



**EUROCASH GROUP**

**CONSOLIDATED QUARTERLY REPORT**

**3<sup>rd</sup> QUARTER 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 30.09.2021 PLN	Non audited for the period from 01.01.2020 to 30.09.2020 PLN	Non audited for the period from 01.01.2021 to 30.09.2021 EUR	Non audited for the period from 01.01.2020 to 30.09.2020 EUR
Sales	19 392 157 433	19 093 676 356	4 262 481 027	4 315 930 460
Operating profit (loss)	2 348 402	149 669 656	516 189	33 831 297
Profit (loss) before income tax	(74 240 499)	42 342 132	(16 318 386)	9 571 006
Profit (loss) for the on continued operations	(134 289 693)	13 526 077	(29 517 462)	3 057 431
Profit (loss) for the period	(134 289 693)	13 526 077	(29 517 462)	3 057 431
Net cash from operating activities	576 926 629	438 762 887	126 810 997	99 177 868
Net cash used in investing activities	(125 321 663)	(246 561 230)	(27 546 250)	(55 732 647)
Net cash used in financing activities	(435 257 926)	(209 273 882)	(95 671 596)	(47 304 223)
Net change in cash and cash equivalents	16 347 041	(17 072 224)	3 593 151	(3 859 002)
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)	(1,01)	0,09	(0,22)	0,02
Diluted EPS (in PLN / EUR)	(1,01)	0,09	(0,22)	0,02
Average PLN / EUR rate*			4,5495	4,4240
	Non audited as at 30.09.2021 PLN	as at 31.12.2020 PLN	Non audited as at 30.09.2021 EUR	as at 31.12.2020 EUR
Assets	8 103 819 060	8 065 788 761	1 749 189 290	1 747 808 954
Non-current liabilities	2 124 583 275	2 137 167 826	458 586 042	463 111 690
Current liabilities	5 208 833 144	4 944 494 202	1 124 313 744	1 071 442 793
Equity	770 402 640	984 126 732	166 289 503	213 254 471
Share capital	139 163 286	139 163 286	30 038 051	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)	5,08	6,59	1,10	1,43
Diluted book value per share (in PLN / EUR)	5,08	6,59	1,10	1,43
Dividends paid (in PLN / EUR)	69 681 568	3 322 671	15 040 594	720 003
Dividends paid per share (in PLN / EUR)	0,50	0,02	0,11	0,01
PLN / EUR rate at the end of the period**			4,6329	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 3Q 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.

\*\*\* The dividend for 2020 was paid on 7 July 2021 to shareholders of the Parent Company as at 16 June 2021.

# **EUROCASH S.A. GROUP**

## **CONDENSED INTERIM**

## **CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 SEPTEMBER 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:	01.01-30.09.2021	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:	01.01-30.09.2021	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 9 months ended on 30 September 2021 and contain comparative data for the period of 9 months ended 30 September 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 September 2021 and comparative data for the 3 months period ended on 30 September 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 September 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 Cias – 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:	01.01-30.09.2021	Presentation currency:	Polish zloty (PLN)
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## **2.2. SUPERVISORY BOARD OF THE PARENT ENTITY**

As at 30 September 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:	01.01-30.09.2021	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 30.09.2021

	Non audited 3rd Quarter for the period from 01.07.2021 to 30.09.2021	Non audited 3 Quarters for the period from 01.01.2021 to 30.09.2021	Non audited 3rd Quarter for the period from 01.07.2020 to 30.09.2020	Non audited 3 Quarters for the period from 01.01.2020 to 30.09.2020 restated**
<b>Sales</b>	<b>7 029 548 700</b>	<b>19 392 157 433</b>	<b>6 978 305 234</b>	<b>19 093 676 356</b>
Sales of goods	6 996 544 588	19 293 925 277	6 936 686 571	19 002 041 808
Sales of services	31 504 279	93 592 696	39 546 178	84 927 354
Sales of materials	1 499 833	4 639 460	2 072 485	6 707 194
<b>Costs of sales</b>	<b>(6 123 374 261)</b>	<b>(16 920 569 978)</b>	<b>(6 092 206 523)</b>	<b>(16 577 448 482)</b>
Costs of goods sold	(6 121 986 286)	(16 916 249 817)	(6 090 264 002)	(16 571 133 206)
Costs of materials sold	(1 387 975)	(4 320 161)	(1 942 521)	(6 315 276)
<b>Gross profit (loss)</b>	<b>906 174 440</b>	<b>2 471 587 455</b>	<b>886 098 711</b>	<b>2 516 227 874</b>
Selling expenses	(712 261 957)	(2 091 544 969)	(683 769 457)	(2 044 009 716)
General and administrative expenses	(110 534 743)	(335 349 484)	(110 775 066)	(332 340 807)
<b>Profit (loss) on sales</b>	<b>83 377 740</b>	<b>44 693 002</b>	<b>91 554 188</b>	<b>139 877 351</b>
Other operating income	16 299 648	50 919 379	10 043 012	41 538 444
Other operating expenses	(5 656 297)	(93 263 980)	(13 700 451)	(31 746 138)
<b>Operating profit (loss)</b>	<b>94 021 090</b>	<b>2 348 402</b>	<b>87 896 749</b>	<b>149 669 656</b>
Financial income	7 571 965	20 787 271	7 599 928	23 806 775
Financial costs	(43 004 135)	(97 652 095)	(41 674 078)	(131 593 009)
Share in profits (losses) of equity accounted investees	116 872	275 924	240 432	458 711
<b>Profit (loss) before tax</b>	<b>58 705 792</b>	<b>(74 240 499)</b>	<b>54 063 031</b>	<b>42 342 132</b>
Income tax expense	(27 635 907)	(60 049 194)	(20 374 539)	(28 816 056)
<b>Profit (loss) for the period</b>	<b>31 069 885</b>	<b>(134 289 693)</b>	<b>33 688 492</b>	<b>13 526 077</b>

\*\* Note 3

Attributable to:

Owners of the Company	27 449 348	(140 405 125)	32 167 403	12 661 355
Non-controlling interests	3 620 538	6 115 432	1 521 089	864 722

### EARNINGS PER SHARE

		PLN / share		PLN / share
Profit (loss) attributable to Owners of the Company	27 449 348	(140 405 125)	32 167 403	12 661 355
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
<b>Earnings per share</b>				
- basic	0,20	(1,01)	0,23	0,09
- diluted	0,20	(1,01)	0,23	0,09



Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.09.2021	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 30.09.2021**

	Non audited 3rd Quarter for the period from 01.07.2021 to 30.09.2021	Non audited 3 Quarters for the period from 01.01.2021 to 30.09.2021	Non audited 3rd Quarter for the period from 01.07.2020 to 30.09.2020	Non audited 3 Quarters for the period from 01.01.2020 to 30.09.2020
<b>Profit (loss) for the period</b>	<b>31 069 885</b>	<b>(134 289 693)</b>	<b>33 688 492</b>	<b>13 526 077</b>
<b>Other comprehensive income for the period</b>	4 008 671	13 403 067	1 711 259	(19 384 197)
Items that may be subsequently reclassified to profit or loss:				
- The result on hedge accounting with the tax effect:	4 008 671	13 403 067	1 711 259	(19 384 197)
<b>Total comprehensive income for the period</b>	<b>35 078 556</b>	<b>(120 886 626)</b>	<b>35 399 751</b>	<b>(5 858 121)</b>
<b>Total Income</b>				
Owners of the Company	31 458 019	(127 002 058)	33 878 662	(6 722 843)
Non-controlling interests	3 620 538	6 115 432	1 521 089	864 722
<b>Total comprehensive income for the period</b>	<b>35 078 556</b>	<b>(120 886 626)</b>	<b>35 399 751</b>	<b>(5 858 121)</b>

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.09.2021	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 30.09.2021

	Non audited as at 30.09.2021	as at 31.12.2020 restated*
<b>Assets</b>		
<b>Non-current assets (long-term)</b>	<b>5 026 832 127</b>	<b>5 096 727 047</b>
Goodwill	2 045 033 805	2 045 033 805
Intangible assets	335 396 776	349 690 980
Property, plant and equipment	676 183 463	721 040 045
Right of use assets	1 804 631 299	1 795 460 872
Investment property	913 939	925 711
Investments in equity accounted investees	13 369 174	13 093 250
Other long-term investments	465 480	525 090
Long-term receivables	14 251 268	16 065 443
Deferred tax assets	130 758 329	145 196 345
Other long-term prepayments	5 828 593	9 695 505
<b>Current assets (short-term)</b>	<b>3 076 986 933</b>	<b>2 969 061 714</b>
Inventories	1 338 906 020	1 363 009 516
Trade receivables	1 442 233 063	1 309 239 675
Current tax receivables	14 594 140	28 735 480
Other short-term receivables	106 063 224	112 572 474
Other short-term financial assets	601 024	310 325
Short-term prepayments	40 750 613	37 702 436
Cash and cash equivalents	133 838 848	117 491 807
<b>Total assets</b>	<b>8 103 819 060</b>	<b>8 065 788 761</b>

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.09.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

	Non audited as at 30.09.2021	as at 31.12.2020 restated*
<i>Equity and liabilities</i>		
<b>Equity</b>	<b>770 402 640</b>	<b>984 126 732</b>
<b>Equity attributable to Owners of the Company</b>	<b>707 317 033</b>	<b>916 407 364</b>
Share capital	139 163 286	139 163 286
Reserve capital	581 032 165	581 032 165
Valuation equity of hedging transactions	(8 331 436)	(21 734 503)
Option for purchase/selling the shares	(61 122 785)	(49 561 267)
Retained earnings	56 575 803	267 507 683
Accumulated profit / loss from previous years	196 980 927	224 412 358
Profit (loss) for the period	(140 405 124)	43 095 326
<b>Non-controlling interests</b>	<b>63 085 607</b>	<b>67 719 368</b>
<b>Liabilities</b>	<b>7 333 416 419</b>	<b>7 081 662 028</b>
<b>Non-current liabilities</b>	<b>2 124 583 275</b>	<b>2 137 167 826</b>
Long-term loans and borrowings	396 020 000	463 869 947
Other long-term financial liabilities	124 584 988	130 683 208
Long-term lease liabilities	1 587 678 518	1 523 813 632
Other long-term liabilities	3 091 094	3 651 826
Employee benefits	10 765 175	11 787 295
Provisions	2 443 500	3 361 919
<b>Current liabilities</b>	<b>5 208 833 144</b>	<b>4 944 494 202</b>
Loans and borrowings	249 878 282	227 058 411
Other short-term financial liabilities	22 352 536	31 839 487
Short-term lease liabilities	378 358 904	355 977 522
Trade payables	3 879 760 741	3 719 975 038
Current tax liabilities	11 156 228	11 793 488
Other short-term payables	185 167 634	171 191 572
Current employee benefits	172 449 397	166 532 059
Provisions	309 709 422	260 126 627
<b>Total equity and liabilities</b>	<b>8 103 819 060</b>	<b>8 065 788 761</b>

\* Note 2

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.09.2021	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 30.09.2021

	Non audited 3 Quarters for the period from 01.01.2021 to 30.09.2021	Non audited 3 Quarters for the period from 01.01.2020 to 30.09.2020
<i>Cash flow from operating activities</i>		
<b>Profit (loss) before tax</b>	<b>(74 240 499)</b>	<b>42 342 132</b>
<b>Adjustments for:</b>	<b>593 840 552</b>	<b>530 603 276</b>
Depreciation and amortization	436 083 678	412 036 124
Share in profits (losses) of equity accounted investees	(275 924)	(458 711)
Valuation of motivational programm	-	2 887 800
Gain (loss) on sale of property, plant and equipment	74 389 684	(54 560)
Profit (loss) on exchange rates	3 249 751	24 142 435
Interest expenses	84 367 919	95 615 305
Interest received	(3 974 556)	(3 565 117)
<b>Operating cash before changes in working capital</b>	<b>519 600 053</b>	<b>572 945 408</b>
Changes in inventory	24 103 496	16 063 258
Changes in receivables	(124 676 739)	(68 787 277)
Changes in payables	165 518 970	53 874 773
Changes in provisions and employee benefits	54 818 385	16 905 070
Other adjustments	(1 116 866)	(1 001 527)
<b>Operating cash</b>	<b>638 247 300</b>	<b>589 999 705</b>
Interest received	2 670 711	2 726 519
Interest paid	(18 378 176)	(38 747 842)
Income tax paid	(45 613 206)	(115 215 495)
<b>Net cash from operating activities</b>	<b>576 926 629</b>	<b>438 762 887</b>
<i>Cash flow from investing activities</i>		
Aquisition of intangible assets	(35 709 889)	(47 527 645)
Proceeds from sale of intangible assets, property, plant and equipment	1 462 743	3 329
Aquisition of property, plant and equipment tangible fixed assets	(115 859 295)	(86 395 165)
Proceeds from sale of property, plant and equipment	23 203 414	12 284 952
Income/expenses on other short-term financial assets	-	(40)
Aquisition of subsidiaries, net of cash aquired	-	(128 339 174)
Repayment received of given loans	231 089	2 495 319
Interest received	1 350 275	917 194
<b>Net cash used in investing activities</b>	<b>(125 321 663)</b>	<b>(246 561 230)</b>
<i>Cash flow from financing activities</i>		
Income/expenses for other financial liabilities	718 710	(1 865 701)
Expense due to the purchase of minority shares	-	(24 769 895)
Proceeds from loans and borrowings	50 538 841	330 751 729
Repayment of borrowings	(95 568 917)	(212 113 602)
Income/expenses for liabilities from leasing	(255 937 614)	(228 664 345)
Other interests	(52 347 469)	(56 787 957)
Interests on loans and borrowings	(12 979 909)	(12 501 440)
Dividends paid	(69 681 568)	(3 322 671)
<b>Net cash used in financing activities</b>	<b>(435 257 926)</b>	<b>(209 273 882)</b>
<b>Net change in cash and cash equivalents</b>	<b>16 347 041</b>	<b>(17 072 224)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>117 491 807</b>	<b>146 669 860</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>133 838 848</b>	<b>129 597 636</b>

