



EUROCASH GROUP

CONSOLIDATED SEMI-ANNUAL REPORT 2021

TRANSLATORS' EXPLANATORY NOTE

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

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

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SELECTED CONSOLIDATED FINANCIAL DATA

	Non audited for the period from 01.01.2021 to 30.06.2021 PLN	Non audited for the period from 01.01.2020 to 30.06.2020 PLN	Non audited for the period from 01.01.2021 to 30.06.2021 EUR	Non audited for the period from 01.01.2020 to 30.06.2020 EUR
Sales	12 362 608 733	12 115 371 122	2 722 561 825	2 744 387 062
Operating profit (loss)	(91 672 688)	61 772 907	(20 188 665)	13 992 866
Profit (loss) before income tax	(132 946 292)	(11 720 898)	(29 278 165)	(2 655 031)
Profit (loss) for the on continued operations	(165 359 578)	(20 162 415)	(36 416 398)	(4 567 212)
Profit (loss) for the period	(165 359 578)	(20 162 415)	(36 416 398)	(4 567 212)
Net cash from operating activities	322 994 330	220 618 383	71 131 591	49 974 716
Net cash used in investing activities	(81 103 916)	(225 878 445)	(17 861 151)	(51 166 231)
Net cash used in financing activities	(244 880 132)	60 810 348	(53 928 852)	13 774 826
Net change in cash and cash equivalents	(2 989 718)	55 550 286	(658 412)	12 583 311
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)	(1,21)	(0,14)	(0,27)	(0,03)
Diluted EPS (in PLN / EUR)	(1,21)	(0,14)	(0,27)	(0,03)
Average PLN / EUR rate*			4,5408	4,4146
	Non audited as at 30.06.2021 PLN	Non audited as at 31.12.2020 PLN	Non audited as at 30.06.2021 EUR	Non audited as at 31.12.2020 EUR
Assets	8 195 104 439	8 065 788 761	1 812 755 362	1 747 808 954
Non-current liabilities	2 132 173 103	2 137 167 826	471 636 238	463 111 690
Current liabilities	5 309 572 544	4 944 494 202	1 174 476 319	1 071 442 793
Equity	753 358 792	984 126 732	166 642 805	213 254 471
Share capital	139 163 286	139 163 286	30 782 889	30 155 865
Number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Diluted number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Book value per share (in PLN / EUR)	4,91	6,59	1,09	1,43
Diluted book value per share (in PLN / EUR)	4,91	6,59	1,09	1,43
Dividends paid (in PLN / EUR)	-	246 371	-	53 387
Dividends paid per share (in PLN / EUR)	-	0,00	-	0,00
PLN / EUR rate at the end of the period**			4,5208	4,6148

* Profit and loss items and cash flow items calculated on basis at a weighted average rate announced by the National Bank of Poland for 2Q 2021 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.

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

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

Introduction

We have reviewed the condensed interim consolidated financial statements of Eurocash S.A. Group (the 'Group'), for which the holding company is Eurocash S.A. (the 'Company') located in Komorniki at Wiśniowa 11, containing: the introduction to condensed interim consolidated financial statements, condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period from 1 January 2021 to 30 June 2021, condensed consolidated statement of financial position as at 30 June 2021, condensed consolidated statement of cash flows and condensed consolidated statement of changes in equity for the period from 1 January 2021 to 30 June 2021, supplementary information to the condensed interim consolidated financial statements (the 'interim condensed consolidated financial statements').

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

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

Scope of review

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

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

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

Conclusion

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

Warsaw, 24 August 2021

Key certified auditor

Robert Klimacki
certified auditor
no in the register: 90055

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

EUROCASH S.A. GROUP

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

TRANSLATORS' EXPLANATORY NOTE

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

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2021	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:	01.01-30.06.2021	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 condensed interim consolidated financial statements cover the period of 6 months ended on 30 June 2021 and contain comparative data for the period of 6 months ended 30 June 2020 and as at 31 December 2020. Statement of comprehensive income, income statement and notes to the statement of comprehensive income, income statement, including data for the 3 months period ended 30 June 2021 and comparative data for the 3 months period ended on 30 June 2020, were not subject to review or audit by a statutory auditor.

The comparative data was presented in accordance with the requirements of IAS 34 "Interim Financial Reporting", which was approved by the European Union.

2. BODIES OF THE PARENT ENTITY

2.1. MANAGEMENT BOARD OF THE PARENT ENTITY

As at 30 June 2021 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.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

2.2. SUPERVISORY BOARD OF THE PARENT ENTITY

As at 30 June 2021 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,
Przemysław Budkowski – Member of the Supervisory Board.

2.3. CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARD

There were no changes in the Management Board and the Supervisory Board in the reporting period.

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 01.01. TO 30.06.2021

	Non audited 2nd Quarter for the period from 01.04.2021 to 30.06.2021	Non audited 2 Quarters for the period from 01.01.2021 to 30.06.2021	Non audited 2nd Quarter for the period from 01.04.2020 to 30.06.2020	Non audited 2 Quarters for the period from 01.01.2020 to 30.06.2020
				restated**
Sales	6 550 513 263	12 362 608 733	6 196 270 450	12 115 371 122
Sales of goods	6 517 079 389	12 297 380 689	6 178 546 310	12 065 355 237
Sales of services	31 578 824	62 088 417	15 212 146	45 381 177
Sales of materials	1 855 050	3 139 626	2 511 994	4 634 709
Costs of sales	(5 726 919 701)	(10 795 893 977)	(5 353 761 569)	(10 485 241 959)
Costs of goods sold	(5 725 157 564)	(10 792 961 792)	(5 351 356 057)	(10 480 869 204)
Costs of materials sold	(1 762 137)	(2 932 186)	(2 405 512)	(4 372 755)
Gross profit (loss)	823 593 562	1 566 714 755	842 508 881	1 630 129 163
Selling expenses	(690 867 130)	(1 376 349 374)	(664 336 774)	(1 357 392 235)
General and administrative expenses	(119 424 977)	(224 814 741)	(118 766 109)	(221 565 741)
Profit (loss) on sales	13 301 454	(34 449 360)	59 405 998	51 171 187
Other operating income	16 521 275	39 345 255	14 998 692	31 495 432
Other operating expenses	(87 875 499)	(96 568 583)	(2 222 197)	(20 893 712)
Operating profit (loss)	(58 052 769)	(91 672 688)	72 182 493	61 772 907
Financial income	14 768 891	20 594 511	6 852 129	16 206 847
Financial costs	(23 774 268)	(62 027 166)	(26 304 314)	(89 918 931)
Share in profits (losses) of equity accounted investees	(11 974)	159 052	1 104 094	218 278
Profit (loss) before tax	(67 070 120)	(132 946 292)	53 834 403	(11 720 898)
Income tax expense	(27 377 828)	(32 413 287)	(11 992 897)	(8 441 516)
Profit (loss) for the period	(94 447 948)	(165 359 578)	41 841 506	(20 162 415)

** Note 3

Attributable to:

Owners of the Company	(97 392 448)	(167 854 473)	41 140 587	(19 506 048)
Non-controlling interests	2 944 500	2 494 894	700 919	(656 367)

EARNINGS PER SHARE

		PLN / share		PLN / share
Profit (loss) attributable to Owners of the Company	(97 392 448)	(167 854 473)	41 140 587	(19 506 048)
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
Earnings per share				
- basic	(0,70)	(1,21)	0,30	(0,14)
- diluted	(0,70)	(1,21)	0,30	(0,14)

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM
01.01. TO 30.06.2021**

	Non audited 2nd Quarter for the period from 01.04.2021 to 30.06.2021	Non audited 2 Quarters for the period from 01.01.2021 to 30.06.2021	Non audited 2nd Quarter for the period from 01.04.2020 to 30.06.2020	Non audited 2 Quarters for the period from 01.01.2020 to 30.06.2020
Profit (loss) for the period	(94 447 948)	(165 359 578)	41 841 506	(20 162 415)
Other comprehensive income for the period	4 395 700	9 394 396	(3 862 326)	(21 095 457)
Items that may be subsequently reclassified to profit or loss:				
- The result on hedge accounting with the tax effect:	4 395 700	9 394 396	(3 862 326)	(21 095 457)
Total comprehensive income for the period	(90 052 248)	(155 965 183)	37 979 180	(41 257 872)
Total Income				
Owners of the Company	(92 996 748)	(158 460 077)	37 278 261	(40 601 505)
Non-controlling interests	2 944 500	2 494 894	700 919	(656 367)
Total comprehensive income for the period	(90 052 248)	(155 965 183)	37 979 180	(41 257 872)

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30.06.2021

	Non audited as at 30.06.2021	as at 31.12.2020 restated*
Assets		
Non-current assets (long-term)	5 069 959 068	5 096 727 047
Goodwill	2 045 033 805	2 045 033 805
Intangible assets	338 803 505	349 690 980
Property, plant and equipment	681 855 474	721 040 045
Right of use assets	1 825 514 395	1 795 460 872
Investment property	917 863	925 711
Investments in equity accounted investees	13 252 302	13 093 250
Other long-term investments	506 990	525 090
Long-term receivables	14 146 200	16 065 443
Deferred tax assets	143 914 231	145 196 345
Other long-term prepayments	6 014 301	9 695 505
Current assets (short-term)	3 125 145 371	2 969 061 714
Inventories	1 360 895 783	1 363 009 516
Trade receivables	1 459 638 678	1 309 239 675
Current tax receivables	25 585 848	28 735 480
Other short-term receivables	112 317 837	112 572 474
Other short-term financial assets	440 392	310 325
Short-term prepayments	51 764 743	37 702 436
Cash and cash equivalents	114 502 089	117 491 807
Total assets	8 195 104 439	8 065 788 761

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

	Non audited as at 30.06.2021	as at 31.12.2020 restated*
<i>Equity and liabilities</i>		
Equity	753 358 792	984 126 732
Equity attributable to Owners of the Company	683 144 530	916 407 364
Share capital	139 163 286	139 163 286
Reserve capital	581 032 165	581 032 165
Valuation equity of hedging transactions	(12 340 107)	(21 734 503)
Option for purchase/selling the shares	(47 368 094)	(49 561 267)
Retained earnings	22 657 279	267 507 683
Accumulated profit / loss from previous years	190 511 751	224 412 358
Profit (loss) for the period	(167 854 473)	43 095 326
Non-controlling interests	70 214 262	67 719 368
Liabilities	7 441 745 647	7 081 662 028
Non-current liabilities	2 132 173 103	2 137 167 826
Long-term loans and borrowings	382 944 489	463 869 947
Other long-term financial liabilities	125 792 770	130 683 208
Long-term lease liabilities	1 604 821 181	1 523 813 632
Other long-term liabilities	2 627 122	3 651 826
Employee benefits	13 222 150	11 787 295
Provisions	2 765 392	3 361 919
Current liabilities	5 309 572 544	4 944 494 202
Loans and borrowings	279 105 070	227 058 411
Other short-term financial liabilities	25 546 034	31 839 487
Short-term lease liabilities	371 377 487	355 977 522
Trade payables	3 890 823 451	3 719 975 038
Current tax liabilities	6 951 559	11 793 488
Other short-term payables	284 618 837	171 191 572
Current employee benefits	181 795 616	166 532 059
Provisions	269 354 490	260 126 627
Total equity and liabilities	8 195 104 439	8 065 788 761

* Note 2

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 01.01. TO 30.06.2021

	Non audited 2 Quarters for the period from 01.01.2021 to 30.06.2021	Non audited 2 Quarters for the period from 01.01.2020 to 30.06.2020
<i>Cash flow from operating activities</i>		
Profit (loss) before tax	(132 946 292)	(11 720 898)
Adjustments for:	414 124 415	355 662 465
Depreciation and amortization	294 261 094	274 856 260
Share in profits (losses) of equity accounted investees	(159 052)	(218 278)
Valuation of motivational program	-	1 831 800
Gain (loss) on sale of property, plant and equipment	75 694 301	(2 244 855)
Profit (loss) on exchange rates	(7 379 206)	18 663 702
Interest expenses	54 797 846	65 586 299
Interest received	(3 090 570)	(2 812 463)
Operating cash before changes in working capital	281 178 123	343 941 566
Changes in inventory	2 113 733	(82 204 818)
Changes in receivables	(148 327 549)	(51 725 854)
Changes in payables	217 770 726	114 846 691
Changes in provisions and employee benefits	15 388 700	16 879 470
Other adjustments	69 585	(1 733 494)
Operating cash	368 193 318	340 003 562
Interest received	1 788 454	1 985 413
Interest paid	(11 074 300)	(31 743 332)
Income tax paid	(35 913 142)	(89 627 259)
Net cash from operating activities	322 994 330	220 618 383
<i>Cash flow from investing activities</i>		
Aquisition of intangible assets	(23 021 702)	(32 014 114)
Proceeds from sale of intangible assets, property, plant and equipment	1 423 657	1 725
Aquisition of property, plant and equipment tangible fixed assets	(69 595 587)	(75 707 962)
Proceeds from sale of property, plant and equipment	9 027 387	9 053 765
Income/expenses on other short-term financial assets	(19 229)	780 880
Aquisition of subsidiaries, net of cash acquired	-	(128 746 317)
Loans granted	(130 108)	(64 682)
Interest received	1 211 666	818 259
Net cash used in investing activities	(81 103 916)	(225 878 445)
<i>Cash flow from financing activities</i>		
Income/expenses for other financial liabilities	390 341	861 231
Expense due to the purchase of minority shares	-	(24 769 895)
Proceeds from loans and borrowings	106 951 582	522 750 000
Repayment of borrowings	(135 830 381)	(240 536 643)
Income/expenses for liabilities from leasing	(172 708 185)	(151 869 113)
Other interests	(36 437 075)	(36 106 091)
Interests on loans and borrowings	(7 000 042)	(9 519 142)
Dividends paid	(246 371)	-
Net cash used in financing activities	(244 880 132)	60 810 348
Net change in cash and cash equivalents	(2 989 718)	55 550 286
Cash and cash equivalents at the beginning of the period	117 491 807	146 669 860
Cash and cash equivalents at the end of the period	114 502 089	202 220 146

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

FULL CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 01.01. TO 30.06.2021

	Share capital	Reserve capital	Option for purchase/selling the shares	Hedge reserve	Retained earnings	Equity attributable to Owners of the Company	Non-controlling interests	Total
<i>Changes in equity in the period from 01.01 to 30.06.2020 - non audited</i>								
Balance as at 01.01.2020 after changes	139 163 286	596 712 165	(69 761 777)	(5 327 688)	236 195 828	896 981 814	66 417 403	963 399 217
Owners of the Company	-	-	-	-	(19 506 048)	(19 506 048)	-	(19 506 048)
Non-controlling interests	-	-	-	-	-	-	(656 367)	(656 367)
Net profit presented directly in equity	-	-	-	(21 095 457)	-	(21 095 457)	-	(21 095 457)
Total comprehensive income for the period from 01.01. to 30.06.2020	-	-	-	(21 095 457)	(19 506 048)	(40 601 505)	(656 367)	(41 257 872)
Dividends declared	-	-	-	-	(985 446)	(985 446)	-	(985 446)
Valuation of motivational program for employees	-	1 831 800	-	-	-	1 831 800	-	1 831 800
Option for purchase/selling the shares	-	-	(3 436 422)	-	-	(3 436 422)	-	(3 436 422)
Purchase of minority shares	-	-	24 769 894	-	(20 107 373)	4 662 521	(4 662 521)	(0)
Other	-	-	-	-	(4 999 115)	(4 999 115)	-	(4 999 115)
Total contributions by and distributions to Owners of the Company	-	1 831 800	21 333 472	-	(26 091 934)	(2 926 662)	(4 662 521)	(7 589 183)
Balance as at 30.06.2020	139 163 286	598 543 965	(48 428 305)	(26 423 145)	190 597 846	853 453 647	61 098 515	914 552 162
<i>Changes in equity in the period from 01.01 to 30.06.2021 - non audited</i>								
Balance as at 01.01.2021	139 163 286	581 032 165	(49 561 267)	(21 734 503)	286 222 093	935 121 774	67 719 368	1 002 841 142
Retained earnings after changes	-	-	-	-	(18 714 409)	(18 714 409)	-	(18 714 409)
Balance as at 01.01.2021 after changes	139 163 286	581 032 165	(49 561 267)	(21 734 503)	267 507 684	916 407 364	67 719 368	984 126 732
Owners of the Company	-	-	-	-	(167 854 473)	(167 854 473)	-	(167 854 473)
Non-controlling interests	-	-	-	-	-	-	2 494 894	2 494 894
Other comprehensive income	-	-	-	9 394 396	-	9 394 396	-	9 394 396
Total comprehensive income for the period from 01.01. to 30.06.2021	-	-	-	9 394 396	(167 854 473)	(158 460 077)	2 494 894	(155 965 183)
Dividends declared	-	-	-	-	(74 910 750)	(74 910 750)	-	(74 910 750)
Option for purchase/selling the shares	-	-	2 193 174	-	-	2 193 174	-	2 193 174
Other	-	-	-	-	(2 085 182)	(2 085 182)	-	(2 085 182)
Total transaction with Owners of the Company, recognized directly in equity	-	-	2 193 174	-	(76 995 932)	(74 802 759)	-	(74 802 759)
Balance as at 30.06.2021	139 163 286	581 032 165	(47 368 094)	(12 340 107)	22 657 279	683 144 529	70 214 262	753 358 792

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

SUPPLEMENTARY INFORMATION TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2021 TO 30.06.2021

1. GENERAL INFORMATION

1.1. ISSUE OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

According to the resolution of the Management Board dated 24 August 2021, the consolidated financial statements of Eurocash Group for the period from 1 January 2021 to 30 June 2021 were authorized for publication.

According to the information included in the report no. 1/2021 dated 12 January 2021 sent to the Polish Financial Supervision Authority, Eurocash S.A. issues its interim consolidated financial statements on 25 August 2021.

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 2020, 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

Preparing 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.

The estimates and related assumptions are reviewed on an ongoing basis. A change in accounting estimates is recognized in the period in which the estimate was changed or in the current and future periods if the change in the estimate applies to both the current and future periods.

Impairment of fixed assets

The analysis of the premises for impairment and the performance of tests requires judgment. In this context, in particular, the feasibility of budgets and the impact of the Covid-19 pandemic on the Group's operations were analyzed. As a consequence of these premises, the Group conducted tests for the loss of goodwill and other assets. This required estimating the value in use of cash-generating units to which goodwill and trademarks are allocated. Estimating the value in use consists in determining the future cash flows generated by the cash-generating unit and requires determining the discount rate to be applied in order to calculate the present value of these flows. The assumptions made for that purpose are specified in Note 4.

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Impairment of trade receivables

In the current period, estimates of expected credit losses were updated. Details are included in note 5.

Revenue recognition

The application of IFRS 15 requires the Group to make subjective judgments and estimates that significantly affect the determination of the amount and timing of revenue recognition.

If the remuneration specified in the contract includes a variable amount, the Company estimates the amount of remuneration to which it will be entitled in exchange for the provision of the promised goods or services to the customer.

Leasing - recognition of the lessee

The application of IFRS 16 requires the Group to exercise various types of judgment, including determining which contracts fit into the lease definition, what parameters should be used to measure the lease liability and whether there are indications of the need to reassess the lease term or the discount rate.

The Group has the possibility, under some lease agreements, to extend the term of the asset lease. After the commencement date, the Group cyclically assesses the lease term, and in the event of a significant event or change in circumstances under its control that affect its ability to exercise (or not exercise) the extension option (e.g. change in business strategy), it makes appropriate changes in terms of the contract.

The Group makes similar assessments for contracts concluded for an indefinite period.

Classification of liabilities due to reverse factoring

The Eurocash Group uses many financial instruments, including supply chain financing agreements (reverse factoring) in relation to its trade liabilities. Considering the potential impact of such agreements on the statement of cash flows and the statement of financial position, the Group analyzes the content of such agreements each time.

Based on the analysis performed, the Group assessed that liabilities subject to reverse factoring are more similar in nature to liabilities to suppliers than to liabilities due to financing. As a result, they are presented in the balance sheet under "Trade and other liabilities", and payments are recognized in the Statement of cash flows upon payment by the Group companies to the factor as cash flows from operating activities.

Above the analysis took into account a number of factors, the most important of which are:

- no significant change in the timing and volume of financial flows,
- equivalence of collateral compared to collateral granted to suppliers.

Depreciation rates

The Group recognizes that the "Eurocash" and "abc" trademarks are recognizable on the market and plans to use them in its operations for a long time. Therefore, the Group assumes that the useful lives of the trademarks "Eurocash" and "abc" are indefinite and they are not amortized. The "Eurocash" and "abc" trademarks are subject to an annual impairment test.

