



EUROCASH GROUP

CONSOLIDATED QUARTERLY REPORT

3rd QUARTER 2022

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 01.01.2022 to 30.09.2022 PLN	Non audited for the period from 01.01.2021 to 30.09.2021 PLN	Non audited for the period from 01.01.2022 to 30.09.2022 EUR	Non audited for the period from 01.01.2021 to 30.09.2021 EUR
Sales	22 635 006 165	19 392 157 433	4 844 095 740	4 262 481 027
Operating profit (loss)	238 200 790	2 348 402	50 977 120	516 189
Profit (loss) before income tax	72 668 962	(74 240 499)	15 551 814	(16 318 386)
Profit (loss) for the on continued operations	10 608 253	(134 289 693)	2 270 262	(29 517 462)
Profit (loss) for the period	10 608 253	(134 289 693)	2 270 262	(29 517 462)
Net cash from operating activities	607 471 316	576 926 629	130 004 348	126 810 997
Net cash used in investing activities	(142 771 221)	(125 321 663)	(30 554 331)	(27 546 250)
Net cash used in financing activities	(457 003 876)	(435 257 926)	(97 802 957)	(95 671 596)
Net change in cash and cash equivalents	7 696 219	16 347 041	1 647 060	3 593 151
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)	(0,02)	(1,01)	(0,00)	(0,22)
Diluted EPS (in PLN / EUR)	(0,02)	(1,01)	(0,00)	(0,22)
Average PLN / EUR rate*			4,6727	4,5495
	Non audited as at 30.09.2022 PLN	as at 31.12.2021 PLN	Non audited as at 30.09.2022 EUR	as at 31.12.2021 EUR
Assets	8 523 671 225	8 487 298 751	1 750 312 379	1 845 305 638
Non-current liabilities	2 116 703 814	2 493 454 819	434 659 291	542 126 107
Current liabilities	5 622 210 111	5 207 247 755	1 154 505 341	1 132 158 054
Equity	784 757 300	786 596 177	161 147 747	171 021 476
Share capital	139 163 286	139 163 286	28 576 797	30 256 835
Number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Diluted number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Book value per share (in PLN / EUR)	4,96	5,02	1,02	1,09
Diluted book value per share (in PLN / EUR)	4,96	5,02	1,02	1,09
Dividends paid (in PLN / EUR)	3 669 974	69 681 568	753 619	15 150 143
Dividends paid per share (in PLN / EUR)	0,03	0,50	0,01	0,11
PLN / EUR rate at the end of the period**			4,8698	4,5994

* 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 2022 YTD,

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

EUROCASH S.A. GROUP

CONDENSED INTERIM

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2022 TO 30 SEPTEMBER 2022

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:	01.01-30.09.2022	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:	01.01-30.09.2022	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 2022 and contain comparative data for the period of 9 months ended 30 September 2021 and as at 31 December 2021. 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 2022 and comparative data for the 3 months period ended on 30 September 2021.

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 2022 the Parent Entity's Management Board consisted of the following members:

Paweł Surówka – President 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,
 Dariusz Stolarczyk – Member of the Management Board,
 Tomasz Polański – Member of the Management Board.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.09.2022	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

2.2. SUPERVISORY BOARD OF THE PARENT ENTITY

As at 30 September 2022 the Parent Entity's Supervisory Board consisted of the following members:

Luis Manuel Conceicao do Amaral – President of the Supervisory Board,
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,
Przemysław Budkowski – Member of the Supervisory Board.

2.3. CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARD

On 31 January 2022, the Supervisory Board of Eurocash adopted a resolution to appoint Mr. Dariusz Stolarczyk and Mr. Tomasz Polański to the positions of Management Board Members with effect from 1 February 2022.

In addition, on 31 January 2022, the Company received notifications from Mr. Rui Amaral and Mr. Noel Collett about resignation from the function of Members of the Management Board of Eurocash with effect on 31 January 2022. The submitted resignations did not contain information about their reasons.

On 30 June 2022, the Company received a notification from Mr. Luis Manuel Conceicao Pais do Amaral about his resignation from the position of a Member of the Management Board of Eurocash, with effect as at 30 September 2022.

On 30 June 2022, Mr. Luis Manuel Conceicao Pais do Amaral was appointed as the President of the Supervisory Board.

On 30 June 2022, the term of office of Renato Arie as a Member of the Supervisory Board expired.

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.09.2022	Presentation currency:	Polish zloty (PLN)
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CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 01.01. TO 30.09.2022

	Non audited 3rd Quarter for the period from 01.07.2022 to 30.09.2022	Non audited 3 Quarters for the period from 01.01.2022 to 30.09.2022	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
Sales	8 268 350 811	22 635 006 165	7 029 548 700	19 392 157 433
Sales of goods	8 230 461 514	22 531 773 497	6 996 544 588	19 293 925 277
Sales of services	36 760 573	98 770 191	31 504 279	93 592 696
Sales of materials	1 128 725	4 462 477	1 499 833	4 639 460
Costs of sales	(7 153 770 425)	(19 553 513 852)	(6 123 374 261)	(16 920 569 978)
Costs of goods sold	(7 152 658 021)	(19 549 243 815)	(6 121 986 286)	(16 916 249 817)
Costs of materials sold	(1 112 404)	(4 270 037)	(1 387 975)	(4 320 161)
Gross profit (loss)	1 114 580 386	3 081 492 314	906 174 440	2 471 587 455
Selling expenses	(854 990 024)	(2 482 791 950)	(712 261 957)	(2 091 544 969)
General and administrative expenses	(127 670 282)	(384 609 909)	(110 534 743)	(335 349 484)
Profit (loss) on sales	131 920 080	214 090 455	83 377 740	44 693 002
Other operating income	15 750 121	66 083 618	16 299 648	50 919 379
Other operating expenses	(15 608 892)	(41 973 282)	(5 656 297)	(93 263 980)
Operating profit (loss)	132 061 308	238 200 790	94 021 090	2 348 402
Financial income	20 988 216	41 436 204	7 571 965	20 787 271
Financial costs	(93 258 870)	(207 268 886)	(43 004 135)	(97 652 095)
Share in profits (losses) of equity accounted investees	273 861	300 854	116 872	275 924
Profit (loss) before tax	60 064 515	72 668 962	58 705 792	(74 240 499)
Income tax expense	(18 312 571)	(62 060 709)	(27 635 907)	(60 049 194)
Profit (loss) for the period	41 751 945	10 608 253	31 069 885	(134 289 693)
Attributable to:				
Owners of the Company	34 068 926	(2 531 747)	27 449 348	(140 405 125)
Non-controlling interests	7 683 019	13 140 000	3 620 538	6 115 432
EARNINGS PER SHARE				
		PLN / share		PLN / share
Profit (loss) attributable to Owners of the Company	34 068 926	(2 531 747)	27 449 348	(140 405 125)
Weighted average number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Weighted average diluted number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Earnings per share				
- basic	0,24	(0,02)	0,20	(1,01)
- diluted	0,24	(0,02)	0,20	(1,01)

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.09.2022	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 30.09.2022**