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.09.2021	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 30.09.2021

	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 30.09.2020 - non audited</i>								
<b>Balance as at 01.01.2020 after changes</b>	<b>139 163 286</b>	<b>596 712 165</b>	<b>(69 761 777)</b>	<b>(5 327 688)</b>	<b>236 195 828</b>	<b>896 981 814</b>	<b>66 417 403</b>	<b>963 399 217</b>
Owners of the Company	-	-	-	-	12 661 355	12 661 355	-	12 661 355
Non-controlling interests	-	-	-	-	-	-	864 722	864 722
Net profit presented directly in equity	-	-	-	(19 384 197)	-	(19 384 197)	-	(19 384 197)
<b>Total comprehensive income for the period from 01.01. to 30.09.2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19 384 197)</b>	<b>12 661 355</b>	<b>(6 722 843)</b>	<b>864 722</b>	<b>(5 858 121)</b>
Dividends declared	-	-	-	-	-	-	(246 361)	(246 361)
Dividends paid	-	-	-	-	-	-	(3 322 671)	(3 322 671)
Valuation of motivational program for employees	-	2 887 800	-	-	-	2 887 800	-	2 887 800
Option for purchase/selling the shares	-	-	8 660 730	-	-	8 660 730	-	8 660 730
Settlement of share purchase and sale transactions	-	-	24 812 153	-	(20 149 632)	4 662 521	(4 662 521)	(0)
Other	-	-	-	-	(7 314 162)	(7 314 162)	-	(7 314 162)
<b>Total contributions by and distributions to Owners of the Company</b>	<b>-</b>	<b>2 887 800</b>	<b>33 472 883</b>	<b>-</b>	<b>(27 463 794)</b>	<b>8 896 890</b>	<b>(8 231 554)</b>	<b>665 336</b>
<b>Balance as at 30.09.2020</b>	<b>139 163 286</b>	<b>599 599 966</b>	<b>(36 288 894)</b>	<b>(24 711 885)</b>	<b>221 393 389</b>	<b>899 155 861</b>	<b>59 050 571</b>	<b>958 206 433</b>

### *Changes in equity in the period from 01.01 to 30.09.2021 - non audited*

<b>Balance as at 01.01.2021</b>	<b>139 163 286</b>	<b>581 032 165</b>	<b>(49 561 267)</b>	<b>(21 734 503)</b>	<b>286 222 093</b>	<b>935 121 774</b>	<b>67 719 368</b>	<b>1 002 841 142</b>
Retained earnings after changes	-	-	-	-	(18 714 409)	(18 714 409)	-	(18 714 409)
<b>Balance as at 1 January 2021 after changes</b>	<b>139 163 286</b>	<b>581 032 165</b>	<b>(49 561 267)</b>	<b>(21 734 503)</b>	<b>267 507 684</b>	<b>916 407 364</b>	<b>67 719 368</b>	<b>984 126 732</b>
Owners of the Company	-	-	-	-	(140 405 125)	(140 405 125)	-	(140 405 125)
Non-controlling interests	-	-	-	-	-	-	6 115 432	6 115 432
Other comprehensive income	-	-	-	13 403 067	-	13 403 067	-	13 403 067
<b>Total comprehensive income for the period from 01.01. to 30.09.2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13 403 067</b>	<b>(140 405 125)</b>	<b>(127 002 058)</b>	<b>6 115 432</b>	<b>(120 886 626)</b>
Dividends paid	-	-	-	-	(66 798 377)	(66 798 377)	(2 636 819)	(69 435 197)
Dividends declared	-	-	-	-	-	-	(8 112 373)	(8 112 373)
Option for purchase/selling the shares	-	-	(11 561 517)	-	-	(11 561 517)	-	(11 561 517)
Other	-	-	-	-	(3 728 379)	(3 728 379)	-	(3 728 379)
<b>Total transaction with Owners of the Company, recognized directly in equity</b>	<b>-</b>	<b>-</b>	<b>(11 561 517)</b>	<b>-</b>	<b>(70 526 756)</b>	<b>(82 088 274)</b>	<b>(10 749 193)</b>	<b>(92 837 466)</b>
<b>Balance as at 30.09.2021</b>	<b>139 163 286</b>	<b>581 032 165</b>	<b>(61 122 785)</b>	<b>(8 331 436)</b>	<b>56 575 803</b>	<b>707 317 033</b>	<b>63 085 607</b>	<b>770 402 641</b>

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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 30.09.2021

### 1. GENERAL INFORMATION

#### 1.1. ISSUE OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

According to the resolution of the Management Board dated 9 November 2021, the consolidated financial statements of Eurocash Group for the period from 1 January 2021 to 30 September 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 10 November 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](http://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 trade receivables

In the current period, estimates of expected credit losses were updated. Details are included in note 4.

#### 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.

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### **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 September, the amount collected on the Group's VAT accounts results only from the daily mismatch between payments and inflows on the VAT account.

### **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

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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 going concerns in the foreseeable future. When assessing the Group'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 Group's operations. The Management Board analyzed the possible impact of the indicated situation on the financial results of the Group. On the basis of the analysis, the Management Board did not identify any significant uncertainty as to the functioning of the Group in the future.

As at 30 September 2021, there was a surplus of current liabilities over its current assets in the amount of PLN 2.13 billion. At the same time, as at 30 September 2021, there was a surplus of trade liabilities over current assets (trade receivables and inventories) in the amount of PLN 1.10 billion, which, according to the Management Board, is typical for the industry in which the Eurocash Group operates, where a significant part of sales is made on the terms of stocks are minimized, and suppliers provide deferred payment terms. At the same time, the Capital Group develops the retail network by involving its own funds and funds from external sources of financing.

The Group also analyzed the timely payment of its trade liabilities. Details are included in note 4. The Group plans to maintain the structure and timing of the rotation of liabilities in subsequent reporting periods.

In connection with the situation of the Covid-19 pandemic described in Note 10, 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 the second half of 2021 and 2022 indicate that the Group companies will maintain liquidity and provide ongoing service 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) changes in sales in the Retail segment observed in three quarters of 2021 and (2) implementation of the Group's budget in three quarters of 2021.

The conditions precedent related to the loan agreements are monitored on an ongoing basis. As at the balance sheet date, 30 September 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 sources of financing are described in detail below.



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### **Bank loans**

As at 30 September 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 637.3 million, which constitutes 48.9% 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. As a result, 63% of short-term loans are used, and 60% of them are loans secured with a BGK guarantee. Long-term loans, taking into account the costs of their servicing, were used in 50%.

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 the loan agreement ending in September 2020, and (2) the long-term part (in the amount of PLN 196 million). PLN) 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 from this loan were mainly used to finance the purchase of Frisco S.A. In the second quarter, there was a scheduled repayment of the principal in this loan in the amount of PLN 8.9 million. The use of the revolving loan as at 30 September 2021 amounted to PLN 200 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 short-term loans .

In order to secure financial liquidity in the event of unfavorable epidemic scenarios in 2021, Eurocash Group 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. In addition, the Group exchanged a part of the working capital loan supplementing the Group cash pooling program in the amount of PLN 45 million for financing under the anti-crisis shield. As at September 30, 2021, the total amount of credit limits secured by the BGK guarantee was PLN 245 million, and their use was PLN 146.5 million.

As a standard, the Group also has (excluding the short-term part of the long-term loan and loans secured with the guarantee of Bank Gospodarstwa Krajowego) working capital loans that mature within 12 months from the date of the last extension, active as at the date of these financial statements. The total amount of financing available under these loans is PLN 244 million, and their use is PLN 77.0 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. The amount of credit lines with maturity falling within the period from the balance sheet date to 31 December 2022 is PLN 489 million. The conditions for the extension of these credit lines 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 bond issues in accordance with the bond issue terms and conditions set for each series, up to the maximum total amount of all issues of PLN 1,000,000,000. The issue was in demand from 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 September 2021, the Group's companies had active leasing contracts in two financial institutions that were recognized in the statement of financial position as liabilities before the implementation of IFRS16, with a total exposure of PLN 25.5 million, of which PLN 22.4 million related to only Frisco S.A. Additional income from the implementation of IFRS 16 resulting from lease agreements and lease agreements with entities other than financial institutions amounts to PLN 1,940.6 million. The total amount of the Group's total lease liabilities is PLN 1,966 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 supply chain financing, 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 September 2021, the use of factoring lines amounts to PLN 1.89 billion in reverse factoring programs and PLN 166.0 million in receivables factoring programs, respectively.

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 30.09.2021

### 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 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 SEPTEMBER 2021

	Wholesale	Retail	Projects	Other	Exclusions	Total
<b>Sales</b>	<b>15 761 975 336</b>	<b>6 352 760 925</b>	<b>386 267 657</b>	<b>3 497 215</b>	<b>(3 112 343 699)</b>	<b>19 392 157 433</b>
External sales of goods	14 304 738 173	4 619 591 914	369 595 191	-	-	19 293 925 277
Other external sales	29 595 923	57 870 246	10 765 988	-	-	98 232 156
Inter-segmental sales	1 427 641 240	1 675 298 766	5 906 478	3 497 215	(3 112 343 699)	-
<b>Operating profit</b>	<b>290 576 856</b>	<b>(119 503 686)</b>	<b>(71 330 119)</b>	<b>(97 394 650)</b>	<b>-</b>	<b>2 348 402</b>
Finance income						20 787 271
Finance costs						(97 652 095)
Share in losses of companies consolidated with the equity method						275 924
<b>Profit before income tax</b>						<b>(74 240 499)</b>
Income tax						(60 049 194)
<b>Net profit (loss)</b>						<b>(134 289 693)</b>

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

	Wholesale	Retail	Projects	Other	Exclusions	Total
<b>Sales</b>	<b>15 601 983 840</b>	<b>6 330 935 671</b>	<b>188 926 181</b>	<b>4 655 834</b>	<b>(3 032 825 169)</b>	<b>19 093 676 356</b>
External sales of goods	14 278 796 485	4 540 548 769	182 696 554	-	-	19 002 041 808
Other external sales	31 701 376	56 436 471	3 454 036	42 665	-	91 634 548
Inter-segmental sales	1 291 485 978	1 733 950 431	2 775 591	4 613 169	(3 032 825 169)	-
<b>Operating profit (loss)</b>	<b>275 189 580</b>	<b>23 281 358</b>	<b>(45 532 099)</b>	<b>(103 269 182)</b>	<b>-</b>	<b>149 669 656</b>
Finance income						23 806 775
Finance costs						(131 593 009)
Share in losses of companies consolidated with the equity method						458 711
<b>Profit (loss) before income tax</b>						<b>42 342 133</b>
Income tax						(28 816 056)
<b>Net profit (loss)</b>						<b>13 526 077</b>