The Group determines the depreciation rates based on the assessment of the expected useful life of the items of property, plant and equipment and intangible assets, and performs their periodic verification.

Split payment

According to the Management Board's assessment, restrictions on the disposal of cash in VAT accounts resulting from tax regulations regarding the split payment mechanism do not affect their classification as cash and cash equivalents, as the Group uses them on an ongoing basis to settle short-term liabilities. At the end of June, the amount collected on the Group's VAT accounts results only from the daily mismatch between payments and inflows on the VAT account.

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Court cases

Determining the amount of the provision for court cases requires judgment as to whether the Group is obliged to provide benefits. In estimating whether it is more likely than not that an outflow of economic benefits will occur, the Group followed the professional judgment of legal advisers.

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 31 December 2020, excluding the application of new or amended standards and interpretations applicable to annual periods beginning on 1 January 2021 and later.

1.6. INFORMATION ABOUT THE PARENT ENTITY AND THE CAPITAL 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.

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. When assessing the Group's ability to continue as a going concern, the Management Board takes into account, as a danger, the existing and anticipated effects of the COVID-19 pandemic on the entity's operations,. The Management Board analyzed the possible impact of the indicated situation on the Group's financial results. On the basis of the analysis performed, the Management Board did not identify any important uncertainty to the Group's operations in the future.

As at 30 June 2021 there was a surplus of current liabilities of the Group over its current assets in the amount of PLN 2,18 billion. At the same time as at 30 June 2021 there was a surplus of current trade liabilities of the Group over its current assets (trade receivables and inventories) in the amount of PLN 1,07 billion, which, in the opinion of Management Board, is typical for the industry in which the Group operates, in which a significant part of sales is made on cash terms, inventory is minimized, and suppliers provide deferred payment terms, however the Group uses also reverse factoring instruments. 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 Group also analyzed the timeliness of settling its trade liabilities, details are included in note 5. The Group plans to maintain the structure and timing of the liabilities rotation in subsequent reporting periods.

In connection with the situation of the Covid-19 pandemic described in Note 11, which affects the companies of the Eurocash Group, the Group monitors the situation on an ongoing basis and complies with the recommendations of the Chief Sanitary Inspector. Special preventive measures are taken and recommended to employees on an ongoing basis, minimizing the risk of infection.

The financial plans prepared by the Management Board for 2021 and 2022 indicate the maintenance of liquidity by the Group's companies and the ongoing servicing of liabilities. The sensitivity analysis of these plans is based on the assumptions presented in the note "Going Concern" in the annual report prepared as at 31 December 2020. In particular, the Management Board analyzed the pessimistic variant assuming (1)

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changes in sales in the Retail segment observed in the first half of 2021 and (2) implementation of the Group's budget in the first half of 2021.

The conditions precedent related to the loan agreements are monitored on an ongoing basis. As at the balance sheet date, 30 June 2021, the terms of the loan agreements were not breached. The ratios resulting from the financing agreements are also maintained in all forecasted periods.

The main sources of debt financing are bank loans, bonds and leasing. The Group also has factoring limits, which it uses to finance both its own working capital and that of the Group's suppliers and customers. The type and amount of individual financing sources are described in detail below.

Bank loans

As at 30 June 2021, the Group had credit limits at domestic banks and EBRD in the amount of PLN 1,302.8 million, and their use was PLN 655.3 million, which accounts for 50% of the limits granted. The Group uses the loans secured with the BGK guarantee to the greatest extent, due to the one-off nature of the costs incurred to disburse these loans. Consequently, 63% of short-term loans are used, including loans secured by BGK – 75%. Long-term loans, taking into account the costs of their servicing, were used in 45%.

The list of long-term loans consists of two lines: (1) a three-year revolving loan concluded in 2020 with a syndicate of banks with a limit of PLN 600 million, the purpose of which was to refinance a loan agreement ending in September 2020, and (2) long-term part (PLN 196 million) of a loan launched under an agreement concluded with the European Bank for Reconstruction and Development in the second quarter of 2020 a loan in the amount of PLN 222.75 million PLN with a term of validity until June 2025. The funds from this loan were used mainly to finance the purchase Frisco S.A. In second quarter there was a planned repayment of the capital in this loan in the amount of PLN 8.9 million. The use of the revolving loan as at 30 June 2021 was PLN 150 million, while the EBRD loan was PLN 213.8 million, of which the amount of 17.8 million, due to the obligatory repayment that will take place in the second quarter of 2022, was classified as short-term loans.

In order to secure financial liquidity in the event of unfavorable epidemic scenarios in 2021, Grupa Eurocash S.A. obtained in the third and fourth quarter of 2020 and in the first half of 2021 additional financing under the anti-crisis shield with security in the form of an 80% surety from Bank Gospodarstwa Krajowego in the amount of PLN 200 million. Additionally, the Group exchanged a part of the working capital loan supplementing the Group cash pool program in the amount of PLN 45 million for financing under the anti-crisis shield. As at 30 June 2021, the total amount of loan limits secured by the BGK guarantee was PLN 245 million, and their use was PLN 183.9 million.

As a standard, the Group also has (not including the short-term part of the long-term loan and loans secured by a surety of Bank Gospodarstwa Krajowego) working capital loans active as at the date of these financial statements, maturing within 12 months from the date of the last extension. The total amount of financing available under these loans is PLN 244 million, and their use is PLN 107.5 million. In each adopted model, the Management Board assumes that all current credit limits on current accounts will be extended for subsequent periods in unchanged amounts. The amount of credit lines with maturity in the period from the balance sheet date to 31 December 2022 is PLN 489 million, including PLN 134 million - due in August 2021. The terms for the extension of credit lines, the deadline of which is still August 2021, have been agreed with the banks.

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Bonds

On 23 December 2020, the first bond issue in the amount of PLN 125 million took place as part of the bond issue program established on 18 November 2020 in cooperation with BNP Paribas Bank Polska S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Santander Bank Polska S.A. The program enables multiple issues of bonds in accordance with the bond issue terms and conditions set for each series, up to the total amount of all issues of PLN 1,000,000,000. The issue was in demand with a wide group of investors and was made public by listing it on the ASO (Catalyst) market on the Stock Exchange.

Leasing

The Group also uses leasing for financing fixed assets. As at 30 June 2021, the Group companies had active leasing contracts in two financial institutions with a total exposure of PLN 25.5 million, of which PLN 22.5 million related only to Frisco S.A. The additional inflow of IFRS 16 resulting from lease agreements and lease agreements with entities other than financial institutions amounts to PLN 1,950.7 million. The total amount of the Group's total lease liabilities is PLN 1,976.2 million and was presented in the Group's statement of financial position.

Factoring programs

In order to continue operating activities, and in particular to ensure financing of the supply chain, the Group maintains limits in factoring institutions in the following amounts: (1) reverse factoring - PLN 2.1 billion and (2) factoring of receivables - PLN 315 million. Part of the factoring program in the amount of PLN 125 million is guaranteed as part of the anti-crisis shield, with an 80% guarantee from Bank Gospodarstwa Krajowego.

As at 30.06.2021, the use of factoring lines amounts to PLN 1.95 billion in reverse factoring programs and PLN 169.4 million in receivables factoring programs, respectively.

The prepared financial model in the negative scenario version assumes a decrease in sales compared to the budget by approx. 8% in the third and fourth quarter of 2021. The operations of the entire Group are not seasonal in nature, but individual market segments are subject to periodic fluctuations. Higher operating revenues and profits are usually achieved in the third quarter of each year. Higher sales revenues during the summer period are mainly attributable to the increased demand for basic food products, tobacco and both alcoholic and non-alcoholic beverages. Taking into account the above and the capital expenditure plan, the smallest surplus of available sources of financing over their use occurs in the first quarter of 2022 and amounts to approximately PLN 230 million. In addition, the Management Board analyzed the changes in the ratios resulting from loan agreements throughout the forecasting period.

The Group's financial model was subject to a sensitivity analysis. The possible maximum negative EBITDA deviation also occurs in the first quarter of 2022 and amounts to PLN 110 million, which would be a deviation of -28% compared to the value resulting from the model.

In addition, the Management Board took into account the expectations regarding the use of available guarantees, credit lines and factoring lines in the third and fourth quarter of 2021 and throughout 2022. Due to the fact that one of the factors, with whom the Group cooperates is closed, negotiations with other financial entities aimed at replacing the factoring line in the amount of PLN 250 million. At the same time, the Management Board analyzed the risk of not replacing this factoring line and the possible need to use the available credit lines. The analysis showed that the Group will maintain liquidity and maintain financial ratios at the levels required by credit agreements, and in the period of the highest use of available sources of financing, the Group will still have unused credit lines in the amount of approximately PLN 130 million.

Based on the analysis, the Management Board concluded that the Group has sufficient sources of financing and that there is no significant uncertainty for the going concern.

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2. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2021 TO 30.06.2021

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 Groszek, Lewiatan, Gama, Eurosklep, Abc 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 Cerville Investments Sp. z o.o., Ambra Sp. z o.o. and 4vapers Sp. z o.o.
- **Retail** - retail sale of Eurocash Group companies within the following entities: Inmedio Sp. z o.o., Firma Rogala Sp. z o.o., FHC-2 Sp. z o.o., Madas Sp. z o.o., EKO Holding S.A. w likwidacji, Investpol700 Eurocash Nieruchomości Sp. z o.o. sp.j., Eurocash Nieruchomości Sp. z o.o. (previously Kojas-Invest Sp. z o.o.), Partner Sp. z o.o., Podlaskie Delikatesy Centrum Sp. z o.o., as well as mark Delikatesy Centrum as part of sales to customers of this franchise system by Eurocash S.A. and Eurocash Franczyza Sp. z o.o. and developed by Eurocash Group 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: Kontigo Sp. z o.o., ABC na kołach Sp. z o.o., Duży Ben Sp. z o.o., Innowacyjna Platforma Handlu Sp. z o.o. (previously Platforma Innowacji Handlu Sp. z o.o.). In addition, the segment includes the activities of the subsidiary Frisco S.A. developing activities in the e-commerce sector.
- **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.

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Basic information about each reportable segment is shown below.

REVENUES AND PROFITS BY BUSINESS SEGMENTS IN THE PERIOD FROM 01 JANUARY 2021 TO 30 JUNE 2021

	Wholesale	Retail	Projects	Other	Exclusions	Total
Sales	9 978 418 280	4 163 765 072	258 132 503	2 086 910	(2 039 794 032)	12 362 608 733
External sales of goods	9 042 661 290	3 007 717 918	247 001 481	-	-	12 297 380 689
Other external sales	19 458 015	38 377 738	7 392 291	-	-	65 228 044
Inter-segmental sales	916 298 975	1 117 669 416	3 738 732	2 086 910	(2 039 794 032)	-
Operating profit	160 520 431	(139 696 904)	(45 736 084)	(66 760 131)	-	(91 672 688)
Finance income						20 594 511
Finance costs						(62 027 166)
Share in losses of companies consolidated with the equity method						159 052
Profit before income tax						(132 946 292)
Income tax						(32 413 287)
Net profit (loss)						(165 359 578)

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REVENUES AND PROFITS BY BUSINESS SEGMENTS IN THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

	Wholesale	Retail	Projects	Other	Exclusions	Total
Sales	9 847 242 349	4 167 010 928	84 614 071	3 235 337	(1 986 731 563)	12 115 371 122
External sales of goods	9 019 444 448	2 963 403 427	82 507 362	-	-	12 065 355 237
Other external sales	20 897 107	28 683 702	393 011	42 065	-	50 015 885
Inter-segmental sales	806 900 794	1 174 923 799	1 713 698	3 193 272	(1 986 731 563)	-
Operating profit (loss)	150 671 525	10 524 904	(30 831 413)	(68 592 109)	-	61 772 907
Finance income						16 206 847
Finance costs						(89 918 931)
Share in losses of companies consolidated with the equity method						218 278
Profit (loss) before income tax						(11 720 898)
Income tax						(8 441 516)
Net profit (loss)						(20 162 415)

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NOTE 2.

CORRECTION OF THE INPROPER DATA

As a result of the analyzes of the packaging structure, the Company found the need to make adjustments related to deposit packaging. Therefore, an appropriate write-off was made, mainly related to previous years.

INCOME STATEMENT FOR THE PERIOD FROM 01.01.2020 TO 31.12.2020

	Income statement before changes	Changes	Income statement after changes
Sales	25 411 041 701	-	25 411 041 701
Sales of goods	25 284 125 375	-	25 284 125 375
Sales of services	118 050 050	-	118 050 050
Sales of materials	8 866 276	-	8 866 276
Costs of sales	(22 044 490 865)	(18 714 409)	(22 063 205 274)
Costs of goods sold	(22 036 165 521)	(18 714 409)	(22 054 879 931)
Costs of materials sold	(8 325 344)	-	(8 325 344)
Gross profit (loss)	3 366 550 836	(18 714 409)	3 347 836 427
Selling expenses	(2 740 733 634)	-	(2 740 733 634)
General and administrative expenses	(424 170 163)	-	(424 170 163)
Profit (loss) on sales	201 647 039	(18 714 409)	182 932 630
Other operating income	147 445 580	-	147 445 580
Other operating expenses	(98 663 534)	-	(98 663 534)
Operating profit (loss)	250 429 085	(18 714 409)	231 714 676
Financial income	31 344 910	-	31 344 910
Financial costs	(174 406 232)	-	(174 406 232)
Share in profits (losses) of equity accounted investees	553 067	-	553 067
Profit (loss) before tax	107 920 830	(18 714 409)	89 206 421
Income tax expense	(39 847 221)	-	(39 847 221)
Profit (loss) for the period	68 073 609	(18 714 409)	49 359 200
Attributable to:			
Owners of the Company	61 809 736	(18 714 409)	43 095 326
Non-controlling interests	6 263 874	-	6 263 874

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STATEMENT OF FINANCIAL POSITION AS AT 31.12.2020

ASSETS	Statement of financial position before changes	Changes	Statement of financial position after changes
Non-current assets (long-term)	5 096 727 047	-	5 096 727 047
Goodwill	2 045 033 805	-	2 045 033 805
Intangible assets	349 690 980	-	349 690 980
Property, plant and equipment	721 040 045	-	721 040 045
Perpetual use	1 795 460 872	-	1 795 460 872
Investment real property	925 711	-	925 711
Investments in associates and joint ventures	13 093 250	-	13 093 250
Other long-term investments	525 090	-	525 090
Long-term receivables	16 065 443	-	16 065 443
Deferred tax assets	145 196 345	-	145 196 345
Other long-term prepayments	9 695 505	-	9 695 505
Current assets (short-term)	2 969 061 714	-	2 969 061 714
Inventories	1 363 009 516	-	1 363 009 516
Trade receivables	1 309 239 675	-	1 309 239 675
Current tax assets	28 735 480	-	28 735 480
Other short-term receivables	112 572 474	-	112 572 474
Other short-term investments	310 325	-	310 325
Short-term prepayments	37 702 436	-	37 702 436
Cash and cash equivalents	117 491 807	-	117 491 807
Total assets	8 065 788 761	-	8 065 788 761

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STATEMENT OF FINANCIAL POSITION AS AT 31.12.2020

Equity and liabilities	Statement of financial position before changes	Changes	Statement of financial position after changes
Equity	1 002 841 142	(18 714 409)	984 126 732
Equity attributable to Owners of the Company	935 121 774	(18 714 409)	916 407 364
Share capital	139 163 286	-	139 163 286
Reserve capital	581 032 165	-	581 032 165
Valuation equity of hedging transactions	(21 734 503)	-	(21 734 503)
Option for purchase/selling the shares	(49 561 267)	-	(49 561 267)
Retained earnings	286 222 093	(18 714 409)	267 507 683
Accumulated profit (loss) from previous years	224 412 358	-	224 412 358
Profit (loss) for the period	61 809 735	(18 714 409)	43 095 326
Non-controlling interests	67 719 368	-	67 719 368
Liabilities	7 062 947 619	18 714 409	7 081 662 028
Non-current liabilities	2 137 167 826	-	2 137 167 826
Long-term loans and borrowings	463 869 947	-	463 869 947
Other long-term financial liabilities	130 683 208	-	130 683 208
Long-term lease liabilities	1 523 813 632	-	1 523 813 632
Other long-term liabilities	3 651 826	-	3 651 826
Employee benefits	11 787 295	-	11 787 295
Provisions	3 361 919	-	3 361 919
Current liabilities	4 925 779 793	18 714 409	4 944 494 202
Loans and borrowings	227 058 411	-	227 058 411
Other short-term financial liabilities	31 839 487	-	31 839 487
Short-term lease liabilities	355 977 522	-	355 977 522
Trade liabilities	3 701 260 628	18 714 409	3 719 975 038
Current tax liabilities	11 793 488	-	11 793 488
Other short-term payables	171 191 572	-	171 191 572
Current employee benefits	166 532 059	-	166 532 059
Provisions	260 126 627	-	260 126 627
Total equity and liabilities	8 065 788 761	-	8 065 788 761

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NOTE 3. RESTATEMENT OF A COMPARATIVE DATA

1. Presentation of the deposit between short-term and long-term receivables

STATEMENT OF FINANCIAL POSITION AS AT 31.12.2020

ASSETS	Statement of financial position before changes	Changes	Statement of financial position after changes
Non-current assets (long-term)	5 087 653 022	9 074 025	5 096 727 047
Goodwill	2 045 033 805	-	2 045 033 805
Intangible assets	349 690 980	-	349 690 980
Property, plant and equipment	721 040 045	-	721 040 045
Perpetual use	1 795 460 872	-	1 795 460 872
Investment real property	925 711	-	925 711
Investments in associates and joint ventures	13 093 250	-	13 093 250
Other long-term investments	525 090	-	525 090
Long-term receivables	6 991 418	9 074 025	16 065 443
Deferred tax assets	145 196 345	-	145 196 345
Other long-term prepayments	9 695 505	-	9 695 505
Current assets (short-term)	2 978 135 740	(9 074 025)	2 969 061 714
Inventories	1 363 009 516	-	1 363 009 516
Trade receivables	1 309 239 675	-	1 309 239 675
Current tax assets	28 735 480	-	28 735 480
Other short-term receivables	121 646 500	(9 074 025)	112 572 474
Other short-term investments	310 325	-	310 325
Short-term prepayments	37 702 436	-	37 702 436
Cash and cash equivalents	117 491 807	-	117 491 807
Total assets	8 065 788 761	-	8 065 788 761

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

STATEMENT OF FINANCIAL POSITION AS AT 31.12.2020

Equity and liabilities	Statement of financial position before changes	Changes	Statement of financial position after changes
Equity	1 002 841 142	-	1 002 841 142
Equity attributable to Owners of the Company	935 121 774	-	935 121 774
Share capital	139 163 286	-	139 163 286
Reserve capital	581 032 165	-	581 032 165
Valuation equity of hedging transactions	(21 734 503)	-	(21 734 503)
Option for purchase/selling the shares	(49 561 267)	-	(49 561 267)
Retained earnings	286 222 093	-	286 222 093
Accumulated profit (loss) from previous years	224 412 358	-	224 412 358
Profit (loss) for the period	61 809 735	-	61 809 735
Non-controlling interests	67 719 368	-	67 719 368
Liabilities	7 062 947 619	-	7 062 947 619
Non-current liabilities	2 137 167 826	-	2 137 167 826
Long-term loans and borrowings	463 869 947	-	463 869 947
Other long-term financial liabilities	130 683 208	-	130 683 208
Long-term lease liabilities	1 523 813 632	-	1 523 813 632
Other long-term liabilities	3 651 826	-	3 651 826
Employee benefits	11 787 295	-	11 787 295
Provisions	3 361 919	-	3 361 919
Current liabilities	4 925 779 793	-	4 925 779 793
Loans and borrowings	227 058 411	-	227 058 411
Other short-term financial liabilities	31 839 487	-	31 839 487
Short-term lease liabilities	355 977 522	-	355 977 522
Trade liabilities	3 701 260 628	-	3 701 260 628
Current tax liabilities	11 793 488	-	11 793 488
Other short-term payables	171 191 572	-	171 191 572
Current employee benefits	166 532 059	-	166 532 059
Provisions	260 126 627	-	260 126 627
Total equity and liabilities	8 065 788 761	-	8 065 788 761

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

2. Change in presentation between selling costs and general management costs in subsidiaries

INCOME STATEMENT FOR THE PERIOD FROM 01.01.2020 TO 30.06.2020

	Income statement before changes	Changes	Income statement after changes
Sales	12 115 371 122	-	12 115 371 122
Sales of goods	12 065 355 237	-	12 065 355 237
Sales of services	45 381 177	-	45 381 177
Sales of materials	4 634 709	-	4 634 709
Costs of sales	(10 485 241 959)	-	(10 485 241 959)
Costs of goods sold	(10 480 869 204)	-	(10 480 869 204)
Costs of materials sold	(4 372 755)	-	(4 372 755)
Gross profit (loss)	1 630 129 163	-	1 630 129 163
Selling expenses	(1 371 072 686)	13 680 451	(1 357 392 235)
General and administrative expenses	(207 885 290)	(13 680 451)	(221 565 741)
Profit (loss) on sales	51 171 187	-	51 171 187
Other operating income	31 495 432	-	31 495 432
Other operating expenses	(20 893 712)	-	(20 893 712)
Operating profit (loss)	61 772 907	-	61 772 907
Financial income	16 206 847	-	16 206 847
Financial costs	(89 918 931)	-	(89 918 931)
Share in profits (losses) of equity accounted investees	218 278	-	218 278
Profit (loss) before tax	(11 720 898)	-	(11 720 898)
Income tax expense	(8 441 516)	-	(8 441 516)
Profit (loss) for the period	(20 162 415)	-	(20 162 415)
Attributable to:			
Owners of the Company	(19 506 048)	-	(19 506 048)
Non-controlling interests	(656 367)	-	(656 367)

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTE 4. IMPARIMENT TESTS

The Group conducted tests for impairment in relation to the assets of cash-generating units in which premises for impairment were identified.