	Non audited 3rd Quarter for the period from 01.07.2022 to 30.09.2022	Non audited 3 Quarters for the period from 01.01.2022 to 30.09.2022	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
Profit (loss) for the period	41 751 945	10 608 253	31 069 885	(134 289 693)
Other comprehensive income for the period	(8 782 561)	(3 739 266)	4 008 671	13 403 067
Items that may be subsequently reclassified to profit or loss:				
- The result on hedge accounting with the tax effect:	(8 782 561)	(3 739 266)	4 008 671	13 403 067
Total comprehensive income for the period	32 969 384	6 868 988	35 078 556	(120 886 626)
Total Income				
Owners of the Company	25 286 365	(6 271 013)	31 458 019	(127 002 058)
Non-controlling interests	7 683 019	13 140 000	3 620 538	6 115 432
Total comprehensive income for the period	32 969 384	6 868 988	35 078 556	(120 886 626)

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.09.2022	Presentation currency:	Polish zloty (PLN)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30.09.2022

	Non audited as at 30.09.2022	as at 31.12.2021
Assets		
Non-current assets (long-term)	5 264 245 572	5 267 502 143
Goodwill	2 132 168 704	2 130 015 214
Intangible assets	322 524 044	342 766 659
Property, plant and equipment	678 729 258	696 411 473
Right of use assets	1 978 954 171	1 942 045 726
Investment property	287 653	913 684
Investments in equity accounted investees	13 674 611	13 373 757
Other long-term investments	2 296 291	4 603 644
Long-term receivables	14 306 931	14 588 630
Deferred tax assets	118 718 248	118 407 465
Other long-term prepayments	2 585 662	4 375 891
Current assets (short-term)	3 259 425 652	3 219 796 608
Inventories	1 637 120 351	1 535 646 491
Trade receivables	1 286 711 223	1 332 245 738
Current tax receivables	13 696 279	4 689 846
Other short-term receivables	136 959 870	171 327 055
Other short-term financial assets	11 974 630	14 810 270
Short-term prepayments	44 676 368	40 486 497
Cash and cash equivalents	128 286 932	120 590 711
Total assets	8 523 671 224	8 487 298 751

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.09.2022	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

	Non audited as at 30.09.2022	as at 31.12.2021
<i>Equity and liabilities</i>		
Equity	784 757 300	786 596 177
Equity attributable to Owners of the Company	690 080 606	699 121 094
Share capital	139 163 286	139 163 286
Reserve capital	582 959 288	581 032 164
Valuation equity of hedging transactions	6 875 666	10 614 932
Option for purchase/selling the shares	(111 489 095)	(115 838 349)
Retained earnings	72 571 461	84 149 061
Accumulated profit / loss from previous years	75 103 208	197 720 592
Profit (loss) for the period	(2 531 747)	(113 571 531)
Non-controlling interests	94 676 693	87 475 083
Liabilities	7 738 913 925	7 700 702 574
Non-current liabilities	2 116 703 814	2 493 454 819
Long-term loans and borrowings	169 172 000	581 340 000
Other long-term financial liabilities	125 000 000	125 000 000
Long-term lease liabilities	1 735 925 394	1 701 013 665
Other long-term liabilities	73 959 340	73 736 230
Employee benefits	10 730 603	9 768 044
Provisions	1 916 477	2 596 880
Current liabilities	5 622 210 111	5 207 247 755
Loans and borrowings	552 108 011	223 530 876
Other short-term financial liabilities	15 124 670	16 763 774
Short-term lease liabilities	441 409 973	400 784 933
Trade payables	3 927 474 956	3 854 074 328
Current tax liabilities	17 262 395	18 049 131
Other short-term payables	179 169 226	202 720 022
Current employee benefits	187 587 022	180 578 334
Provisions	302 073 858	310 746 357
Total equity and liabilities	8 523 671 224	8 487 298 751

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.09.2022	Presentation currency:	Polish zloty (PLN)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 01.01. TO 30.09.2022

	Non audited 3 Quarters for the period from 01.01.2022 to 30.09.2022	Non audited 3 Quarters for the period from 01.01.2021 to 30.09.2021
<i>Cash flow from operating activities</i>		
Profit (loss) before tax	72 668 962	(74 240 499)
Adjustments for:	628 089 278	593 840 552
Depreciation and amortization	454 030 650	436 083 678
Share in profits (losses) of equity accounted investees	(300 854)	(275 924)
Valuation of motivational program	1 927 123	-
Gain (loss) on sale of property, plant and equipment	8 356 434	74 389 684
Profit (loss) on exchange rates	23 777 083	3 249 751
Dividends received	(258 611)	-
Interest expenses	165 348 284	84 367 919
Interest received	(24 790 831)	(3 974 556)
Operating cash before changes in working capital	700 758 240	519 600 053
Changes in inventory	(101 473 860)	24 103 496
Changes in receivables	78 767 411	(124 676 739)
Changes in payables	70 192 366	165 518 970
Changes in provisions and employee benefits	(5 520 810)	54 818 385
Other adjustments	(990 533)	(1 116 866)
Operating cash	741 732 814	638 247 300
Interest received	3 462 511	2 670 711
Interest paid	(58 656 296)	(18 378 176)
Income tax paid	(79 067 712)	(45 613 206)
Net cash from operating activities	607 471 317	576 926 629
<i>Cash flow from investing activities</i>		
Aquisition of intangible assets	(37 930 837)	(35 709 889)
Proceeds from sale of intangible assets, property, plant and equipment	26 225	1 462 743
Aquisition of property, plant and equipment tangible fixed assets	(119 310 352)	(115 859 295)
Proceeds from sale of property, plant and equipment	14 212 413	23 203 414
Dividends received	258 611	-
Aquisition of subsidiaries, net of cash acquired	(1 408 456)	-
Repayment received of given loans	-	231 089
Interest received	1 381 175	1 350 275
Net cash used in investing activities	(142 771 221)	(125 321 663)
<i>Cash flow from financing activities</i>		
Financing for franchisees	(1 639 104)	718 710
Proceeds from loans and borrowings	30 379 553	50 538 841
Repayment of borrowings	(113 970 418)	(95 568 917)
Income/expenses for liabilities from leasing	(285 968 675)	(255 937 614)
Other interests	(39 151 143)	(52 347 469)
Interests on loans and borrowings	(42 984 114)	(12 979 909)
Dividends paid	(3 669 974)	(69 681 568)
Net cash used in financing activities	(457 003 876)	(435 257 926)
Net change in cash and cash equivalents	7 696 221	16 347 041
Cash and cash equivalents at the beginning of the period	120 590 711	117 491 807
Cash and cash equivalents at the end of the period	128 286 932	133 838 848

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.09.2022	Presentation currency:	Polish zloty (PLN)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 01.01. TO 30.09.2022

