. EXPLANATIONS TO CONSOLIDATED INCOME STATEMENT

Financial costs

The increase in financial costs in the 1Q 2020 in comparison to 1Q 2019 was mainly due to valuation of liabilities in foreign currencies in relation to the application of IFRS 16 (the impact of IFRS 16 on consolidated financial costs in 1Q 2020 was PLN 25.4 m).

Income tax

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

	for the period from 01.01.2020 to 31.03.2020	for the period from 01.01.2019 to 31.03.2019
Profit (loss) before tax	(65 555 301)	(37 457 359)
Income tax expense	3 551 380	(2 706 371)
Profit (loss) for the period	(62 003 921)	(40 163 730)
% tax rate (effective)	-5,4%	7,2%
Differences:		
Fixed costs not constituting tax deductible costs	-4 111 003	-2 167 888
Impact of tax loss assets	-4 711 074	-7 652 561
Other	-89 813	10 637
Profit (loss) before tax	(65 555 301)	(37 457 359)
Income tax expense	12 463 270	7 103 441
Profit (loss) for the period	(53 092 031)	(30 353 918)
% tax rate (effective)	-19%	-19%

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 31 March 2020, the value of balances covered by the supplier financing program was recognized in the amount of PLN 1,858,450,255 while as at 31 December 2019 the corresponding value of balances was PLN 1,806,000,577.

NOTE 3. 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:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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

CONTINGENTIES AS AT 31 MARCH 2020

				as at	as at
Beneficiary	Title	Currency		31.03.2020	31.12.2019
1	Bank 1	Surety for the obligations due to the "Franchise partners financing program" for the Franchisee Delikatesy Centrum"	PLN	1 216 438	1 808 658
2	Bank 2	Surety for finance liabilities of Frisco S.A.	PLN	29 021 975	31 433 278
				30 238 413	33 241 936

* debt value as at balance sheet date

BANK GUARANTEES AS AT 31 MARCH 2020 - SECURITIES FOR RENT LIABILITIES

			as at	as at	
The Issuer	Title	Currency	31.03.2020	31.12.2019	
1	Bank 1	Security of rent liabilities	PLN	124 602 000	129 372 000
2	Bank 2	Security of rent liabilities *	PLN	21 830 324	20 421 421
3	Bank 3	Security of excise duty	PLN	620 100	620 100
4	Bank 4	Security for using of the national roads	PLN	500 000	500 000
5	Bank 5	Security of the liabilities of the promotion lottery	PLN	10 947 071	10 471 836
6	Bank 6	Security of payments to suppliers *	PLN	40 477 564	37 514 875
7	Bank 7	Security of payments to suppliers	PLN	1 242 616	2 032 132
			200 219 675	200 932 363	

* - Guarantee in EUR is translated into PLN at the average exchange rate of NBP:
as at 31.03.2020: 1 EUR = 4,5523 PLN
as at 31.12.2019: 1 EUR = 4,2585 PLN

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

COLLATERALS

SECURITIES RELATED TO ASSETS AS AT 31 MARCH 2020

Title	Secured property	as at 31.03.2020	as at 31.12.2019
Security on the credit line agreement *	Pledge on inventories of Eurocash S.A.	90 000 000	90 000 000
Securing a framework agreement to provide bank guarantees *	Pledge on inventories of Eurocash Serwis Sp. z o.o.	100 000 000	100 000 000
Security on the credit line agreement *	Pledge on inventories of Eurocash S.A.	88 000 000	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	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	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	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	7 208 668	7 766 381
		306 555 968	307 113 681

* security nominal value

** update of the financial leasing items

NOTE 5.

FAIR VALUE OF FINANCIAL INSTRUMENTS

As at 31 March 2020, the fair value of financial instruments approximated their carrying value. The Group implements interest rate risk security instruments (IRS), which are measured at their fair value. For these IRSs, the fair value was qualified to level 2 of the hierarchy - fair value is determined based on the values observed on the market yet not being direct market quotes (e.g. determined by direct or indirect reference to similar instruments existing on the market). In connection with the applied hedge accounting, the effect of valuation is recognized in other comprehensive income.

NOTE 6.

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.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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

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

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

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

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

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

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

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

On 28 February 2018, the Head of the Customs and Revenue Office for Wielkopolska Region in Poznań initiated an audit of corporate income tax for 2016. As at 12 May, the audit was not completed.

On 17 December 2019, the Head of the Customs and Revenue Office for Wielkopolska Region in Poznań initiated a customs and tax audit in the area of corporate income tax for 2014 and 2015. As at 12 May 2020, the above-mentioned controls were not completed

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTE 7.

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.

On 6 April 2020, the prosecutor of the Regional Prosecutor's Office in Poznań in the case of RP II Ds. 4.2016, issued pursuant to art. 24 § 1 of the Fiscal Penal Code, decision to draw Eurocash S.A. to liability in the event of a fine for threatening a former employee of the Company and the obligation to return the financial benefit. Following this decision, the prosecutor, on the same day, issued a decision to secure on Eurocash's property the execution of a potential judgment against a former employee. The security was made by seizing the amount of PLN 65,889,015, which previously - on 24 August 2017 - was paid by the Company to the bank account of the Head of the First Wielkopolski Tax Office in Poznań.

NOTE 8.

SIGNIFICANT EVENTS DURING THE PERIOD COVERED BY THE FINANCIAL STATEMENTS

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

NOTE 9.

IMPORTANT EVENTS AFTER THE PERIOD COVERED BY THE FINANCIAL STATEMENTS

Change in ownership as a result of which the entity has become a holder of shares representing less than 5% of the total number of votes at the Company's General Meeting

Eurocash S.A. announces that it received from the Azvalor Asset Management S.G.I.I.C. S.A., information that in connection with a transactions executed on the regulated market on the Warsaw Stock Exchange on 20th March 2020 regarding the sale of Eurocash ordinary bearer shares by Azvalor, became the holder of shares providing less than 5% of the total number of votes at the Eurocash S.A. General Meeting.