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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
<b>Sales</b>	<b>25 411 041 701</b>	-	<b>25 411 041 701</b>
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
<b>Costs of sales</b>	<b>(22 044 490 865)</b>	<b>(18 714 409)</b>	<b>(22 063 205 274)</b>
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)
<b>Gross profit (loss)</b>	<b>3 366 550 836</b>	<b>(18 714 409)</b>	<b>3 347 836 427</b>
Selling expenses	(2 740 733 634)	-	(2 740 733 634)
General and administrative expenses	(424 170 163)	-	(424 170 163)
<b>Profit (loss) on sales</b>	<b>201 647 039</b>	<b>(18 714 409)</b>	<b>182 932 630</b>
Other operating income	147 445 580	-	147 445 580
Other operating expenses	(98 663 534)	-	(98 663 534)
<b>Operating profit (loss)</b>	<b>250 429 085</b>	<b>(18 714 409)</b>	<b>231 714 676</b>
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
<b>Profit (loss) before tax</b>	<b>107 920 830</b>	<b>(18 714 409)</b>	<b>89 206 421</b>
Income tax expense	(39 847 221)	-	(39 847 221)
<b>Profit (loss) for the period</b>	<b>68 073 609</b>	<b>(18 714 409)</b>	<b>49 359 200</b>
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
<b>Non-current assets (long-term)</b>	<b>5 096 727 047</b>	-	<b>5 096 727 047</b>
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
<b>Current assets (short-term)</b>	<b>2 969 061 714</b>	-	<b>2 969 061 714</b>
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
<b>Total assets</b>	<b>8 065 788 761</b>	-	<b>8 065 788 761</b>

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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
<b>Equity</b>	<b>1 002 841 142</b>	<b>(18 714 409)</b>	<b>984 126 732</b>
<b>Equity attributable to Owners of the Company</b>	<b>935 121 774</b>	<b>(18 714 409)</b>	<b>916 407 364</b>
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
<b>Non-controlling interests</b>	<b>67 719 368</b>	<b>-</b>	<b>67 719 368</b>
<b>Liabilities</b>	<b>7 062 947 619</b>	<b>18 714 409</b>	<b>7 081 662 028</b>
<b>Non-current liabilities</b>	<b>2 137 167 826</b>	<b>-</b>	<b>2 137 167 826</b>
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
<b>Current liabilities</b>	<b>4 925 779 793</b>	<b>18 714 409</b>	<b>4 944 494 202</b>
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
<b>Total equity and liabilities</b>	<b>8 065 788 761</b>	<b>-</b>	<b>8 065 788 761</b>



Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.09.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

### 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
<b>Non-current assets (long-term)</b>	<b>5 087 653 022</b>	<b>9 074 025</b>	<b>5 096 727 047</b>
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
<b>Current assets (short-term)</b>	<b>2 978 135 740</b>	<b>(9 074 025)</b>	<b>2 969 061 714</b>
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
<b>Total assets</b>	<b>8 065 788 761</b>	<b>-</b>	<b>8 065 788 761</b>

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.09.2021	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
<b>Equity</b>	<b>1 002 841 142</b>	-	<b>1 002 841 142</b>
<b>Equity attributable to Owners of the Company</b>	<b>935 121 774</b>	-	<b>935 121 774</b>
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
<b>Non-controlling interests</b>	<b>67 719 368</b>	-	<b>67 719 368</b>
<b>Liabilities</b>	<b>7 062 947 619</b>	-	<b>7 062 947 619</b>
<b>Non-current liabilities</b>	<b>2 137 167 826</b>	-	<b>2 137 167 826</b>
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
<b>Current liabilities</b>	<b>4 925 779 793</b>	-	<b>4 925 779 793</b>
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
<b>Total equity and liabilities</b>	<b>8 065 788 761</b>	-	<b>8 065 788 761</b>

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.09.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

2. Change in the presentation between the revenues from the sale of services and the costs of selling goods and selling costs and the costs of general administration and other operating costs in the Group.

#### INCOME STATEMENT FOR THE PERIOD FROM 01.01.2020 TO 30.09.2020

	Income statement before changes	Changes	Income statement after changes
<b>Sales</b>	<b>19 121 283 040</b>	<b>(27 606 684)</b>	<b>19 093 676 356</b>
Sales of goods	19 002 041 808	-	19 002 041 808
Sales of services	112 534 038	(27 606 684)	84 927 354
Sales of materials	6 707 194	-	6 707 194
<b>Costs of sales</b>	<b>(16 605 055 166)</b>	<b>27 606 684</b>	<b>(16 577 448 482)</b>
Costs of goods sold	(16 598 739 890)	27 606 684	(16 571 133 206)
Costs of materials sold	(6 315 276)	-	(6 315 276)
<b>Gross profit (loss)</b>	<b>2 516 227 874</b>	<b>(0)</b>	<b>2 516 227 874</b>
Selling expenses	(2 059 636 318)	15 626 602	(2 044 009 716)
General and administrative expenses	(312 212 931)	(20 127 876)	(332 340 807)
<b>Profit (loss) on sales</b>	<b>144 378 626</b>	<b>(4 501 275)</b>	<b>139 877 351</b>
Other operating income	41 538 444	-	41 538 444
Other operating expenses	(36 247 413)	4 501 275	(31 746 138)
<b>Operating profit (loss)</b>	<b>149 669 656</b>	<b>(0)</b>	<b>149 669 656</b>
Financial income	23 806 775	-	23 806 775
Financial costs	(131 593 009)	-	(131 593 009)
Share in profits (losses) of equity accounted investees	458 711	-	458 711
<b>Profit (loss) before tax</b>	<b>42 342 132</b>	<b>(0)</b>	<b>42 342 132</b>
Income tax expense	(28 816 056)	-	(28 816 056)
<b>Profit (loss) for the period</b>	<b>13 526 077</b>	<b>(0)</b>	<b>13 526 077</b>
Attributable to:			
Owners of the Company	12 661 355	(0)	12 661 355
Non-controlling interests	864 722	-	864 722

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.09.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

#### NOTE 4. 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 is 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 three quarters of 2021 compared to the three quarters of 2020 is related to the valuation of lease liabilities expressed in foreign currencies. The impact of the valuation in the three quarters of 2021 amounted to PLN 3.2 million of negative exchange rate differences, in the same period of 2020, it amounted to PLN 24.1 million of negative exchange rate differences. In the third quarter of 2021, the impact of negative exchange rate differences amounted to PLN 10.6 million, while in the third quarter of 2020 - PLN 5.4 million.

##### Income tax

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

	for the period from 01.07.2021 to 30.09.2021	for the period from 01.01.2021 to 30.09.2021	for the period from 01.07.2020 to 30.09.2020	for the period from 01.01.2020 to 30.09.2020
<b>Profit (loss) before tax</b>	<b>58 705 792</b>	<b>(74 240 499)</b>	<b>54 063 031</b>	<b>42 342 132</b>
Income tax expense	(27 635 907)	(60 049 194)	(20 374 539)	(28 816 056)
<b>Profit (loss) for the period</b>	<b>31 069 885</b>	<b>(134 289 693)</b>	<b>33 688 492</b>	<b>13 526 077</b>
% tax rate (effective)	-47,1%	80,9%	-37,7%	-68,1%
<b>Differences:</b>				
Fixed costs not constituting tax deductible costs	-2 412 082	-21 025 500	-1 725 255	-9 140 754
Impact of tax loss assets	-13 743 369	-52 403 803	-9 224 496	-12 104 278
Other	-381 541	-757 287	813 828	323 132
<b>Profit (loss) before tax</b>	<b>58 705 792</b>	<b>(74 240 499)</b>	<b>54 063 031</b>	<b>42 342 132</b>
Income tax expense	(11 098 914)	14 137 396	(10 238 616)	(7 894 155)
<b>Profit (loss) for the period</b>	<b>47 606 878</b>	<b>(60 103 103)</b>	<b>43 824 415</b>	<b>34 447 977</b>
% 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

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

## Inventories

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

### WRITE-OFF OF INVENTORIES IN THE PERIOD FROM 01.01 TO 30.09.2021

	for the period from 01.01.2021 to 30.09.2021	for the period from 01.01.2020 to 30.09.2020
<b>Opening balance</b>	<b>41 665 897</b>	<b>41 181 752</b>
- increase *	12 227 016	14 217 568
- decrease *	-	-
<b>Closing balance</b>	<b>53 892 913</b>	<b>55 399 319</b>

\* 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 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.

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Financial statements period:	01.01-30.09.2021	Presentation currency:	Polish zloty (PLN)
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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%	32 402 287	3,73%
5-10mln	6	0,01%	45 211 593	5,21%
2-5mln	20	0,04%	58 868 669	6,79%
1-2mln	35	0,09%	47 180 926	5,44%
0,5-1mln	116	0,30%	79 051 567	9,11%
0,2-0,5mln	494	1,47%	149 242 081	17,20%
0,1-0,2mln	829	2,52%	116 941 125	13,48%
0,05-0,1mln	1 382	4,06%	97 623 270	11,25%
<0,05mln	27 713	83,46%	245 587 161	28,31%
negative	2 333	8,04%	-4 482 065	-0,52%

Aging of trade receivables as at 30.09.2021:

#### AGING OF TRADE RECEIVABLES AS AT 30.09.2021

	Trade receivables gross value 30.09.2021	Trade receivables gross value 31.12.2020
current	1 318 909 700	1 114 836 650
1-30 days	72 884 938	138 631 238
31-90 days	58 176 839	65 527 798
91-180 days	10 725 480	10 910 343
> 180 days	43 691 038	47 900 223
	<b>1 504 387 995</b>	<b>1 377 806 252</b>

#### WRITE-OFF OF TRADE RECEIVABLES AS AT 30.09.2021

	for the period from 01.01.2021 to 30.09.2021	for the period from 01.01.2020 to 31.12.2020
<b>Opening balance</b>	68 566 577	58 879 328
Increase *	-	9 687 250
Decrease *	(6 411 645)	-
<b>Closing balance</b>	<b>62 154 932</b>	<b>68 566 577</b>

\* 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

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.09.2021	Presentation currency:	Polish zloty (PLN)
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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.

Notional	Issuing Date	Start Date	End Date	Valuation 30.09.2021
100 000 000	26.06.2019	22.02.2021	22.02.2022	-577 787
100 000 000	26.06.2019	29.01.2021	31.01.2022	-478 556
100 000 000	06.06.2019	11.01.2021	11.01.2022	-417 495
100 000 000	26.06.2019	18.01.2021	18.01.2022	-439 470
100 000 000	26.06.2019	25.01.2021	25.01.2022	-464 661
100 000 000	30.08.2019	02.09.2019	31.08.2022	-775 840
100 000 000	30.08.2019	02.09.2019	31.08.2022	-775 840
100 000 000	29.08.2019	02.09.2019	29.07.2022	-795 954
200 000 000	28.02.2020	07.01.2022	09.01.2023	-347 605
100 000 000	04.03.2020	08.01.2021	07.01.2022	-230 484
100 000 000	09.03.2020	05.03.2021	06.03.2023	16 187
100 000 000	03.03.2020	04.03.2022	06.03.2023	11 087
100 000 000	07.04.2021	17.01.2022	16.01.2023	482 148

#### Trade liabilities

Eurocash made the assessment of the liabilities covered by reverse factoring and based on this judgment classified liabilities under reverse factoring as a trade liabilities, as there were no significant changes in the nature of these liabilities, in particular significant changes in the terms of payment, as a result of submitting the given factoring obligations. As part of the balance of trade payables as at 30 September 2021, the value of balances covered by the supplier financing program was recognized in the amount of PLN 1.885.859.266 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	30.09.2021	31.12.2020
current	3 868 539 899	3 700 725 806
1-30 days	5 117 929	11 658 341
31-90 days	857 180	2 528 150
91-180 days	1 427 071	1 746 663
> 180 days	3 818 663	3 316 078
	<b>3 879 760 741</b>	<b>3 719 975 038</b>

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Financial statements period:	01.01-30.09.2021	Presentation currency:	Polish zloty (PLN)
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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 liabilities due to the sugar fee and the "monkeys" fee in the total amount of approximately PLN 17 million.