The premises for impairment were identified in the Retail segment due to the lower implementation of the budgets of selected business departments in this segment in the first half of 2021, and the restructuring program in progress in Delikatesy Centrum's own stores.

The recoverable amount of the segment was compared with the carrying amount defined as the sum of assets (including current assets) of this cash-generating unit, less short-term liabilities constituting part of the working capital.

The recoverable amount was determined as the value of the tested cash-generating unit based on financial projections for 2021-2026 and the residual value after the detailed forecast period. In order to determine the selected parameters of the projection, historical data for 2020 and approved by the Management Board of Eurocash S.A. were used. plans for 2021-2026.

Assets impairment test in the Retail segment

For individual assets included in the Retail segment, an analysis of their recoverable amount was carried out, taking into account the structure of cash flows realized as part of sales to franchise stores and in own stores and the forecast financial results in these sales channels. In particular, the analysis of the financial results of own stores was taken into account, as well as the prospects for improving these results based on the optimization measures taken to activate sales and reduce operating costs, as well as the Management Board's decisions to close 59 own stores.

As a result of the analyzes, an impairment charge was made to the value of fixed assets related to closed own stores in the amount of PLN 80 million. This write-off relates to fixed assets and assets due to the rights to use these locations.

Goodwill impairment test in the Retail segment

The recoverable amount of assets in the Retail segment in the amount of PLN 2.137 million (including goodwill related to this segment in the amount of PLN 856 million) including write-downs related to own stores - was determined based on the cash flow projections developed, inter alia, with the following assumptions:

- model for determining the recoverable amount based on the existing infrastructure and sales network (value in use), including central distribution of goods and sales to own and franchise stores
- a 5-year detailed forecast period was adopted
- the cash flow projection takes into account the increase in sales according to the LfL ratio (for a fixed base of stores and taking into account the closure of 59 own stores) in a positive amount in the third and fourth quarter of 2021 and an annual average of approx. 2 pp. above the inflation rate in 2022 and next years
- the level of gross margin in subsequent periods of the forecast was assumed as not higher than the achievement in 2020
- for the purposes of estimating the amount of operating costs, the inflation rate was assumed at the level of 3.4% in 2022, falling to 2.8% in 2025-2026
- the calculation of cash flow projections takes into account the recognition of lease contracts in accordance with IFRS16,
- the cash flow forecast takes into account no deterioration of the epidemiological situation as compared to the situation as at the date of approval of these financial statements
- investment outlays in subsequent years have been agreed with the approved investment budgets, including planned outlays for remodeling stores in connection with the ongoing restructuring activities,
- a growth rate of 2.5% was assumed in the residual period

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- the level of working capital was forecast on the basis of historical inventory turnover ratios, trade receivables and trade liabilities.

The discount rate used in the cash flows is consistent with the weighted average cost of capital (WACC), calculated on the basis of the risk-free rate. Other elements used in the calculation, such as the market risk premium, beta factor and capital structure are based on market data, adequate for the industry in which Eurocash operates. A specific risk premium, appropriate for the retail part of Eurocash Group, was also assumed. The weighted average cost of capital - WACC of 7.95% (2020: 7.95%) was used as the discount rate.

As a result of the analysis, it was confirmed that there is no need to make additional write-offs updating assets, including write-offs updating goodwill, in excess of the above recognized and described write-downs updating the value of assets related to Delikatesy Centrum's own stores.

NOTE 5. EXPLANATIONS TO CONSOLIDATED INCOME STATEMENT

Sales revenue

The sale of goods is homogeneous.

In terms of sales of services, the main items are revenues from services for the operation of the franchise network, franchise fees and the provision of logistics services.

Operating income and expenses

The increase in operating revenues is mainly due to the improved collection of trade receivables.

The increase in operating costs was related to the write-off of fixed assets and the right to use related to the locations to be closed.

Financial costs

The decrease in financial costs in the first half of 2021 compared to the first half of 2020 was mainly due to the valuation of lease liabilities denominated in foreign currencies. The impact of the valuation in the first half of 2021 amounted to PLN 7.3 million of positive exchange rate differences and in 2020 to PLN 18.6 million of negative exchange rate differences.

Income tax

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

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Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

	for the period from 01.04.2021 to 30.06.2021	for the period from 01.01.2021 to 30.06.2021	for the period from 01.04.2020 to 31.06.2020	for the period from 01.01.2020 to 31.06.2020
Profit (loss) before tax	(67 070 120)	(132 946 292)	53 834 403	(11 720 898)
Income tax expense	(27 377 828)	(32 413 287)	(11 992 897)	(8 441 516)
Profit (loss) for the period	(94 447 948)	(165 359 578)	41 841 506	(20 162 415)
% tax rate (effective)	40,8%	24,4%	-22,3%	72,0%
Differences:				
Fixed costs not constituting tax deductible costs	-17 936 259	-18 613 419	-3 304 497	-7 415 500
Impact of tax loss assets	-21 570 244	-38 660 433	1 639 497	-3 071 577
Other	-591 259	-408 241	-74 089	-163 902
Profit (loss) before tax	(67 070 120)	(132 946 292)	53 834 403	(11 720 898)
Income tax expense	12 719 934	25 268 806	(10 253 808)	2 209 462
Profit (loss) for the period	(54 350 185)	(107 677 486)	43 580 595	(9 511 436)
% tax rate (effective)	-19%	-19%	-19%	-19%

Intangible assets and tangible fixed assets

Expenses for the purchase of intangible assets and tangible fixed assets are recognized in cash flows under expenses and inflows for intangible assets and tangible assets

Right-of-use asset

The increase in the asset due to the right of use results mainly from the modification of the terms of contracts related to the revalorization and extension of the lease period and the identification of new lease contracts, adjusted for depreciation for the period of 6 months and an allowance related to the planned closings of own stores.

Inventories

The value of inventories as at 30 June 2021 is comparable to their state as at 30 June 2020. The values concerning the write-off for inventories are presented below.

WRITE-OFF OF INVENTORIES IN THE PERIOD FROM 01.01 TO 30.06.2021

	for the period from 01.01.2021 to 30.06.2021	for the period from 01.01.2020 to 30.06.2020
Opening balance	41 665 897	41 181 752
- increase *	5 350 017	9 794 578
- decrease *	-	-
Closing balance	47 015 914	50 976 330

* net value

Trade receivables

The Group's credit risk in relation to receivables differs for individual groups of contractors with which the Group cooperates. The Group monitors the amount of overdue receivables on an ongoing basis and, in justified cases, makes legal claims.

The Group makes write-offs of receivables in relation to the expected credit losses, which result directly from the risk of each client and are calculated on the basis of models taking into account, payment history, type of

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
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business, geolocation, cooperation evaluation and financial data. In 2021, the analysis showed that the write-down calculated in accordance with the expected credit loss model is highly correlated in terms of value with the amount of the write-off made in accordance with the principle of significantly overdue receivables, while the expected credit loss model was based on the standard approach in which:

1. The ECL (Expected Credit Loss) is equal to (EAD) the product of the customer's balance, (PD) the probability of at least 90 days delay in payment and (LGD) the amount of losses incurred in the event of default.
2. PD was calculated on the basis of an artificial intelligence algorithm taking into account the history of payments, type of activity, geolocation. The modeling result was compared (using a weight) with the assessment of cooperation with the client made separately by the sales and debt collection departments.
3. The level of LGD is influenced by the security provided by customers.

The analysis of concentration shows its actual lack.

Balance range	Number of customers	% of number of customers	Balance	% of Company's balance
>10mln	2	0,00%	28 656 303	3,25%
5-10mln	7	0,01%	56 375 094	6,38%
2-5mln	16	0,04%	46 185 989	5,23%
1-2mln	37	0,09%	50 454 083	5,71%
0,5-1mln	125	0,33%	85 910 928	9,73%
0,2-0,5mln	502	1,53%	152 058 712	17,22%
0,1-0,2mln	846	2,46%	118 000 985	13,36%
0,05-0,1mln	1 429	4,25%	100 963 025	11,43%
<0,05mln	27 736	83,27%	246 733 122	27,94%
negative	2 361	8,02%	-2 361 296	-0,27%

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Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Aging of trade receivables as at 30.06.2021:

AGING OF TRADE RECEIVABLES AS AT 30.06.2021

	Trade receivables gross value 30.06.2021	Trade receivables gross value 31.12.2020
current	1 349 299 284	1 114 836 650
1-30 days	81 721 461	138 631 238
31-90 days	53 712 958	65 527 798
91-180 days	9 539 889	10 910 343
> 180 days	27 986 335	47 900 223
	1 522 259 928	1 377 806 252

WRITE-OFF OF TRADE RECEIVABLES AS AT 30.06.2021

	for the period from 01.01.2021 to 30.06.2021	for the period from 01.01.2020 to 31.12.2020
Opening balance	68 566 577	58 879 328
Increase *	-	9 687 250
Decrease *	(5 945 328)	-
Closing balance	62 621 249	68 566 577

* net value

Valuation equity of hedging transactions

The Group uses hedging instruments for cash flow connected with interest-bearing liabilities. Future loans are also hedged. The instrument hedging the expert opinion against the interest risk is the interest Rate Swap transaction, within the Group exchanges of payable payments flow with a variable WIBOR 1M into payments with a fixed interest rate. The Company choose designated instruments as hedging instruments in the amount of the hedge and recognizes them in accordance with the hedge accounting regulations.

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

Notional	Issuing Date	Start Date	End Date	valuation
100 000 000	26.06.2019	22.02.2021	22.02.2022	-931 097
100 000 000	26.06.2019	29.01.2021	31.01.2022	-825 104
100 000 000	06.06.2019	11.01.2021	11.01.2022	-763 411
100 000 000	26.06.2019	18.01.2021	18.01.2022	-782 361
100 000 000	26.06.2019	25.01.2021	25.01.2022	-809 090
100 000 000	30.08.2019	02.09.2019	31.08.2022	-1 198 727
100 000 000	30.08.2019	02.09.2019	31.08.2022	-1 198 727
100 000 000	29.08.2019	02.09.2019	29.07.2022	-1 224 959
200 000 000	28.02.2020	07.01.2022	09.01.2023	-897 794
100 000 000	04.03.2020	08.01.2021	07.01.2022	-416 551
100 000 000	09.03.2020	05.03.2021	06.03.2023	-469 892
100 000 000	03.03.2020	04.03.2022	06.03.2023	-257 029
100 000 000	07.04.2021	17.01.2022	16.01.2023	250 821

Trade liabilities

Eurocash made the assessment of the liabilities covered by reverse factoring and based on this judgment classified liabilities under reverse factoring as a trade liabilities, as there were no significant changes in the nature of these liabilities, in particular significant changes in the terms of payment, as a result of submitting the given factoring obligations. As part of the balance of trade payables as at 30 June 2021, the value of balances covered by the supplier financing program was recognized in the amount of PLN 1.947.533.051 while as at 31 December 2020 the corresponding value of balances was PLN 1.795.600.865.

The Group uses 7 reverse factoring lines to finance deliveries from 80 suppliers. The terms of payment to the factor do not differ from the payment terms agreed with the suppliers. Factoring agreements are a financial instrument secured as standard with an intra-group surety, a promissory note or a declaration of submission to enforcement.

The risk of losing financial liquidity is presented in item 1.7.

Aging of trade liabilities is presented in the table below:

AGING OF TRADE LIABILITIES AS AT 30.06.2021	30.06.2021	31.12.2020
current	3 876 738 941	3 700 725 805
1-30 days	6 205 777	11 658 341
31-90 days	2 233 715	2 528 150
91-180 days	1 713 073	1 746 663
> 180 days	3 931 943	3 316 078
	3 890 823 451	3 719 975 037

The structure of maturity of liabilities takes into account maturity of liabilities in the settlement with the items of corrections of these liabilities from suppliers.

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Other short-term liabilities

The increase in other short-term liabilities is mainly due to the declared dividend in the amount of PLN 74.9 million, paid in July 2021.

This item also includes the liability for the sugar fee and the fee due to high-percentage alcohols in small packages in the total amount of PLN 15.8 million.

NOTE 6. BOOK VALUE PER SHARE

BOOK VALUE PER SHARE

	Non audited as at 30.06.2021	as at 31.12.2020
Equity attributable to Owners of the Company	683 144 530	916 407 364
Number of shares	139 163 286	139 163 286
Diluted number of shares	139 163 286	139 163 286
Book value per share	4,91	6,59
Diluted book value per share	4,91	6,59

NOTE 7. ITEMS NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION

CONTINGENCIES AS AT 30 JUNE 2021

Beneficiary		Title	Currency	as at 30.06.2021	as at 31.12.2020
1	Bank 1 *	Surety for the obligations due to the "Franchise partners financing program" for the Franchisee Delikatesy Centrum"	PLN	328 419	714 908
				328 419	714 908

* debt value as at balance sheet date

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

BANK GUARANTEES AS AT 30 JUNE 2021 - SECURITIES FOR RENT LIABILITIES

The Issuer	Title	Currency	as at 30.06.2021	as at 31.12.2020
1 Bank 1	Security of payments to suppliers	PLN	134 623 200	134 577 500
2 Bank 2	Security of payments to suppliers *	PLN	13 562 400	14 998 100
3 Bank 3	Security for using of the national roads	PLN	620 100	620 100
4 Bank 4	Security of excise duty	PLN	500 000	500 000
5 Bank 5	Security of rent liabilities	PLN	11 673 916	11 534 564
6 Bank 6	Security of rent liabilities *	PLN	39 000 909	41 038 435
7 Bank 7	Security of the liabilities of the promotion lottery	PLN	4 480 000	4 995 891
8 Bank 8	Security of the liabilities of the good service performance	PLN	2 597 849	8 875 182
			207 058 374	217 139 772

* - Guarantee in EUR is translated into PLN at the average exchange rate of NBP:
as at 30.06.2021: 1 EUR = 4,5208 PLN
as at 31.12.2020: 1 EUR = 4,6148 PLN

COLLATERALS

SECURITIES RELATED TO ASSETS AS AT 30 JUNE 2021

Title		as at 30.06.2021	as at 31.12.2020
Security on the credit line agreement *	Pledge on inventories of Eurocash S.A.	90 000 000	90 000 000
Guarantee on securing the payment for suppliers*	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 *	Pledge on shares of Eurocash Serwis Sp. z o.o.	9 547 300	9 547 300
Security on the consolidated loan *	Pledge on shares of Eurocash Franczyza Sp. z o.o.	3 800 000	3 800 000
Security on the consolidated loan *	Mortgage on 13 properties	333 750 000	333 750 000
Financial leasing agreements (due to net value of fixed assets at the balance sheet date)	Ownership of fixed assets in financial leasing	26 820 408	26 465 142
		651 917 708	651 562 442

* security nominal value

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NOTE 8.

FAIR VALUE OF FINANCIAL INSTRUMENTS

As at 30 June 2021, 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 9.

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. In addition, between the companies of the Group, settlements for the supply of goods and the provision of services, including administrative support services and services provided by network organizers, which may be the subject of verification of transfer pricing settlements and other tax regulations.

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.

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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 Group 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 Group 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 Group appealed against this decision. It mentions a number of arguments for the correctness of the tax settlements made by the Group, including confirmation of the correctness of the settlements through the positive interpretations of tax law.

By the decision of 19 March 2019, the Director of the Tax Administration Chamber in Poznań, after considering the appeal of Eurocash S.A., revoked the entire decision of the Head of the Wielkopolska Customs and Tax Office in Poznań and referred the case for reconsideration. As of 12 May 2021, the case has not been completed.

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 2021, 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 31 May 2021, the above-mentioned controls were not completed.

On 3 December 2020, the Head of the Wielkopolska Customs and Tax Office in Poznań issued a decision in which he specified the tax liability in the corporate income tax for 2014 in the amount of approximately PLN 11.3 million. The head of the Wielkopolska Customs and Tax Office in Poznań thus stated that Eurocash S.A. was understated. by the amount of PLN 5.5 million of the tax due in the corporate income tax resulting from the overestimation of tax deductible costs due to depreciation of trademarks in the amount of PLN 28.8 million, which is a consequence of an incorrect - overestimated for tax purposes - initial value of intangible assets legal (trademarks). In response to the above-mentioned decision, on 5 February 2021, the Company appealed.

On 23 June 2021, the Head of the Wielkopolska Customs and Tax Office in Poznań issued a decision in which he specified the tax liability in the corporate income tax for 2015 in the amount of approximately PLN 22.5 million. The head of the Greater Poland Customs and Tax Office in Poznań thus stated that Eurocash S.A. was underestimated. by the amount of PLN 5.5 million of the tax due in the corporate income tax resulting from the overestimation of tax deductible costs due to depreciation of trademarks in the amount of PLN 28.8 million, which is a consequence of an incorrect - overestimated for tax purposes - evaluation of the initial value of intangible assets and legal (trademarks). In response to the above-mentioned decision, on 21 July 2021, the Company appealed. Due to the control, the Company created provisions which it recognized in previous reporting periods. Due to the control, the Company created provisions which it recognized in previous reporting periods.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Other administrative proceedings

On 2 October 2020, the Company received the Order of the President of the Office of Competition and Consumer Protection of 28 September 2020 on the initiation of ex officio against Eurocash S.A. proceedings on practices dishonestly using contractual advantage. When initiating the proceedings, the President of UOKiK decided that it should be verified whether certain practices applied by Eurocash S.A. could be qualified as the use of contractual advantage. In the decision to initiate the procedure, the President of UOKiK pointed to two questionable forms of Eurocash settlements with suppliers - i.e. collecting remuneration for (i) general-network services / sales support services, and (ii) services to expand sales markets. As part of the pending proceedings, in response to the request of the President of the Office of Competition and Consumer Protection, the Company announced that since 2017 it has not received any remuneration for services to expand sales markets, while in the period from 01.01.2019 to 31.10.2020 it charged suppliers with a total amount of approx. PLN 19 million for the provision of general-network services / sales support. At the same time, the Company from 01.01.2021. implementing the project started in 2017. strategy of simplifying relationships with suppliers, ceased to provide general-network services / sales support and collection of remuneration to suppliers, about which it informed the President of UOKiK. As part of the ongoing proceedings, we answer all questions of the President of the Office of Competition and Consumer Protection and explain any doubts on an ongoing basis. The proceedings are at a very early stage, therefore the Management Board of the Company is currently unable to estimate the effects (including financial) of the proceedings initiated by the President of the Office of Competition and Consumer Protection. We also point out that the obligation to pay a possible fine imposed by the President of the Office of Competition and Consumer Protection arises only after the decision becomes final - i.e. after the judgment is issued by the Court of Second Instance (Court of Appeal). Under the present conditions, the duration of the proceedings from the issuance of the decision to the issuance of a final judgment by the Court of Appeal is approximately 4-5 years.

The Company cooperates with the Office on an ongoing basis, providing timely replies to a number of other inquiries addressed by the President of the Office of Competition and Consumer Protection to the Company as part of the ongoing explanatory proceedings and FMCG market research

NOTE 10.

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, as security paid a deposit in the amount of PLN 95,746,902 for possible arrears.

On 30 January 2018, the Prosecutor of the Regional Prosecutor's Office in Poznań 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, the decision to bring Eurocash S.A. to liability for the risk of a fine for the former employee of the Company and the obligation to return property benefits. Following this decision, the prosecutor, on the same day, issued a decision securing Eurocash

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
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property for the enforcement of a potential judgment against the former employee. The security was made by seizing the amount of PLN 65,889,015, which had previously been paid by the Company on 24 August 2017 to the bank account of the Head of the First Wielkopolska Tax Office in Poznań. As a result of a complaint submitted by the Company on July 22, 2020, the District Court in Poznań revoked the decision on the security. Thus, the security collapsed.