After the settlement of the above mentioned transactions, the funds managed by Azvalor hold 6 766 727 Eurocash shares, which represent a 4.86% stake in the Company's share capital and 4.86% of the total number of votes at the Eurocash S.A. General Meeting.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

COVID-19

In March 2020, SARS-CoV-2 coronavirus and its disease, referred to as the COVID-19, has started to spread out as a pandemic. Due to this fact, a number of preventive actions were taken to limit the spread in many countries, Poland among them. In the second half of March 2020, bans and restrictions has been introduced, among others, on conducting certain types of businesses, while recommending staying at home and working remotely. As of today, due to stabilization of the situation, previously recommended bans and restrictions are gradually eased. However, there is uncertainty about the future outcomes from COVID-19. Therefore, the Eurocash Group constantly monitors the situation and complies with the recommendations of the Chief Sanitary Inspector and other authorities in Poland. The Group's activities to date have focused primarily on introducing recommendations of sanitary services aimed at limiting the spread of COVID-19 and ensuring, to the greatest extent possible, the safety of employees while allowing them uninterrupted work. Subsequently, the Eurocash Group focused on minimizing the effects of the negative impact of COVID-19, primarily in terms of sales. The costs incurred by the Group to date related to the COVID-19 pandemic were in the area of HR and administration. They were associated with temporarily higher salary costs for employees and the purchase of personal protective equipment intended for them. In addition, in connection with the COVID-19 pandemic, the Eurocash Group recorded an increase in sales in the retail segment and in wholesale segments that cooperate with independent and franchise stores. At the same time, Eurocash Group recorded a decrease in sales in the Horeca segment, as well as in Kontigo and Inmedio formats.

The possible development of an epidemic in Poland may have a negative impact on the Group's operating activities and the production capacity of suppliers or the volume of sales of recipients. Considering the above-mentioned circumstances, the Management Board of Eurocash Group has analyzed the possible impact of the indicated situation on the financial results of the Group. Based on the analysis carried out, the Management Board did not identify any threats to the Group's functioning in the future. The analysis has been prepared in accordance with the best knowledge, however the magnitude and effects of COVID-19 are being impossible to quantify fully as of today and depend on factors that are beyond the influence and control of the Eurocash Group.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-31.03.2020	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 May 2020	
Management Board Member Financial Director	Jacek Owczarek	12 th May 2020	

SELECTED SEPARATE FINANCIAL DATA

	Non audited for the period from 01.01.2020 to 31.03.2020 PLN	Non audited for the period from 01.01.2019 to 31.03.2019 PLN	Non audited for the period from 01.01.2020 to 31.03.2020 EUR	Non audited for the period from 01.01.2019 to 31.03.2019 EUR
Sales	3 743 537 386	3 378 810 577	866 038 353	785 185 577
Operating profit (loss)	588 449	8 128 280	136 133	1 888 892
Profit (loss) before income tax	(42 900 084)	(11 692 799)	(9 924 602)	(2 717 233)
Profit (loss) for the on continued operations	(37 275 913)	(10 523 824)	(8 623 494)	(2 445 581)
Profit (loss) for the period	(37 275 913)	(10 523 824)	(8 623 494)	(2 445 581)
Net cash from operating activities	(108 992 906)	(114 485 783)	(25 214 664)	(26 604 802)
Net cash used in investing activities	(30 902 234)	(107 374 444)	(7 148 992)	(24 952 232)
Net cash used in financing activities	151 069 199	196 837 461	34 948 688	45 742 113
Net change in cash and cash equivalents	11 174 058	(25 022 766)	2 585 032	(5 814 921)
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)	(0,27)	(0,08)	(0,06)	(0,02)
Diluted EPS (in PLN / EUR)	(0,27)	(0,08)	(0,06)	(0,02)
Average PLN / EUR rate*			4,3226	4,3032
	as at 31.03.2020 PLN	as at 31.12.2019 PLN	as at 31.03.2020 EUR	as at 31.12.2019 EUR
Assets	6 674 920 620	6 600 468 248	1 466 274 327	1 549 951 449
Non-current liabilities	803 284 869	828 307 997	176 456 927	194 506 985
Current liabilities	4 841 547 812	4 688 063 068	1 063 538 829	1 100 871 919
Equity	1 030 087 939	1 084 097 183	226 278 571	254 572 545
Share capital	139 163 286	139 163 286	30 569 885	32 678 945
Number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Diluted number of shares	141 963 286	141 963 286	141 963 286	141 963 286
Book value per share (in PLN / EUR)	7,40	7,79	1,63	1,83
Diluted book value per share (in PLN / EUR)	7,26	7,64	1,59	1,79
Dividends paid (in PLN / EUR)	-	139 163 286	-	32 678 945
Dividends paid per share (in PLN / EUR)	-	1,00	-	0,23
PLN / EUR rate at the end of the period**			4,5523	4,2585

* Profit and loss items and cash flow items calculated on basis at a weighted average rate announced by the National Bank of Poland for 1Q 2020 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.

EUROCASH S.A.

CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2020 TO 31 MARCH 2020

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 May 2020

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-31.03.2020	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 2020 to 31 March 2020.

The separate statement of financial position has been prepared as at 31 March 2020 and the comparative data has been prepared as at 31 December 2019.

2. BODIES OF THE COMPANY

2.1. MANAGEMENT BOARD

As at 31 March 2020 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,
Noel Collett – Member of the Management Board.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-31.03.2020</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

2.2. SUPERVISORY BOARD

As at 31 March 2020 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

According to the resolution of 18 December 2019, Noel Collett was appointed as a Member of the Management Board with effect on 1 January 2020.

There were no changes in the Supervisory Board till balance sheet date.