	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 30.09.2021 - non audited</i>								
Restated*								
Balance as at 01.01.2021 after changes	139 163 286	581 032 165	(49 561 267)	(21 734 503)	267 507 684	916 407 364	67 719 368	984 126 732
Owners of the Company	-	-	-	-	(140 405 125)	(140 405 125)	-	(140 405 125)
Non-controlling interests	-	-	-	-	-	-	6 115 432	6 115 432
Net profit presented directly in equity	-	-	-	13 403 067	-	13 403 067	-	13 403 067
Total comprehensive income for the period from 01.01. to 30.09.2021	-	-	-	13 403 067	(140 405 125)	(127 002 058)	6 115 432	(120 886 626)
Dividends declared	-	-	-	-	-	-	(8 112 373)	(8 112 373)
Dividends paid	-	-	-	-	(66 798 377)	(66 798 377)	(2 636 819)	(69 435 197)
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)
Total contributions by and distributions to Owners of the Company	-	-	(11 561 517)	-	(70 526 756)	(82 088 274)	(10 749 193)	(92 837 466)
Balance as at 30.09.2021	139 163 286	581 032 165	(61 122 785)	(8 331 436)	56 575 803	707 317 033	63 085 607	770 402 640
<i>Changes in equity in the period from 01.01 to 30.09.2022 - non audited</i>								
Balance as at 01.01.2022	139 163 286	581 032 164	(115 838 349)	10 614 932	84 149 061	699 121 094	87 475 083	786 596 177
Owners of the Company	-	-	-	-	(2 531 747)	(2 531 747)	-	(2 531 747)
Non-controlling interests	-	-	-	-	-	-	11 732 442	11 732 442
Other comprehensive income	-	-	-	(3 739 266)	-	(3 739 266)	-	(3 739 266)
Total comprehensive income for the period from 01.01. to 30.09.2022	-	-	-	(3 739 266)	(2 531 747)	(6 271 013)	11 732 442	5 461 430
Dividends paid	-	-	-	-	-	-	(4 530 832)	(4 530 832)
Equity-settled share-based payment transactions	-	1 927 123	-	-	-	1 927 123	-	1 927 123
Option for purchase/selling the shares	-	-	4 349 253	-	-	4 349 253	-	4 349 253
Other	-	-	-	-	(9 045 854)	(9 045 854)	-	(9 045 854)
Total contributions by and distributions to Owners of the Company	-	1 927 123	4 349 253	-	(9 045 854)	(2 769 478)	(4 530 832)	(7 300 310)
Balance as at 30.09.2022	139 163 286	582 959 288	(111 489 095)	6 875 666	72 571 461	690 080 606	94 676 693	784 757 300

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.09.2022	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

SUPPLEMENTARY INFORMATION TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2021 TO 30.09.2022

1. GENERAL INFORMATION

1.1. ISSUE OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed quarterly consolidated financial statements of the Eurocash Group for the period from 1 January 2022 to 30 September 2022 were approved by the Management Board on 9 November 2022.

According to the information included in the report no. 1/2022 dated 28 January 2022 sent to the Polish Financial Supervision Authority, Eurocash S.A. issues its interim consolidated financial statements on 10 November 2022.

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 2021, which is available on the website www.grupaeurocash.pl.

1.3. PRESENTATION CURRENCY, ROUNDINGS

These consolidated interim financial statements are presented in PLN, which is the Parent Entity's functional and presentation currency. All financial information presented in PLN has been rounded to the nearest PLN (unless it is otherwise indicated).

1.4. USE OF ESTIMATES AND JUDGEMENTS

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

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

Impairment of trade receivables

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

Revenue and costs recognition and costs associated with the sale of goods

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. The estimated amounts of bonuses due to customers under distribution agreements are recognized on an ongoing basis in the Company's result at the time of sale of goods by reducing the transaction price (income).

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.09.2022	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

The company, when buying goods from suppliers, is entitled to the so-called retrorabates, in accordance with signed trade agreements. The company regularly estimates the discount due to it and adjusts the value of inventories at the time of purchasing the goods. Consequently, this discount corrects the cost of sale at the time of sale of the goods.

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 supplier 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. In particular, the Management Board assesses whether the supplier financing program does not materially change:

- payment terms to suppliers,
- the size of the dates of occurrence and the nature of future cash flows,
- trade credit financing costs.

If significant modifications to the terms of repayment of trade liabilities are identified, the Company changes the classification accordingly and recognizes the liabilities covered by factoring as separate debt financing.

Share purchase options

On 9 November 2021, Eurocash purchased 49% of shares in Arhelan Sp.z o.o.

On 13 May 2022, Eurocash purchased 1% of shares in Arhelan Sp. z o.o. and reached the announced 50% of shares in the share capital of Arhelan.

In addition, as part of the transaction, options (conditional or unconditional) were granted, which - if exercised by the relevant party - will result in the purchase of the remaining 50% of shares by Eurocash (as a result of which Eurocash will own 100% of Arhelan shares).

The company also has an option to purchase 50% of the shares in Firma Rogala.

The option to purchase / sell shares of Rogala was included in the statement of financial position in Other liabilities in the short-term part, and in the long-term part of Arhelan companies.

In the case of Arhelan, the valuation is based on the estimated future results of the Company, and in the case of Rogala, on the basis of the results of the last 12 months.

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

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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.

Tradis customer relations

When determining the period of economic use of the above asset recognized on the acquisition of Tradis Group, the managers took into account development plans related to key customers acquired with the Tradis Group and their previous history of cooperation. Current analyzes confirm the previously adopted assumptions regarding the useful life.

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.

Deferred tax asset

The Group recognizes a deferred tax asset based on the assumption that a tax profit will be generated in the future that will allow for its use. Deterioration of the tax results obtained in the future could make this assumption unjustified.

The Group carefully assesses the nature and scope of evidence supporting the conclusion that it is probable that future taxable profit will be sufficient to deduct from it unused tax losses, unused tax credits or other negative temporary differences.

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 2021,

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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 concern in the foreseeable future, ie not less than 12 months from the balance sheet date. The most important, in the opinion of the Management Board, factors, risks and uncertainties influencing the assessment of the going concern assumption are discussed below, in relation to, inter alia, the forms and durability of financing of the Group's operations. When making this assessment, the Management Board also took into account the existing and expected risks resulting from external factors such as the COVID-19 pandemic, the impact of the war in Ukraine, the availability of various forms of financing used by the Group and internal factors, including the impact of sales dynamics on cash generation and capital Group rotary.

A. The macroeconomic situation

The first three quarters of 2022 in the Polish economy were a continuation of upward inflation trends. As at 31 December 2021, inflation was 8.6% y / y, while as at September 30, 2022, the annual price change index increased to 17.9% (CPI). On the same date, food price inflation was 19.3% and the core inflation was 10.7%.

The annual GDP growth, after initial increases to 8.5% (31 May 2022), returned to the levels from the beginning of the year (5.3%) at the end of summer.

Despite the influx of Ukrainian citizens, we are dealing with a sustained improvement in the labor market. Since January 2022, the unemployment rate has decreased from 5.5% to 5.1% (recorded in September 2022) and, as shown by Eurostat data, the decline in unemployment is combined with an increase in labor productivity.

The first three quarters of 2022, despite these tensions, had a positive impact on the FMCG market in Poland. Consumption grew with a simultaneous increase in both operating costs (fuel, energy and salaries) and financial costs. The macroeconomic conditions did not have a significant negative impact on the Group's situation in the reporting period.

The Management Board believes that the macroeconomic situation is primarily influenced by the global effects of the war in Ukraine and the potential risks resulting from a possible recurrence of the Covid-19 pandemic. Among these factors, the Management Board is particularly aware of the risks associated with the commonly expected increase in energy prices, volatility on the capital and raw materials markets, and an increase in interest rates. The Management Board believes that trends in the labor market are conducive to the Group's operations, and potential risks are monitored on an ongoing basis.

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B. The economic and balance sheet situation of the Group in the first three quarters of 2022

In the first three quarters of 2022, the Eurocash Group recorded a positive trend of sales growth and results at the level of EBIT and EBITDA. This increase was recorded both in the retail and wholesale segments.

In the first three quarters of 2022, compared to the same period of the previous year, the Eurocash Group achieved an increase in sales of goods by 16.7% and an increase in EBITDA by PLN 254 million.

The latest forecast for the following quarters indicates a continuation of the upward trend in terms of sales and EBITDA.

In the first three quarters of 2022, the Group generated cash from operating activities in the amount of PLN 607.4 million, while in the similar period of the previous year, the Group's cash flows from operating activities amounted to PLN 577 million.