As at the balance sheet date, the Company included the amount of PLN 43,479,521 against the Company's current tax liabilities, from the pool of the previously paid security for the payment of any VAT liability (the current security for any arrears is PLN 52,267,381).

The amount of the Security was estimated in 2017 as the maximum amount of the possible VAT arrears of the Company, assuming the worst-case scenario, i.e. unreliability of a very large number of the Company's contractors participating in the intra-Community supply of the Company's goods. At the moment, based on the analysis of tax inspection files and tax proceedings and the results of internal analyzes, the Company concluded that the Security is too high in relation to the amount of potential VAT arrears (if such arrears exist at all), as the information obtained shows that a significant part of buyers, originally classified as a potential risk group, settled transactions with the Company correctly in another EU country, showing intra-Community acquisitions of goods there and accounted for the VAT due on this account

NOTE 11.

SIGNIFICANT EVENTS DURING THE PERIOD COVERED BY THE FINANCIAL STATEMENTS

1. COVID-19

In March 2020, the SARS-CoV-2 coronavirus and its disease, known as Covid-19, began spreading as a pandemic. Due to this fact, a number of preventive measures have been taken to limit the spread of the virus, also in Poland. In the second half of March 2020, i.a. prohibitions and restrictions on conducting activities for certain types of business entities. Due to the improvement in the situation in the middle of the year, most of these restrictions were withdrawn. As of today, due to the falling number of cases, the restrictions and restrictions introduced earlier are being gradually lifted (including the movement of children and the elderly, restrictions on the operation of cinemas, theaters, restaurants and shops). As the situation is very dynamic (both in Poland and abroad), Eurocash Group monitors the situation on an ongoing basis and follows the recommendations of the Chief Sanitary Inspector and other services in Poland. The activities of the Group so far have focused primarily on implementing the recommendations of sanitary services aimed at limiting the spread of Covid-19 and ensuring, as much as possible, the safety of employees while enabling them to work uninterrupted. Subsequently, Eurocash Group focused on minimizing the effects of the negative impact of Covid-19, primarily in the area of sales. So far, the costs incurred by the Group related to the Covid-19 pandemic were mainly related to HR and administration. They were associated with temporarily higher costs of remuneration for employees and the purchase of personal protective equipment intended for them. Additionally, in connection with the Covid-19 pandemic, 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, the Eurocash Group recorded a decrease in sales in the Horeca segment, as well as in the Kontigo and Inmedio formats, as well as periodic declines in turnover in the EC Serwis format.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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 of the parent entity did not identify important uncertainty to the functioning in the future of the parent entity and its subsidiaries.

2. Acquisition of 49% of shares in the company operating the Arhelan chain of stores.

On 11 March 2021, Eurocash S.A. and Arhelan, as well as Arhelan's existing shareholders, signed an investment agreement, which is also a preliminary share sale agreement ("Investment Agreement") for the purchase of shares in Arhelan and defining the terms of Arhelan's cooperation with the Eurocash Group, including the franchise agreement regarding the target participation of Arhelan within the structures franchise Delikatesy Centrum under the logo of Delikatesy Centrum and Polskie Sklepy Arhelan.

3. Strategic options for the Group's development.

On 28 January 2021, the Management Board of Eurocash S.A. decided to start the process of reviewing the potential strategic options for the development of the Eurocash Group, and for this purpose, on 29 January 2021, it signed an agreement with a strategic advisor and then engaged / entered into agreements with financial and commercial advisors, who will help the Company in identifying and potentially selecting optimal strategic options. The review of strategic options is aimed at selecting the most advantageous way to achieve the long-term goal of the Company, which is the development of the Group leading to maximization of value for the current and future shareholders of the Company.

NOTE 12.

IMPORTANT EVENTS AFTER THE PERIOD COVERED BY THE FINANCIAL STATEMENTS

Management Board of Eurocash S.A. by resolution No. 5 of 27 April 2021, the Ordinary General Meeting of Eurocash S.A. decided to pay the dividend. Persons who are shareholders of the Company on 16 June 2021 will receive a dividend of PLN 0.48 The total amount of the dividend paid was PLN 66,798,377. The dividend was paid on 7 July 2021.

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

Position	Name and surname	Date	Signature
President of the Management Board	Luis Amaral	24 th August 2021	
Management Board Member	Rui Amaral	24 th August 2021	
Management Board Member	Arnaldo Guerreiro	24 th August 2021	
Management Board Member	Pedro Martinho	24 th August 2021	
Management Board Member Human Resources Director	Katarzyna Kopaczewska	24 th August 2021	
Management Board Member Financial Director	Jacek Owczarek	24 th August 2021	
Management Board Member	Przemysław Ciał	24 th August 2021	
Management Board Member	Noel Collett	24 th August 2021	

SELECTED SEPARATE FINANCIAL DATA

	Non audited for the period from 01.01.2021 to 30.06.2021 PLN	Non audited for the period from 01.01.2020 to 30.06.2020 PLN	Non audited for the period from 01.01.2021 to 30.06.2021 EUR	Non audited for the period from 01.01.2020 to 30.06.2020 EUR
Sales	7 582 937 140	7 758 072 269	1 669 956 206	1 757 366 980
Operating profit (loss)	45 987 969	104 574 831	10 127 724	23 688 405
Profit (loss) before income tax	56 104 337	22 513 173	12 355 606	5 099 709
Profit (loss) for the on continued operations	49 370 352	9 585 493	10 872 611	2 171 316
Profit (loss) for the period	49 370 352	9 585 493	10 872 611	2 171 316
Net cash from operating activities	248 777 310	164 152 401	54 787 110	37 183 981
Net cash used in investing activities	101 816 592	(176 096 375)	22 422 611	(39 889 543)
Net cash used in financing activities	(337 530 103)	96 767 370	(74 332 739)	21 919 850
Net change in cash and cash equivalents	13 063 799	84 823 396	2 876 982	19 214 288
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)	0,35	0,07	0,08	0,02
Diluted EPS (in PLN / EUR)	0,35	0,07	0,08	0,02
Average PLN / EUR rate*			4,5408	4,4146
	Non audited as at 30.06.2021 PLN	as at 31.12.2020 PLN	Non audited as at 30.06.2021 EUR	as at 31.12.2020 EUR
Assets	6 366 184 198	6 488 750 929	1 408 198 593	1 406 074 137
Non-current liabilities	1 289 901 643	1 370 141 883	285 325 970	296 901 682
Current liabilities	3 884 102 923	3 918 376 516	859 162 742	849 089 130
Equity	1 192 179 632	1 200 232 530	263 709 881	260 083 325
Share capital	139 163 286	139 163 286	30 782 889	30 155 865
Number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Diluted number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Book value per share (in PLN / EUR)	8,57	8,62	1,89	1,87
Diluted book value per share (in PLN / EUR)	8,57	8,62	1,89	1,87
Dividends paid (in PLN / EUR)	-	-	-	-
Dividends paid per share (in PLN / EUR)	-	-	-	-
PLN / EUR rate at the end of the period**			4,5208	4,6148

* Profit and loss items and cash flow items calculated on basis at a weighted average rate announced by the National Bank of Poland for 2Q 2021 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.

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

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

Introduction

We have reviewed the condensed interim financial statements of Eurocash S.A. (the 'Company') located in Komorniki at Wiśniowa 11, containing: the introduction to condensed interim separate financial statements, condensed separate income statement and condensed separate statement of comprehensive income for the period from 1 January 2021 to 30 June 2021, condensed separate statement of financial position as at 30 June 2021, condensed separate statement of cash flows and condensed separate statement on changes in equity for the period from 1 January 2021 to 30 June 2021, supplementary information to the condensed interim separate financial statements (the 'interim condensed financial statements').

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

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

Scope of review

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

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

Conclusion

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

Warsaw, 24 August 2021

Key certified auditor

Robert Klimacki
certified auditor
no in the register: 90055

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

EUROCASH S.A.

CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

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, 24th August 2021

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.06.2021	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:	01.01-30.06.2021	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 interim condensed financial statements of the Company cover the 6 months period ended 30 June 2021 and contain comparative data for the 6 months period ended 30 June 2020 and as at 31 December 2020. Statement of comprehensive income, income statement and notes to the statement of comprehensive income, income statement including data for the 3 months period ended 30 June 2021 and comparative data for the 3 months period ended on 30 June 2020, were not subject to review or audit by the auditor.

The comparative data was presented in accordance with the requirements of IAS 34 "Interim Financial Reporting", which was approved by the European Union.

2. BODIES OF THE COMPANY

2.1. MANAGEMENT BOARD

As at 30 June 2021 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:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
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2.2. SUPERVISORY BOARD

As at 30 June 2021 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,
Przemysław Budkowski – Member of the Supervisory Board.

2.3. CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARD

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

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2021	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 01.01.2021 TO 30.06.2021

	Non audited 2nd Quarter for the period from 01.04.2021 to 30.06.2021	Non audited 2 Quarters for the period from 01.01.2021 to 30.06.2021	Non audited 2nd Quarter for the period from 01.04.2020 to 30.06.2020	Non audited 2 Quarters for the period from 01.01.2020 to 30.06.2020
Sales	3 965 176 290	7 582 937 140	4 014 534 883	7 758 072 269
Sales of goods	3 953 154 882	7 558 238 248	3 999 896 226	7 734 218 723
Sales of services	12 021 408	24 698 892	14 638 657	23 853 546
Costs of sales	(3 539 410 801)	(6 777 936 762)	(3 513 975 555)	(6 839 027 771)
Costs of goods sold	(3 539 410 801)	(6 777 936 762)	(3 513 975 555)	(6 839 027 771)
Gross profit (loss)	425 765 489	805 000 378	500 559 328	919 044 498
Selling expenses	(319 875 214)	(642 886 690)	(331 901 227)	(678 510 410)
General and administrative expenses	(68 204 321)	(128 799 589)	(71 161 317)	(137 482 166)
Profit (loss) on sales	37 685 953	33 314 099	97 496 784	103 051 922
Other operating income	6 834 916	18 739 251	8 119 016	15 248 432
Other operating expenses	(1 173 697)	(6 065 380)	(1 629 418)	(13 725 523)
Operating profit (loss)	43 347 172	45 987 969	103 986 382	104 574 831
Financial income	177 360 703	183 284 870	7 271 931	13 313 045
Financial costs	(145 492 033)	(173 168 502)	(45 845 056)	(95 374 703)
Profit (loss) before tax	75 215 842	56 104 337	65 413 257	22 513 173
Income tax expense	(9 040 061)	(6 733 986)	(18 551 851)	(12 927 680)
Profit (loss) for the period	66 175 781	49 370 352	46 861 406	9 585 493

EARNINGS PER SHARE

	PLN / share	PLN / share	PLN / share	PLN / share
Profit (loss) for the period	66 175 781	49 370 352	46 861 406	9 585 493
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
Earnings per share				
- basic	0,48	0,35	0,34	0,07
- diluted	0,48	0,35	0,34	0,07

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2021	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 01.01.2021
TO 30.06.2021**

	Non audited 2nd Quarter for the period from 01.04.2021 to 30.06.2021	Non audited 2 Quarters for the period from 01.01.2021 to 30.06.2021	Non audited 2nd Quarter for the period from 01.04.2020 to 30.06.2020	Non audited 2 Quarters for the period from 01.01.2020 to 30.06.2020
Profit (loss) for the period	66 175 781	49 370 352	46 861 406	9 585 493
Other comprehensive income for the period	4 376 431	9 375 127	(3 862 326)	(21 095 457)
Items that may be subsequently reclassified to profit or loss:				
- The result on hedge accounting with the tax effect:	4 376 431	9 375 127	(3 862 326)	(21 095 457)
Total comprehensive income for the period	70 552 213	58 745 479	42 999 080	(11 509 964)
Total Income				
Owners of the Company	70 552 213	58 745 479	42 999 080	(11 509 964)
Non-controlling interests	-	-	-	-
Total comprehensive income for the period	70 552 213	58 745 479	42 999 080	(11 509 964)

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 30.06.2021

Assets	Non audited	
	as at 30.06.2021	as at 31.12.2020 Restated*
Non-current assets (long-term)	4 419 566 895	4 574 824 651
Goodwill	1 204 087 310	1 204 087 310
Intangible assets	582 391 522	596 008 119
Property, plant and equipment	414 365 486	433 767 430
Right of use assets	890 065 706	876 308 646
Investment property	917 863	925 711
Investments in subsidiary companies	1 315 256 408	1 445 256 408
Investments in equity accounted investees	4 590 840	4 590 840
Other long-term investments	79 464	57 633
Long-term receivables	2 218 848	4 557 218
Other long-term prepayments	5 593 448	9 265 337
Current assets (short-term)	1 946 617 303	1 913 926 278
Inventories	787 265 275	770 759 595
Trade receivables	1 031 998 887	1 063 875 784
Current tax receivables	10 564 100	17 622 945
Other short-term receivables	57 630 529	18 208 502
Other short-term financial assets	440 392	310 285
Short-term prepayments	25 044 528	22 539 374
Cash and cash equivalents	33 673 592	20 609 792
Total assets	6 366 184 198	6 488 750 929

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

	Non audited as at 30.06.2021	as at 31.12.2020 Restated*
<i>Equity and liabilities</i>		
Equity	1 192 179 632	1 200 232 530
Equity attributable to Owners of the Company	1 192 179 632	1 200 232 530
Share capital	139 163 286	139 163 286
Reserve capital	940 850 351	878 713 695
Valuation equity of hedging transactions	(12 359 375)	(21 734 503)
Retained earnings	124 525 370	204 090 052
Accumulated profit / loss from previous years	75 155 019	93 869 429
Profit (loss) for the period	49 370 352	110 220 623
Liabilities	5 174 004 566	5 288 518 399
Non-current liabilities	1 289 901 643	1 370 141 883
Long-term loans and borrowings	382 944 489	464 685 000
Other long-term financial liabilities	125 792 770	130 683 208
Long-term lease liabilities	770 666 128	760 125 223
Other long-term liabilities	415 964	432 070
Deferred tax liabilities	5 282 369	9 416 458
Employee benefits	4 799 923	4 799 923
Current liabilities	3 884 102 923	3 918 376 516
Loans and borrowings	599 802 253	742 195 698
Other short-term financial liabilities	25 546 034	31 839 487
Short-term lease liabilities	176 033 298	171 270 476
Trade payables	2 676 564 031	2 641 214 778
Other short-term payables	138 054 302	65 340 096
Current employee benefits	94 785 556	92 466 961
Provisions	173 317 449	174 049 021
Total equity and liabilities	6 366 184 198	6 488 750 929

* Note 1

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2021	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 01.01.2021 TO 30.06.2021

Non audited	Non audited
2 Quarters	2 Quarters
for the period	for the period
from 01.01.2021	from 01.01.2020
to 30.06.2021	to 30.06.2020

Cash flow from operating activities

Profit (loss) before tax	56 104 337	22 513 173
Adjustments for:	150 253 137	226 252 164
Depreciation and amortization	151 906 469	141 595 887
Valuation of motivational programm	-	1 831 800
Gain (loss) on sale of property, plant and equipment	127 264 801	22 773 457
Profit (loss) on exchange rates	(5 418 444)	14 935 154
Dividends received / declared	(160 647 352)	-
Interest expenses	38 465 271	47 023 177
Interest received	(1 317 609)	(1 907 310)
Operating cash before changes in working capital	206 357 474	248 765 337
Changes in inventory	(16 507 693)	12 879 003
Changes in receivables	19 007 761	24 369 347
Changes in payables	52 136 165	(66 077 840)
Changes in provisions and employee benefits	(1 565 051)	1 324 622
Operating cash	259 428 655	221 260 468
Interest received	1 264 908	1 442 240
Interest paid	(6 001 486)	(23 762 987)
Income tax paid	(5 914 767)	(34 787 320)
Net cash from operating activities	248 777 310	164 152 401

Cash flow from investing activities

Aquisition of intangible assets	(14 228 410)	(18 197 198)
Proceeds from sale of intangible assets, property, plant and equipment	1 422 520	1 725
Aquisition of property, plant and equipment tangible fixed assets	(25 026 266)	(40 299 277)
Proceeds from sale of property, plant and equipment	3 574 895	7 399 597
Dividends received	136 311 530	-
Aquisition of subsidiaries	-	(156 880 077)
Loans granted	(108 535)	-
Repayment received of given loans	-	31 530 508
Interest received	(129 142)	348 346
Net cash used in investing activities	101 816 592	(176 096 375)

Cash flow from financing activities

Income/expenses for other financial liabilities	390 341	861 231
Proceeds from loans and borrowings	74 608 787	522 750 526
Repayment of borrowings	(298 742 743)	(319 960 638)
Expenses for liabilities from leasing	(81 689 272)	(72 388 039)
Other interests	(22 981 199)	(19 529 170)
Interests on loans and borrowings	(9 116 017)	(14 966 541)
Net cash used in financing activities	(337 530 103)	96 767 370

Net change in cash and cash equivalents	13 063 799	84 823 396
Cash and cash equivalents at the beginning of the period	20 609 792	30 976 577
Cash and cash equivalents at the end of the period	33 673 592	115 799 973

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2021	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 01.01.2021 TO 30.06.2021

	Share capital	Reserve capital	Hedge reserve	Retained earnings	Total
<i>Changes in equity in the period from 01.01 to 30.06.2020</i>					
Balance as at 01.01.2020 after changes	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 30.06.2020	-	-	-	9 585 493	9 585 493
Net profit presented directly in equity	-	-	(21 095 457)	-	(21 095 457)
Total comprehensive income for the period from 01.01. to 30.06.2020	-	-	(21 095 457)	9 585 493	(11 509 964)
Equity-settled share-based payment transactions	-	1 831 800	-	-	1 831 800
Total contributions by and distributions to Owners of the Company	-	1 831 800	-	-	1 831 800
Balance as at 30.06.2020	139 163 286	698 369 575	(26 423 145)	263 309 303	1 074 419 019

Changes in equity in the period from 01.01 to 30.06.2021

Balance as at 01.01.2021	139 163 286	878 713 695	(21 734 503)	222 804 461	1 218 946 940
Retained earnings after changes	-	-	-	(18 714 409)	(18 714 409)
Balance as at 1 January 2021 after changes	139 163 286	878 713 695	(21 734 503)	204 090 052	1 200 232 531
Profit (loss) for the period from 01.01. to 30.06.2021	-	-	-	49 370 352	49 370 352
Other comprehensive income	-	-	9 375 127	-	9 375 127
Total comprehensive income for the period from 01.01. to 30.06.2021	-	-	9 375 127	49 370 352	58 745 479
Dividends declared	-	-	-	(66 798 377)	(66 798 377)
Transfer to reserve capital	-	62 136 656	-	(62 136 656)	-
Total contributions by and distributions to Owners of the Company	-	62 136 656	-	(128 935 033)	(66 798 377)
Balance as at 30.06.2021	139 163 286	940 850 351	(12 359 375)	124 525 371	1 192 179 632

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2021	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 01.01.2021 TO 30.06.2021

1. GENERAL INFORMATION

1.1. ISSUE OF THE FINANCIAL STATEMENT

According to the resolution of the Management Board dated 24 August 2021, these condensed interim separate financial statements of Eurocash S.A. for the period from 1 January 2021 to 30 June 2021 were authorised for publication.

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

1.2. STATEMENT OF COMPLIANCE

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

These condensed interim financial statements should be read in conjunction with the condensed interim consolidated financial statements of Eurocash S.A. Group as at and for the period ended 30 June 2021, and the separate financial statements of Eurocash S.A. as at and for the year ended 31 December 2020, 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.

Impairment of non-current assets

The analysis of the premises for impairment and the performance of tests requires judgment. In this context, in particular, the feasibility of budgets and the impact of the Covid-19 pandemic on the Company and its subsidiaries operations were analyzed. As a consequence of these premises, the Company conducted tests for the loss of goodwill and other assets including shares in subsidiaries. This required estimating the value in use of cash-generating units to which goodwill and trademarks are allocated. Estimating the value in use consists in determining the future cash flows generated by the cash-generating unit and requires determining the discount rate to be applied in order to calculate the present value of these flows. The assumptions adopted for that purpose are specified in note 2.

Impairment of trade receivables

In the current period, estimates of expected credit losses were updated. Details are included note 3.

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
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Revenue recognition

The application of IFRS 15 requires the Company to make subjective judgments and estimates that significantly affect the determination of the amount and timing of revenue recognition.

If the remuneration specified in the contract includes a variable amount, the Company estimates the amount of remuneration to which it will be entitled in exchange for the delivery of the promised goods or services to the customer.