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-31.03.2020	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 01.01.2020 TO 31.03.2020

	Non audited 1 Quarter for the period from 01.01.2020 to 31.03.2020	Non audited 1 Quarter for the period from 01.01.2019 to 31.03.2019
Sales	3 743 537 386	3 378 810 577
Sales of goods	3 734 322 497	3 361 532 867
Sales of services	9 214 890	17 277 710
Costs of sales	(3 325 052 216)	(2 986 002 129)
Costs of goods sold	(3 325 052 216)	(2 986 002 129)
Gross profit (loss)	418 485 170	392 808 448
Selling expenses	(346 609 183)	(319 468 077)
General and administrative expenses	(66 320 849)	(67 265 461)
Profit (loss) on sales	5 555 138	6 074 910
Other operating income	7 129 416	9 679 845
Other operating expenses	(12 096 105)	(7 626 474)
Operating profit (loss)	588 449	8 128 280
Financial income	6 041 114	6 065 417
Financial costs	(49 529 646)	(25 886 496)
Profit (loss) before tax	(42 900 084)	(11 692 799)
Income tax expense	5 624 171	1 168 974
Profit (loss) for the period	(37 275 913)	(10 523 824)

EARNINGS PER SHARE

	PLN / share	PLN / share
Profit (loss) for the period	(37 275 913)	(10 523 824)
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	(0,27)	(0,08)
- diluted	(0,27)	(0,08)

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-31.03.2020	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 01.01.2020
TO 31.03.2020**

	1 Quarter for the period from 01.01.2020 to 31.03.2020	1 Quarter for the period from 01.01.2019 to 31.03.2019
Profit (loss) for the period	(37 275 913)	(10 523 824)
Other comprehensive income for the period	(17 233 131)	1 409 907
Items that may be subsequently reclassified to profit or loss:		
- The result on hedge accounting with the tax effect:	(17 233 131)	1 409 907
Total comprehensive income for the period	(54 509 044)	(9 113 917)
Total Income		
Owners of the Company	(54 509 044)	(9 113 917)
Non-controlling interests	-	-
Total comprehensive income for the period	(54 509 044)	(9 113 917)

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-31.03.2020	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 31.03.2020

	Non audited	
	as at	as at
	31.03.2020	31.12.2019
<i>Assets</i>		
Non-current assets (long-term)	4 489 381 389	4 549 573 989
Goodwill	1 133 815 482	1 133 815 482
Intangible assets	602 674 950	604 997 749
Property, plant and equipment	444 146 515	448 955 881
Right of use assets	877 462 632	931 607 465
Investment property	937 482	941 407
Investments in subsidiary companies	1 372 612 616	1 371 611 616
Investments in equity accounted investees	42 793 025	42 793 025
Other long-term investments	6 603 251	6 671 728
Long-term receivables	6 909 736	6 939 199
Other long-term prepayments	1 425 700	1 240 436
Current assets (short-term)	2 185 539 230	2 050 894 258
Inventories	885 606 953	806 024 237
Trade receivables	1 127 426 118	1 122 074 335
Other short-term receivables	67 343 802	31 852 370
Other short-term financial assets	33 120 005	33 733 114
Short-term prepayments	29 891 716	26 233 625
Cash and cash equivalents	42 150 636	30 976 577
Total assets	6 674 920 620	6 600 468 248

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

	Non audited as at 31.03.2020	as at 31.12.2019
<i>Equity and liabilities</i>		
Equity	1 030 087 939	1 084 097 183
Equity attributable to Owners of the Company	1 030 087 939	1 084 097 183
Share capital	139 163 286	139 163 286
Reserve capital	697 037 575	696 537 775
Valuation equity of hedging transactions	(22 560 819)	(5 327 688)
Retained earnings	216 447 897	253 723 810
Accumulated profit / loss from previous years	253 723 810	79 111 355
Profit (loss) for the period	(37 275 913)	174 612 455
Liabilities	5 644 832 681	5 516 371 065
Non-current liabilities	803 284 869	828 307 997
Other long-term financial liabilities	7 642 225	38 415
Long-term lease liabilities	777 183 436	799 207 791
Other long-term liabilities	1 083 500	1 320 500
Deferred tax liabilities	14 100 143	24 001 976
Employee benefits	3 275 565	3 739 315
Current liabilities	4 841 547 812	4 688 063 068
Loans and borrowings	1 595 018 715	1 387 439 995
Other short-term financial liabilities	33 456 549	21 108 129
Short-term lease liabilities	140 798 247	148 262 586
Trade payables	2 804 464 625	2 870 981 863
Current tax liabilities	2 221 706	10 971 367
Other short-term payables	57 505 621	48 888 504
Current employee benefits	103 073 905	85 030 764
Provisions	105 008 443	115 379 861
Total equity and liabilities	6 674 920 620	6 600 468 248
BOOK VALUE PER SHARE		
	as at 31.03.2020	as at 31.12.2019
Equity attributable to Owners of the Company	1 030 087 939	1 084 097 183
Number of shares	139 163 286	139 163 286
Diluted number of shares	141 963 286	141 963 286
Book value per share	7,40	7,79
Diluted book value per share	7,26	7,64

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-31.03.2020	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 01.01.2020 TO 31.03.2020

	1 Quarter for the period from 01.01.2020 to 31.03.2020	1 Quarter for the period from 01.01.2019 to 31.03.2019
<i>Cash flow from operating activities</i>		
Profit (loss) before tax	(42 900 084)	(11 692 799)
Adjustments for:	113 980 625	89 106 583
Depreciation and amortization	70 970 371	66 014 413
Valuation of motivational program	499 800	1 470 000
Gain (loss) on sale of property, plant and equipment	(1 952 470)	2 082 175
Profit (loss) on exchange rates	21 187 490	-
Interest expenses	24 524 104	20 932 665
Interest received	(1 248 669)	(1 392 670)
Operating cash before changes in working capital	71 080 541	77 413 785
Changes in inventory	(79 582 716)	(101 951 397)
Changes in receivables	(40 602 375)	(44 730 548)
Changes in payables	(37 063 437)	(10 256 539)
Changes in provisions and employee benefits	2 317 149	(18 122 807)
Operating cash	(83 850 838)	(97 647 506)
Interest received	910 391	899 243
Interest paid	(17 067 475)	(17 737 520)
Income tax paid	(8 984 984)	-
Net cash from operating activities	(108 992 906)	(114 485 783)
<i>Cash flow from investing activities</i>		
Aquisition of intangible assets	(10 158 050)	(8 850 934)
Aquisition of property, plant and equipment tangible fixed assets	(25 297 693)	(25 412 512)
Proceeds from sale of property, plant and equipment	6 699 303	395 818
Income/expenses on other short-term financial assets	(1 001 000)	(3 628 000)
Aquisition of subsidiaries	-	(69 394 632)
Loans granted	(1 459 117)	(1 009 669)
Repayment received of given loans	-	130 299
Interest received	314 322	395 186
Net cash used in investing activities	(30 902 234)	(107 374 444)
<i>Cash flow from financing activities</i>		
Income/expenses for other financial liabilities	(1 323 240)	1 664 640
Proceeds from loans and borrowings	207 578 720	294 558 061
Repayment of borrowings	-	(50 822 852)
Expenses for liabilities from leasing	(36 927 403)	(34 415 989)
Other interests	(8 847 382)	(8 773 565)
Interests on loans and borrowings	(9 411 497)	(5 372 834)
Net cash used in financing activities	151 069 199	196 837 461
Net change in cash and cash equivalents	11 174 058	(25 022 766)
Cash and cash equivalents at the beginning of the period	30 976 577	98 093 976
Cash and cash equivalents at the end of the period	42 150 636	73 071 210