As at September 30, 2022, there was a surplus of current liabilities over its current assets in the amount of PLN 2.36 billion, which, according to the Management Board, is typical for the industry in which the Group operates, in which a significant part of sales is made on cash terms, inventories are minimized, and suppliers provide deferred payment terms, while the Group also uses reverse factoring instruments and short-term bank loans to finance the working capital. The Group's net working capital (including inventories, trade receivables and trade liabilities) was negative and amounted to minus PLN 1,004 million as at September 30, 2022, compared to PLN minus PLN 1,099 million as at September 30, 2021. In the first three quarters of 2022, a profit on sales of approximately PLN 214 million was recorded and was higher by PLN 169.4 million than in the corresponding period of the previous year.

C. Funding instruments used in the first three quarters of 2022

Note no 3 presents all instruments used to finance both operating and investment activities. Among them are: bonds, bank loans, reverse factoring, factoring of receivables and leasing. In the first three quarters of 2022, the value of these instruments changed as follows:

- Available limits in bank loans were reduced by PLN 133 million from PLN 1,359 million as at December 31, 2021 to PLN 1,226 million as at September 30, 2022. The decrease results from: (1) the investment loan repayment schedule, (2) the revolving loan repayment in the amount of PLN 75 million, (3) the reduction of the loan amount at Eurocash Serwis (with a liquidity surplus) by PLN 25 million. As at the balance sheet date, September 30, 2022, the Group had unused credit limits in the amount of PLN 515 million, while as at December 31, 2021 the amount was PLN 563 million. In the opinion of the Management Board, the level of available lines is sufficient to continue operations.
- As at the balance sheet date, September 30, 2022, the Group financed its operations using reverse factoring in the amount of PLN 1,245 million, while as at December 31, 2021, the amount was PLN 1,780 million. The decrease in use resulted from the reduction of the limits described in the annual report for 2021. The use of the reverse factoring line in both reporting periods is approximately 90%, which proves the attractiveness of this instrument both for the Group and its suppliers.
- As regards factoring of receivables, the Group increased the available limits between December 31, 2021 and September 30, 2022 by 200 million from PLN 325 million to PLN 525 million, while the use of this instrument increased from PLN 208 million to PLN 423 million. In the opinion of the Management Board, factoring of receivables secures against the risk of a potential future liquidity gap.
- As at September 30, 2022, the Group's companies had active lease agreements that would have been recognized in the statement of financial position as a liability even before the implementation of IFRS16, with a total exposure of PLN 35.4 million (as at December 31, 2021, it was PLN 31.8 PLN million), of which PLN 27.2 million related only to 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 2.14 billion. The total amount of the Group's total lease liabilities is PLN 2.18 billion and increased in the first nine months of 2022 by PLN 76 million.

The value of bonds issued in the first three quarters of 2022 did not change. The first issue of PLN 125 million 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

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S.A. took place on December 23, 2020. The program allows for 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.

Limits	30.09.2022	31.12.2021	30.09.2021	31.12.2020
Bonds (program)	1 000	1 000	1 000	1 000
Bank credits	1 226	1 359	1 303	1 252
Bank guarantees	211	281	330	230
Receivables factoring	525	325	325	380
Reverse factoring	1 440	1 915	2 010	2 157

Use	30.09.2022	31.12.2021	30.09.2021	31.12.2020
Bonds (program)	125	125	125	125
Bank credits	711	796	637	681
Bank guarantees	193	215	224	217
Receivables factoring	423	208	186	170
Reverse factoring	1245	1 780	1 888	1 796

% Use	30.09.2022	31.12.2021	30.09.2021	31.12.2020
Bonds (program)	13%	13%	13%	13%
Bank credits	58%	59%	49%	54%
Bank guarantees	91%	77%	68%	94%
Receivables factoring	81%	64%	57%	45%
Reverse factoring	86%	93%	94%	83%

The conditions precedent related to the financial agreements are monitored on an ongoing basis and as at 30 September 2022, were not breached.

D. Financing of activities in subsequent periods

The financial plans prepared by the Management Board for 2022 and the first half of 2023 indicate that the Group will maintain liquidity and service its liabilities on an ongoing basis. Nevertheless, the Group has a specific portfolio of financing instruments, the revision of which is necessary in order to extend the maturity.

Credit lines by maturity as at 30.09.2022

As at 30.09.2022 mln PLN	IV Q 2022	I Q 2023	II Q 2023	III Q 2023	IV Q 2023	2024 and later	Total
Limits	125	45	796	10	79	171	1 226
Used	31	0	481	0	28	171	711

The structure of assets and liabilities of FMCG companies is characterized by the short-term nature of financing programs. Eurocash is no different in this respect.

Eurocash uses the following advantages when pursuing a policy of maintaining relationships with banks:

1. the long-term nature of this relationship combined with the persistent interest benefits of the banking sector,
2. no dependence on a limited group of financing entities,
3. positive history of payment behavior of the entire Group,
4. experience in using government programs supporting enterprises in crisis situations (e.g. BGK support).

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In the portfolio of short-term loans, the limit value of which as at September 30, 2022 amounted to PLN 1,057 million, there are 3 agreements secured with a total guarantee of Bank Gospodarstwa Krajowego for the total amount of PLN 170 million. The maturity of these loans is in the first half of 2023. The Management Board is of the opinion that financial institutions will be interested in extending these lines for the next years. The Group has launched a syndicated revolving loan refinancing (RCF) project. The Management Board selected an external financial advisor and started talks with banks aimed at obtaining a minimum 3-year loan.

As at 30.09.2022 mln PLN	IV Q 2022	I Q 2023	II Q 2023	III Q 2023	IV Q 2023	2024	Indefinite	Total
Factoring limits	150	0	0	730	100	75	465	1 520
Used	70	0	0	609	100	69	397	1 245

Eurocash Group plans to extend all factoring lines and intends to increase the availability of new limits with both the current and new factors.

Trade liabilities vs. factoring liabilities

As at 30.09.2022 mln PLN	31.12.2020	31.03.2021	30.06.2021	30.09.2021	31.12.2021	31.03.2022	30.06.2022	30.09.2022
Trade liabilities	3 720	3 684	3 891	3 880	3 854	3 674	3 933	3 927
Reverse factoring liabilities	1 814	1 772	1 976	1 888	1 780	1 446	1 283	1 245

The Group analyzed the timeliness of payment of its trade liabilities. Details are included in Note 3. The Group plans to continue its balance sheet policy in which working capital plays a significant role in financing operating activities.

In 3Q 2022, the scenario in which a similar level of balance sheet financing was maintained, and negotiations with suppliers of goods allowed for the effective reduction of the negative effect of reducing factoring limits.

Liquidity forecast

The implementation in the third quarter of the liquidity forecasts prepared by the Group for the entire year 2022 in cooperation with an independent expert confirmed their accuracy in terms of the estimated amounts of financial debt and in terms of risk assessment. The financial plan for the next four quarters assumes maintaining the availability of trade credit limits from suppliers and limits in financing instruments made available by the banking sector.

The Management Board of the Company decided to continue cooperation with an external advisor and together with him a liquidity model of the entire Group was prepared, on the basis of which it is possible to periodically assess the continuation of the Company's operations. The following input data was used to prepare the liquidity forecast for the period of subsequent months until September 30, 2023:

- Macroeconomic forecasts prepared on the basis of analyzes of the National Bank of Poland and other market analysts
- Budget forecasts prepared by individual business units
- Forecasts of investment expenditure
- Historical use and availability of funding instruments
- Historical and forecast DPOs, DSOs and DIOs for the main units (DPO for companies and other ratios consolidated).
- Value of Back Discounts from Suppliers
- Historical value of taxes paid and a forecast of future payments

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The model assumes that the currently available financing lines will be maintained as at the date of this note.