#### NOTE 5. BOOK VALUE PER SHARE

	Non audited as at 30.09.2021	as at 31.12.2020
<b>Equity attributable to Owners of the Company</b>	<b>707 317 033</b>	<b>916 407 364</b>
Number of shares	139 163 286	139 163 286
Diluted number of shares	139 163 286	139 163 286
<b>Book value per share</b>	<b>5,08</b>	<b>6,59</b>
<b>Diluted book value per share</b>	<b>5,08</b>	<b>6,59</b>

#### NOTE 6. ITEMS NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION

##### CONTINGENTIES AS AT 30 SEPTEMBER 2021

			as at	as at	
Beneficiary	Title	Currency	30.09.2021	31.12.2020	
1	Bank 1*	Surety for the obligations due to the "Franchise partners financing program" for the Franchisee Delikatesy Centrum"	PLN	248 230	714 908
				<b>248 230</b>	<b>714 908</b>

\* debt value as at balance sheet date



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#### BANK GUARANTEES AS AT 30 SEPTEMBER 2021 - SECURITIES FOR RENT LIABILITIES

The Issuer	Title	Currency	as at 30.09.2021	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	22 237 920	14 998 100
3 Bank 3	Security for using of the national roads	PLN	1 320 100	620 100
4 Bank 4	Security of excise duty	PLN	500 000	500 000
5 Bank 5	Security of rent liabilities	PLN	12 378 358	11 534 564
6 Bank 6	Security of rent liabilities *	PLN	42 733 901	41 038 435
7 Bank 7	Security of the liabilities of the promotion lottery	PLN	8 980 000	4 995 891
8 Bank 8	Security of the liabilities of the good service performance	PLN	2 662 267	8 875 182
			<b>225 435 746</b>	<b>217 139 772</b>

\* - Guarantee in EUR is translated into PLN at the average exchange rate of NBP:  
as at 30.09.2021: 1 EUR = 4,6329 PLN  
as at 31.12.2020: 1 EUR = 4,6148 PLN

#### COLLATERALS

##### SECURITIES RELATED TO ASSETS AS AT 30 SEPTEMBER 2021

Title		as at 30.09.2021	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	27 651 654	26 465 142
		<b>652 748 954</b>	<b>651 562 442</b>

\* security nominal value

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Financial statements period:	01.01-30.09.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## **NOTE 7.**

### **FAIR VALUE OF FINANCIAL INSTRUMENTS**

As at 30 September 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 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.

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

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 9 November 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 9 November 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. As at 9 November 2021, the appeal procedure has not been completed.

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. As at 9 November 2021, the appeal procedure has not been completed. Due to the control, the Company created provisions which it recognized in previous reporting periods.

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Financial statements period:	01.01-30.09.2021	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 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, 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

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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 10.**

#### **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.e. prohibitions and restrictions on conducting activities for certain types of business entities. 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.

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

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

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.

## **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 11.**

#### **IMPORTANT EVENTS AFTER THE PERIOD COVERED BY THE FINANCIAL STATEMENTS**

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. On 15 October 2021, Eurocash received a decision of the President of the Office of Competition and Consumer Protection ("UOKiK") of 14 October 2021, in which the President of UOKiK gave unconditional consent to a concentration consisting in Eurocash taking control over Arhelan.

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#### SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

Position	Name and surname	Date	Signature
President of the Management Board	Katarzyna Kopaczewska	09 <sup>th</sup> November 2021	
Management Board Member	Jacek Owczarek	09 <sup>th</sup> November 2021	

## SELECTED SEPARATE FINANCIAL DATA

	Non audited for the period from 01.01.2021 to 30.09.2021 PLN	Non audited for the period from 01.01.2020 to 30.09.2020 PLN	Non audited for the period from 01.01.2021 to 30.09.2021 EUR	Non audited for the period from 01.01.2020 to 30.09.2020 EUR
Sales	11 837 439 196	11 994 534 417	2 601 920 913	2 711 241 957
Operating profit (loss)	137 442 357	203 723 557	30 210 431	46 049 629
Profit (loss) before income tax	128 852 521	134 869 288	28 322 348	30 485 825
Profit (loss) for the on continued operations	107 062 890	105 945 815	23 532 891	23 947 969
Profit (loss) for the period	107 062 890	105 945 815	23 532 891	23 947 969
Net cash from operating activities	376 813 413	404 138 899	82 825 237	91 351 469
Net cash used in investing activities	96 923 070	(183 262 788)	21 304 115	(41 424 681)
Net cash used in financing activities	(457 296 956)	(206 499 044)	(100 515 871)	(46 676 999)
Net change in cash and cash equivalents	16 439 527	14 377 066	3 613 480	3 249 789
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)	0,77	0,76	0,17	0,17
Diluted EPS (in PLN / EUR)	0,77	0,76	0,17	0,17
Average PLN / EUR rate*			4,5495	4,4240
	Non audited as at 30.09.2021 PLN	Non audited as at 31.12.2020 PLN	Non audited as at 30.09.2021 EUR	Non audited as at 31.12.2020 EUR
Assets	6 250 945 708	6 488 750 929	1 349 251 162	1 406 074 137
Non-current liabilities	1 295 548 881	1 370 141 883	279 641 020	296 901 682
Current liabilities	3 701 693 641	3 918 376 516	799 001 412	849 089 130
Equity	1 253 703 186	1 200 232 530	270 608 730	260 083 325
Share capital	139 163 286	139 163 286	30 038 051	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)	9,01	8,62	1,94	1,87
Diluted book value per share (in PLN / EUR)	9,01	8,62	1,94	1,87
Dividends paid (in PLN / EUR)	66 798 377	-	14 418 264	-
Dividends paid per share (in PLN / EUR)	0,48	-	0,10	-
PLN / EUR rate at the end of the period**			4,6329	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 3Q 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.

\*\*\* The dividend for 2020 was paid on 7 July 2021 to shareholders of the Company as at 16 June 2021.



# **EUROCASH S.A.**

## **CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 SEPTEMBER 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, 9<sup>th</sup> November 2021

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<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.09.2021	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.			
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## 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 9 months period ended 30 September 2021 and contain comparative data for the 9 months period ended 30 September 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 September 2021 and comparative data for the 3 months period ended on 30 September 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 September 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.

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Financial statements period:	01.01-30.09.2021	Presentation currency:	Polish zloty (PLN)
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## 2.2. SUPERVISORY BOARD

As at 30 September 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:	01.01-30.09.2021	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 30.09.2021

	Non audited 3rd Quarter for the period from 01.07.2021 to 30.09.2021	Non audited 3 Quarters for the period from 01.01.2021 to 30.09.2021	Non audited 3rd Quarter for the period from 01.07.2020 to 30.09.2020	Non audited 3 Quarters for the period from 01.01.2020 to 30.09.2020
<b>Sales</b>	<b>4 254 502 056</b>	<b>11 837 439 196</b>	<b>4 236 462 148</b>	<b>11 994 534 417</b>
Sales of goods	4 243 541 050	11 801 779 298	4 224 001 106	11 958 219 828
Sales of services	10 961 006	35 659 897	12 461 042	36 314 589
<b>Costs of sales</b>	<b>(3 766 637 752)</b>	<b>(10 544 574 513)</b>	<b>(3 735 673 172)</b>	<b>(10 574 700 943)</b>
Costs of goods sold	(3 766 637 752)	(10 544 574 513)	(3 735 673 172)	(10 574 700 943)
<b>Gross profit (loss)</b>	<b>487 864 304</b>	<b>1 292 864 682</b>	<b>500 788 976</b>	<b>1 419 833 474</b>
Selling expenses	(331 895 377)	(977 540 401)	(331 626 223)	(1 012 870 357)
General and administrative expenses	(71 359 855)	(200 159 444)	(67 464 974)	(204 947 140)
<b>Profit (loss) on sales</b>	<b>84 609 072</b>	<b>115 164 837</b>	<b>101 697 779</b>	<b>202 015 977</b>
Other operating income	9 742 963	28 482 213	5 744 789	20 993 220
Other operating expenses	(2 897 647)	(6 204 694)	(8 293 841)	(19 285 640)
<b>Operating profit (loss)</b>	<b>91 454 387</b>	<b>137 442 357</b>	<b>99 148 727</b>	<b>203 723 557</b>
Financial income	10 378 100	188 244 526	43 669 349	56 982 394
Financial costs	(29 084 305)	(196 834 363)	(30 461 960)	(125 836 663)
<b>Profit (loss) before tax</b>	<b>72 748 183</b>	<b>128 852 521</b>	<b>112 356 115</b>	<b>134 869 288</b>
Income tax expense	(15 055 645)	(21 789 631)	(15 995 793)	(28 923 473)
<b>Profit (loss) for the period</b>	<b>57 692 538</b>	<b>107 062 890</b>	<b>96 360 322</b>	<b>105 945 815</b>

## EARNINGS PER SHARE

	PLN / share	PLN / share	PLN / share	PLN / share
Profit (loss) for the period	57 692 538	107 062 890	96 360 322	105 945 815
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
<b>Earnings per share</b>				
- basic	0,41	0,77	0,69	0,76
- diluted	0,41	0,77	0,69	0,76

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2021	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 30.09.2021**

	Non audited 3rd Quarter for the period from 01.07.2021 to 30.09.2021	Non audited 3 Quarters for the period from 01.01.2021 to 30.09.2021	Non audited 3rd Quarter for the period from 01.07.2020 to 30.09.2020	Non audited 3 Quarters for the period from 01.01.2020 to 30.09.2020
<b>Profit (loss) for the period</b>	<b>57 692 538</b>	<b>107 062 890</b>	<b>96 360 322</b>	<b>105 945 815</b>
<b>Other comprehensive income for the period</b>	3 831 016	13 206 143	1 711 259	(19 384 197)
Items that may be subsequently reclassified to profit or loss:				
- The result on hedge accounting with the tax effect:	3 831 016	13 206 143	1 711 259	(19 384 197)
<b>Total comprehensive income for the period</b>	<b>61 523 554</b>	<b>120 269 033</b>	<b>98 071 581</b>	<b>86 561 618</b>
<b>Total Income</b>				
Owners of the Company	61 523 554	120 269 033	98 071 581	86 561 618
Non-controlling interests	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>61 523 554</b>	<b>120 269 033</b>	<b>98 071 581</b>	<b>86 561 618</b>

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2021	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 30.09.2021

Assets	Non audited as at 30.09.2021	as at 31.12.2020 Restated*
<b>Non-current assets (long-term)</b>	<b>4 366 393 544</b>	<b>4 574 824 651</b>
Goodwill	1 204 087 310	1 204 087 310
Intangible assets	576 573 064	596 008 119
Property, plant and equipment	399 845 820	433 767 430
Right of use assets	858 871 245	876 308 646
Investment property	913 939	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	91 561	57 633
Long-term receivables	4 594 773	4 557 218
Other long-term prepayments	1 568 585	9 265 337
<b>Current assets (short-term)</b>	<b>1 884 552 164</b>	<b>1 913 926 278</b>
Inventories	739 414 612	770 759 595
Trade receivables	1 027 931 697	1 063 875 784
Current tax receivables	9 892 565	17 622 945
Other short-term receivables	44 366 834	18 208 502
Other short-term financial assets	403 592	310 285
Short-term prepayments	25 493 544	22 539 374
Cash and cash equivalents	37 049 320	20 609 792
<b>Total assets</b>	<b>6 250 945 708</b>	<b>6 488 750 929</b>

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2021	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

	Non audited as at 30.09.2021	as at 31.12.2020 Restated*
<i>Equity and liabilities</i>		
<b>Equity</b>	<b>1 253 703 186</b>	<b>1 200 232 530</b>
<b>Equity attributable to Owners of the Company</b>	<b>1 253 703 186</b>	<b>1 200 232 530</b>
Share capital	139 163 286	139 163 286
Reserve capital	940 850 351	878 713 695
Valuation equity of hedging transactions	(8 528 360)	(21 734 503)
Retained earnings	182 217 908	204 090 052
Accumulated profit / loss from previous years	75 155 019	93 869 429
Profit (loss) for the period	107 062 890	110 220 623
<b>Liabilities</b>	<b>4 997 242 522</b>	<b>5 288 518 399</b>
<b>Non-current liabilities</b>	<b>1 295 548 881</b>	<b>1 370 141 883</b>
Long-term loans and borrowings	396 020 000	464 685 000
Other long-term financial liabilities	124 584 988	130 683 208
Long-term lease liabilities	750 107 206	760 125 223
Other long-term liabilities	613 773	432 070
Deferred tax liabilities	19 422 991	9 416 458
Employee benefits	4 799 923	4 799 923
<b>Current liabilities</b>	<b>3 701 693 641</b>	<b>3 918 376 516</b>
Loans and borrowings	586 864 252	742 195 698
Other short-term financial liabilities	22 352 536	31 839 487
Short-term lease liabilities	175 322 868	171 270 476
Trade payables	2 587 549 591	2 641 214 778
Other short-term payables	56 897 608	65 340 096
Current employee benefits	85 395 674	92 466 961
Provisions	187 311 113	174 049 021
<b>Total equity and liabilities</b>	<b>6 250 945 708</b>	<b>6 488 750 929</b>

\* Note 1



Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2021	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 30.09.2021