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-31.03.2020	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 01.01.2020 TO 31.03.2020

	Share capital	Reserve capital	Hedge reserve	Retained earnings	Total
<i>Changes in equity in the period from 01.01 to 31.03.2019</i>					
Balance as at 01.01.2019	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 31.03.2019	-	-	-	(10 523 824)	(10 523 824)
Net profit presented directly in equity	-	-	1 409 907	-	1 409 907
Total comprehensive income for the period from 01.01. to 31.03.2019	-	-	1 409 907	(10 523 824)	(9 113 917)
Equity-settled share-based payment transactions	-	1 470 000	-	-	1 470 000
Total contributions by and distributions to Owners of the Company	-	1 470 000	-	-	1 470 000
Balance as at 31.03.2019	139 163 286	681 670 006	(6 228 522)	228 618 188	1 043 222 958
<i>Changes in equity in the period from 01.01 to 31.03.2020</i>					
Balance as at 01.01.2020	139 163 286	696 537 775	(5 327 688)	253 723 810	1 084 097 183
Profit (loss) for the period from 01.01. to 31.03.2020	-	-	-	(37 275 913)	(37 275 913)
Other comprehensive income	-	-	(17 233 131)	-	(17 233 131)
Total comprehensive income for the period from 01.01. to 31.03.2020	-	-	(17 233 131)	(37 275 913)	(54 509 044)
Valuation of motivational program for employees	-	499 800	-	-	499 800
Total contributions by and distributions to Owners of the Company	-	499 800	-	-	499 800
Balance as at 31.03.2020	139 163 286	697 037 575	(22 560 819)	216 447 897	1 030 087 938

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-31.03.2020	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 01.01.2020 TO 31.03.2020

1. GENERAL INFORMATION

1.1. ISSUE OF THE FINANCIAL STATEMENT

According to the resolution of the Management Board dated 12 May 2020, these condensed interim separate financial statements of Eurocash S.A. for the period from 1 January 2020 to 31 March 2020 were authorised for publication.

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

1.2. STATEMENT OF COMPLIANCE

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

These condensed interim financial statements should be read in conjunction with the condensed interim consolidated financial statements of Eurocash S.A. Group as at and for the period ended 31 March 2020, and the separate financial statements of Eurocash S.A. as at and for the year ended 31 December 2019, 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.

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 2019, excluding the application of new or

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-31.03.2020	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

amended standards and interpretations applicable to annual periods beginning on 1 January 2020 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 31 March 2020 there was a surplus of current liabilities of the Company over its current assets in the amount of PLN 2.66 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, 31 March 2020, the terms of loan agreements were not broken. In addition, as at the balance sheet date, 31 March 2020, the Company also has unused credit limits in the amount of PLN 171,914,953.

2. NOTES TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2020 TO 31.03.2020

NOTE 1.

OTHER EXPLANATORY INFORMATION

These condensed interim separate financial statements should be read in conjunction with condensed interim consolidated financial statements of Eurocash S.A. Group prepared as at and for the period ended 31 March 2020.

NOTE 2.

UNCERTAIN TAX TREATMENT

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

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

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

In the previous reporting periods, companies within the 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

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

modus operandi was false. Any instances of (i) unreasonable division of an operation (ii) involvement of agents despite lack of economic rationale for such involvement, (iii) mutually exclusive or mutually compensating elements, as well as (iv) other activities similar to those referred to earlier may be treated as a hint of artificial activities subject to GAAR. New regulations will require considerably greater judgment in assessing tax effects of individual transactions.

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

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

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

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

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

On 28 February 2018, the Head of the Customs and Revenue Office for Wielkopolska Region in Poznań initiated an audit of corporate income tax for 2016. As at 12 May, the audit was not completed.

On 17 December 2019, the Head of the Customs and Revenue Office for Wielkopolska Region in Poznań initiated a customs and tax audit in the area of corporate income tax for 2014 and 2015. As at 12 May 2020, the above-mentioned controls were not completed

NOTE 3.

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

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

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

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

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On 6 April 2020, the prosecutor of the Regional Prosecutor's Office in Poznań in the case of RP II Ds. 4.2016, issued pursuant to art. 24 § 1 of the Fiscal Penal Code, decision to draw Eurocash S.A. to liability in the event of a fine for threatening a former employee of the Company and the obligation to return the financial benefit. Following this decision, the prosecutor, on the same day, issued a decision to secure on Eurocash's property the execution of a potential judgment against a former employee. The security was made by seizing the amount of PLN 65,889,015, which previously - on 24 August 2017 - was paid by the Company to the bank account of the Head of the First Wielkopolski Tax Office in Poznań.

NOTE 4.

EXPLANATIONS TO SEPARATE INCOME STATEMENT AND STATEMENT OF FINANCIAL POSITION

Financial costs

The increase in financial costs in the 1Q2020 comparing to the 1Q2019 was mainly due to valuation of liabilities in foreign currencies in relation to the application of IFRS 16 (the impact of IFRS 16 on consolidated financial costs in 1Q 2020 was PLN 21.2 m).