The net debt forecast shows a standard seasonality related to sales values in particular seasons of the year. The highest sales in the 3rd and 4th quarter generate the most cash. There is also a downward trend in the level of debt, which results directly from the budgeted increases in sales and maintaining profitability. In each of the budgeted periods, the financial ratios are below the bank covenants required in the contracts. The analysis indicates the availability of any form of financing in each of the future periods, and the model assumes the maximum use of factoring to leave free funds for the repayment of financial debt. The use of credit lines differs from net debt by the amount of finance lease, which traditionally (even before the change resulting from IFRS16) was and is included in this item. The amount of drawn bonds is compensated in net debt by the amount of free cash.

The Management Board conducted scenario analyzes of the presented model. The stress was placed on (1) consumer prices and their impact on sales, profits and costs of the Group, (2) availability of credit limits (3) availability of reverse factoring limits and (4) the level of interest rates.

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 continuation of its operations.

E. Conclusions

Group financing is assured. None of the financial institutions are currently in talks with Eurocash S.A. on changes to financing conditions. Therefore, the Management Board does not see any indications that the level of available financing will change.

Operating activities, reflected in the financial results of the Group, significantly improved in the first three quarters of 2022 compared to the first three quarters of 2021. The forecasts for the following quarters also indicate an increase in results in each segment of the activity.

This effect is visible not only at the level of the Group's operating result (EBITDA), but also in much higher sales than last year, and thus - a better generation of cash. The Group has stable financing, but also has adequate reserves. It is also worth emphasizing that the Group strengthened its position as a market leader in the wholesale segment with a market share of 21.9% at the end of September 2022 (this is the Group's share in the value of the wholesale market, estimated together with the products without EAN codes).

Taking into account the current method of calculating market shares, this share still remains at the level of 28%. The key role of the Group for independent stores in Poland and the market shares in sales of individual suppliers mean that they (especially large-scale suppliers) show far-reaching loyalty and the Management Board recognizes that long-term cooperation with them is not at risk.

At the same time, a process is carried out in cooperation with a strategic advisor, the aim of which is to simplify the management structure and to implement the strategic advantages of the entire Group. Due to the advancement of the talks, it is not possible to predict which strategic option will be chosen. The expected effect of the implementation of these options is the acquisition of a strategic investor or direct divestment of some of the operating segments, which in both cases should lead to a significant improvement in the Group's liquidity.

After analyzing the described financial situation of Eurocash Group and the facts mentioned above, the Management Board declares that it does not see any threats to the continuation of operations in the next 12 months.

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2. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2021 TO 30.09.2022

NOTE 1. ACQUISITION OF SHARES IN SUBSIDIARIES

Acquisition of 50% of company Arhelan Sp. z o.o.

General information

On 09.11.2021, Eurocash acquired 49% of shares in Arhelan Sp. z o.o., at the same time committing to acquire 1% of shares in the future. Arhelan runs a network of over 100 retail stores under the brand Polskie Sklepy Arhelan. The network was founded in 1991 in Bielsk Podlaski by the Burzyński Family. The activity is conducted mainly in the Podlaskie region, but also in Warmińsko-Mazurskie, Mazowieckie and Lubelskie. The brand is distinguished by fresh products of the highest quality, obtained from reliable suppliers, and the Arhelan expansion model fits in with a socially responsible presence in local markets.

On 13 May 2022, Eurocash purchased 1% of shares in Arhelan Sp. z o.o. and reached the announced 50% stake in the share capital of Arhelan. Due to the fact that the Eurocash Group has been consolidating Arhelan since November 2021 (i.e. from the acquisition of a 49% stake in the company), the acquisition of 1% of shares from the Eurocash Group's perspective does not constitute a significant change.

In addition, as part of the transaction, options (conditional or unconditional) were granted, which - if exercised by the relevant party - will result in the purchase of the remaining 50% of shares by Eurocash (as a result of which Eurocash will own 100% of Arhelan shares).

The purchase price also includes variable elements depending on the performance of contractual provisions in the future.

GENERAL INFORMATION CONCERNING BUSINESS ACQUISITION OF THE UNITS

1. Name of acquired company	Arhelan Sp. z o.o.
2. Acquisition date of 49%	09.11.2021
3. Acquisition date of 1%	13.05.2022
4. Acquisition cost	102 621 665

Settlement for the acquisition of business units

Due to the short period between the acquisition of the Company and the preparation of these consolidated financial statements, these consolidated financial statements include the initial settlement of the purchase price of shares in Arhelan Sp. z o.o. The Group is in the process of identifying and measuring the acquired assets and assumed liabilities.

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	Settlement of the acquisition as at 13.05.2022
Assets	
Non-current assets (long-term)	79 759 149
Intangible assets	910 454
Tangible fixed assets	16 108 033
Assets due to the right of use (IFRS 16)	62 228 496
Long-term receivables	91 826
Other long-term prepayments	420 340
Current assets (short-term)	40 877 117
Inventory	26 699 963
Trade receivables	4 093 133
Other short-term receivables	62 949
Short-term prepayments	8 755 775
Cash and cash equivalents	1 265 297
Total assets	120 636 266
Equity nad liabilities	
Liabilities	105 149 499
Non-current liabilities	59 973 109
Long-term loans and credits	5 418 000
Other long-term liabilities	52 008 191
Long-term finance lease liabilities (MSSF16)	2 178 487
Other long-term provision	368 431
Current liabilities	45 176 391
Short-term loans and credits	1 032 000
Short-term finance lease liabilities	1 040 376
Short-term finance lease liabilities (MSSF16)	10 220 304
Trade liabilities	23 300 454
Current income tax liabilities	1 631 255
Other short-term liabilities	3 868 635
Current employee benefits	2 445 329
Other short-term provisions	1 638 038
Total equity and liabilities	120 636 266
Net assets	15 486 767
Net assets acquired (50 %)	15 486 767
Goodwill on acquisition	87 134 898
Acquisition cost	102 621 665

The resulting goodwill is mainly related to the fact that thanks to the acquisition of Arhelan, Eurocash Group expanded its distribution channels for food, chemicals and cosmetics.

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NOTE 2. OPERATING SEGMENTS

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

- *Wholesale* - The segment includes wholesale operations carried out by the following distribution formats and companies: Eurocash Cash & Carry, Eurocash Alkohole, Eurocash Serwis Sp. z o.o., Eurocash Trade 1 Sp. z o.o. 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., Eurocash Sieci Partnerskie 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, Eurocash Nieruchomości Sp. z o.o. (previously Koja-Invest Sp. z o.o.), Partner Sp. z o.o., Podlaskie Delikatesy Centrum Sp. z o.o., Delikatesy Centrum Sp. z o.o., Arhelan 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 2022

	Wholesale	Retail	Projects	Other	Exclusions	Total
Sales	18 154 002 449	7 507 499 049	549 358 403	3 145 495	(3 578 999 232)	22 635 006 165
External sales of goods	16 367 475 405	5 628 938 134	535 359 958	-	-	22 531 773 497
Other external sales	44 387 145	54 193 100	4 642 512	9 912	-	103 232 669
Inter-segmental sales	1 742 139 900	1 824 367 815	9 355 933	3 135 584	(3 578 999 232)	-
Operating profit	413 425 359	35 595 914	(100 595 075)	(110 225 408)	-	238 200 790
Finance income						41 436 204
Finance costs						(207 268 886)
Share in losses of companies consolidated with the equity method						300 854
Profit before income tax						72 668 962
Income tax						(62 060 709)
Net profit (loss)						10 608 253

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

	Wholesale	Retail	Projects	Other	Exclusions	Total
Sales	15 761 975 336	6 352 760 925	386 267 657	3 497 215	(3 112 343 699)	19 392 157 433
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)	-
Operating profit	290 576 856	(119 503 686)	(71 330 119)	(97 394 650)	-	2 348 402
Finance income						20 787 271
Finance costs						(97 652 095)
Share in losses of companies consolidated with the equity method						275 924
Profit before income tax						(74 240 499)
Income tax						(60 049 194)
Net profit (loss)						(134 289 693)

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NOTE 3. 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 in 2022 compared to 2021 is mainly due to better collection of receivables and optimization of logistics processes.