Leasing - recognition of the lessee

The application of IFRS 16 requires the Company to exercise various types of judgment, including determining which contracts fit into the lease definition, what parameters should be used to measure the lease liability and whether there are indications of the need to reassess the lease term or the discount rate.

The company has the option, under some lease agreements, to extend the term of the asset lease. After the commencement date, the Company periodically assesses the lease term and, in the event of a significant event or change in circumstances under its control, that affect its ability to exercise (or not exercise) the extension option (e.g. change in business strategy), it makes appropriate changes to the treatment of the contract.

The Company makes similar assessments for contracts concluded for an indefinite period.

Classification of liabilities due to reverse factoring

The Company uses many financial instruments, including supply chain financing agreements (reverse factoring) in relation to its trade liabilities. Considering the potential impact of such agreements on the statement of cash flows and the statement of financial position, the Company analyzes the content of such agreements each time.

Based on the analysis performed, the Company assessed that the liabilities covered by the reverse factoring are more similar in nature to liabilities to suppliers than to liabilities due to financing. As a result, they are presented in the balance sheet under "Trade and other liabilities", and payments are recognized in the Statement of Cash Flows upon payment by the company to the factor as cash flows from operating activities.

Above the analysis took into account a number of factors, the most important of which are:

- no significant change in the timing and volume of financial flows,
- equivalence of collateral compared to collateral granted to suppliers.

Depreciation rates

The Company considers "Eurocash" and "abc" trademarks as recognizable on the market and intends to use them for a long time. According to these assumptions the Company states that the economic useful life of the above mentioned trademarks is indefinite and they are not amortized. The "Eurocash" and "abc" trademarks are subject to impairment testing each year.

The Company determines depreciation rates based on the assessment of the expected economic useful life of items of property, plant and equipment and intangible assets, and periodically verifies them.

Split Payment

According to the Management Board's assessment, restrictions on the disposal of cash in VAT accounts resulting from tax regulations regarding the split payment mechanism do not affect their classification as cash and cash equivalents, as the Company uses them on an ongoing basis to settle short-term liabilities.

At the end of June, the amount collected on the VAT accounts in the Company results only from the daily mismatch between payments and inflows on the VAT account..

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
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Court cases

Determining the amount of the provision for court cases requires judgment as to whether the Company is obliged to provide benefits. In estimating whether it is more likely than not that an outflow of economic benefits will occur, the Company followed the professional judgment of legal advisers.

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 2020, excluding the application of new or amended standards and interpretations applicable to annual periods beginning on 1 January 2021 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. When assessing the Company's ability to continue as a going concern, the Management Board considered the existing threat as a threat and the expected effects of the COVID-19 pandemic on the entity's operations. The Management Board analyzed the possible impact of the indicated situation on the Company's financial results. On the basis of the analysis, the Management Board did not find any significant uncertainty as to the functioning of the Company in the future.

As at 30 June 2021, there was a surplus of current liabilities over its current assets in the amount of PLN 1.94 billion. At the same time, as at 30 June 2021, there was a surplus of trade liabilities over current assets (trade receivables and inventories) in the amount of PLN 0.86 billion, which, according to the Management Board, is typical for the industry in which the Company operates, in which a significant part of sales is made on cash terms, inventories are minimized, and suppliers provide deferred payment terms, and the Company also uses reverse factoring instruments. At the same time, the Company is developing the retail network, involving its own funds and funds from external sources of financing.

The financial plans prepared by the Management Board for year 2022, as described in detail below, indicate that the Company maintains liquidity and the ongoing servicing of liabilities. The financing conditions included in the loan agreements are monitored on an ongoing basis. As at the balance sheet date, 30 June 2021, none of these conditions was violated. In addition, the Company also had unused credit limits in the amount of PLN 597,6 million.

The Company also analyzed the timeliness of settling its trade liabilities, details are included in Note 3. The Company plans to maintain the structure and dates of rotation of liabilities in subsequent reporting periods.

In connection with the situation of the SARS-CoV-2 coronavirus pandemic described in Note 10, which affects Eurocash Group companies, the Company monitors the situation on an ongoing basis and complies with the recommendations of the Chief Sanitary Inspector and other services in Poland. Special preventive measures are taken and recommended to employees on an ongoing basis, minimizing the risk of infection. As at the date of these financial statements, the main areas of the Company's operating activities function efficiently.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2021</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

Taking into account the circumstances indicated above, the Management Board of the Company analyzed the possible impact of the indicated situation on the financial results and cash flows of the Company.

As at 30 June 2021, the Company had credit limits at domestic banks and EBRD in the amount of PLN 1,162.8 million, and their use was PLN 565.2 million, which constitutes 49% of the limits granted. The Company mainly uses loans secured with a BGK guarantee, due to the one-off nature of the costs incurred to disburse these loans. Consequently, 75% of loans secured with BGK's guarantees are used, 45% of long-term loans, and 17% of short-term loans (excluding BGK).

The list of long-term loans consists of two lines: (1) a three-year revolving loan concluded in 2020 with a syndicate of banks with a limit of PLN 600 million, the purpose of which was to refinance a loan agreement ending in September 2020, and (2) long-term part (in the amount of PLN 196 million) of the loan disbursed under the agreement concluded with the European Bank for Reconstruction and Development in the second quarter of 2020 in the amount of PLN 222.75 million, valid until June 2025. The funds obtained from this loan were used mainly to finance the purchase of Frisco S.A. In the second quarter of 2021, the principal was repaid in this loan in the amount of PLN 8.9 million. The use of the revolving loan as at June 30, 2021 was PLN 150 million, while the EBRD loan was PLN 213.8 million, of which the amount of PLN 17.8 million, due to the obligatory repayment, which will take place in the second quarter of 2022, was classified as loans short-term.

In order to secure financial liquidity in the event of the implementation of unfavorable epidemic scenarios in 2021, in the third and fourth quarter of 2020 and in the first half of 2021, the Company obtained additional financing under the anti-crisis shield with an 80% guarantee from Bank Gospodarstwa Krajowego in the amount of PLN 200 million. In addition, the Company exchanged a part of the working capital loan supplementing the group cash pool program in the amount of PLN 45 million for financing under the anti-crisis shield. As at 30 June 2021, the total amount of credit limits secured by the BGK guarantee was PLN 245 million, and their use was PLN 183.9 million.

The Company also has (not taking into account the short-term part of the long-term loan and loans secured by the surety of Bank Gospodarstwa Krajowego) working capital loans active as at the date of these financial statements, maturing within 12 months from the date of the last extension. The total amount of financing available under these loans is PLN 104 million and their use is PLN 17.4 million. In each adopted model, the Management Board assumes that all current credit limits in current accounts will be extended for subsequent periods in unchanged amounts

On 23 December 2020, the first bond issue in the amount of PLN 125 million took place as part of the bond issue program established on 18 November 2020 in cooperation with BNP Paribas Bank Polska S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Santander Bank Polska S.A. The program enables multiple bond issues in accordance with the bond issue terms and conditions set for each series, up to the total value of all issues of PLN 1,000,000,000. The issue was in demand with a wide group of investors and was made public by listing it on the ASO (Catalyst) market on stock market.

The Company uses minimal financing of fixed assets through leasing. As at 30 June 2021, the Company had active leasing contracts in two financial institutions with a total exposure of PLN 1.35 million, which were recognized in the statement of financial position as a liability before the implementation of IFRS16. The additional impact of IFRS 16 resulting from lease agreements and lease agreements with entities other than financial institutions amounts to PLN 946 million. The total amount of the Company's total lease liabilities is PLN 947 million and it was presented in the statement of financial position of the Company.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

In order to continue operating activities, and in particular to ensure financing of the supply chain, the Company maintains limits in factoring institutions in the following amounts: (1) reverse factoring - PLN 1.1 billion and (2) factoring of receivables - PLN 200 million. Part of the factoring program in the amount of PLN 125 million is guaranteed as part of the anti-crisis shield, with an 80% guarantee from Bank Gospodarstwa Krajowego.

The use of factoring lines amounts to PLN 1.09 billion in reverse factoring programs and PLN 117.0 million in receivables factoring programs, respectively.

The Company analyzes financial needs and liquidity risks always at the level of the Group in which it is the parent company. The prepared financial model in the negative scenario version assumes a decrease in sales compared to the budget by approx. 8% in the third and fourth quarter of 2021. The operations of the entire Group are not seasonal in nature, but individual market segments are subject to periodic fluctuations. Higher operating revenues and profits are usually achieved in the third quarter of each year. Higher sales revenues during the summer period are mainly attributable to the increased demand for basic food products, tobacco and both alcoholic and non-alcoholic beverages. Taking into account the above and the capital expenditure plan, the smallest surplus of available sources of financing over their use occurs in the first quarter of 2022 and amounts to approximately PLN 230 million. In addition, the Management Board analyzed the changes in the ratios resulting from loan agreements throughout the forecasting period.

The Group's financial model was subject to a sensitivity analysis. The possible maximum negative EBITDA deviation also occurs in the first quarter of 2022 and amounts to PLN 110 million, which would be a deviation of -28% compared to the value resulting from the model.

In addition, the Management Board took into account the expectations regarding the use of available guarantees, credit lines and factoring lines in the third and fourth quarter of 2021 and throughout 2022. Due to the fact that one of the factors, with whom the Group cooperates is closed, negotiations with other financial entities aimed at replacing the factoring line in the amount of PLN 250 million. At the same time, the Management Board analyzed the risk of not replacing this factoring line and the possible need to use the available credit lines. The analysis showed that the Group will maintain liquidity and maintain financial ratios at the levels required by credit agreements, and in the period of the highest use of available sources of financing, the Group will still have unused credit lines in the amount of approximately PLN 130 million.

Based on the analysis, the Management Board concluded that the Group and the Company have sufficient sources of financing and that there is no significant uncertainty for the continuation of their activities.

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

2. NOTES TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2021 TO 30.06.2021

NOTE 1.

CORRECTION OF INCORRECT DATA

As a result of the analyzes of the packaging structure, the Company found the need to make correction related to deposit packaging. Therefore, an appropriate write-off was made, mainly related to previous years.

INCOME STATEMENT FOR THE PERIOD FROM 01.01.2020 TO 31.12.2020

	Income statement before changes	Changes	Income statement after changes
Sales	16 109 125 701	-	16 109 125 701
Sales of goods	16 056 012 702	-	16 056 012 702
Sales of services	53 112 999	-	53 112 999
Costs of sales	(14 220 487 313)	(18 714 409)	(14 239 201 722)
Costs of goods sold	(14 220 487 313)	(18 714 409)	(14 239 201 722)
Gross profit (loss)	1 888 638 388	(18 714 409)	1 869 923 978
Selling expenses	(1 369 944 183)	-	(1 369 944 183)
General and administrative expenses	(262 561 835)	-	(262 561 835)
Profit (loss) on sales	256 132 370	(18 714 409)	237 417 960
Other operating income	70 971 941	-	70 971 941
Other operating expenses	(74 046 476)	-	(74 046 476)
Operating profit (loss)	253 057 835	(18 714 409)	234 343 426
Financial income	63 470 997	-	63 470 997
Financial costs	(154 795 646)	-	(154 795 646)
Profit (loss) before tax	161 733 187	(18 714 409)	143 018 778
Income tax expense	(32 798 154)	-	(32 798 154)
Profit (loss) for the period	128 935 033	(18 714 409)	110 220 623

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

STATEMENT OF FINANCIAL POSITION AS AT 31.12.2020

ASSETS	Statement of financial position before changes	Changes	Statement of financial position after changes
Non-current assets (long-term)	4 574 824 651	-	4 574 824 651
Goodwill	1 204 087 310	-	1 204 087 310
Intangible assets	596 008 119	-	596 008 119
Property, plant and equipment	433 767 430	-	433 767 430
Perpetual use	876 308 646	-	876 308 646
Investment real property	925 711	-	925 711
Investments in subsidiary companies	1 445 256 408	-	1 445 256 408
Investments in associates and joint ventures	4 590 840	-	4 590 840
Other long-term investments	57 633	-	57 633
Long-term receivables	4 557 218	-	4 557 218
Other long-term prepayments	9 265 337	-	9 265 337
Current assets (short-term)	1 913 926 278	-	1 913 926 278
Inventories	770 759 595	-	770 759 595
Trade receivables	1 063 875 784	-	1 063 875 784
Current tax assets	17 622 945	-	17 622 945
Other short-term receivables	18 208 502	-	18 208 502
Other short-term investments	310 285	-	310 285
Short-term prepayments	22 539 374	-	22 539 374
Cash and cash equivalents	20 609 792	-	20 609 792
Total assets	6 488 750 929	0	6 488 750 929

STATEMENT OF FINANCIAL POSITION AS AT 31.12.2020

Equity and liabilities	Statement of financial position before changes	Changes	Statement of financial position after changes
Equity	1 218 946 940	(18 714 409)	1 200 232 530
Share capital	139 163 286	-	139 163 286
Reserve capital	878 713 695	-	878 713 695
Valuation equity of hedging transactions	(21 734 503)	-	(21 734 503)
Retained earnings	222 804 461	(18 714 409)	204 090 052
Accumulated profit (loss) from previous years	93 869 429	-	93 869 429
Profit (loss) for the period	128 935 033	(18 714 409)	110 220 623
Liabilities	5 269 803 989	18 714 409	5 288 518 399
Non-current liabilities	1 370 141 883	-	1 370 141 883
Long-term loans and borrowings	464 685 000	-	464 685 000
Other long-term financial liabilities	130 683 208	-	130 683 208
Long-term lease liabilities	760 125 223	-	760 125 223
Other long-term liabilities	432 070	-	432 070
Deferred tax liabilities	9 416 458	-	9 416 458
Employee benefits	4 799 923	-	4 799 923
Current liabilities	3 899 662 107	18 714 409	3 918 376 516
Loans and borrowings	742 195 698	-	742 195 698
Other short-term financial liabilities	31 839 487	-	31 839 487
Short-term lease liabilities	171 270 476	-	171 270 476
Trade liabilities	2 622 500 368	18 714 409	2 641 214 778
Other short-term payables	65 340 096	-	65 340 096
Current employee benefits	92 466 961	-	92 466 961
Provisions	174 049 021	-	174 049 021
Total equity and liabilities	6 488 750 929	-	6 488 750 929

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTE 2.

IMPAIRMENT TESTS OF ASSETS

The Company analyzed the premises for the impairment of assets, including investments in subsidiaries. The reasons for carrying out the tests were the lower implementation of the budgets of the business departments related to the Retail and Projects segments in the first half of 2021 and the restructuring program in progress in own stores operated by the subsidiary Delikatesy Centrum sp. z o.o.

According to the final test as of 30 June 2021, the Company conducted impairment tests with regard to non-current assets, including investments in subsidiaries, tangible fixed assets, right of use and goodwill, shown in the financial statements in the total amount of PLN 1,139 million related to wholesale and retail activities and determined the recoverable amounts of the respective centers generating funds. cash to which these fixed assets (including goodwill) are assigned.

Fixed assets (including goodwill and trademarks) related to wholesale activities

For the Wholesale Segment, the Company verified the implementation of budgets in the first half of 2021 as well as updated forecasts for the next 5 years and has not identified any premises for impairment of these assets.

Investments in subsidiaries

For investments in subsidiaries included in the Retail segment, an analysis of the value of investments in subsidiaries, including Delikatesy Centrum Sp.z o.o., was carried out and Firma Rogala Sp.z o.o. and related other assets, taking into account the structure of financial flows realized as part of sales to franchise stores and in own stores and the forecast financial results in these sales channels. In particular, the analysis of the financial results of own stores operated by the subsidiary Delikatesy Centrum Sp. z o.o. taking into account the overall margin realized by Eurocash S.A. on this sale and the prospects of improving these results based on the optimization measures taken to activate sales and reduce operating costs, as well as the Management Board's decisions to close 59 own stores.

As a result of the analyzes, an impairment loss was made on the investment in the subsidiary Delikatesy Centrum Sp.z o.o. in the amount of PLN 80 million.

For assets related to companies selling in the Projects segment, premises for impairment were identified in relation to the indirect subsidiary Kontigo Sp. z o.o. related to the lack of implementation of sales budgets in stationary stores and the online sales channel. The analysis showed a loss in the value of assets related to the Kontigo project in the amount of PLN 50 million.

Fixed assets (including goodwill) related to retail activities

As at 30 June 2021, the Company conducted impairment tests with regard to individual non-current assets, including goodwill, shown in the financial statements in the total amount of PLN 1,059 million relating to retail operations (taking into account the write-down described above) and determined the recoverable amounts appropriate cash-generating units to which these fixed assets (including goodwill) are assigned. The recoverable amount of the Retail segment assets was determined based on the cash flow projections developed, inter alia, by with the following assumptions:

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- model for determining the recoverable amount based on the existing infrastructure and sales network (value in use), including central distribution of goods and sales to own and franchise stores,
- a 5-year detailed forecast period was adopted,
- the cash flow projection takes into account the increase in sales according to the LfL ratio (for the fixed base of stores and taking into account the closure of 59 own stores) in a positive amount in the third and fourth quarter of 2021 and an annual average of approx. 2 pp. above the inflation rate in 2022 and next years,
- the level of gross margin in subsequent periods of the forecast was adopted as not higher than the achievement in 2020,
- for the purposes of estimating the amount of operating costs, the inflation rate was assumed at the level of 3.4% in 2022, falling to 2.8% in 2025-2026,
- the calculation of cash flow projections takes into account the recognition of lease contracts in accordance with IFRS16,
- the cash flow forecast takes into account no deterioration of the epidemiological situation as compared to the situation as at the date of approval of these financial statements
- investment outlays in subsequent years have been agreed with the approved investment budgets, including planned outlays for store remodeling,
- while in the residual period the growth rate of 2.5% was assumed,
- the level of working capital was forecast on the basis of historical inventory turnover ratios, trade receivables and trade liabilities.

The discount rate used in the cash flows is consistent with the weighted average cost of capital (WACC), calculated on the basis of the risk-free rate. Other elements used in the calculation, such as the market risk premium, beta factor and capital structure are based on market data, adequate for the industry in which Eurocash operates. A specific risk premium for the Eurocash Group was also assumed. The weighted average cost of capital - WACC of 7.95% (2020: 7.95%) was used as the discount rate.

The test did not show the need to make additional write-downs, including goodwill write-down, higher than the above mentioned write-offs of investment in subsidiary Delikatesy Centrum.

NOTE 3.

OTHER EXPLANATORY INFORMATION

Sales revenue

The sale of goods is homogeneous.

In the field of sales of services, the main titles are revenues from services for the operation of the franchise network, franchise fees, provision of logistics services.

Operating income and expenses

The increase in operating revenues is mainly due to the improved collection of trade receivables.

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Financial costs

The change in financial costs in the first half of 2021 and the second quarter of 2021 compared to 2020 was related, inter alia, to the recognition of impairment losses on investments in subsidiaries in the amount of PLN 130 million (note 2) and the valuation of lease liabilities denominated in foreign currencies. The impact of the valuation in the first half of 2021 was PLN 5.4 million of positive exchange rate differences, in the same period of 2020 it was PLN 14.9 million of negative exchange rate differences.

Financial income

Changes in financial income result mainly from the dividend received from Eurocash Franczyza Sp. z o.o., Eurocash Serwis Sp. z o.o., Premium Distributors Sp. z o.o. and Eurocash VC3 Sp. z o.o. in the amount of approx. PLN 160 million.

Income tax

The effective tax rate is 12%. It is influenced by the tax on fixed differences (resulting from received dividends and write-downs in subsidiaries) constituting the balance sheet cost and income, but excluded from tax income and tax costs.

Intangible assets and tangible fixed assets

Expenses for the purchase of intangible assets and tangible fixed assets are recognized in cash flows under expenses and income for intangible assets and tangible assets in investing activities.

Inventories

WRITE-OFF OF INVENTORIES IN THE PERIOD FROM 01.01 TO 30.06.2021

	for the period from 01.01.2021 to 30.06.2021	for the period from 01.01.2020 to 30.06.2020
Opening balance	20 368 770	17 755 933
- increase *	5 785 496	3 518 898
- decrease *	-	-
Closing balance	26 154 266	21 274 831

* net value

Trade receivables

The company makes write-offs of receivables in relation to the expected credit losses, which result directly from the risk of each client and are calculated on the basis of models taking into account, inter alia, payment history, type of business, geolocation, cooperation evaluation and financial data. In 2021, the analysis showed that the write-down calculated in accordance with the expected credit loss model is highly correlated in terms of value with the amount of the write-off made in accordance with the principle of significantly overdue receivables, where the expected credit loss model was based on the standard approach, in which:

1. The ECL (Expected Credit Loss) is equal to (EAD) the product of the customer's balance, (PD) the probability of at least 90 days delay in payment and (LGD) the amount of losses incurred in the event of default.
2. PD was calculated on the basis of an artificial intelligence algorithm taking into account the history of payments, type of business, geolocation. The modeling result was compared

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(using a weight) with the assessment of cooperation with the client made separately by the sales and debt collection departments.