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 31 March 2020, the value of balances covered by the supplier financing program was recognized in the amount of PLN 1,079,506,424 while as at 31 December 2019 the corresponding value of balances was PLN 1,274,689,086.

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.

NOTE 6.

IMPORTANT EVENTS DURING THE PERIOD COVERED BY THE FINANCIAL STATEMENTS

There were no significant events during the period covered by the financial statements, influencing the activity of the Company.

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:	<i>01.01-31.03.2020</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

COVID-19

In March 2020, SARS-CoV-2 coronavirus and its disease, referred to as the COVID-19, has started to spread out as a pandemic. Due to this fact, a number of preventive actions were taken to limit the spread in many countries, Poland among them. In the second half of March 2020, bans and restrictions has been introduced, among others, on conducting certain types of businesses, while recommending staying at home and working remotely. As of today, due to stabilization of the situation, previously recommended bans and restrictions are gradually eased. However, there is uncertainty about the future outcomes from COVID-19. Therefore, the Company constantly monitors the situation and complies with the recommendations of the Chief Sanitary Inspector and other authorities in Poland. The Company activities to date have focused primarily on introducing recommendations of sanitary services aimed at limiting the spread of COVID-19 and ensuring, to the greatest extent possible, the safety of employees while allowing them uninterrupted work. Subsequently, the Company focused on minimizing the effects of the negative impact of COVID-19, primarily in terms of sales. The costs incurred by the Company to date related to the COVID-19 pandemic were in the area of HR and administration.

The possible development of an epidemic in Poland may have a negative impact on the Company operating activities and the production capacity of suppliers or the volume of sales of recipients. Considering the above-mentioned circumstances, the Management Board has analyzed the possible impact of the indicated situation on the financial results of the Company. Based on the analysis carried out, the Management Board did not identify any threats to the Company functioning in the future. The analysis has been prepared in accordance with the best knowledge, however the magnitude and effects of COVID-19 are being impossible to quantify fully as of today and depend on factors that are beyond the influence and control of the Company.

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SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

Position	Name and surname	Date	Signature
Management Board Member Human Resources Director	Katarzyna Kopaczewska	12 th May 2020	
Management Board Member Financial Director	Jacek Owczarek	12 th May 2020	

EUROCASH GROUP S.A.

REPORT OF THE MANAGEMENT BOARD

FOR THE PERIOD FROM 1st JANUARY 2020 TO 31st MARCH 2020

NOTE FROM TRANSLATOR

This document is a translation from Polish.

The Polish original is the binding version and shall be referred to in matters of interpretation.

KOMORNIKI, 12th May 2020

EUROCASH GROUP – CONSOLIDATED QUARTERLY REPORT 1Q 2020	Page 1
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Eurocash Group – Report of the Management Board 1Q 2020

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. and firms belonging to Alcohol Distribution);
 - 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.;
- **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 Sp. z o.o.;
- **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 Sp. z o.o. and in Podlaskie Delikatesy Centrum Sp. z o.o.
 - EKO – own retail stores under brand Delikatesy Centrum, Lewiatan and EKO operated by Delikatesy Centrum Sp. z o.o.;
 - Mila & Others – own retail stores under brand Mila operated by Delikatesy Centrum Sp. z o.o. and under brand Lewiatan operated by Partner Sp. z o.o.;
- **Inmedio** – press retail kiosks under Inmedio and Inmedio Trendy brand.

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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.

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 1Q 2020

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

Profit & loss account

Table 1: Eurocash Group: Summary of consolidated financial results for 1Q 2020 (IFRS16)

	1Q 2020	1Q 2019	Change %
PLN m			
Sales revenues (traded goods, materials)	5 919.10	5 482.94	7.95%
Gross profit (loss) on sales	787.62	711.50	10.70%
Gross profitability on sales (%)	13.31%	12.98%	0.33 p.p.
EBITDA	126.16	121.37	3.95%
(EBITDA margin %)	2.13%	2.21%	-0.08 p.p.
EBIT	(10.41)	(9.69)	-7.38%
(EBIT margin %)	-0.18%	-0.18%	0.00 p.p.
Gross profit	(65.56)	(37.46)	-75.01%
Net Income	(62.00)	(40.16)	-54.38%
(Net profitability %)	-1.05%	-0.73%	-0.32 p.p.

Consolidated total sales of Eurocash Group in 1Q 2020 amounted to PLN 5 919.10 m and increased by 7.95% YoY. The main driver of sales increase was strong organic growth of Wholesale segment (PLN +254 m) as well as improving Retail segment due to consolidation of acquired retail companies (PLN +159 m).

Consolidated gross profitability in 1Q 2020 amounted to 13.31% and increased by 0.33 p.p. comparing to 1Q 2019. Increase of gross profitability was driven mainly by consolidation of acquired retail companies.

Consolidated EBITDA in 1Q 2020 amounted to PLN 126.16 m and increased by 3.95% YoY. EBITDA increase was attributable mainly to the strong performance of Wholesale segment.

The net loss amounted to PLN -62.00 m in 1Q 2020 comparing with the net loss at level of PLN -40.16 m in 1Q 2019. Net profit was affected by currency effect of leasing contracts revaluation in accordance with IFRS16, which amounted to PLN -25.5 m.