The decrease in operating costs compared to 2021 is related to the write-off of property, plant and equipment and the right to use related to locations to be closed, which the Group made in the comparative period.

Financial income and expenses

The change in financial revenues in 2022 compared to 2021 was mainly related to the implementation of hedging transactions on financial instruments based on the fixed WIBOR rate.

The change in financial costs in 2022 compared to 2021 was mainly related to an increase in interest expense and an unfavorable impact of foreign exchange differences related to the valuation of lease liabilities denominated in foreign currencies..

Income tax

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

	for the period from 01.07.2022 to 30.09.2022	for the period from 01.01.2022 to 30.09.2022	for the period from 01.07.2021 to 30.09.2021	for the period from 01.01.2021 to 30.09.2021
Profit (loss) before tax	60 064 515	72 668 962	58 705 792	(74 240 499)
Income tax expense	(18 312 571)	(62 060 709)	(27 635 907)	(60 049 194)
Profit (loss) for the period	41 751 945	10 608 253	31 069 885	(134 289 693)
% tax rate (effective)	-30,5%	-85,4%	-47,1%	80,9%
Differences:				
Fixed costs not constituting tax deductible costs	-3 724 481	-7 070 355	-2 412 082	-21 025 500
Impact of tax loss assets	-3 096 762	-36 794 865	-13 743 369	-52 403 803
Other	-100 778	-4 412 097	-331 541	-757 287
Profit (loss) before tax	60 064 515	72 668 962	58 705 792	(74 240 499)
Income tax expense	(11 390 549)	(13 783 392)	(11 148 914)	14 137 396
Profit (loss) for the period	48 673 966	58 885 570	47 556 878	(60 103 103)
% 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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Inventories

The value of inventories as at 30 September 2022 is comparable to their state as at 31 December 2021. The values concerning the write-off for inventories are presented below.

WRITE-OFF OF INVENTORIES IN THE PERIOD FROM 01.01 TO 30.09.2022

	for the period from 01.01.2022 to 30.09.2022	for the period from 01.01.2021 to 31.12.2021
Opening balance	50 582 336	41 665 897
- increase *	5 375 942	8 916 439
- decrease *	-	-
Closing balance	55 958 278	50 582 336

* 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 2022, the analysis showed that the write-down calculated in accordance with the expected credit loss model is highly correlated in terms of value with the amount of the write-off made in accordance with the principle of significantly overdue receivables, while the expected credit loss model was based on the standard approach in which:

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

The analysis of concentration shows its actual lack.

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Balance range	Number of customers	% of number of customers	Balance	% of Group's balance
>10mln	3	0,01%	39 927 050	4,27%
5-10mln	5	0,02%	34 241 818	3,66%
2-5mln	21	0,06%	63 634 637	6,80%
1-2mln	44	0,13%	60 936 734	6,51%
0,5-1mln	143	0,43%	96 462 685	10,31%
0,2-0,5mln	525	1,58%	160 594 086	17,16%
0,1-0,2mln	897	2,71%	126 263 409	13,49%
0,05-0,1mln	1 514	4,57%	106 090 035	11,33%
<0,05mln	26 916	81,21%	252 262 639	26,95%
negative	3 076	9,28%	-4 455 719	-0,48%

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Aging of trade receivables as at 30.09.2022:

AGING OF TRADE RECEIVABLES AS AT 30.09.2022

	Trade receivables gross value 30.09.2022	Trade receivables gross value 31.12.2021
current	1 146 036 732	1 117 732 939
1-30 days	91 264 160	164 180 844
31-90 days	50 113 054	55 542 275
91-180 days	11 797 534	9 310 427
> 180 days	26 517 659	30 685 174
	1 325 729 139	1 377 451 659

WRITE-OFF OF TRADE RECEIVABLES AS AT 30.09.2022

	for the period from 01.01.2022 to 30.09.2022	for the period from 01.01.2021 to 31.12.2021
Opening balance	45 205 922	68 566 577
Increase *		-
Decrease *	(6 188 005)	(23 360 656)
Closing balance	39 017 916	45 205 922

* net value

Valuation equity of hedging transactions

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

Notional	Issuing Date	Start Date	End Date	Valuation 30.09.2022
200 000 000	28.02.2020	07.01.2022	09.01.2023	3 949 765
100 000 000	09.03.2020	05.03.2021	06.03.2023	3 087 275
100 000 000	03.03.2020	04.03.2022	06.03.2023	2 974 531
100 000 000	07.04.2021	17.01.2022	16.01.2023	2 164 550
17 593 620	02.04.2021	15.04.2021	16.03.2026	1 536 449
1 674 859	02.04.2021	20.04.2021	20.11.2024	72 941
500 327	02.04.2021	15.04.2021	15.10.2024	20 588
278 709	02.04.2021	30.04.2021	31.01.2025	13 131
255 319	02.04.2021	30.04.2021	31.08.2024	13 573

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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 2022, the value of balances covered by the supplier financing program was recognized in the amount of PLN 1.245.650.848 while as at 31 December 2021 the corresponding value of balances was PLN 1.779.962.998.

The Group uses 6 reverse factoring lines to finance deliveries from 60 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	30.09.2022	31.12.2021
current	3 917 244 079	3 841 255 665
1-30 days	6 609 608	8 477 135
31-90 days	1 874 685	549 772
91-180 days	132 310	552 012
> 180 days	1 614 274	3 239 746
	3 927 474 956	3 854 074 329

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 4. BOOK VALUE PER SHARE A AT 30.09.2022

BOOK VALUE PER SHARE		
	Non audited as at 30.09.2022	as at 31.12.2021
Equity attributable to Owners of the Company	690 080 606	699 121 094
Number of shares	139 163 286	139 163 286
Diluted number of shares	139 163 286	139 163 286
Book value per share	4,96	5,02
Diluted book value per share	4,96	5,02

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NOTE 5.
ITEMS NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION

CONTINGENTIES AS AT 30 SEPTEMBER 2022

Beneficiary	Title	Currency	as at 30.09.2022	as at 31.12.2021
1 Bank 1*	Surety for the obligations due to the "Franchise partners financing program" for the Franchisee Delikatesy Centrum"	PLN	-	184 020
			-	184 020

* debt value as at balance sheet date

BANK GUARANTEES AS AT 30 SEPTEMBER 2022 - SECURITIES FOR RENT LIABILITIES

The Issuer	Title	Currency	as at 30.09.2022	as at 31.12.2021
1 Bank 1	Security of payments to suppliers	PLN	103 716 845	129 623 200
2 Bank 2	Security of payments to suppliers *	PLN	27 757 860	23 916 880
3 Bank 3	Security for using of the national roads	PLN	700 000	1 320 100
4 Bank 4	Security of excise duty	PLN	-	500 000
5 Bank 5	Security of rent liabilities	PLN	12 382 201	12 375 940
6 Bank 6	Security of rent liabilities *	PLN	40 293 036	40 607 762
7 Bank 7	Security of the liabilities of the promotion lottery	PLN	5 300 000	4 930 000
8 Bank 8	Security of the liabilities of the good service performance	PLN	2 798 400	2 643 016
			192 948 341	215 916 898

* - Guarantee in EUR is translated into PLN at the average exchange rate of NBP:
as at 30.09.2022: 1 EUR = 4,8698 PLN
as at 31.12.2021: 1 EUR = 4,5994 PLN

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COLLATERALS

SECURITIES RELATED TO ASSETS AS AT 30 SEPTEMBER 2022

Title		as at 30.09.2022	as at 31.12.2021
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	35 662 126	28 194 113
		660 759 426	653 291 413

* security nominal value

NOTE 6.