- The level of LGD is influenced by the security provided by customers.

The analysis of concentration shows its actual lack

Balance range	Number of customers	% of number of customers	Balance	% of Company's balance
5-10mln	1	0,00%	6 505 042	1,13%
2-5mln	11	0,05%	28 629 720	4,95%
1-2mln	32	0,12%	43 834 174	7,58%
0,5-1mln	110	0,46%	75 472 298	13,05%
0,2-0,5mln	429	2,04%	131 327 299	22,71%
0,1-0,2mln	655	2,97%	91 735 044	15,87%
0,05-0,1mln	949	4,37%	67 385 706	11,65%
<0,05mln	17 062	79,68%	135 374 101	23,41%
negative	1 988	10,31%	-2 086 233	-0,36%
total	21 237	100,00%	578 177 151	100,00%

AGING OF TRADE RECEIVABLES AS AT 30.06.2021

	Trade receivables gross value 30.06.2021	Trade receivables gross value 31.12.2020
current	996 488 727	974 643 743
1-30 days	27 966 276	67 754 628
31-90 days	23 217 633	34 657 392
91-180 days	3 262 348	6 336 314
> 180 days	23 458 792	29 054 537
	1 074 393 776	1 112 446 614

WRITE-OFF OF TRADE RECEIVABLES AS AT 30.06.2021

	for the period from 01.01.2021 to 30.06.2021	for the period from 01.01.2020 to 31.12.2020
Opening balance	48 570 830	38 655 791
Increase *	-	9 915 039
Decrease *	(6 175 941)	-
Closing balance	42 394 889	48 570 830

Other short-term receivables

The increase in short-term receivables results mainly from the declared dividend from a subsidiary in the amount of PLN 24.3 million.

Valuation equity of hedging transactions

The Group applies hedge accounting for cash flows related to the repayment of interest-bearing liabilities. Hedged items are also future highly probable liabilities. The interest rate swap is an instrument hedging exposure to interest rate risk, under which the Group converts the stream of interest payments based on the variable WIBOR 1M interest rate into payments with a fixed interest

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rate. The company designates the designated derivative instruments as hedging instruments in the cash flow hedge model and recognizes them in accordance with the hedge accounting principles.

Amount	Issuing Date	Start Date	End Date	Valuation
100 000 000	26.06.2019	22.02.2021	22.02.2022	-931 097
100 000 000	26.06.2019	29.01.2021	31.01.2022	-825 104
100 000 000	06.06.2019	11.01.2021	11.01.2022	-763 411
100 000 000	26.06.2019	18.01.2021	18.01.2022	-782 361
100 000 000	26.06.2019	25.01.2021	25.01.2022	-809 090
100 000 000	30.08.2019	02.09.2019	31.08.2022	-1 198 727
100 000 000	30.08.2019	02.09.2019	31.08.2022	-1 198 727
100 000 000	29.08.2019	02.09.2019	29.07.2022	-1 224 959
200 000 000	28.02.2020	07.01.2022	09.01.2023	-897 794
100 000 000	04.03.2020	08.01.2021	07.01.2022	-416 551
100 000 000	09.03.2020	05.03.2021	06.03.2023	-469 892
100 000 000	03.03.2020	04.03.2022	06.03.2023	-257 029
100 000 000	07.04.2021	17.01.2022	16.01.2023	250 821

Trade liabilities

Eurocash achieved the assessment, thanks to factoring and based on this judgment, classified itself to progress. reverse factoring as a supply title and enabling compliance by enabling compliance with a compliance assertion will enable compliance with the arrangements by providing significant facilitations for payments. As part of the provision of services related to services and services on 30 June 2021, the value of financial services and paid money services were recognized in the amount of PLN 1,090,190,312; on 31 December the appropriate value of the balances is PLN 1,119,586,687.

The company uses 7 reverse factoring lines, which finance deliveries from 78 suppliers. The terms of payment to the factor do not differ from the payment terms agreed with the websites. Instance will be submitted to obtain legal status, surety or a declaration of submission to, for example, a trial.

Aging of trade liabilities is presented below.

Aging of trade liabilities as balance sheet date	30.06.2021	31.12.2020
current	2 676 564 031	2 641 214 778
1-30 days	-	-
31-90 days	-	-
91-180 days	-	-
> 180 days	-	-
	2 676 564 031	2 641 214 778

The structure of maturity of liabilities takes into account maturity of liabilities in the settlement with the items of corrections of these liabilities from suppliers

Other short-term liabilities

The increase in other short-term liabilities results mainly from the declared dividend in the amount of PLN 66.7 million, which was paid to shareholders in July.

This item also includes liabilities due to the sugar levy and the "monkeys" fee in the total amount of PLN 14.9 million.

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NOTE 4.
FAIR VALUE OF FINANCIAL INSTRUMENTS

Determining fair values

As at 30 June 2021, the fair value of financial instruments was close to their carrying amount. The Company has interest rate risk hedging instruments, IRS, which are measured at fair value. For the aforementioned IRS, the fair value was classified to level 2 of the hierarchy - the fair value is determined based on the values observed in the market, but not being direct market quotes (e.g. they are determined by direct or indirect reference to similar instruments available on the market). Due to the applied hedge accounting, the valuation effect is recognized in other comprehensive income.

NOTE 5.
BOOK VALUE PER SHARE AS AT 30.06.2021

BOOK VALUE PER SHARE

	as at 30.06.2021	as at 31.12.2020
Equity attributable to Owners of the Company	1 192 179 632	1 200 232 530
Number of shares	139 163 286	139 163 286
Diluted number of shares	139 163 286	139 163 286
Book value per share	8,57	8,62
Diluted book value per share	8,57	8,62

NOTE 6.

TRANSACTIONS WITH THE SUBSIDIARIES

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

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NOTE 7.

ITEMS NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION

CONTINGENCES AS AT 30.06.2021

	Beneficiary	Title	Currency	as at	as at
				30.06.2021	31.12.2020
1	Bank 1 **	Surety for the Eurocash Group companies regarding the cash pool agreement in the amount of the credit limit	PLN	2 100 000 000	2 100 000 000
2	Bank 2 **	Surety for the Eurocash Group companies regarding the cash pool agreement in the amount of the credit limit	PLN	2 160 000 000	2 160 000 000
3	Bank 2 ***	Surety for liabilities resulting from the "Franchise Partners Financing Program" for the Franchisee of Delikatesy Centrum	PLN	328 419	714 908
4	Bank 4 ***	Surety for liabilities of Eurocash Serwis Sp. z o.o. under the Lease Agreement	PLN	395 057	1 236 613
5	Bank 4 ***	Surety for liabilities of Partnerski Serwis Detaliczny S.A. under the Lease Agreement	PLN	42 547	48 804
6	Bank 5 **	Surety for liabilities of Eurocash Serwis Sp. z o.o. under the Factoring Agreement	PLN	300 000 000	300 000 000
7	Bank 6 **	Surety for liabilities of Eurocash Serwis Sp. z o.o. under the Current Loan Agreement Agreement	PLN	165 000 000	165 000 000
8	Bank 7 **	Surety for liabilities of Eurocash Serwis Sp. z o.o. under the Factoring Agreement	PLN	50 000 000	50 000 000
9	Bank 8 **	Surety for loan of Frisco S.A.	PLN	15 000 000	15 000 000
10	Bank 8**	Agreement surety for transactions on the financial market of FRISCO S.A.	PLN	2 150 000	-
11	Bank 4 ***	Guarantee of the revolving loan of Frisco S.A.	PLN	21 759 054	21 081 630
12	Company 1 **	Surety for trade liabilities of Eurocash Serwis Sp. z o.o.	PLN	1 000 000	1 000 000
13	Company 2 **	Surety for non-trade liabilities of ABC na kolach Sp. z o.o.	PLN	200 000	200 000
14	Company 3 **	Surety for trade liabilities of ABC na kolach Sp. z o.o.	PLN	300 000	300 000
15	Bank 9 **	Surety for liabilities of Group Companies due to Factoring Agreement	PLN	300 000 000	300 000 000
16	Company 5 **	Surety for liabilities of Frisco S.A. due to rent agreement	PLN	52 179 016	53 263 963
17	Company 4 **	Surety for liabilities of Frisco S.A. due to rent agreement	PLN	6 478 113	-
18	Bank 8 **	Surety for liabilities of Frisco S.A. due to derivative contracts	PLN	2 150 000	-
	Bank 8 **	Surety for liabilities of Frisco S.A. due to the factoring agreement	PLN	-	2 000 000
20	Company 6 **	Surety for non-trade liabilities of Delikatesy Centrum Sp. z o.o.	PLN	5 900 000	-
21	Company 7 **	Surety for trade liabilities of Frisco S.A.	PLN	3 650 000	2 930 000
22	Company 2 **	Surety for non-trade liabilities of Frisco S.A.	PLN	300 000	400 000
				5 186 832 207	5 173 175 918

** nominal value

*** debt value as at balance sheet date

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Contingences securing cash pool agreements, credit agreements, factoring agreements, commercial and rental agreements were presented at nominal values, while contingences securing lease agreements and franchisees financing program were presented according to the value of debt as at the balance sheet date.

As at 30 June 2021 contingences of Eurocash S.A. by debt value, amounted to PLN 1.328,8 million, while as at 31.12.2020 PLN: 991,3 million.

BANK GUARANTEES AS AT 30.06.2021

Bank quarantee drawer	Title	Currency	as at	as at
			30.06.2021	31.12.2020
1 Bank 1	Security for rent liabilities *	PLN	0	2 206 699
2 Bank 2	Security for rent liabilities	PLN	7 978 485	8 497 346
3 Bank 3	Security for rent liabilities *	PLN	32 919 903	32 111 064
4 Bank 4	Security for excise duty	PLN	500 000	500 000
5 Bank 5	Payment security for suppliers *	PLN	4 520 800	4 614 800
6 Bank 6	Payment security for suppliers	PLN	40 700 000	40 400 000
7 Bank 7	Payment security for suppliers *	PLN	9 041 600	9 229 600
8 Bank 8	Security for payment with the use of national road	PLN	620 100	620 100
9 Bank 9	Payment security for suppliers	PLN	0	1 153 700
10 Bank 10	Payment security for suppliers *	PLN	19 500 000	19 500 000
11 Bank 11	Security for liabilities due to proper realisation of the agreement	PLN	2 597 849	8 875 182
			118 378 737	127 708 492

* Guarantees in EUR were converted into PLN according to the average NBP exchange rate, respectively
30.06.2021; 1 EUR=4,5208 PLN,
31.12.2020; 1 EUR=4,6148 PLN

SECURITY ON ASSETS AS AT 30.06.2021

Title	Secured property	Secure amount in PLN	Secure amount in PLN
		as at 30.06.2021	as at 31.12.2020
Security of an agreement on a credit line Bank 1 **	Deposit on the inventories	90 000 000	90 000 000
Security of an agreement on a credit line Bank 2 **	Deposit on the Eurocash S.A. inventories	88 000 000	88 000 000
Security on the syndicated loan agreement **	Deposit on the Eurocash Serwis Sp. z o.o. shares	9 547 300	9 547 300
Security on the syndicated loan agreement **	Deposit on the Eurocash Franczyza Sp. z o.o. shares	3 800 000	3 800 000
Security of an EBOR credit **	Mortgage on 13 properties	333 750 000	333 750 000
Lease agreements (at net value of tangible fixed assets on the balance sheet date)	Deposit on fixed assets in leasing	598 530	562 552

** minimal security nominal value

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NOTE 8. UNCERTAIN TAX TREATMENT

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

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

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

In the previous reporting periods, companies within the Group carried out transactions and participated in restructuring processes, which may be the subject of analysis and control of tax authorities. In addition, between the companies of the Group, settlements for the supply of goods and the provision of services, including administrative support services and services provided by network organizers, which may be the subject of verification of transfer pricing settlements and other tax regulations.

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.

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

By the decision of 19 March 2019, the Director of the Tax Administration Chamber in Poznań, after considering the appeal of Eurocash S.A., revoked the entire decision of the Head of the Wielkopolska Customs and Tax Office in Poznań and referred the case for reconsideration. As of 12 May 2021, the case has not been completed.

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 2021, 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 2021, the above-mentioned controls were not completed.

On 3 December 2020, the Head of the Wielkopolska Customs and Tax Office in Poznań issued a decision in which he specified the tax liability in the corporate income tax for 2014 in the amount of approximately PLN 11.3 million. The head of the Wielkopolska Customs and Tax Office in Poznań thus stated that Eurocash S.A. was understated. by the amount of PLN 5.5 million of the tax due in the corporate income tax resulting from the overestimation of tax deductible costs due to depreciation of trademarks in the amount of PLN 28.8 million, which is a consequence of an incorrect - overestimated for tax purposes - initial value of intangible assets legal (trademarks). In response to the above-mentioned decision, on 5 February 2021, the Company appealed.

On 23 June 2021, the Head of the Wielkopolska Customs and Tax Office in Poznań issued a decision in which he specified the tax liability in the corporate income tax for 2015 in the amount of approximately PLN 22.5 million. The head of the Greater Poland Customs and Tax Office in Poznań thus stated that Eurocash S.A. was understated. by the amount of PLN 5.5 million of the tax due in the corporate income tax resulting from the overstatement of tax deductible costs due to depreciation of trademarks in the amount of PLN 28.8 million, which is a consequence of an incorrect - overestimated for tax purposes - evaluation of the initial value of intangible assets and legal (trademarks). In response to the above-mentioned decision, on 21 July 2021, the Company appealed. Due to the control, the Company created provisions which it recognized in previous reporting periods..

Other administrative proceedings

On 2 October 2020, the Company received the Order of the President of the Office of Competition and Consumer Protection of 28 September 2020 on the initiation of ex officio against Eurocash S.A. proceedings on practices dishonestly using contractual advantage. When initiating the proceedings, the President of UOKiK decided that it should be verified whether certain practices applied by Eurocash S.A. could be qualified as the use of contractual advantage. In the decision to initiate the procedure, the President of UOKiK pointed to two questionable forms of Eurocash settlements with suppliers - i.e. collecting remuneration for (i) general-network services / sales support services, and (ii) services to expand sales markets. As part of the pending proceedings, in response to the request of the President of the Office of Competition and Consumer Protection, the Company announced that since 2017 it has not received any remuneration for services to expand sales markets, while in the period from 01.01.2019 to 31.10.2020 it charged suppliers with a total amount of approx. PLN 19 million for the provision of general-network services / sales support. At the same time, the Company from

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01.01.2021. implementing the project started in 2017. strategy of simplifying relationships with suppliers, ceased to provide general-network services / sales support and collection of remuneration to suppliers, about which it informed the President of UOKiK.

As part of the ongoing proceedings, we answer all questions of the President of the Office of Competition and Consumer Protection and explain any doubts on an ongoing basis. The proceedings are at a very early stage, therefore the Management Board of the Company is currently unable to estimate the effects (including financial) of the proceedings initiated by the President of the Office of Competition and Consumer Protection. We also point out that the obligation to pay a possible fine imposed by the President of the Office of Competition and Consumer Protection arises only after the decision becomes final - i.e. after the judgment is issued by the Court of Second Instance (Court of Appeal). Under the present conditions, the duration of the proceedings from the issuance of the decision to the issuance of a final judgment by the Court of Appeal is approximately 4-5 years.

The Company cooperates with the Office on an ongoing basis, providing timely replies to a number of other inquiries addressed by the President of the Office of Competition and Consumer Protection to the Company as part of the ongoing explanatory proceedings and FMCG market research.

NOTE 9.
THE DAMAGE SUFFERED BY THE COMPANY AS A RESULT OF THE ACTIVITIES OF
EXTERNAL ENTITIES PARTICIPATING IN THE VAT FRAUD MECHANISM

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

Eurocash S.A. stopped execution of such transactions concerning intra-Community delivery of goods and as security he posted a deposit of PLN 95,746,906 for possible arrears.

On 30 January 2018, the Prosecutor of the Regional Prosecutor's Office in Poznań 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, the decision to bring Eurocash S.A. to liability for the risk of a fine for the former employee of the Company and the obligation to return property benefits. Following this decision, the prosecutor, on the same day, issued a decision securing Eurocash's property for the enforcement of a potential judgment against the former employee. The security was made by seizing the amount of PLN 65,889,015, which had previously been paid by the Company on August 24, 2017 to the bank account of the Head of the First Wielkopolska Tax Office in Poznań. As a result of a complaint submitted by the Company on July 22, 2020, the District Court in Poznań revoked the decision on the security. Thus, the security collapsed.

The Company entered the amount of PLN 43,479,521 against the Company's current tax liabilities, from the pool of the previously paid security for the payment of any VAT liability (the current security for any arrears is PLN 52,267,381).

The amount of the Security was estimated in 2017 as the maximum amount of the possible VAT arrears of the Company, assuming the worst-case scenario, i.e. unreliability of a very large number of the Company's contractors participating in the intra-Community supply of the Company's goods. At the moment, based on the analysis of tax inspection files and tax proceedings and the results of internal analyzes, the Company concluded that the Security is too high in relation to the amount of potential VAT arrears (if such arrears exist at all), as the information obtained shows that a significant part of buyers, originally classified as a potential risk group, settled transactions with the Company correctly in

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another EU country, showing intra-Community acquisitions of goods there and accounted for the VAT due on this account.

NOTE 10.

OTHER 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.

1. COVID-19

In March 2020, the SARS-CoV-2 coronavirus and its disease, known as Covid-19, began spreading as a pandemic. Due to this fact, a number of preventive measures have been taken to limit the spread of the virus, also in Poland. In the second half of March 2020, i.a. prohibitions and restrictions on conducting activities for certain types of business entities. Due to the improvement in the situation in the middle of the year, most of these restrictions were withdrawn. As of today, due to the falling number of cases, the restrictions and restrictions introduced earlier are being gradually lifted (including the movement of children and the elderly, restrictions on the operation of cinemas, theaters, restaurants and shops). As the situation is very dynamic (both in Poland and abroad), the Company monitors the situation on an ongoing basis and follows the recommendations of the Chief Sanitary Inspector and other services in Poland. The activities of the Company to date have focused primarily on implementing the recommendations of sanitary services aimed at limiting the spread of Covid-19 and ensuring, as much as possible, the safety of employees while enabling them to work uninterrupted. Subsequently, the Company focused on minimizing the negative impact of Covid-19, primarily in the area of sales. So far, the costs incurred by the Company related to the Covid-19 pandemic have mainly been in the area of HR and administration. They were associated with temporarily higher costs of remuneration for employees and the purchase of personal protective equipment intended for them.

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 functioning of the Company and its subsidiaries in the future.

2. Acquisition of 49% of shares in the company operating the Arhelan chain of stores.

On 11 March 2021, Eurocash S.A. and Arhelan, as well as Arhelan's existing shareholders, signed an investment agreement, which is also a preliminary share sale agreement ("Investment Agreement") for the purchase of shares in Arhelan and defining the terms of Arhelan's cooperation with the Eurocash Group, including the franchise agreement regarding the target participation of Arhelan within the structures franchise Delikatesy Centrum under the logo of Delikatesy Centrum and Polskie Sklepy Arhelan.

3. Strategic options for the Group's development.

On 28 January 2021, the Management Board of Eurocash SA decided to start the process of reviewing the potential strategic options for the development of the Eurocash Group, and for this purpose, on 29 January 2021, it signed an agreement with a strategic advisor and then engaged / entered into agreements with financial and commercial advisors, who will help the Company in identifying and potentially selecting optimal strategic options. The review of strategic options is aimed at selecting the

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2021</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

most advantageous way to achieve the long-term goal of the Company, which is the development of the Group leading to maximization of value for the current and future shareholders of the Company.

NOTE 11.

IMPORTANT EVENTS AFTER THE PERIOD COVERED BY THE FINANCIAL STATEMENTS

Management Board of Eurocash S.A. by resolution No. 5 of 27 April 2021, the Ordinary General Meeting of Eurocash S.A. decided to pay the dividend. Shareholders of the Company as at 16 June 2021 will receive a dividend of PLN 0.48. The total amount of the dividend paid was PLN 66,798,377. The dividend was paid on 7 July 2021.