	Non audited 3 Quarters for the period from 01.01.2021 to 30.09.2021	Non audited 3 Quarters for the period from 01.01.2020 to 30.09.2020
<i>Cash flow from operating activities</i>		
<b>Profit (loss) before tax</b>	<b>128 852 521</b>	<b>134 869 288</b>
<b>Adjustments for:</b>	<b>244 203 805</b>	<b>319 989 030</b>
Depreciation and amortization	224 309 093	212 210 232
Valuation of motivational program	-	2 887 800
(Gain) loss on sale of property, plant, equipment ,loans and shares	126 192 525	22 861 134
Profit (loss) on exchange rates	2 434 502	19 132 340
Dividends received / declared	(163 902 684)	(3 323 004)
Interest expenses	56 684 217	68 553 187
Interest received	(1 513 848)	(2 332 658)
<b>Operating cash before changes in working capital</b>	<b>373 056 325</b>	<b>454 858 318</b>
Changes in inventory	31 342 970	113 569 787
Changes in receivables	36 241 467	(1 470 241)
Changes in payables	(52 877 659)	(86 940 811)
Changes in provisions and employee benefits	4 385 013	386 372
<b>Operating cash</b>	<b>392 148 115</b>	<b>480 403 425</b>
Interest received	1 833 203	1 904 046
Interest paid	(9 807 816)	(28 240 572)
Income tax paid	(7 360 088)	(49 928 001)
<b>Net cash from operating activities</b>	<b>376 813 413</b>	<b>404 138 899</b>
<i>Cash flow from investing activities</i>		
Aquisition of intangible assets	(21 832 194)	(26 398 878)
Proceeds from sale of intangible assets, property, plant and equipment	1 459 538	3 329
Aquisition of property, plant and equipment tangible fixed assets	(36 350 270)	(46 844 262)
Proceeds from sale of property, plant and equipment	14 503 617	9 812 841
Dividends received	139 566 863	3 323 004
Aquisition of subsidiaries	-	(156 880 077)
Loans granted	(144 392)	(202 646)
Repayment received of given loans	-	33 565 041
Interest received	(280 092)	358 859
<b>Net cash used in investing activities</b>	<b>96 923 070</b>	<b>(183 262 788)</b>
<i>Cash flow from financing activities</i>		
Income/expenses for other financial liabilities	718 710	(1 865 701)
Proceeds from loans and borrowings	36 143 446	328 339 268
Repayment of borrowings	(260 139 892)	(372 717 741)
Expenses for liabilities from leasing	(121 205 122)	(108 729 065)
Other interests	(32 171 580)	(31 315 716)
Interests on loans and borrowings	(13 844 141)	(20 210 089)
Dividends paid	(66 798 377)	-
<b>Net cash used in financing activities</b>	<b>(457 296 956)</b>	<b>(206 499 044)</b>
<b>Net change in cash and cash equivalents</b>	<b>16 439 527</b>	<b>14 377 066</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>20 609 792</b>	<b>30 976 577</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>37 049 320</b>	<b>45 353 644</b>

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## CONDENSED SEPARATE STATEMENT ON CHANGES IN EQUITY IN THE PERIOD FROM 01.01.2021 TO 30.09.2021

	Share capital	Reserve capital	Hedge reserve	Retained earnings	Total
<i>Changes in equity in the period from 01.01 to 30.09.2020</i>					
<b>Balance as at 01.01.2020 after changes</b>	<b>139 163 286</b>	<b>696 537 775</b>	<b>(5 327 688)</b>	<b>253 723 810</b>	<b>1 084 097 183</b>
Profit (loss) for the period from 01.01. to 30.09.2020	-	-	-	105 945 815	<b>105 945 815</b>
Net profit presented directly in equity	-	-	(19 384 197)	-	<b>(19 384 197)</b>
<b>Total comprehensive income for the period from 01.01. to 30.09.2020</b>	<b>-</b>	<b>-</b>	<b>(19 384 197)</b>	<b>105 945 815</b>	<b>86 561 618</b>
Transfer to reserve capital	-	174 612 455	-	(174 612 455)	-
Equity-settled share-based payment transactions	-	2 887 800	-	-	<b>2 887 800</b>
<b>Total contributions by and distributions to Owners of the Company</b>	<b>-</b>	<b>177 500 255</b>	<b>-</b>	<b>(174 612 455)</b>	<b>2 887 800</b>
<b>Balance as at 30.09.2020</b>	<b>139 163 286</b>	<b>874 038 030</b>	<b>(24 711 885)</b>	<b>185 057 170</b>	<b>1 173 546 600</b>
<i>Changes in equity in the period from 01.01 to 30.09.2021</i>					
<b>Balance as at 01.01.2021</b>	<b>139 163 286</b>	<b>878 713 695</b>	<b>(21 734 503)</b>	<b>222 804 461</b>	<b>1 218 946 940</b>
Retained earnings after changes	-	-	-	(18 714 409)	<b>(18 714 409)</b>
<b>Balance as at 1 January 2021 after changes</b>	<b>139 163 286</b>	<b>878 713 695</b>	<b>(21 734 503)</b>	<b>204 090 052</b>	<b>1 200 232 530</b>
Profit (loss) for the period from 01.01. to 30.09.2021	-	-	-	107 062 890	<b>107 062 890</b>
Other comprehensive income	-	-	13 206 143	-	<b>13 206 143</b>
<b>Total comprehensive income for the period from 01.01. to 30.09.2021</b>	<b>-</b>	<b>-</b>	<b>13 206 143</b>	<b>107 062 890</b>	<b>120 269 033</b>
Dividends declared	-	-	-	(66 798 377)	<b>(66 798 377)</b>
Transfer to reserve capital	-	62 136 656	-	(62 136 656)	-
<b>Total contributions by and distributions to Owners of the Company</b>	<b>-</b>	<b>62 136 656</b>	<b>-</b>	<b>(128 935 033)</b>	<b>(66 798 377)</b>
<b>Balance as at 30.09.2021</b>	<b>139 163 286</b>	<b>940 850 351</b>	<b>(8 528 360)</b>	<b>182 217 908</b>	<b>1 253 703 186</b>

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2021	Presentation currency:	Polish zloty (PLN)
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## SUPPLEMENTARY INFORMATION TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2021 TO 30.09.2021

### 1. GENERAL INFORMATION

#### 1.1. ISSUE OF THE FINANCIAL STATEMENT

According to the resolution of the Management Board dated 09 November 2021, these condensed interim separate financial statements of Eurocash S.A. for the period from 1 January 2021 to 30 September 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 September 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](http://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 trade receivables

In the current period, estimates of expected credit losses were updated. Details are included note 2.

#### 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

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

#### **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

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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 going concerns in the foreseeable future. When assessing the Company's ability to continue as a going concern, the Management Board considered as a threat 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 financial results of the Company. 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 September 2021, there was a surplus of current liabilities over its current assets in the amount of PLN 1.82 billion. At the same time, as at 30 September 2021, there was a surplus of trade liabilities over current assets (trade receivables and inventories) in the amount of PLN 0.82 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, inventory is minimized and suppliers grant deferred payment terms. 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 2022, as described in detail below, indicate that the Company maintains liquidity and the ongoing servicing of liabilities. The conditions precedent related to the loan agreements are monitored on an ongoing basis as at the balance sheet date. On 30 September 2021, the terms of the loan agreements were not breached. Moreover, the Company also has unused credit limits in the amount of PLN 601.6 million.

The Company also analyzed the timely payment of its trade liabilities. Details are included in note 3. The Company plans to maintain the structure and timing of the rotation of liabilities in subsequent reporting periods.

In connection with the situation of the SARS-CoV-2 coronavirus pandemic described in Note 9, the Company 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. As at the date of these financial statements, the main areas of the Company's operating activities function efficiently.

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 September 2021, the Company had credit limits at domestic banks and the EBRD in the amount of PLN 1,162.8 million, while their use was PLN 561.2 million, which accounts for 48% of the limits granted. The Company uses 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, 60% of loans secured by BGK's guarantees are used, 50% of long-term loans, and only 1% of short-term loans (excluding loans secured with BGK's guarantees).

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 the loan agreement ending in September 2020, and (2) the long-term part (in the amount of PLN 196 million). PLN) loan disbursed under the agreement concluded with the European Bank for Reconstruction and

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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 loan was repaid as planned, in the amount of PLN 8.9 million. The use of the revolving loan as at 30 September 2021 was PLN 200 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 200 million zlotys. Additionally, 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 September 2021, the total amount of credit limits secured by the BGK guarantee was PLN 245 million, and their use was PLN 146.5 million.

As a standard, 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 that mature 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 0.9 million. In each adopted model, the Management Board assumes that all necessary credit limits in current accounts will be extended for subsequent periods.

On December 23, 2020, the first bond issue in the amount of PLN 125 million took place as part of the bond issue program, established on November 18, 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 maximum 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 S.A.

The Company uses minimal financing of fixed assets through leasing. As at 30 September 2021, the Company had active lease agreements with two financial institutions with a total exposure of PLN 1.65 million, which was recognized in the statement of financial position as a liability before the implementation of IFRS16. The additional inflow of IFRS 16 resulting from lease agreements and lease agreements with entities other than financial institutions amounts to PLN 923.7 million. The total amount of the Company's total lease liabilities is PLN 925.4 million and it was presented in the statement of financial position of the Company.

In order to continue operating activities, and in particular to ensure supply chain financing, 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 1.00 billion in reverse factoring programs and PLN 118.0 million in receivables factoring programs, respectively.

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.

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## 2. NOTES TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2021 TO 30.09.2021

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

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2021	Presentation currency:	Polish zloty (PLN)
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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
<b>Non-current assets (long-term)</b>	<b>4 574 824 651</b>	-	<b>4 574 824 651</b>
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
<b>Current assets (short-term)</b>	<b>1 913 926 278</b>	-	<b>1 913 926 278</b>
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
<b>Total assets</b>	<b>6 488 750 929</b>	<b>0</b>	<b>6 488 750 929</b>

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
<b>Equity</b>	<b>1 218 946 940</b>	<b>(18 714 409)</b>	<b>1 200 232 530</b>
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
<b>Liabilities</b>	<b>5 269 803 989</b>	<b>18 714 409</b>	<b>5 288 518 399</b>
<b>Non-current liabilities</b>	<b>1 370 141 883</b>	-	<b>1 370 141 883</b>
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
<b>Current liabilities</b>	<b>3 899 662 107</b>	<b>18 714 409</b>	<b>3 918 376 516</b>
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
<b>Total equity and liabilities</b>	<b>6 488 750 929</b>	<b>-</b>	<b>6 488 750 929</b>



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## NOTE 2.

### 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.

#### Financial costs

The change in financial costs in the three quarters of 2021 compared to the three quarters of 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 to the valuation of lease liabilities denominated in foreign currencies. The impact of the valuation in the three quarters of 2021 amounted to PLN 2.3 million of negative exchange rate differences, in the same period of 2020 it amounted to PLN 19.1 million of negative exchange rate differences (respectively in the third quarter of 2021, the impact of negative exchange rate differences was PLN 7.8 million, in 2020 PLN 4.1 million).

#### Financial income

Changes in financial income in the period of three quarters and in the third quarter result mainly from dividends declared and received from the companies: Eurocash Franczyza Sp. z o.o., Eurocash Serwis Sp. z o.o., Premium Distributors Sp. z o.o., Eurocash VC3 Sp. z o.o. and Firma Rogala Sp. z o.o. in the total amount of approximately PLN 163 million.

#### Income tax

The effective tax rate is 17%. It is influenced by the tax on fixed differences (resulting mainly from received dividends and write-offs made in subsidiaries) constituting the balance sheet cost and income, but excluded from tax revenues and 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 30.09.2021

	for the period from 01.01.2021 to 30.09.2021	for the period from 01.01.2020 to 30.09.2020
<b>Opening balance</b>	<b>20 368 770</b>	<b>17 755 933</b>
- increase *	6 160 089	5 280 577
- decrease *	-	-
<b>Closing balance</b>	<b>26 528 859</b>	<b>23 036 510</b>

\* net value

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

### 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 (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
5-10mln	1	0,00%	5 096 116	0,90%
2-5mln	12	0,05%	33 126 663	5,84%
1-2mln	31	0,13%	42 522 307	7,49%
0,5-1mln	104	0,43%	71 014 695	12,51%
0,2-0,5mln	426	2,00%	129 315 875	22,79%
0,1-0,2mln	641	2,99%	90 781 763	16,00%
0,05-0,1mln	903	4,10%	64 448 863	11,36%
<0,05mln	17 013	79,71%	135 492 642	23,87%
negative	1 992	10,59%	-4 262 952	-0,75%
<b>total</b>	<b>21 123</b>	<b>100,00%</b>	<b>567 535 973</b>	<b>100,00%</b>

### AGING OF TRADE RECEIVABLES AS AT 30.09.2021

	Trade receivables gross value 30.09.2021	Trade receivables gross value 31.12.2020
current	989 823 517	974 643 743
1-30 days	27 808 620	67 754 628
31-90 days	21 882 266	34 657 392
91-180 days	6 200 202	6 336 314
> 180 days	22 977 668	29 054 537
	<b>1 068 692 273</b>	<b>1 112 446 614</b>

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#### WRITE-OFF OF TRADE RECEIVABLES AS AT 30.09.2021

	for the period from 01.01.2021 to 30.09.2021	for the period from 01.01.2020 to 31.12.2020
Opening balance	48 570 830	38 655 791
Increase *	-	9 915 039
Decrease *	(7 810 255)	-
Closing balance	40 760 576	48 570 830
* net value		

#### 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 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 30.09.2021
100 000 000	26.06.2019	22.02.2021	22.02.2022	-577 787
100 000 000	26.06.2019	29.01.2021	31.01.2022	-478 556
100 000 000	06.06.2019	11.01.2021	11.01.2022	-417 495
100 000 000	26.06.2019	18.01.2021	18.01.2022	-439 470
100 000 000	26.06.2019	25.01.2021	25.01.2022	-464 661
100 000 000	30.08.2019	02.09.2019	31.08.2022	-775 840
100 000 000	30.08.2019	02.09.2019	31.08.2022	-775 840
100 000 000	29.08.2019	02.09.2019	29.07.2022	-795 954
200 000 000	28.02.2020	07.01.2022	09.01.2023	-347 605
100 000 000	04.03.2020	08.01.2021	07.01.2022	-230 484
100 000 000	09.03.2020	05.03.2021	06.03.2023	16 187
100 000 000	03.03.2020	04.03.2022	06.03.2023	11 087
100 000 000	07.04.2021	17.01.2022	16.01.2023	482 148

#### 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 September 2021, the value of financial services and paid money services were recognized in the amount of PLN 993,338,334; 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.