Implementation of IFRS16

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

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

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

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

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

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

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

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

IFRS 16 is effective for annual periods beginning on January 1st, 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 2: Eurocash Group: External sales of goods dynamics by distribution format for 1Q 2020

PLN m	1Q 2020	1Q 2019	Change %
Wholesale	4 362.31	4 108.16	6.19%
Cash&Carry	1 079.95	995.12	8.52%
Tobacco	1 676.46	1 450.79	15.56%
Distribution	1 545.96	1 549.48	-0.23%
Food Service	56.65	110.54	-48.76%
Other	3.29	2.23	47.63%
Retail	1 486.46	1 327.40	11.98%
Delikatesy Centrum Franchise	559.25	492.67	13.51%
Supermarkets Own	816.53	725.16	12.60%
Inmedio	110.69	109.57	1.02%
Projects	38.04	15.73	141.84%
Eurocash Group	5 886.81	5 451.30	7.99%

Wholesale

- In 1Q 2020 external sales of goods in Wholesale segment amounted to PLN 4 362.31 m and increased by 6.19% comparing with 1Q 2019.
- EBITDA of the Wholesale segment amounted in 1Q 2020 to PLN 113.68 while in 1Q 2019 it amounted to PLN 100.72 m. EBITDA in 1Q 2020 was driven mainly by high dynamic of LFL in Cash&Carry segment as well as growing sales of cigarettes, mainly in the large customer segment.
- LFL sales growth (same number of stores) in Eurocash Cash&Carry stores in 1Q 2020 amounted to 8.52%.
- The number of Eurocash Cash&Carry stores at the end of 1Q 2020 amounted to 180.
- The number of abc stores amounted to 8 895 at the end of 1Q 2020.
- Number of partnership or franchise stores organized by companies belonging to Eurocash Group (Groszek, Euro Sklep, Lewiatan and PSD) amounted to 5 122 stores as of the end of 1Q 2020.
- Sales of cigarettes Tobacco & Impulse distribution format in terms of volume amounted in 1Q 2020 to 2 625 m pieces and increased by 15.8% YoY.
- Sales of cigarettes in terms of value increased by 14.0% in 1Q 2020 YoY.

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Retail

- Sales of goods realized by Retail segment in 1Q 2019 amounted to PLN 1 486.46 m and increased by 11.98%. Main driver of sales growth was consolidation of acquired retail companies and impact of COVID-19 in March.
- EBITDA of the Retail segment in 1Q 2020 amounted to PLN 54.52 m comparing to PLN 52.02 m in 1Q 2019. EBITDA managed to remain on a stable level.
- LFL growth of wholesale sales realized by Eurocash to "Delikatesy Centrum" franchise stores amounted to 12.83% in 1Q 2020.
- LFL growth of retail sales of "Delikatesy Centrum" franchise stores amounted to 11.33% in 1Q 2020.
- LFL dynamic of retail sales in 1Q 2020 amounted in Inmedio stores to -8.14% YoY.
- Number of Small Supermarkets in 1Q 2020 amounted to 1 560, including 979 Franchise stores and 581 Own stores. Total number of Small Supermarkets decreased by 5 stores in 1Q 2020.
- Number of total "Delikatesy Centrum" stores at the end of 1Q 2020 amounted to 1 345.
- Number of Inmedio stores at the end of 1Q 2020 amounted to 447 stores.

Projects

- Sales of goods realized by Projects segment in 1Q 2020 amounted to PLN 38.04 m comparing to PLN 15.73 m in 1Q 2019. Sales increase was attributable to further expansion of Duży Ben with 91 stores at the end of 1Q 2020. Kontigo number of stores reached 33 at the end of 1Q 2020 and abc on wheels ended the quarter with 99 stores.
- EBITDA of Projects segment in 1Q 2020 amounted to negative PLN -14.20 m comparing to result of PLN -10.73 m in 1Q 2019. Result of the segment was impacted by further expansion costs of all formats.

Others

- EBITDA of Others segment amounted in 1Q 2020 to PLN -27.83 m comparing to PLN -20.65 m in 1Q 2019. Result of the segment was impacted by different distribution of marketing costs in 2020 compared to 2019 and the observed wage pressure.

Operating segments

Below we present quarter results of each segment for years 2019-2020 according to definition of segments implemented in 2018.

Table 3: Eurocash Group: Operating segments results in 2020 (IFRS16)

1Q 2020 (PLN m)	Wholesale	Retail	Projects	Others	Total
Sales revenue from traded goods	4 362.31	1 486.46	38.04	0.00	5 886.81
EBIT	45.79	-6.08	-18.70	-31.42	-10.41
<i>(EBIT margin %)</i>	1.05%	-0.41%	-49.17%	0.00%	-0.18%
EBITDA	113.68	54.52	-14.20	-27.83	126.16
<i>(EBITDA margin %)</i>	2.61%	3.67%	-37.33%	0.00%	2.14%

Table 4: Eurocash Group: Operating segments results in 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	Other	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	Other	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>
4Q 2019 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenue from traded goods	4 628.88	1 555.66	38.34	0.00	6 222.89
EBIT	112.70	23.99	-16.54	-31.66	88.49
<i>(EBIT margin %)</i>	<i>2.43%</i>	<i>1.54%</i>	<i>-43.14%</i>	<i>0.00%</i>	<i>1.42%</i>
EBITDA	211.74	61.62	-11.60	-24.40	237.35
<i>(EBITDA margin %)</i>	<i>4.57%</i>	<i>3.96%</i>	<i>-30.26%</i>	<i>0.00%</i>	<i>3.81%</i>

Table 5: 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>	0.80%	-0.47%	-81.06%	0.00%	-0.18%
EBITDA	100.72	52.02	-10.73	-20.65	121.37
<i>(EBITDA margin %)</i>	2.45%	3.92%	-68.23%	0.00%	2.23%
2Q YTD 2019 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales 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>	1.56%	0.47%	-63.24%	0.00%	0.60%
EBITDA	277.72	129.29	-19.54	-49.95	337.52
<i>(EBITDA margin %)</i>	3.09%	4.58%	-50.10%	0.00%	2.85%
3Q YTD 2019 (PLN m)	Wholesale	Retail	Projects	Other	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>	1.77%	0.59%	-55.18%	0.00%	0.84%
EBITDA	455.03	203.13	-28.63	-72.80	556.73
<i>(EBITDA margin %)</i>	3.23%	4.67%	-43.24%	0.00%	3.01%
4Q YTD 2019 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenue from traded goods	18 710.44	5 904.81	104.56	0.00	24 719.81
EBIT	361.85	49.85	-53.08	-114.10	244.52
<i>(EBIT margin %)</i>	1.93%	0.84%	-50.76%	0.00%	0.99%
EBITDA	666.77	264.75	-40.24	-97.20	794.08
<i>(EBITDA margin %)</i>	3.56%	4.48%	-38.48%	0.00%	3.21%