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

Position	Name and surname	Date	Signature
President of the Management Board	Luis Amaral	24 th August 2021	
Management Board Member	Rui Amaral	24 th August 2021	
Management Board Member	Arnaldo Guerreiro	24 th August 2021	
Management Board Member	Pedro Martinho	24 th August 2021	
Management Board Member Human Resources Director	Katarzyna Kopaczewska	24 th August 2021	
Management Board Member Financial Director	Jacek Owczarek	24 th August 2021	
Management Board Member	Przemysław Ciaś	24 th August 2021	
Management Board Member	Noel Collett	24 th August 2021	

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REPORT OF THE MANAGEMENT BOARD

1. Eurocash Group – overview

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

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:

- **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” organized by Eurocash Franczyza sp. z o.o.;
 - **Delikatesy Centrum own retail stores** – own retail stores operating by companies that FHC-2 Sp. z o.o., Madas Sp. z o.o., Podlaskie Delikatesy Centrum Sp. z o.o. (in which Eurocash holds 100% of shares) and Firma Rogala Sp. z o.o., (in which Eurocash holds 50% of shares),
- **Lewiatan Partner** – retail sales by Eurocash Group and wholesale sales by Eurocash to own stores under the Lewiatan brand, managed by Partner Sp. z o.o. (Eurocash holds 100% of shares),
- **Inmedio** – press retail kiosks under Inmedio and Inmedio Trendy brand.

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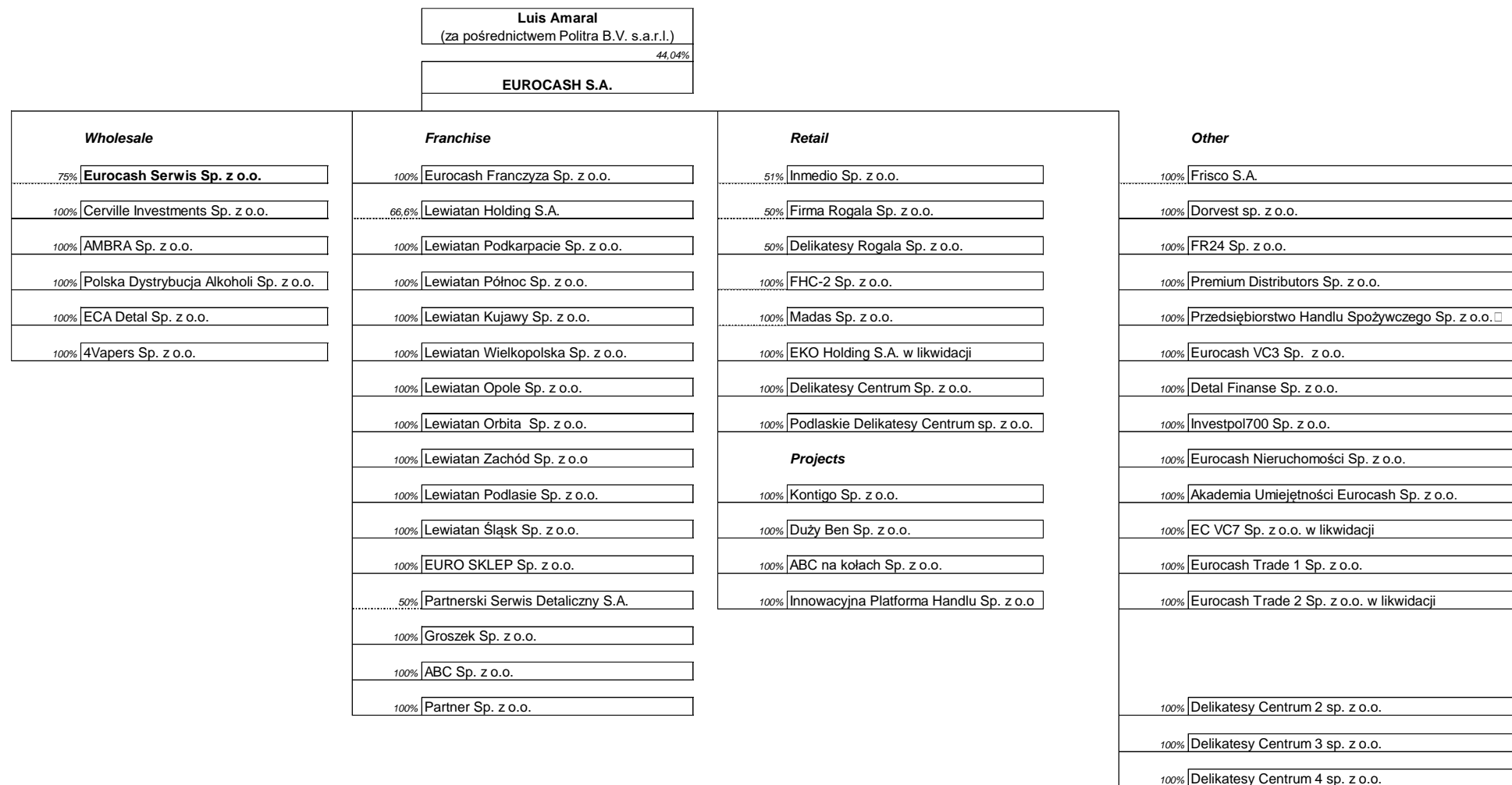
Projects – sales revenue of new projects running by Eurocash S.A. and its subsidiaries: Frisco S.A., Kontigo Sp. z o.o., ABC na kołach Sp. z o.o., Duży Ben Sp. z o.o., Innowacyjna Platforma Handlu Sp. z o.o.

Others – sales revenue and costs of other companies through Eurocash Trade 1 Sp. z o.o., Eurocash Trade 2 Sp. z o.o. in liquidation, 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.

The structure of the Eurocash Group and its affiliated companies

The diagram below presents the structure of the Eurocash Group and its subsidiaries as at June 30th 2021:



2. Summary of financial and operational results of Eurocash Group in 2Q 2021 and 1H 2021

Profit & loss account

Table 1: Eurocash Group: Summary of consolidated financial results for 2Q 2021

	2Q 2021	2Q 2020	Change %
PLN m			
Sales revenues (traded goods, materials)	6 550,51	6 196,27	5,72%
Gross profit (loss) on sales	823,59	842,51	-2,25%
Gross profitability on sales (%)	12,57%	13,60%	-1,02 p.p.
EBITDA	86,66	210,46	-58,82%
(EBITDA margin %)	1,32%	3,40%	-2,07 p.p.
EBIT	(58,05)	72,18	-180,42%
(EBIT margin %)	-0,89%	1,16%	-2,05 p.p.
Gross profit	(67,07)	53,83	-224,59%
Net Income	(94,45)	41,84	-325,73%
(Net profitability %)	-1,44%	0,68%	-2,12 p.p.

Table 2: Eurocash Group: Summary of consolidated financial results for 1H 2021

	1H 2020	1H 2019	Change %
PLN m			
Sales revenues (traded goods, materials)	12 362,61	12 115,37	2,04%
Gross profit (loss) on sales	1 566,71	1 630,13	-3,89%
Gross profitability on sales (%)	12,67%	13,46%	-0,78 p.p.
EBITDA	202,59	336,63	-39,82%
(EBITDA margin %)	1,64%	2,78%	-1,14 p.p.
EBIT	(91,67)	61,77	-248,40%
(EBIT margin %)	-0,74%	0,51%	-1,25 p.p.
Gross profit	(132,95)	(11,72)	1034,27%
Net Income	(165,36)	(20,16)	720,14%
(Net profitability %)	-1,34%	-0,17%	-1,17 p.p.

Consolidated sales of Eurocash Group in 2Q 2021 amounted to PLN 6 550,51 m, which means a increase of 5,72% YoY. In 1H 2021, consolidated sales reached PLN 12 362,61 m compared to PLN 12 115,37 m in 1H 2020, which shows an increase of 2,04%. The sales growth of the Eurocash Group was positively influenced by: the Cigarettes and Impulse Products segment, the Projects segment due to the inclusion of Frisco in the consolidation, and in the wholesale segment the rebound in the Eurocash Dystrybucja and Gastronomia businesses.

Consolidated gross profitability of Eurocash Group amounted to 12,57% in 2Q 2021 and decreased by 1,02 p.p. YoY. In 1H 2021, the gross profitability decreased by 0,78 p.p. YoY and amounted to 12,67%.

Consolidated EBITDA of Eurocash Group in 2Q 2021 amounted to PLN 86,66 m. Consolidated EBITDA of Eurocash Group in 1H 2021 amounted to PLN 202,59 m. Eurocash Group net loss in 2Q 2021 amounted to PLN 94,45 m. Eurocash Group net loss in 1H 2021 reached PLN 165,36 m.

Sales by format

Table 3: Eurocash Group: Sales of goods dynamics by distribution format for 2Q 2021

PLN m	2Q 2021	2Q 2020	Change %
Wholesale	4 858,29	4 657,13	4,32%
Cash&Carry	1 121,76	1 224,85	-8,42%
Tobacco	1 995,86	1 735,74	14,99%
Distribution	1 697,22	1 660,26	2,23%
Food Service	37,16	31,26	18,88%
Other	6,29	5,02	25,29%
Retail	1 530,47	1 476,95	3,62%
Delikatesy Centrum Franchise	585,68	593,87	-1,38%
Supermarkets Own	828,35	810,57	2,19%
Inmedio	116,44	72,50	60,60%
Projects	128,32	44,47	188,58%
Eurocash Group	6 517,09	6 178,55	5,48%

Table 4: Eurocash Group: Sales of goods dynamics by distribution format for 1H 2021

PLN m	1H 2021	1H 2020	Change %
Wholesale	9 042,66	9 019,44	0,26%
Cash&Carry	2 065,77	2 304,80	-10,37%
Tobacco	3 677,87	3 412,20	7,79%
Distribution	3 221,23	3 206,22	0,47%
Food Service	67,24	87,91	-23,51%
Other	10,56	8,31	26,97%
Retail	3 007,72	2 963,40	1,50%
Delikatesy Centrum Franchise	1 169,15	1 153,12	1,39%
Supermarkets Own	1 612,76	1 627,09	-0,88%
Inmedio	225,81	183,19	23,26%
Projects	247,00	82,51	199,37%
Eurocash Group	12 297,38	12 065,36	1,92%

Wholesale:

- In 2Q 2021 external sales of goods in Wholesale segment amounted to PLN 4 858,29 m and increased by 4,32% comparing with 2Q 2020. In 1H 2021 sales amounted to PLN 9 042,66 m and increased by 0,26% YoY. Growth in Q2 was driven by Eurocash Serwis (cigarettes and impulse products).
- EBITDA of the Wholesale segment amounted in 2Q 2021 to PLN 170,49 m. EBITDA of the Wholesale segment amounted in 1H 2021 to PLN 288,24 m.
- LFL sales growth (same number of stores) in Eurocash Cash&Carry stores in 2Q 2021 amounted to negative -8,42% and -10,37% in 1H 2021.
- The number of Eurocash Cash&Carry stores at the end of 1H 2021 has not changed and amounted to 180.
- The number of abc stores amounted to 9 234 at the end of 1H 2021, 270 more than a year ago.

- Number of partnership or franchise stores organized by companies belonging to Eurocash Group (Groszek, Euro Sklep, Lewiatan and PSD) amounted to 5 449 stores as of the end of 2Q 2021, which means an increase by 282 stores comparing to 1H 2020.
- Sales of cigarettes Tobacco & Impulse distribution format in terms of volume amounted in 2Q 2021 to 3 027 m pieces and increased by 16,02% YoY. In 1H 2021 sales exceeded the volume of 5 593 m units and increased by 7,37%.
- Sales of cigarettes in terms of value increased by 17,9% in 2Q 2021 and increased by 9,3% in 1H 2021 YoY.

Retail:

- Sales of goods realized by Retail segment in 2Q 2021 amounted to PLN 1 530,47 m and increased by 3,62% YoY. In 1H 2021 sales amounted to PLN 3 007,72 m and increased by 1,50% YoY.
- EBITDA of the Retail segment amounted in 2Q 2021 to PLN -41,25 m. EBITDA of the Retail segment amounted in 1H 2021 to PLN -5,43 m. The decrease in EBITDA was mainly due to the creation of an impairment charge of PLN 80 million for the closure of 59 own stores and the weak performance of own stores.
- LFL growth of wholesale sales realized by Eurocash to "Delikatesy Centrum" franchise stores amounted to -1,72% in 2Q 2021 and increased by 0,33% in 1H 2021.
- LFL growth of retail sales of "Delikatesy Centrum" franchise stores amounted to 1,54% in the 2Q 2021 and -1,17% in 1H 2021.
- LFL dynamic of retail sales in 2Q 2021 amounted in Inmedio stores to 29,33% YoY and 14,24% in the 1H 2021 YoY.
- Number of Small Supermarkets at the end of 2Q 2021 amounted to 1 584, including 966 Franchise stores and 618 Own stores. Total number of Small Supermarkets increased by 21 stores in 2Q 2021 YoY.
- Number of total "Delikatesy Centrum" stores at the end of 2Q 2021 amounted to 1 545.
- Number of Inmedio stores at the end of 2Q 2021 amounted to 428 stores.

Projects

- Sales of goods realized by Projects segment in 2Q 2021 amounted to PLN 128,32 m comparing to PLN 44,47 m in 2Q 2020. In 1H 2021 sales amounted to PLN 247,00 m comparing to 82,51 m in 1H 2020.
- EBITDA of Projects segment amounted in 2Q 2021 to PLN -11,46 m. EBITDA of Projects segment amounted in 1H 2021 to PLN -22,42 m.

Others

- EBITDA of Others segment amounted in 2Q 2021 to PLN -31,12 m. EBITDA of Others segment amounted in 1H 2021 to PLN -57,80 m.

Operating segments

Below we present quarter results of each segment for years 2020-2021.

Table 5: Eurocash Group: Operating segments results in 2021.

1Q 2021 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenues (traded goods)	4 184,38	1 477,25	118,68	0,00	5 780,30
EBIT	51,38	-31,54	-22,09	-31,37	-33,62
<i>(EBIT margin %)</i>	<i>1,23%</i>	<i>-2,14%</i>	<i>-18,62%</i>	<i>0,00%</i>	<i>-0,58%</i>
EBITDA	117,74	35,82	-10,96	-26,68	115,93
<i>(EBITDA margin %)</i>	<i>2,81%</i>	<i>2,43%</i>	<i>-9,23%</i>	<i>0,00%</i>	<i>2,01%</i>
2Q 2021 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenues (traded goods)	4 858,28	1 530,47	128,32	0,00	6 517,08
EBIT	109,14	-108,15	-23,64	-35,39	-58,05
<i>(EBIT margin %)</i>	<i>2,25%</i>	<i>-7,07%</i>	<i>-18,43%</i>	<i>0,00%</i>	<i>-0,89%</i>
EBITDA	170,49	-41,25	-11,46	-31,12	86,66
<i>(EBITDA margin %)</i>	<i>3,51%</i>	<i>-2,70%</i>	<i>-8,93%</i>	<i>0,00%</i>	<i>1,33%</i>

Table 6: Eurocash Group: Operating segments results in 2021 YTD.

1Q 2021 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenues (traded goods)	4 184,38	1 477,25	118,68	0,00	5 780,30
EBIT	51,38	-31,54	-22,09	-31,37	-33,62
<i>(EBIT margin %)</i>	<i>1,23%</i>	<i>-2,14%</i>	<i>-18,62%</i>	<i>0,00%</i>	<i>-0,58%</i>
EBITDA	117,74	35,82	-10,96	-26,68	115,93
<i>(EBITDA margin %)</i>	<i>2,81%</i>	<i>2,43%</i>	<i>-9,23%</i>	<i>0,00%</i>	<i>2,01%</i>
2Q 2021 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenues (traded goods)	9 042,66	3 007,72	247,00	0,00	12 297,38
EBIT	160,52	-139,70	-45,74	-66,76	-91,67
<i>(EBIT margin %)</i>	<i>1,78%</i>	<i>-4,64%</i>	<i>-18,52%</i>	<i>0,00%</i>	<i>-0,75%</i>
EBITDA	288,24	-5,43	-22,42	-57,80	202,59
<i>(EBITDA margin %)</i>	<i>3,19%</i>	<i>-0,18%</i>	<i>-9,07%</i>	<i>0,00%</i>	<i>1,65%</i>

Table 7: Eurocash Group: Operating segments results in 2020

1Q 2020 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenues (traded goods)	4 362,31	1 486,46	38,04	0,00	5 886,81
EBIT	43,96	-5,52	-17,43	-31,42	-10,41
<i>(EBIT margin %)</i>	<i>1,01%</i>	<i>-0,37%</i>	<i>-45,81%</i>	<i>0,00%</i>	<i>-0,18%</i>
EBITDA	106,81	60,12	-12,93	-27,83	126,16
<i>(EBITDA margin %)</i>	<i>2,45%</i>	<i>4,04%</i>	<i>-33,98%</i>	<i>0,00%</i>	<i>2,14%</i>
2Q 2020 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenues (traded goods)	4 657,13	1 476,95	44,47	0,00	6 178,55
EBIT	106,71	16,05	-13,40	-37,17	72,18
<i>(EBIT margin %)</i>	<i>2,29%</i>	<i>1,09%</i>	<i>-30,14%</i>	<i>0,00%</i>	<i>1,17%</i>
EBITDA	167,51	81,68	-5,89	-32,83	210,46
<i>(EBITDA margin %)</i>	<i>3,60%</i>	<i>5,53%</i>	<i>-13,25%</i>	<i>0,00%</i>	<i>3,41%</i>
3Q 2020 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenues (traded goods)	5 259,35	1 577,15	100,19	0,00	6 936,69
EBIT	124,52	12,76	-14,70	-34,68	87,90
<i>(EBIT margin %)</i>	<i>2,37%</i>	<i>0,81%</i>	<i>-14,67%</i>	<i>0,00%</i>	<i>1,27%</i>
EBITDA	184,94	76,41	-5,88	-30,39	225,08
<i>(EBITDA margin %)</i>	<i>3,52%</i>	<i>4,84%</i>	<i>-5,87%</i>	<i>0,00%</i>	<i>3,24%</i>
4Q 2020 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenues (traded goods)	4 613,82	1 550,55	117,71	0,00	6 282,08
EBIT	111,38	31,72	-21,07	-21,27	100,76
<i>(EBIT margin %)</i>	<i>2,41%</i>	<i>2,05%</i>	<i>-17,90%</i>	<i>0,00%</i>	<i>1,60%</i>
EBITDA	169,61	97,21	-8,37	-16,22	242,23
<i>(EBITDA margin %)</i>	<i>3,68%</i>	<i>6,27%</i>	<i>-7,11%</i>	<i>0,00%</i>	<i>3,86%</i>

Table 8: Eurocash Group: Operating segments results in 2020 YTD

1Q 2020 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenues (traded goods)	4 362,31	1 486,46	38,04	0,00	5 886,81
EBIT	43,96	-5,52	-17,43	-31,42	-10,41
<i>(EBIT margin %)</i>	<i>1,01%</i>	<i>-0,37%</i>	<i>-45,81%</i>	<i>0,00%</i>	<i>-0,18%</i>
EBITDA	106,81	60,12	-12,93	-27,83	126,16
<i>(EBITDA margin %)</i>	<i>2,45%</i>	<i>4,04%</i>	<i>-33,98%</i>	<i>0,00%</i>	<i>2,14%</i>
2Q 2020 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenues (traded goods)	9 019,44	2 963,40	82,51	0,00	12 065,36
EBIT	150,67	10,52	-30,83	-68,59	61,77
<i>(EBIT margin %)</i>	<i>1,67%</i>	<i>0,36%</i>	<i>-37,37%</i>	<i>0,00%</i>	<i>0,51%</i>
EBITDA	274,31	141,79	-18,82	-60,66	336,63
<i>(EBITDA margin %)</i>	<i>3,04%</i>	<i>4,78%</i>	<i>-22,81%</i>	<i>0,00%</i>	<i>2,79%</i>
3Q 2020 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenues (traded goods)	14 278,80	4 540,55	182,70	0,00	19 002,04
EBIT	275,19	23,28	-45,53	-103,27	149,67
<i>(EBIT margin %)</i>	<i>1,93%</i>	<i>0,51%</i>	<i>-24,92%</i>	<i>0,00%</i>	<i>0,79%</i>
EBITDA	459,26	218,20	-24,70	-91,05	561,71
<i>(EBITDA margin %)</i>	<i>3,22%</i>	<i>4,81%</i>	<i>-13,52%</i>	<i>0,00%</i>	<i>2,96%</i>
4Q 2020 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenues (traded goods)	18 892,61	6 091,10	300,41	0,00	25 284,13
EBIT	386,57	55,00	-66,60	-124,54	250,43
<i>(EBIT margin %)</i>	<i>2,05%</i>	<i>0,90%</i>	<i>-22,17%</i>	<i>0,00%</i>	<i>0,99%</i>
EBITDA	628,87	315,41	-33,07	-107,27	803,94
<i>(EBITDA margin %)</i>	<i>3,33%</i>	<i>5,18%</i>	<i>-11,01%</i>	<i>0,00%</i>	<i>3,18%</i>

Cash flow**Table 9: Eurocash Group: Consolidated cash flows for 2Q 2021**

	2Q 2021	2Q 2020
PLN m		
Operating cash flow	344,75	260,24
<i>Gross profit (loss)</i>	<i>(67,07)</i>	<i>53,83</i>
<i>Depreciation</i>	<i>144,71</i>	<i>138,28</i>
<i>Change in working capital</i>	<i>204,23</i>	<i>93,68</i>
<i>Other</i>	<i>62,88</i>	<i>(25,55)</i>
Cash flow from investments	(37,28)	(167,26)
Cash flow from financing activities	(308,29)	(12,49)
Total cash flow	(0,81)	80,49

Table 10: Eurocash Group: Consolidated cash flows for 1H 2021

	1H 2021	1H 2020
PLN m		
Operating cash flow	322,99	220,62
<i>Gross profit (loss)</i>	<i>(132,95)</i>	<i>(11,72)</i>
<i>Depreciation</i>	<i>294,26</i>	<i>274,86</i>
<i>Change in working capital</i>	<i>71,56</i>	<i>(19,08)</i>
<i>Other</i>	<i>90,12</i>	<i>(23,43)</i>
Cash flow from investments	(81,10)	(225,88)
Cash flow from financing activities	(244,88)	60,81
Total cash flow	(2,99)	55,55

Total cash flow in 2Q 2021 amounted to PLN -0,81 m, while the operating cash flow reached PLN 344,75 m. Cash flow from investments amounted to PLN -37,28 m and cash flow from financing activities amounted in 2Q 2021 to PLN -308,29 m.