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Aging of trade liabilities is presented below.

Aging of trade liabilities as balance sheet date	30.09.2021	31.12.2020
current	2 587 549 591	2 641 214 778
1-30 days	-	-
31-90 days	-	-
91-180 days	-	-
> 180 days	-	-
	<b>2 587 549 591</b>	<b>2 641 214 778</b>

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

### NOTE 3. FAIR VALUE OF FINANCIAL INSTRUMENTS

#### Determining fair values

As at 30 September 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 4. BOOK VALUE PER SHARE AS AT 30.09.2021

#### BOOK VALUE PER SHARE

	as at 30.09.2021	as at 31.12.2020
<b>Equity attributable to Owners of the Company</b>	<b>1 253 703 186</b>	<b>1 200 232 530</b>
Number of shares	139 163 286	139 163 286
Diluted number of shares	139 163 286	139 163 286
<b>Book value per share</b>	<b>9,01</b>	<b>8,62</b>
<b>Diluted book value per share</b>	<b>9,01</b>	<b>8,62</b>

### NOTE 5.

#### 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 6.

### ITEMS NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION

#### CONTINGENCES AS AT 30.09.2021

Beneficiary	Title	Currency	as at	as at
			30.09.2021	31.12.2020
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
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
Bank 2 ***	Surety for liabilities resulting from the "Franchise Partners Financing Program" for the Franchisee of Delikatesy Centrum	PLN	248 230	714 908
Bank 4 ***	Surety for liabilities of Eurocash Serwis Sp. z o.o. under the Lease Agreement	PLN	337 740	1 236 613
Bank 4 ***	Surety for liabilities of Partnerski Serwis Detaliczny S.A. under the Lease Agreement	PLN	40 905	48 804
Bank 5 **	Surety for liabilities of Eurocash Serwis Sp. z o.o. under the Factoring Agreement	PLN	300 000 000	300 000 000
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
Bank 7 **	Surety for liabilities of Eurocash Serwis Sp. z o.o. under the Factoring Agreement	PLN	50 000 000	50 000 000
Bank 8 **	Surety for loan of Frisco S.A.	PLN	15 000 000	15 000 000
Bank 8**	Agreement surety for transactions on the financial market of FRISCO S.A.	PLN	2 150 000	-
Bank 4 ***	Guarantee of the revolving loan of Frisco S.A.	PLN	21 698 270	21 081 630
Company 1 **	Surety for trade liabilities of Eurocash Serwis Sp. z o.o.	PLN	1 000 000	1 000 000
Company 2 **	Surety for non-trade liabilities of ABC na kołach Sp. z o.o.	PLN	-	200 000
Company 3 **	Surety for trade liabilities of ABC na kołach Sp. z o.o.	PLN	300 000	300 000
Bank 9 **	Surety for liabilities of Group Companies due to Factoring Agreement	PLN	300 000 000	300 000 000
Company 5 **	Surety for liabilities of Frisco S.A. due to rent agreement	PLN	53 472 873	53 263 963
Company 4 **	Surety for liabilities of Frisco S.A. due to rent agreement	PLN	6 638 747	-
Company 8 **	Surety for liabilities of Frisco S.A. due to derivative contracts	PLN	8 385 391	-
Company 9 **	Surety for liabilities of Frisco S.A. due to derivative contracts		80 774 244	-
Bank 8 **	Surety for liabilities of Frisco S.A. due to the factoring agreement	PLN	-	2 000 000
Company 6 **	Surety for non-trade liabilities of Delikatesy Centrum Sp. z o.o.	PLN	5 900 000	-
Company 7 **	Surety for trade liabilities of Frisco S.A.	PLN	3 080 000	2 930 000
Company 2 **	Surety for non-trade liabilities of Frisco S.A.	PLN	300 000	400 000
			<b>5 274 326 400</b>	<b>5 173 175 918</b>

\*\* 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 September 2021 contingences of Eurocash S.A. by debt value, amounted to PLN 1.442,1 million, while as at 31.12.2020 PLN: 991,3 million.

#### BANK GUARANTEES AS AT 30.09.2021

				as at	as at
	Bank quarantee drawer	Title	Currency	30.09.2021	31.12.2020
1	Bank 1	Security for rent liabilities *	PLN	0	2 206 699
2	Bank 2	Security for rent liabilities	PLN	8 675 895	8 497 346
3	Bank 3	Security for rent liabilities *	PLN	32 697 805	32 111 064
4	Bank 4	Security for excise duty	PLN	500 000	500 000
5	Bank 5	Payment security for suppliers *	PLN	4 632 900	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	9 265 800	9 229 600
8	Bank 8	Security for payment with the use of national road	PLN	1 320 100	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	2 662 267	8 875 182
				<b>119 954 767</b>	<b>127 708 492</b>

\* Guarantees in EUR were converted into PLN according to the average NBP exchange rate, respectively

30.09.2021; 1 EUR=4,6329 PLN,

31.12.2020; 1 EUR=4,6148 PLN

#### SECURITY ON ASSETS AS AT 30.09.2021

		Secure amount in PLN	Secure amount in PLN
Title	Secured property	as at 30.09.2021	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	746 801	562 552

\*\* minimal security nominal value

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## NOTE 7. 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 9 November 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 9 November 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 9 November 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. As at 9 November 2021, the appeal procedure has not been completed.

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. As at 9 November 2021, the appeal procedure has not been completed.

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



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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 8.**  
**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

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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 9.**

### **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. 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 uninterruptedly. 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. Dividend**

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.

#### **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 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.

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#### **NOTE 10.**

##### **IMPORTANT EVENTS AFTER THE PERIOD COVERED BY THE FINANCIAL STATEMENTS**

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.

On 15 October 2021, Eurocash received a decision of the President of the Office of Competition and Consumer Protection ("UOKiK") of 14 October 2021, in which the President of UOKiK gave unconditional consent to a concentration consisting in Eurocash taking control over Arhelan.

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#### **SIGNATURES OF THE MANAGEMENT BOARD MEMBERS**

<b>Position</b>	<b>Name and surname</b>	<b>Date</b>	<b>Signature</b>
Management Board Member Human Resources Director	Katarzyna Kopaczewska	9 <sup>th</sup> November 2021	
Management Board Member Financial Director	Jacek Owczarek	9 <sup>th</sup> November 2021	

## Management discussion of the financial results for the 3Q 2021

### 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 VC3 Sp. z o.o., Akademia Umiejętności Eurocash Sp. z o.o. and Central Head Office costs consolidation not related to any of above segment.

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

## 2. Summary of financial and operational results of Eurocash Group in 3Q 2021

### Profit & loss account

**Table 1: Eurocash Group: Summary of consolidated financial results for 3Q 2021**

	3Q 2021	3Q 2020	Change %
PLN m			
Sales revenues (traded goods, materials)	7 029,55	6 978,31	0,73%
Gross profit (loss) on sales	906,17	886,10	2,27%
Gross profitability on sales (%)	12,89%	12,70%	0,19 p.p.
EBITDA	235,84	225,08	4,78%
(EBITDA margin %)	3,36%	3,23%	0,13 p.p.
EBIT	94,02	87,90	6,97%
(EBIT margin %)	1,34%	1,26%	0,08 p.p.
Gross profit	58,71	54,06	8,59%
Net Income	31,07	33,69	-7,77%
(Net profitability %)	0,44%	0,48%	-0,04 p.p.

**Table 2: Eurocash Group: Summary of consolidated financial results for 3Q YTD 2021**

	3Q YTD 2021	3Q YTD 2020	Change %
PLN m			
Sales revenues (traded goods, materials)	19 392,16	19 093,68	1,56%
Gross profit (loss) on sales	2 471,59	2 516,23	-1,77%
Gross profitability on sales (%)	12,75%	13,18%	-0,43 p.p.
EBITDA	438,43	561,71	-21,95%
(EBITDA margin %)	2,26%	2,94%	-0,68 p.p.
EBIT	2,35	149,67	-98,43%
(EBIT margin %)	0,01%	0,78%	-0,77 p.p.
Gross profit	(74,24)	42,34	-275,33%
Net Income	(134,29)	13,53	-1092,82%
(Net profitability %)	-0,69%	0,07%	-0,76 p.p.

Consolidated sales of Eurocash Group in 3Q 2021 amounted to PLN 7 029,55 m and increased by 0,73% YoY. Both main segments noted strong organic sales growth with wholesale sales increase by 0,05% and retail sales increase by 2,20%. Consolidated total sales of Eurocash Group in 3Q YTD 2021 amounted to PLN 19 392,16 m and increased by 1,56% YoY.

Consolidated gross profitability of Eurocash Group in 3Q 2021 amounted to 12,89% and increased by 0,19 p.p. comparing to 3Q 2020. In 3Q YTD 2021 gross profitability decreased by 0.43 p.p. YoY and amounted to 12,75%.

Consolidated EBITDA of Eurocash Group in 3Q 2021 increased by 4,78% YoY and amounted to PLN 235,84 m. Consolidated EBITDA in 3Q YTD 2021 decreased by 21,95 % YoY and amounted to PLN 438,43 m.

Eurocash Group net profit amounted to PLN 31,07 m in 3Q 2021 comparing with net profit at level of PLN 33,69 m in 3Q 2020. In 3Q YTD 2021, net loss reached PLN 134,29 m compared to PLN 13,53 m net profit in 3Q YTD 2020.

### Sales by format

**Table 3: Eurocash Group: External sales of goods dynamics by distribution format for 3Q 2021**

PLN m	3Q 2021	3Q 2020	Change %
<b>Wholesale</b>	<b>5 262,08</b>	<b>5 259,35</b>	<b>0,05%</b>
Cash&Carry	1 198,39	1 258,26	-4,76%
Tobacco	2 161,19	2 141,41	0,92%
Distribution	1 844,62	1 801,76	2,38%
Food Service	52,22	54,23	-3,72%
Other	5,66	3,70	52,99%
<b>Retail</b>	<b>1 611,87</b>	<b>1 577,15</b>	<b>2,20%</b>
Delikatesy Centrum Franchise	626,09	618,00	1,31%
Supermarkets Own	856,72	814,76	5,15%
Inmedio	129,07	144,39	-10,61%
<b>Projects</b>	<b>122,59</b>	<b>100,19</b>	<b>22,36%</b>
<b>Eurocash Group</b>	<b>6 996,54</b>	<b>6 936,69</b>	<b>0,86%</b>

**Table 4: Eurocash Group: External sales of goods dynamics by distribution format for 3Q YTD 2021**

PLN m	3Q YTD 2021	3Q YTD 2020	Change%
<b>Wholesale</b>	<b>14 304,74</b>	<b>14 278,80</b>	<b>0,18%</b>
Cash&Carry	3 264,17	3 563,06	-8,39%
Tobacco	5 839,06	5 553,61	5,14%
Distribution	5 065,84	5 007,97	1,16%
Food Service	119,45	142,14	-15,96%
Other	16,22	12,01	34,98%
<b>Retail</b>	<b>4 619,59</b>	<b>4 540,55</b>	<b>1,74%</b>
Delikatesy Centrum	1 795,24	1 771,12	1,36%
Supermarkety Własne	2 469,48	2 441,86	1,13%
Inmedio	354,87	327,58	8,33%
<b>Projects</b>	<b>369,60</b>	<b>182,70</b>	<b>102,30%</b>
<b>Eurocash Group</b>	<b>19 293,93</b>	<b>19 002,04</b>	<b>1,54%</b>

### Wholesale

- In 3Q 2021 external sales of goods in Wholesale segment amounted to PLN 5 262,08 m and increased by 0,05% comparing with 3Q 2020. In 3Q YTD 2021 sales amounted to PLN 14 304,74 m and increased by 0,18 % YoY.
- EBITDA of the Wholesale segment amounted in 3Q 2021 to PLN 189,58 m. EBITDA in 3Q YTD 2021 amounted to PLN 477,82 m.
- LFL sales growth (same number of stores) in Eurocash Cash&Carry stores in 3Q 2021 amounted to -4,76% and -8,21% in 3Q YTD 2021.
- The number of Eurocash Cash&Carry stores at the end of 3Q 2021 amounted to 179.