Cash flow

Table 6: Eurocash Group: Consolidated cash flow for 1Q 2020 (IFRS16)

	1Q 2020	1Q 2019
PLN m		
Operating cash flow	(39.62)	(133.92)
<i>Gross profit (loss)</i>	(65.56)	(37.46)
<i>Depreciation</i>	136.57	131.06
<i>Change in working capital</i>	(112.76)	(223.95)
<i>Other</i>	2.12	(3.57)
Cash flow from investments	(58.62)	(123.44)
Cash flow from financing activities	73.30	224.69
Total cash flow	(24.94)	(32.67)

Total cash flow in 1Q 2020 amounted to PLN -24.94 m, while the operating cash flow reached PLN -39.62 m. Cash flow from investments amounted to PLN -58.62 m and cash flow from financing activities amounted in 1Q 2020 to PLN 73.30 m.

Net debt of Eurocash Group at the end of March 2020 amounted to PLN 2 537.66 m comparing to result of PLN 2 554.10 m at the end of March 2019. The net debt/EBITDA ratio calculated according to the rules of bank covenants (before IFRS16) was 1.73 and met the requirements.

Eurocash Group maintained stable level of cash generation from operations cash flow in connection with growth of its scale. It allows to continue investment strategy (including M&A) and keep net debt/EBITDA at stable level.

Working capital

Table 7: Eurocash Group: Consolidated working capital ratios flow for 1Q 2020 (IFRS16)

Turnover in days	1Q 2020	1Q 2019
1. Inventories turnover	22.63	24.91
2. Trade receivables turnover	21.51	22.55
3. Trade liabilities turnover	(69.24)	(72.23)
4. Operating cycle (1+2)	44.14	47.46
5. Cash conversion (4+3)	(25.10)	(24.77)

Cash conversion in 1Q 2020 reached -25.10 days comparing with -24.77 days in 1Q 2019. Changes of rotation of each part of working capital was mainly attributable to different sales mix together with fast growing Tobacco distribution format and the introduction of control mechanisms to adjust the rotation of liabilities to the requirements of the Act on amending certain laws to reduce payment congestion.

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 8: Eurocash Group: Selected consolidated balance sheet items (IFRS16)

PLN m	31.03.2020		31.12.2019	
Fixed assets	4 856.81	60.30%	4 912.61	62.30%
Current assets	3 197.36	39.70%	2 972.40	37.70%
Total assets	8 054.17	100.00%	7 885.01	100.00%
Equity	871.07	10.82%	963.40	12.22%
Liabilities and provisions	7 183.09	89.18%	6 921.61	87.78%
Total liabilities and equity	8 054.17	100.00%	7 885.01	100.00%

Net debt of Eurocash Group at the end of March 2020 amounted to PLN 2 537.66 m, while at the end of March 2019 it reached PLN 2 554.10 m.

3. Summary of financial results of Eurocash S.A. in 1Q 2020

Profit & loss account

Table 9: Eurocash S.A.: Summary of financial results for 1Q 2020 (IFRS16)

	1Q 2020	1Q 2019	Change %
PLN m			
Sales revenues (traded goods, materials)	3 743.54	3 378.81	10.79%
Gross profit (loss) on sales	418.49	392.81	6.54%
Gross profitability on sales (%)	11.18%	11.63%	-0.45 p.p.
EBITDA	71.56	74.14	-3.49%
(EBITDA margin %)	1.91%	2.19%	-0.28 p.p.
EBIT	0.59	8.13	-92.76%
(EBIT margin %)	0.02%	0.24%	-0.22 p.p.
Gross profit	(42.90)	(11.69)	-266.89%
Net Income	(37.28)	(10.52)	-254.21%
(Net profitability %)	-1.00%	-0.31%	-0.68 p.p.

Sales of Eurocash S.A. in 1Q 2020 amounted to PLN 3 743.54 m and increased by 10.79% YoY.

Gross margin on sales realized by Eurocash S.A. in 1Q 2020 amounted to 11.18%.

In 1Q 2020 EBITDA amounted to PLN 71.56 m. The net profit in 1Q 2020 amounted to PLN -37,28 m.

Cash flow

Table 10: Eurocash S.A.: Cash flow for 1Q 2020 (IFRS16)

	1Q 2020	1Q 2019
PLN m		
Operating cash flow	(108.99)	(114.49)
Gross profit (loss)	(42.90)	(11.69)
Depreciation	70.97	66.01
Change in working capital	(157.25)	(156.94)
Other	20.19	(11.87)
Cash flow from investments	(30.90)	(107.37)
Cash flow from financing activities	151.07	196.84
Total cash flow	11.17	(25.02)

Total cash flow of Eurocash S.A. in 1Q 2020 amounted to PLN 11.17 m and operating cash flow amounted to negative PLN -108.99 m.

Working capital

Table 11: Eurocash S.A.: Working capital ratios for 1Q 2020 (IFRS16)

Turnover in days	1Q 2020	1Q 2019
1. Inventories turnover	21.53	25.38
2. Trade receivables turnover	27.41	29.36
3. Trade liabilities turnover	(76.75)	(85.27)
4. Operating cycle (1+2)	48.93	54.75
5. Cash conversion (4+3)	(27.82)	(30.52)

Cash conversion of Eurocash S.A. in 1Q 2020 amounted to -27.82 days in comparison to the -30.52 days reached in 1Q 2019.

Statement of the financial position

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

Table 12: Eurocash S.A.: Selected balance sheet items (IFRS16)

PLN m	31.03.2020		31.12.2019	
Fixed assets	4 489.38	67.26%	4 549.57	68.93%
Current assets	2 185.54	32.74%	2 050.89	31.07%
Total assets	6 674.92	100.00%	6 600.47	100.00%
Equity	1 030.09	15.43%	1 084.10	16.42%
Liabilities and provisions	5 644.83	84.57%	5 516.37	83.58%
Total liabilities and equity	6 674.92	100.00%	6 600.47	100.00%

4. Definitions of the financial ratios

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

5. Major events and factors that influenced consolidated income or loss in 1Q 2020

Cost optimization program

Since January 1st 2020 retail segment works as one centralised business unit and Alcohol distribution has been successfully integrated within Eurocash Distribution.