Total cash flow in 1H 2021 amounted to PLN -2,99 m, while the operating cash flow reached PLN 322,99 m. Cash flow from investments amounted to PLN -81,10 m and cash flow from financing activities amounted in 1H 2021 to PLN -244,88 m.

Working capital**Table 11: Eurocash Group: Consolidated working capital ratios flow for 2Q 2021**

Turnover in days	2Q 2021	2Q 2020
1. Inventories turnover	18,91	19,80
2. Trade receivables turnover	20,28	21,22
3. Trade liabilities turnover	(61,82)	(66,66)
4. Operating cycle (1+2)	39,18	41,02
5. Cash conversion (4+3)	(22,64)	(25,64)

Table 12: Eurocash Group: Consolidated working capital ratios flow for 1H 2021

Turnover in days	1H 2021	1H 2020
1. Inventories turnover	19,92	20,25
2. Trade receivables turnover	21,37	21,71
3. Trade liabilities turnover	(65,23)	(68,07)
4. Operating cycle (1+2)	41,30	41,96
5. Cash conversion (4+3)	(23,94)	(26,11)

Cash conversion in 2Q 2021 reached -22,64 days comparing with -25,64 days in 2Q 2020. In 1H 2021 cash conversion cycle amounted to -23,94 days compared to -26,11 days in 1H 2020. Change in each position of working capital was related to change in mix of sales i.e. increase of share of tobacco and impulse products in total sales revenues of the Group.

Statement of the financial position

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

Table 13: Eurocash Group: Selected consolidated balance sheet items

PLN m	30.06.2021		31.12.2020	
Fixed assets	5 069,96	61,87%	5 096,73	63,19%
Current assets	3 125,15	38,13%	2 969,06	36,81%
Total assets	8 195,10	100,00%	8 065,79	100,00%
Equity	753,36	9,19%	984,13	12,20%
Liabilities and provisions	7 441,75	90,81%	7 081,66	87,80%
Total liabilities and equity	8 195,10	100,00%	8 065,79	100,00%

Net debt of Eurocash Group at the end of June 2021 amounted to PLN 2 675,08 m. Before IFRS16 net debt amounted to PLN 724,90 m comparing to PLN 818,24 m at the end of June 2020.

3. Summary of financial results of Eurocash S.A. in 2Q and 1H 2021

Profit & loss account

Table 14: Eurocash S.A.: Summary of financial results for 2Q 2021

	2Q 2021	2Q 2020	Change %
PLN m			
Sales revenues (traded goods, materials)	3 965,18	4 014,53	-1,23%
Gross profit (loss) on sales	425,77	500,56	-14,94%
Gross profitability on sales (%)	10,74%	12,47%	-1,73 p.p.
EBITDA	116,00	174,61	-33,57%
(EBITDA margin %)	2,93%	4,35%	-1,42 p.p.
EBIT	43,35	103,99	-58,31%
(EBIT margin %)	1,09%	2,59%	-1,5 p.p.
Gross profit	75,22	65,41	14,99%
Net Income	66,18	46,86	41,22%
(Net profitability %)	1,67%	1,17%	0,5 p.p.

Table 15: Eurocash S.A.: Summary of financial results for 1H 2021

	1H 2021	1H 2020	Change %
PLN m			
Sales revenues (traded goods, materials)	7 582,94	7 758,07	-2,26%
Gross profit (loss) on sales	805,00	919,04	-12,41%
Gross profitability on sales (%)	10,62%	11,85%	-1,23 p.p.
EBITDA	197,89	246,17	-19,61%
(EBITDA margin %)	2,61%	3,17%	-0,56 p.p.
EBIT	45,99	104,57	-56,02%
(EBIT margin %)	0,61%	1,35%	-0,74 p.p.
Gross profit	56,10	22,51	149,21%
Net Income	49,37	9,59	415,05%
(Net profitability %)	0,65%	0,12%	0,53 p.p.

Sales of Eurocash S.A. in 2Q 2020 amounted to PLN 3 965,18 m, which means a decrease of 1,23% YoY. In 1H 2021, sales reached PLN 7 582,94 m compared to PLN 7 758,07 m in 1H 2020, which shows an decrease of 2,26%.

Consolidated gross profitability of Eurocash S.A. amounted to 10,74% in 2Q 2021 and decreased by 1,73 p.p. YoY. In 1H 2021, the gross profitability decreased by 1,23 p.p. YoY and amounted to 10,62%.

In 2Q 2021 EBITDA of Eurocash S.A. amounted to PLN 116,00 m. In 1H 2021 EBITDA of Eurocash S.A. amounted to PLN 197,89 m. The net profit of Eurocash S.A. in 2Q 2021 amounted to PLN 66,18 m. The net profit of Eurocash S.A. in 1H 2021 amounted to PLN 49,37 m.

Cash flow**Table 16: Eurocash S.A.: Cash flow for 2Q 2021**

	2Q 2021	2Q 2020
PLN m		
Operating cash flow	187,38	273,15
<i>Gross profit (loss)</i>	75,22	65,41
<i>Depreciation</i>	72,65	70,63
<i>Change in working capital</i>	80,05	128,42
<i>Other</i>	(40,54)	8,69
Cash flow from investments	133,39	(145,19)
Cash flow from financing activities	(309,80)	(54,30)
Total cash flow	10,97	73,65

Table 17: Eurocash S.A.: Cash flow for 1H 2021

	1H 2021	1H 2020
PLN m		
Operating cash flow	248,78	164,15
<i>Gross profit (loss)</i>	56,10	22,51
<i>Depreciation</i>	151,91	141,60
<i>Change in working capital</i>	54,64	(28,83)
<i>Other</i>	(13,87)	28,87
Cash flow from investments	101,82	(176,10)
Cash flow from financing activities	(337,53)	96,77
Total cash flow	13,06	84,82

Total cash flow of Eurocash S.A. in 2Q 2021 amounted to PLN 10,97 m comparing to PLN 73,65 m in 2Q 2020. In 1H 2020 Eurocash S.A. total cash flow reached PLN 13,06 m, while in 1H 2020 it reached level of PLN 84,82 m.

Working capital**Table 18: Eurocash S.A.: Working capital ratios for 2Q 2021**

Turnover in days	2Q 2021	2Q 2020
1. Inventories turnover	18,07	17,98
2. Trade receivables turnover	23,68	24,59
3. Trade liabilities turnover	(68,82)	(72,10)
4. Operating cycle (1+2)	41,75	42,57
5. Cash conversion (4+3)	(27,06)	(29,54)

Table 19: Eurocash S.A.: Working capital ratios for 1H 2021

Turnover in days	1H 2021	1H 2020
1. Inventories turnover	18,79	18,61
2. Trade receivables turnover	24,63	25,45
3. Trade liabilities turnover	(71,48)	(74,10)
4. Operating cycle (1+2)	43,42	44,05
5. Cash conversion (4+3)	(28,05)	(30,04)

Cash conversion of Eurocash S.A. in 2Q 2021 amounted to -27,06 days and in 1H 2021 -28,05 days. In 2Q 2020 cash conversion reached -29,54 days and in 1H 2020 -30,04 days.

Statement of the financial position

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

Table 20: Eurocash S.A.: Selected adjusted balance sheet items

PLN m	30.06.2021		31.12.2020	
Fixed assets	4 419,57	69,42%	4 574,82	70,50%
Current assets	1 946,62	30,58%	1 913,93	29,50%
Total assets	6 366,18	100,00%	6 488,75	100,00%
Equity	1 192,18	18,73%	1 200,23	18,50%
Liabilities and provisions	5 174,00	81,27%	5 288,52	81,50%
Total liabilities and equity	6 366,18	100,00%	6 488,75	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

The presented Non-IFRS Data were not audited or reviewed by an independent auditor. Non-IFRS data are not financial data under EU IFRS. Non-IFRS data are not uniformly defined and calculated by other entities and therefore they may not be comparable to data presented by other entities, including entities operating in the same sector as the Eurocash Group. The financial information in question should be analysed only as an addition to, and not as a substitute for, financial information prepared in accordance with EU IFRS. The non-IFRS data should not be assigned a higher level of materiality than the measurements directly resulting from the Consolidated Financial Statements.

5. Major events and factors that influenced consolidated income or loss of Eurocash Group in 1H 2020

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 at today, due to stabilization of the situation, previously recommended bans and restrictions are gradually deleted, however there are regions of country, where part of bans were reset. 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 of the parent entity did not identify important uncertainty to the functioning in the future of the parent entity and its subsidiaries.

Changes in equity

In the period between 1st January 2021 and 30th June 2021 no shares were issued.

Impairment of non-current assets and right-of-use assets

In accordance with Note 4 to the Consolidated Financial Statements, an analysis has been carried out which provides the basis for recognition of an impairment charge of PLN 80 million on non-current assets relating to own stores being closed down. This write-down relates to non-current assets and assets arising from the right of use of these locations and concerns 59 own stores.

There have been no other major events that influenced Eurocash Group income or loss in 1H 2021.

6. Development perspectives

External Factors

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 at today, due to stabilization of the situation, previously recommended bans and restrictions are gradually deleted, however there are regions of country, where part of bans were reset. 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 of the parent entity did not identify important uncertainty to the functioning in the future of the parent entity and its subsidiaries.

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 and retail 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. At the beginning of 2021, the company additionally introduced a recovery program for its own stores, which covered 180 outlets. In case of part of them, the decision of continuation of further operations is expected within a few months in case of failure to achieve the assumed operational and financial indicators. In accordance with a current report dated 20 July 2021, the Management Board made a decision to close 59 outlets of Delikatesy Centrum (own stores).

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,

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.

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.

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. Eurocash Group also intends to develop in the e-commerce segment through its company Frisco.

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

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 1H 2021, the traditional distribution channel was a significant form of FMCG retail distribution, representing the share of 36,1%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 causing more frequent shopping. Such a situation is advantageous for Eurocash Group, for which small and medium-sized stores located outside large agglomerations constitute the most significant group of customers. Growth in the large format channel,

² Nielsen Retail Trade Panel, Value sales, period: January - June 2021, Food categories

including expansion of discounters, responsible for 40,4%³. of sales in Poland in H1 2021, will reduce the potential market in which Eurocash Group operates.

The structure of the traditional FMCG distribution channel. Competition

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

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 of the parent entity did not identify important uncertainty to the functioning in the future of the parent entity and its subsidiaries.

Internal Factors

IT systems

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

New investments

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

Suppliers

Due to the range of products offered by the Eurocash Group and geographically diverse sales, key suppliers of the Group are numerous and as at 30th June 2021 comprised to 1220 national and foreign entities.

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

³ *Ibidem*

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

Risk management system

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

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

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

Table 21: 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 public corruption • Risk of corruption in relations with contractors • Risk of fraud against employees • Risk of internal frauds • Risk of conflict of interest 	<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 • Introducing a procedure for dealing with reports, a reporting path, protecting whistleblowers from reprisals, discrimination or other unfair treatment, protecting personal data and maintaining confidentiality - compliant with the European Parliament and Council Directive (EU) 2019/1937 on whistleblowers and the Recommended Standards for anti-corruption compliance management systems and the whistleblower protection system in companies listed on the markets organized by the Warsaw Stock Exchange SA • Anti-mobbing policy • Training for employees on Eurocash Group values and ethics rules • Instructions for accepting gifts from contractors (giving gifts for charity) • Implementation of procedures and process for managing conflicts of interest, including a survey-declaration of actual or potential conflicts of interest.

Legal	<ul style="list-style-type: none"> • Risk of consumer law violation • Risk of competition law violation • Risk of forbidden agreements regulations violation • Risk of violating regulations on payment congestion • Risk of violating antitrust law • Risk of violation of personal data protection regulations • Risk of violating the provisions of the Commercial Companies Code • Risk of violating business secrecy and confidential data • Risk of regulated advertising and intellectual property regulations violation 	<ul style="list-style-type: none"> • Policies and procedures to monitor compliance with consumer rights legislation • Training and awareness-raising of employees • Monitoring the profile and level of risks identified in the Group • Implementing an effective compliance system to monitor key risks on an ongoing basis, monitoring changes in the law, amending internal regulations in line with evolving legislation • Implementation of a system of periodical KRI (key risk indicators) on selected risk areas in order to identify and monitor breaches of implemented rules and processes • Implementing a unified system of creating and publishing marketing content
Taxes	<ul style="list-style-type: none"> • Risk of improper calculation and/or recognition of PIT / CIT / VAT • Risk of improper verification of contractors • Risk of non-effective implementation of procedures regarding tax reporting obligations 	<ul style="list-style-type: none"> • Implementation of procedures to ensure proper calculation of tax liabilities • Designing tools to support the calculation of tax liabilities • Implementation of procedures concerning fulfillment of due diligence requirements towards contractors • Training on tax risks and the contractor verification process

<p>Human resources/workplace</p>	<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 • Introducing a procedure for dealing with reports, a reporting path, protecting whistleblowers from reprisals, discrimination or other unfair treatment, protecting personal data and maintaining confidentiality - compliant with the European Parliament and Council Directive (EU) 2019/1937 on whistleblowers and the Recommended Standards for anti-corruption compliance management systems and the whistleblower protection system in companies listed on the markets organized by the Warsaw Stock Exchange SA • 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
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Employees' health and safety	<ul style="list-style-type: none"> • Risk of accidents at work • Risk of fire and other accidents that may endanger the life and health of employees • The risk of access to unauthorized facilities that may endanger the safety of employees • Risk of assault on employees in the field and branches • Risk of occupational diseases (work at the computer, work in a warehouse, etc.) 	<ul style="list-style-type: none"> • Internal health and safety procedures and instructions • Systematic checks on compliance with health and safety procedures and instructions • Health and safety training for employees • Systematic training on emergency actions (e.g. trial evacuations in case of fires, etc.) • Devices and means ensuring safety in crisis situations (fire, evacuation, etc.) • Providing AED (defibrillator) devices in the Group's facilities with a large number of employees • Protection against access by third parties and protection of objects • Ensuring the physical protection of employees and facilities • Systematic training in first aid • 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 • 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 functions related to sustainable development and documents defining the Group's priorities in the field of CSR • 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

8. Additional information

Information regarding dividends

According to the resolution no 5 dated April 27, 2021 the Ordinary Shareholders' Meeting of EUROCASH S.A. resolved to pay the dividend from the Company's profit. The Ordinary Shareholders' Meeting of Eurocash S.A. decided that the persons who are the shareholders of the Company on June 16, 2021 shall receive the dividend in amount PLN 0.48 (forty eight grosz) per one Company's share. The dividend was paid on July 7, 2021. The number of shares covered by the dividend as at 27 April 2021 was 139.163.286.

Explanations regarding seasonality

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

Issuance redemption and repayment of debt and capital securities

In the period between 1st January 2021 and 30th June 2021 no shares have been issued.

On 30th June 2021 Eurocash total nominal value of issued bonds amounted to PLN 125.000.000

Changes in Key Management Principles

In 1H 2021 there were no 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 2021.

Table 22: Shareholders owning directly or indirectly – through dependent entities – at least 5 % of total number of votes at the general assembly

	24.08.2020				12.05.2020			
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%
Others	77 875 508	55.96%	77 875 508	55.96%	77 875 508	55.96%	77 875 508	55.96%
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 23: 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	
	24.08.2021	12.05.2021
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	1 055 803	1 055 803
Jacek Owczarek*	73 694	73 694
Przemysław Ciaś	9 850	9 850
Noel Collett	0	0
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
Przemysław Budkowski	0	0

*indirectly through persons closely related

Information on Court Proceedings

On 2 October 2020, the Company received the Order of the President of the Office of Competition and Consumer Protection of 28 September 2020 on the initiation of ex officio against Eurocash S.A. proceedings on practices dishonestly using contractual advantage. When initiating the proceedings, the President of UOKiK decided that it should be verified whether certain practices applied by Eurocash S.A. could be qualified as the use of contractual advantage. In the decision to initiate the procedure, the President of UOKiK pointed to two questionable forms of Eurocash settlements with suppliers - i.e. collecting remuneration for (i) general-network services / sales support services, and (ii) services to expand sales markets. As part of the pending proceedings, in response to the request of the President of the Office of Competition and Consumer Protection, the Company announced that since 2017 it has not received any remuneration for services to expand sales markets, while in the period from 01.01.2019 to 31.10.2020 it charged suppliers with a total amount of approx. PLN 19 million for the provision of general-network services / sales support.

At the same time, the Company from 01.01.2021r. is implementing the strategy of simplifying its relations with suppliers, which began in 2017, ceased to provide network-wide/sales support services to suppliers and collect remuneration therefor, of which it informed the President of the UOKiK.

As part of the ongoing proceedings, we answer all questions of the President of the Office of Competition and Consumer Protection and explain any doubts on an ongoing basis. The proceedings are at a very early stage, therefore the Management Board of the Company is currently unable to estimate the effects (including

financial) of the proceedings initiated by the President of the Office of Competition and Consumer Protection. We also point out that the obligation to pay a possible fine imposed by the President of the Office of Competition and Consumer Protection arises only after the decision becomes final - i.e. after the judgment is issued by the Court of Second Instance (Court of Appeal). Under the present conditions, the duration of the proceedings from the issuance of the decision to the issuance of a final judgment by the Court of Appeal is approximately 4-5 years.

The Company cooperates with the Office on an ongoing basis, providing timely replies to a number of other inquiries addressed by the President of the Office of Competition and Consumer Protection to the Company as part of the ongoing explanatory proceedings and FMCG market research.

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

In the 1H 2021 companies belonging to Eurocash Group did not grant any surety for a credit or a loan nor did it grant any guarantee that could be considered significant.

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

In the 1H 2021 companies belonging to Eurocash Group did not execute transactions with related parties otherwise than in the ordinary course of business on an arm's length basis.

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

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

Appointment of the entity qualified to audit financial statements

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

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

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

STATEMENT OF THE MANAGEMENT BOARD

Accuracy and reliability of the reports presented

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

- the abbreviated semi-annual consolidated financial statements and comparable data have been drawn up in accordance with the applicable accounting principles and give a true and fair view of the economic and financial position of Eurocash Group and of the financial results for the 1H 2021,
- the abbreviated semi-annual separate financial statements and comparable data have been drawn up in accordance with the applicable accounting principles and give a true and fair view of the economic and financial position of Eurocash and of the results of its operations for the 1H 2021.
- the report of the Management Board on the business activities of Eurocash Group for the 1H 2021 contains a true views of the development, achievements and position of Eurocash Group, including a description of main risks and threats.

Signatures of the Management Board Members:

Position	Name and surname	Date	Signature
President of the Management Board	Luis Amaral	24 th August 2021	
Member of the Management Board Chief Executive Officer	Rui Amaral	24 th August 2021	
Member of the Management Board	Przemysław Ciaś	24 th August 2021	
Member of the Management Board	Arnaldo Guerreiro	24 th August 2021	
Member of the Management Board Human Resources Director	Katarzyna Kopaczewska	24 th August 2021	
Member of the Management Board	Pedro Martinho	24 th August 2021	
Member of the Management Board Financial Director	Jacek Owczarek	24 th August 2021	
Member of the Management Board	Noel Collett	24 th August 2021	