- The number of abc stores amounted to 9 143 at the end of 3Q 2021.
- Number of partnership or franchise stores organized by companies belonging to Eurocash Group (Groszek, Euro Sklep, Lewiatan and PSD) amounted to 5 494 stores as of the end of 3Q 2021.
- Sales of cigarettes Tobacco & Impulse distribution format in terms of volume amounted in 3Q 2021 to 3 301 m pieces and increased by 1,34% YoY. In 3Q YTD 2021 volume amounted to 8 894 m pieces and increased by 5,05% YoY.
- Sales of cigarettes in terms of value increased by 2,1% in 3Q 2021 and 6,5% in 3Q YTD 2021.

## **Retail**

- Sales of goods realized by Retail segment in 3Q 2021 amounted to PLN 1 611,87 m and increased by 2,20%. Sales increase was driven by own supermarkets. In 3Q YTD 2021 sales amounted to PLN 4 619,59 m and increased by 1,74% YoY.
- EBITDA of the Retail segment in 3Q 2021 amounted to PLN 84,63 m. In 3Q YTD 2021 EBITDA amounted to PLN 79,20 m.
- LFL growth of wholesale sales realized by Eurocash to "Delikatesy Centrum" franchise stores amounted to 0,0% % in 3Q 2021 and 0,2% in 3Q YTD 2021.
- LFL growth of retail sales of "Delikatesy Centrum" franchise stores amounted to 2,8% in 3Q 2021 and 0,2% in 3Q YTD 2021.
- LFL dynamic of retail sales in 3Q 2021 amounted in Inmedio stores to 1,6% YoY and 9,5% in 3Q YTD 2021 YoY.
- Number of Small Supermarkets in 3Q 2021 amounted to 1 594, including 965 Franchise stores and 629 Own stores.
- Number of total "Delikatesy Centrum" stores at the end of 3Q 2021 amounted to 1 565.
- Number of Inmedio stores at the end of 3Q 2021 amounted to 422 stores.

## **Projects**

- Sales of goods realized by Projects segment in 3Q 2021 amounted to PLN 122,59 m comparing to PLN 100,19 m in 3Q 2020. In 3Q YTD 2021 sales amounted to PLN 369,60 m comparing to PLN 182,70 m in 3Q YTD 2020.
- EBITDA of Projects segment in 3Q 2021 amounted to negative PLN -11,83 m comparing to result of PLN -5,88 m in 3Q 2020. In 3Q YTD 2021 EBITDA amounted to PLN -34,25 m comparing to PLN -24,70 m in 3Q YTD 2020.

## **Others**

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- EBITDA of Others segment amounted in 3Q 2021 to PLN -26,53 m. In 3Q YTD 2021 EBITDA amounted to PLN -84,34 m.

## Operating segments

**Table 5: Eurocash Group: Operating segments results in Q1, Q2 and Q3 2021**

<b>1Q 2021 (PLN m)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Others</b>	<b>Total</b>
Sales revenue from traded goods	4 184,38	1 477,25	118,68	0,00	<b>5 780,30</b>
EBIT	51,38	-31,54	-22,09	-31,37	<b>-33,62</b>
<i>(EBIT margin %)</i>	<i>1,23%</i>	<i>-2,14%</i>	<i>-18,62%</i>	<i>0,00%</i>	<b><i>-0,58%</i></b>
EBITDA	117,74	35,82	-10,96	-26,68	<b>115,93</b>
<i>(EBITDA margin %)</i>	<i>2,81%</i>	<i>2,43%</i>	<i>-9,23%</i>	<i>0,00%</i>	<b><i>2,01%</i></b>
<b>2Q 2021 (PLN m)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Others</b>	<b>Total</b>
Sales revenue from traded goods	4 858,28	1 530,47	128,32	0,00	<b>6 517,08</b>
EBIT	109,14	-108,15	-23,64	-35,39	<b>-58,05</b>
<i>(EBIT margin %)</i>	<i>2,25%</i>	<i>-7,07%</i>	<i>-18,43%</i>	<i>0,00%</i>	<b><i>-0,89%</i></b>
EBITDA	170,49	-41,25	-11,46	-31,12	<b>86,66</b>
<i>(EBITDA margin %)</i>	<i>3,51%</i>	<i>-2,70%</i>	<i>-8,93%</i>	<i>0,00%</i>	<b><i>1,33%</i></b>
<b>3Q 2021 (PLN m)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Others</b>	<b>Total</b>
Sales revenue from traded goods	5 262,08	1 611,87	122,59	0,00	<b>6 996,54</b>
EBIT	130,06	20,19	-25,59	-30,64	<b>94,02</b>
<i>(EBIT margin %)</i>	<i>2,47%</i>	<i>1,25%</i>	<i>-20,88%</i>	<i>0,00%</i>	<b><i>1,34%</i></b>
EBITDA	189,58	84,63	-11,83	-26,53	<b>235,84</b>
<i>(EBITDA margin %)</i>	<i>3,60%</i>	<i>5,25%</i>	<i>-9,65%</i>	<i>0,00%</i>	<b><i>3,37%</i></b>

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

<b>1Q YTD 2021 (PLN m)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Others</b>	<b>Total</b>
Sales revenue from traded goods	4 184,38	1 477,25	118,68	0,00	<b>5 780,30</b>
EBIT	51,38	-31,54	-22,09	-31,37	<b>-33,62</b>
<i>(EBIT margin %)</i>	<i>1,23%</i>	<i>-2,14%</i>	<i>-18,62%</i>	<i>0,00%</i>	<b><i>-0,58%</i></b>
EBITDA	117,74	35,82	-10,96	-26,68	<b>115,93</b>
<i>(EBITDA margin %)</i>	<i>2,81%</i>	<i>2,43%</i>	<i>-9,23%</i>	<i>0,00%</i>	<b><i>2,01%</i></b>
<b>2Q YTD 2021 (PLN m)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Others</b>	<b>Total</b>
Sales revenue from traded goods	9 042,66	3 007,72	247,00	0,00	<b>12 297,38</b>
EBIT	160,52	-139,70	-45,74	-66,76	<b>-91,67</b>
<i>(EBIT margin %)</i>	<i>1,78%</i>	<i>-4,64%</i>	<i>-18,52%</i>	<i>0,00%</i>	<b><i>-0,75%</i></b>
EBITDA	288,24	-5,43	-22,42	-57,80	<b>202,59</b>
<i>(EBITDA margin %)</i>	<i>3,19%</i>	<i>-0,18%</i>	<i>-9,07%</i>	<i>0,00%</i>	<b><i>1,65%</i></b>
<b>3Q YTD 2021 (PLN m)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Others</b>	<b>Total</b>
Sales revenue from traded goods	14 304,74	4 619,59	369,60	0,00	<b>19 293,93</b>
EBIT	290,58	-119,50	-71,33	-97,40	<b>2,35</b>
<i>(EBIT margin %)</i>	<i>2,03%</i>	<i>-2,59%</i>	<i>-19,30%</i>	<i>0,00%</i>	<b><i>0,01%</i></b>
EBITDA	477,82	79,20	-34,25	-84,34	<b>438,43</b>
<i>(EBITDA margin %)</i>	<i>3,34%</i>	<i>1,71%</i>	<i>-9,27%</i>	<i>0,00%</i>	<b><i>2,27%</i></b>

**Table 7: Eurocash Group: Operating segments results in 2020**

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

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

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

## Cash flow

**Table 9: Eurocash Group: Consolidated cash flow for 3Q 2021**

	3Q 2021	3Q 2020
PLN m		
Operating cash flow	253,93	218,14
<i>Gross profit (loss)</i>	58,71	54,06
<i>Depreciation</i>	141,82	137,18
<i>Change in working capital</i>	(6,61)	20,23
<i>Other</i>	60,02	6,67
Cash flow from investments	(44,22)	(20,68)
Cash flow from financing activities	(190,38)	(270,08)
Total cash flow	19,34	(72,62)

**Table 10: Eurocash Group: Consolidated cash flow for 3Q YTD 2021**

	3Q YTD 2021	3Q YTD 2020
PLN m		
Operating cash flow	576,93	438,76
<i>Gross profit (loss)</i>	(74,24)	42,34
<i>Depreciation</i>	436,08	412,04
<i>Change in working capital</i>	64,95	1,15
<i>Other</i>	150,14	(16,77)
Cash flow from investments	(125,32)	(246,56)
Cash flow from financing activities	(435,26)	(209,27)
Total cash flow	16,35	(17,07)

Total cash flow in 3Q 2021 amounted to PLN 19,34 m, while the operating cash flow reached PLN 253,93 m. Cash flow from investments amounted to PLN -44,22 m and cash flow from financing activities amounted in 3Q 2021 to PLN -190,38 m.

Total cash flow in 3Q YTD 2021 amounted to PLN 16,35 m, while the operating cash flow reached PLN 576,93 m. Cash flow from investments amounted to PLN -125,32 m and cash flow from financing activities amounted in 3Q YTD 2021 to PLN -435,26 m.

### **Working capital**

**Table 11: Eurocash Group: Consolidated working capital ratios flow for 3Q 2021**

Turnover in days	3Q 2021	3Q 2020
1. Inventories turnover	17,52	16,61
2. Trade receivables turnover	18,88	19,36
3. Trade liabilities turnover	(58,29)	(58,11)
4. Operating cycle (1+2)	36,40	35,98
5. Cash conversion (4+3)	(21,89)	(22,13)

**Table 12: Eurocash Group: Consolidated working capital ratios flow for 3Q YTD 2021**

Turnover in days	3Q YTD 2021	3Q YTD 2020
1. Inventories turnover	18,85	18,08
2. Trade receivables turnover	20,30	21,08
3. Trade liabilities turnover	(62,60)	(63,60)
4. Operating cycle (1+2)	39,15	39,16
5. Cash conversion (4+3)	(23,44)	(24,44)

Cash conversion in 3Q 2021 reached -21,89 days comparing with -22,13 days in 3Q 2020. In 3Q YTD 2021 cash conversion cycle amounted to -23,44 days compared to -24,44 days in 3Q YTD 2020.

### **Statement of the financial position**

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

**Table 13: Eurocash Group: Selected consolidated balance sheet items**

PLN m	30.09.2021		31.12.2020	
Fixed assets	5 026,83	62,03%	5 096,73	63,19%
Current assets	3 076,99	37,97%	2 969,06	36,81%
Total assets	8 103,82	100,00%	8 065,79	100,00%
Equity	770,40	9,51%	984,13	12,20%
Liabilities and provisions	7 333,42	90,49%	7 081,66	87,80%
Total liabilities and equity	8 103,82	100,00%	8 065,79	100,00%

Net debt of Eurocash Group at the end of September 2021 amounted to PLN 2 625,0 m. Before IFRS16 net debt amounted to PLN 685,30 m comparing to PLN 721,30 m at the end of September 2020.



### 3. Summary of financial results of Eurocash S.A. in 3Q 2021

#### Profit & loss account

**Table 14: Eurocash S.A.: Summary of financial results for 3Q 2021**

PLN m	3Q 2021	3Q 2020	Change %
Sales revenues (traded goods, materials)	4 254,50	4 236,46	0,43%
Gross profit (loss) on sales	487,86	500,79	-2,58%
Gross profitability on sales (%)	11,47%	11,82%	-0,35 p.p.
EBITDA	163,86	169,76	-3,48%
(EBITDA margin %)	3,85%	4,01%	-0,16 p.p.
EBIT	91,45	99,15	-7,76%
(EBIT margin %)	2,15%	2,34%	-0,19 p.p.
Gross profit	72,75	112,36	-35,25%
Net Income	57,69	96,36	-40,13%
(Net profitability %)	1,36%	2,27%	-0,92 p.p.