COVID-19

In March 2020, SARS-CoV-2 coronavirus and its disease, referred to as the COVID-19, has started to spread out as a pandemic. Due to this fact, a number of preventive actions were taken to limit the spread in many countries, Poland among them. In the second half of March 2020, bans and restrictions has been introduced, among others, on conducting certain types of businesses, while recommending staying at home and working remotely. As of today, due to stabilization of the situation, previously recommended bans and restrictions are gradually eased. However, there is uncertainty about the future outcomes from COVID-19. Therefore, the Eurocash Group constantly monitors the situation and complies with the recommendations of the Chief Sanitary Inspector and other authorities in Poland. The Group's activities to date have focused primarily on introducing recommendations of sanitary services aimed at limiting the spread of COVID-19 and ensuring, to the greatest extent possible, the safety of employees while allowing them uninterrupted work. Subsequently, the Eurocash Group focused on minimizing the effects of the negative impact of COVID-19, primarily in terms of sales. The costs incurred by the Group to date related to the COVID-19 pandemic were in the area of HR and administration. They were associated with temporarily higher salary costs for employees and the purchase of personal protective equipment intended for them. In addition, in connection with the COVID-19 pandemic, the Eurocash Group recorded an increase in sales in the retail segment and in wholesale segments that cooperate with independent and franchise stores. At the same time, Eurocash Group recorded a decrease in sales in the Horeca segment, as well as in Kontigo and Inmedio formats.

Changes in equity

In the period between 1st January 2019 and 31st March 2019 no shares were issued.

There have been no other major events that influenced Eurocash Group income or loss in 1Q 2020.

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.

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 4-5 years. Expansion of Delikatesy Centrum chain assumes three sources of growth:

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

Total investment to be realized with Real Estate partners is estimated at app. PLN 1.0 – 2.0 bn. The expansion plan assumes achievement of average stores size of 350 sqm (selling area).

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.

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

Investment in strategical growth projects

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

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 1Q 2020, the traditional distribution channel was a significant form of FMCG retail distribution, representing the share of 37.0%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.

COVID-19

The possible development of an epidemic in Poland may have a negative impact on the Group's operating activities and the production capacity of suppliers or the volume of sales of recipients. Considering the above-mentioned circumstances, the Management Board of Eurocash Group has analyzed the possible impact of the indicated situation on the financial results of the Group. Based on the analysis carried out, the Management Board did not identify any threats to the Group's functioning in the future. The analysis has been prepared in accordance with the best knowledge, however the magnitude and effects of COVID-19 are being impossible to quantify fully as of today and depend on factors that are beyond the influence and control of the Eurocash Group.

² Nielsen Retail Trade Panel, Value sales, period: January 2020 – March 2020, 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 13: 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

Information regarding dividends

Management Board of Eurocash S.A. plan to recommend dividend payment in accordance with politics of its payment from previous years. The Ordinary General Meeting of Eurocash S.A. will take place before 31st August 2020 and the information regarding dividend will be public through ESPI.

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 2020 and 31st March 2020 no shares were issued. As at March 31st 2020, the total value of bonds issued by Eurocash was PLN 0.00.

Changes in Key Management Principles

Appointment of Member of the Management Board

On 18th December 2019 Supervisory Board of Eurocash has adopted a resolution on appointment, with the effect as of 1st January 2020, of Mr. Noel Collett to the Management Board of the Company. Mr. Noel Collett has been appointed as the member of the Management Board responsible for retail business in Eurocash Group.

In 1Q 2020 there were no other major changes in the key 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 2020.

Table 14: Shareholders owning directly or indirectly – through dependent entities – at least 5% of total number of votes at the general assembly

	12.05.2020				31.12.2019			
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.	-	-	-	-	11 593 954	8.33%	11 593 954	8.33%
Others	77 875 508	55.96%	77 875 508	55.96%	66 281 554	47.63%	66 281 554	47.63%
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.a.r.l. and Westerngate Private Investments Ltd.

Table 15: 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	
	12.05.2020	31.12.2019
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	955 803	875 803
Jacek Owczarek*	73 694	70 750
Przemysław Ciaś	1 350	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 persons closely related

Information on legal suits

In the 1Q 2020 companies belonging to Eurocash Group were not involved in any other legal suit in any court, nor in a body competent for arbitration proceedings nor an administrative body, which total value would amount to at least 10% of equity.

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

In the 1Q 2020 companies belonging to Eurocash Group did not grant any surety for a credit or a loan nor did it grant any guarantee of total value equivalent to 10% of the Eurocash equity.

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

In the 1Q 2020 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.

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

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 segment³

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 4-5 years. Expansion of Delikatesy Centrum chain assumes three sources of growth:

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

Total investment to be realized with Real Estate partners is estimated at app. PLN 1.0 – 2.0 bn. The expansion plan assumes achievement of average stores size of 350 sqm (selling area).

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 1 560 proximity supermarket stores.

Investment in strategical growth projects

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

³ 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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Cost optimization program

Since January 1st 2020 retail segment works as one centralised business unit and Alcohol distribution has been successfully integrated within Eurocash Distribution.

COVID-19

The possible development of an epidemic in Poland may have a negative impact on the Group's operating activities and the production capacity of suppliers or the volume of sales of recipients. Considering the above-mentioned circumstances, the Management Board of Eurocash Group has analyzed the possible impact of the indicated situation on the financial results of the Group. Based on the analysis carried out, the Management Board did not identify any threats to the Group's functioning in the future. The analysis has been prepared in accordance with the best knowledge, however the magnitude and effects of COVID-19 are being impossible to quantify fully as of today and depend on factors that are beyond the influence and control of the Eurocash Group.

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

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Signatures of Management Board Members:

Position	Name and surname	Date	Signature
Management Board Member Financial Director	Jacek Owczarek	12 th May 2020	
Management Board Member Human Resources Director	Katarzyna Kopaczewska	12 th May 2020	