FAIR VALUE OF FINANCIAL INSTRUMENTS

As at 30 September 2022, 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 7.

UNCERTAIN TAX TREATMENT

Regulations concerning value added tax, corporate income tax and social security charges are subject to frequent changes. These frequent changes result in a lack of appropriate benchmarks, inconsistent interpretations and few established precedents that could apply. The applicable regulations also contain ambiguities, which cause differences in opinions as to the legal interpretation of tax regulations, both between state authorities and enterprises.

Tax settlements and other areas of activity (for example, customs or foreign exchange issues) may be subject to inspection by authorities authorized to impose high penalties and fines, and any additional tax liabilities arising from these authorities' decisions must be paid with high interest. These conditions create a tax risk in Poland it is greater than in countries with more mature tax systems.

Consequently, the amounts presented and disclosed in the financial statements may change in the future as a result of the final decision of the authority.

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In the previous reporting periods, the Company carried out transactions and participated in restructuring processes that may be analyzed and audited by tax authorities.

On 15 July 2016, amendments to the Tax Ordinance Act entered into force in order to incorporate the provisions of the General Anti-Avoidance Clause (GAAR). GAAR is designed to prevent the emergence and use of artificial legal structures designed to avoid paying tax in Poland. Currently, GAAR defines tax avoidance as an activity whose main or one of the main objectives was to achieve a tax advantage that, in the given circumstances, was inconsistent with the object or purpose of a tax act or provision thereof. According to GAAR, such an activity does not result in obtaining a tax advantage if the mode of operation was artificial. Occurrence of, among others (i) unjustified splitting of operations, (ii) the involvement of intermediaries despite the lack of economic or economic justification, (iii) mutually canceling or compensating elements, and (iv) other activities that do not have an economic substance, may be treated as an indication of the existence of artificial activities subject to GAAR. The new regulations require a much greater judgment as to the economic content of a transaction when assessing the tax consequences of individual transactions.

The GAAR clause should be applied to transactions made after its entry into force and to transactions that were carried out before the entry into force of the GAAR clause, but for which benefits were or are still achieved after the entry into force of the clause. The implementation of the above provisions makes it possible to question the tax consequences of the legal arrangements and agreements implemented by taxpayers, such as group restructuring and reorganization.

The Group recognizes and measures current and deferred tax assets or liabilities using the requirements of IAS 12 Income Taxes based on profit (tax loss), tax base, unused tax losses, unused tax credits and tax rates, taking into account the assessment of uncertainty related to settlements tax. When there is uncertainty as to whether and to what extent the tax authority will accept individual tax settlements of a transaction, the Group recognizes these settlements taking into account the assessment of uncertainty.

On 19 June 2017, to Eurocash S.A. a report on the audit of the tax books for 2011 was provided, in which the possibility of making depreciation write-offs on certain values of the economic copyrights was questioned, which in the audited period amounted to approx. PLN 41 million. On 5 July 2017, the Company submitted reservations to the minutes.

On 28 September 2017, the Head of the Wielkopolska Customs and Tax Office in Poznań issued a decision for Eurocash S.A., in which he stated in the case indicated that the Company's tax liability for 2011 was underestimated by the Company in the amount of approximately PLN 8 million. Based on a legal and tax analysis carried out by external experts, on 17 October 2017, the Company appealed against this decision. It indicates a number of arguments proving the correctness of the tax settlements made by the Company, including confirmation of the correctness of the settlements through positive interpretations of tax law.

By a decision of 19 March 2019, the Director of the Tax Administration Chamber in Poznań, after examining 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. On 22 April 2022 as a result of reconsideration of the case, the Head of the Greater Poland Customs and Tax Office in Poznań after conducting the control procedure in accordance with the decision of the Director of the Tax Control Office in Poznań, stated that the tax liability was understated by the amount of PLN 2.5 million. The company appealed against the above-mentioned decision on 19 May 2022, and then on 14 June 2022, it received information about the appeal being forwarded to the Director of the Tax Chamber and the position of the body with regard to the appeal submitted by the Company. Subsequently, the company received decisions from the authority on the appointment of a new date for settling the matter, which is currently indicated on 23 November 2022. On 3

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November 2022. The company paid a tax liability of PLN 4.9 million (including the principal amount of PLN 2.5 million and interest PLN 2.4 million).

On 28 February 2018, the Head of the Greater Poland Customs and Tax Office in Poznań initiated an inspection of corporate income tax for 2016. On 8 April 2022. The head of the Greater Poland Customs and Tax Office in Poznań issued a decision on transforming the customs and fiscal control into tax proceedings. Then, on May 24, 2022, the authority issued a decision determining the tax liability in the corporate income tax for 2016 in the amount of PLN 8,427,395.00. The company appealed against the above-mentioned decision on 21 June 2022. Then the Company received decisions from the authority on setting a deadline for settling the matter. On 26 October 2022. The company received decisions setting a 7-day deadline for commenting on the collected evidence, to which the company replied on 2 November 2022. and is waiting for the authority to issue a decision. On 3 November 2022. The company paid a tax liability of PLN 9 million (including the principal amount of PLN 5.5 million and interest of PLN 3.5 million).

On 17 December 2019, the Head of the Greater Poland Customs and Tax Office in Poznań initiated a customs and tax inspection in the field of corporate income tax for 2014 and 2015.

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 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 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 5 February 2021 and 15 April 2021, the Company appealed against the decision. The authority conducts explanatory proceedings and therefore sets new deadlines for settling the case. On 28 October 2022. The company received a decision determining the tax liability in the corporate income tax for 2014, thus upholding the decision of the authority of first instance. The company is entitled to a complaint to the Provincial Administrative Court, the deadline for filing it is 28 November 2022. On 3 November 2022. The company paid a tax liability of PLN 8.6 million (including the principal amount of PLN 5.5 million and interest PLN 3.1 million).

Head of the Wielkopolska Customs and Tax Office in Poznań after conducting tax proceedings pursuant to the decision of the Head of the Wielkopolska Customs and Tax Office in Poznań of 21 April 2021. on the transformation of the customs and tax inspection into tax proceedings in the field of corporate income tax for 2015, issued on 23 June 2021. decisions specifying the tax liability in the corporate income tax for 2015 in the amount of approximately PLN 22.5 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 - evaluation of the initial value of intangible assets and legal (trademarks). In response to the above-mentioned decision, on 21 July 2021, the Company appealed.