**Table 15: Eurocash S.A.: Summary of financial results for 3Q YTD 2021**

PLN m	3Q YTD 2021	3Q YTD 2020	Change %
Sales revenues (traded goods, materials)	11 837,44	11 994,53	-1,31%
Gross profit (loss) on sales	1 292,86	1 419,83	-8,94%
Gross profitability on sales (%)	10,92%	11,84%	-0,92 p.p.
EBITDA	361,75	415,93	-13,03%
(EBITDA margin %)	3,06%	3,47%	-0,41 p.p.
EBIT	137,44	203,72	-32,53%
(EBIT margin %)	1,16%	1,70%	-0,54 p.p.
Gross profit	128,85	134,87	-4,46%
Net Income	107,06	105,95	1,05%
(Net profitability %)	0,90%	0,88%	0,02 p.p.

Sales of Eurocash S.A. in 3Q 2021 amounted to PLN 4 254,50 m and increased by 0,43% YoY. In 3Q YTD 2021, sales reached PLN 11 837,44 m compared to PLN 11 994,53 m in 3Q YTD 2020 which shows a decrease of 1,31%.

Gross profitability on sales of Eurocash S.A. in 3Q 2021 amounted to 11,47% and decreased by 0,35 p.p. YoY. In 3Q YTD 2021, gross profitability decreased by 0,92 p.p. YoY and amounted to 10,92 %.

In 3Q 2021 EBITDA of Eurocash S.A. amounted to PLN 163,86 m. In 3Q YTD 2021 EBITDA amounted to PLN 361,75 m.

The net profit in 3Q 2021 amounted to PLN 57,69 m. In 3Q YTD 2021 net profit amounted to PLN 107,06 m.

## Cash flow

**Table 16: Eurocash S.A.: Cash flow for 3Q 2021**

PLN m	3Q 2021	3Q 2020
Operating cash flow	128,04	239,99
<i>Gross profit (loss)</i>	72,75	112,36
<i>Depreciation</i>	72,40	70,61
<i>Change in working capital</i>	(39,93)	53,99
<i>Other</i>	22,81	3,03
Cash flow from investments	(4,89)	(7,17)
Cash flow from financing activities	(119,77)	(303,27)
Total cash flow	3,38	(70,45)

**Table 17: Eurocash S.A.: Cash flow for 3Q YTD 2021**

PLN m	3Q YTD 2021	3Q YTD 2020
Operating cash flow	376,81	404,14
<i>Gross profit (loss)</i>	128,85	134,87
<i>Depreciation</i>	224,31	212,21
<i>Change in working capital</i>	14,71	25,16
<i>Other</i>	8,95	31,90
Cash flow from investments	96,92	(183,26)
Cash flow from financing activities	(457,30)	(206,50)
Total cash flow	16,44	14,38

Total cash flow of Eurocash S.A. in 3Q 2021 amounted to PLN 3,38 m comparing to PLN -70,45 m in 3Q 2020. Total cash flow of Eurocash S.A. in 3Q YTD 2021 amounted to PLN 16,44 m while in 3Q YTD 2020 it reached level of PLN 14,38 m.

### Working capital

**Table 18: Eurocash S.A.: Working capital ratios for 3Q 2021**

Turnover in days	3Q 2021	3Q 2020
1. Inventories turnover	15,99	15,04
2. Trade receivables turnover	22,23	23,43
3. Trade liabilities turnover	(63,20)	(67,89)
4. Operating cycle (1+2)	38,22	38,47
5. Cash conversion (4+3)	(24,98)	(29,42)

**Table 19: Eurocash S.A.: Working capital ratios for 3Q YTD 2021**

Turnover in days	3Q YTD 2021	3Q YTD 2020
1. Inventories turnover	17,05	15,82
2. Trade receivables turnover	23,71	24,65
3. Trade liabilities turnover	(66,99)	(71,43)
4. Operating cycle (1+2)	40,76	40,47
5. Cash conversion (4+3)	(26,23)	(30,96)

Cash conversion of Eurocash S.A. in 3Q 2021 amounted to -24,98 days compared to -29,42 days in 3Q 2020. In 3Q YTD 2021 cash conversion amounted to -26,23 days compared to -30,96 days in 3Q YTD 2020.

### Statement of the financial position

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

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

PLN m	30.09.2021		31.12.2020	
Fixed assets	4 366,39	69,85%	4 574,82	70,50%
Current assets	1 884,55	30,15%	1 913,93	29,50%
Total assets	6 250,95	100,00%	6 488,75	100,00%
Equity	1 253,70	20,06%	1 200,23	18,50%
Liabilities and provisions	4 997,24	79,94%	5 288,52	81,50%
Total liabilities and equity	6 250,95	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

## 5. Major events and factors that influenced consolidated income or loss in 3Q 2021

### 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. 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

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In the period between 1<sup>st</sup> January 2021 and 30<sup>th</sup> September 2021 no shares were issued.

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

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 3Q 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. 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.

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### *Growth in the FMCG market and its structure*

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

### *Fuel prices*

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

### *Inflation*

Unexpected substantial changes in prices of food, beverages, alcohol and other FMCG products, may influence the Group's profit and loss.

### *Labour costs*

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

## **Internal Factors**

### *Integration of acquired companies*

Due to the necessity of integrating acquired retail companies at the operational level, in the opinion of Eurocash S.A. Board full synergies associated with these transactions will be possible to reach within 3 years after the acquisition of control over these companies. All companies will be integrated within Delikatesy Centrum chain. 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 segment<sup>1</sup>*

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,

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

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2. Opening stores run by franchisees,
3. Opening of own retail stores (in cooperation with partners investing in real estate).

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

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

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

#### *Acquisition of a 49% share in a company that operates a chain of Arhelan 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. On 15 October 2021, Eurocash received a decision of the President of the Office of Competition and Consumer Protection ("UOKiK") of 14 October 2021, in which the President of UOKiK gave unconditional consent to a concentration consisting in Eurocash taking control over Arhelan.

#### *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.

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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 3Q 2021, the traditional distribution channel was a significant form of FMCG retail distribution, representing the share of 38,6%<sup>2</sup>. Such a high share (against other European countries) results from a low concentration of population in a country as well as from poor housing conditions as small and medium-size shops located away from large conglomerates comprise the key customer group for Eurocash. Growth in the large format channel, including expansion of discounters, responsible for 39,8%<sup>3</sup> of sales in Poland in Q3 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.

<sup>2</sup> Nielsen Retail Trade Panel, Value sales, period: January - September 2021, Food categories

<sup>3</sup> Ibidem



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## 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 30<sup>th</sup> September 2021 comprised to 1320 national and foreign entities.

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

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

## ***Risk management system***

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

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

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

**Table 21: Risk management system**

Risk area	Risk examples	Elements of the risk management system - methods of monitoring and controlling
<b>Ethics and counteracting corruption</b>	<ul style="list-style-type: none"> <li>• Risk of public corruption</li> <li>• Risk of corruption in relations with contractors</li> <li>• Risk of fraud against employees</li> <li>• Risk of internal frauds</li> <li>• Risk of conflict of interest</li> </ul>	<ul style="list-style-type: none"> <li>• Eurocash Group's Code of Ethics</li> <li>• Eurocash Group values - clearly defined and communicated to employees</li> <li>• Line of trust for employees to anonymously report cases of corruption, abuse and breaches of the Code of Ethics</li> <li>• 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</li> <li>• Anti-mobbing policy</li> <li>• Training for employees on Eurocash Group values and ethics rules</li> <li>• Instructions for accepting gifts from contractors (giving gifts for charity)</li> <li>• Implementation of procedures and process for managing conflicts of interest, including a survey-declaration of actual or potential conflicts of interest.</li> </ul>
<b>Legal</b>	<ul style="list-style-type: none"> <li>• Risk of consumer law violation</li> <li>• Risk of competition law violation</li> <li>• Risk of forbidden agreements regulations violation</li> <li>• Risk of violating regulations on payment congestion</li> <li>• Risk of violating antitrust law</li> <li>• Risk of violation of personal data protection regulations</li> <li>• Risk of violating the provisions of the Commercial Companies Code</li> <li>• Risk of violating business secrecy and confidential data</li> <li>• Risk of regulated advertising and intellectual property regulations violation</li> </ul>	<ul style="list-style-type: none"> <li>• Policies and procedures to monitor compliance with consumer rights legislation</li> <li>• Training and awareness-raising of employees</li> <li>• Monitoring the profile and level of risks identified in the Group</li> <li>• 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</li> <li>• 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</li> <li>• Implementing a unified system of creating and publishing marketing content</li> </ul>

<b>Taxes</b>	<ul style="list-style-type: none"> <li>• Risk of improper calculation and/or recognition of PIT / CIT / VAT</li> <li>• Risk of improper verification of contractors</li> <li>• Risk of non-effective implementation of procedures regarding tax reporting obligations</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of procedures to ensure proper calculation of tax liabilities</li> <li>• Designing tools to support the calculation of tax liabilities</li> <li>• Implementation of procedures concerning fulfillment of due diligence requirements towards contractors</li> <li>• Training on tax risks and the contractor verification process</li> </ul>
<b>Human resources/workplace</b>	<ul style="list-style-type: none"> <li>• Risk of losing employees</li> <li>• Risk of non-compliance with labor law by employees</li> <li>• Risk of low employee involvement</li> <li>• Risk of mobbing and other abuses towards employees</li> <li>• Risk of unfair assessment of employees' professional development</li> <li>• Risk of lack of professional development opportunities for employees</li> <li>• Risk of low employee satisfaction with work</li> </ul>	<ul style="list-style-type: none"> <li>• Procedures and instructions regulating the workplace, including work regulations, remuneration and employee bonuses regulations</li> <li>• Activities and agreements with trade unions</li> <li>• Established and uniform rules for the use of the Social Benefits Fund</li> <li>• Ensuring compliance with labor law by training for management and continuous monitoring of working time records</li> <li>• Procedures and instructions for hiring new employees</li> <li>• Benefits system for employees (private medical care, co-financing for sports activities)</li> <li>• Co-financing of education for employees</li> <li>• Cyclical survey of employees' opinions</li> <li>• Eurocash Group values - clearly defined and communicated to employees</li> <li>• 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</li> <li>• Line of trust for employees to anonymously report cases of corruption, abuse and breaches of the Code of Ethics</li> <li>• Work results management system</li> <li>• Annual employee development assessments</li> <li>• Talent development programs (Management Trainee and Sales &amp; Operational Trainee)</li> <li>• E-learning platform with numerous employee trainings</li> <li>• External training according to the needs of given roles / functions / departments</li> <li>• Anti-mobbing policy</li> <li>• Activity in social media</li> </ul>

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

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

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## **8. Additional information**

### **Explanations regarding seasonality**

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

### **Issuance, redemption and repayment of debt and capital securities**

In the period between 1<sup>st</sup> January 2021 and 30<sup>th</sup> September 2021 no shares have been issued.

As at September 30<sup>th</sup>, 2021, the total value of bonds issued by Eurocash amounted to PLN 125.000.000

### **Changes in the basic management principles**

In 3Q 2021 there were no major changes in the basic management principles.

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

The Management Board of Eurocash S.A. has not published or does not intend to publish financial forecast for 2021.

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

	09.11.2021				24.08.2021			
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%
<b>Total</b>	<b>139 163 286</b>	<b>100.00%</b>	<b>139 163 286</b>	<b>100.00%</b>	<b>139 163 286</b>	<b>100.00%</b>	<b>139 163 286</b>	<b>100.00%</b>

\*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	
	09.11.2021	24.08.2021
<b>Management Board members</b>		
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
<b>Supervisory Board members</b>		
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

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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 3Q 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 3Q 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.



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## STATEMENT OF THE MANAGEMENT BOARD

### Accuracy and credibility of the presented reports

Members of the Management Board of Eurocash S.A. declare that to the best of their knowledge:

- quarterly condensed consolidated financial statements of the Eurocash S.A. capital group and comparable data have been prepared in accordance with the applicable accounting principles and that they reflect in a true, reliable and clear manner the property and financial situation of the issuer's capital group and its financial result for 3Q YTD 2021,
- quarterly condensed separate financial statements of Eurocash S.A. and comparable data have been prepared in accordance with the applicable accounting principles and that they reflect in a true, reliable and clear manner the property and financial situation of the issuer and the financial result for 3Q YTD 2021,
- quarterly report on the activity of the Eurocash S.A. capital group in 3Q YTD 2021 presents a true picture of the development, achievements and condition of the Eurocash S.A. capital group, including a description of the basic threats and risks.

### Signatures of the Management Board Members:

Position	Name and surname	Date	Signature
Member of the Management Board Financial Director	Jacek Owczarek	9th November 2021	
Member of the Management Board Human Resources Director	Katarzyna Kopaczewska	9th November 2021	