Due to the control, the Company created provisions which it recognized in previous reporting periods. The authority conducts explanatory proceedings and therefore sets new deadlines for settling the case. On 28

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October 2022. The company received a decision determining the tax liability in the corporate income tax for 2015, thus upholding the decision of the first instance authority. The company is entitled to a complaint to the Provincial Administrative Court, the deadline for filing it is 28 November 2022. On 3 November 2022. The company paid a tax liability of PLN 8.2 million (including the principal amount of PLN 5.5 million and interest PLN 2.7 million).

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 indicated two questionable forms of settlements between Eurocash and suppliers - i.e. collecting remuneration for (i) general-network services / sales support services, and (ii) services to expand sales markets. As part of the ongoing proceedings, in response to the request of the President of the Office of Competition and Consumer Protection, the Company announced that from 2017 it did not receive 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, it stopped providing general-network services / sales support and collecting remuneration for suppliers, about which it informed the President of UOKiK. On 30 November 2021. The President of the Office of Competition and Consumer Protection (UOKiK) issued a decision in which he found that the Company had committed a practice dishonestly using the contractual advantage consisting in requiring suppliers of agricultural and food products to pay fees for services that are not performed on their behalf or are performed, but about their implementation, including costs and the results, the suppliers are not informed and for this reason they imposed a fine on the Company in the amount of PLN 76,019,901.23. The company does not agree with the position of the President of the Office of Competition and Consumer Protection, therefore on 30 December 2021 appealed against the decision of the President of UOKiK to the Court of Competition and Consumer Protection. In connection with the above, the Company has not established a provision on this account. The obligation to pay a 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

With reference to the disclosure that the Company made in 2017 regarding the damage suffered by the Company as a result of the activities of external entities participating in the extortion mechanism, we would like to inform you the following.

The audit of VAT settlements by companies from the Eurocash Group did not reveal any irregularities identical to those disclosed in Eurocash S.A. in 2017. Notwithstanding the above, taking into account the turnover of other Group companies realized on transactions related to intra-Community supply of goods, the

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risks associated with such possible irregularities are immaterial. Eurocash S.A. suspended this type of intra-Community supply of goods and, as security, paid a deposit in 2017 in the amount of PLN 95,746,902 for possible arrears.

As a result of an investigation - initiated in 2018 by the Regional Prosecutor's Office in Poznań - this authority issued a decision in 2020 to secure a fine for the former employee of the Company and the obligation to return property benefits. As a result of the complaint submitted by the Company on 22 July 2020, the District Court in Poznań revoked the decision on the security, which in practice means that there is no obligation to deliver it.

In 2020, the Company analyzed the tax risks in terms of the damage referred to and decided to include in the current tax liabilities the amount of approximately PLN 43.5 million, from the pool of previously paid security for payment of any VAT liability. The current security for any arrears is PLN 52,267,381. Nevertheless, the Company is of the opinion that based on the analysis of tax inspection files and tax proceedings, as well as based on the results of internal analyzes, the security is inadequate to the amount of potential VAT arrears (if such arrears exist at all). The information obtained shows that a significant part of the buyers, originally classified as potential risk, settled transactions with the Company correctly in an EU country (other than Poland), showing the intra-Community acquisition of goods there, and accounted for the VAT due on this account.

On 22 June 2022, the Company received from the Head of the First Wielkopolski Tax Office in Poznań a tax audit report for the period from October 2013 to December 2016. In this report, the Head questioned some transactions made by the Company, including: (1) domestic and foreign transactions of purchase and sale of goods (mainly food products and industrial products) and (2) certain transactions of intra-Community supply of goods (applies only to beer). The total amount of VAT questioned by the Governor is PLN 133,956,967.00. In the opinion of the Company, the protocol referred to in the preceding sentence does not entail the emergence of a possible VAT liability on the part of the Company and the need to pay potential VAT arrears. In the opinion of the Company, the minutes are not transparent and contain theses which the Company will question. Especially:

1. the protocol does not contain standard statements, which in such studies the authorities used to present in tax audits;
2. a significant part of the protocol consists of descriptions of transactions and tax liabilities of entities other than the Company, including entities that were not the Company's contractors;
3. different conclusions are presented by the authority depending on the different categories of products subject to taxation;
4. doubts are raised by the arrangements for the application of a specific VAT rate in cases where the authority confirms that it has evidence and knowledge that the goods have been shipped from Poland to an EU country;
5. Significant doubts are also raised by the findings of the authority denying the Company the right to deduct input VAT in those cases where the authority found that the irregularities occurred at the earlier stages of deliveries of goods (i.e. transactions in which the Company did not participate).

The company, disagreeing with the findings of the Head of the above-mentioned the inspection report, on 6 July 2022, the company raised objections to it.

So far, the Head has not initiated tax proceedings against the Company.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.09.2022	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTE 9.

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.

After two years, society learned to function with it, especially as effective vaccines appeared that significantly limited its negative effects. The pandemic is now coming to an end and most countries are recovering partially or fully from the Covid-19 restrictions. Even so, there is a risk of new virus mutations emerging. Therefore, the Company monitors the situation on an ongoing basis and responds to the recommendations of the Chief Sanitary Inspector and other services in Poland.

2. The war in Ukraine

On 24 February 2022, Russian troops attacked Ukraine, thus starting an armed conflict, which, in the opinion of analysts, will have long-term effects, not only political, but above all economic, for the entire world economy.

In response to the invasion, representatives of the US, the EU and Great Britain imposed a package of sanctions on Russia, which in particular is intended to make it more difficult for the aggressor to conduct international trade and, in the long term, to weaken the Russian economy.

According to the assessments of market analysts, the end of the war in Ukraine is not expected in 2022, and the probability that this state will continue for the coming years is increasing.

The role of Russia and Ukraine in broadly understood international trade is concentrated in narrow sectors of low-processed production. This applies to energy resources (mainly natural gas, crude oil and coal) and agricultural produce. Prices in global markets reacted violently not only in the above-mentioned these sectors. High volatility of prices of various types of assets will probably be an inherent element of the market game in the next two or three years, in which speculation - as is usually the case in times of market stress - will be the dominant factor influencing economic uncertainty. In such circumstances, all economies will have to fight, first of all, with the effects of inflation and deterioration of the labour market.

From the first quarter of 2021, Poland has been struggling with a continuous increase in prices, which, as indicated by market forecasts, materialized in the third quarter of 2022 with an inflation of 17.2% on an annual basis. Market analysts' expectations indicate that a further increase in the rate of inflation should be expected in the first half of 2023, while in the second half of 2023 a decline in the rate of price growth is expected.

Due to the immediate vicinity of Poland with the frontier countries, a sudden influx of refugees from Ukraine and emigrants from Belarus began. Movement in the other direction was also observed, some Ukrainian citizens, faced with the threat to their own country, decided to return to their homeland to take part in the war. Both of these phenomena had an impact on the Polish labour market in the short term and longer term, which resulted in the observed low level, which amounted to 5.1% in September 2022. The Eurocash Group employs many people of Ukrainian origin who receive appropriate support and care related to the situation in their homeland.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.09.2022	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

The activities of the Eurocash Group are concentrated on the territory of Poland, the military operations started in February 2022 abroad did not cause the stagnation of the current operations of the Group. Observing the events and analyzes of experts, there is no risk of an escalation of the conflict on the territory of the Republic of Poland, therefore the stress scenarios do not assume such a possibility.

We consider the economic effects of the war in Ukraine for the Eurocash Group in two time horizons: short-term and medium-term. In the short term, we mainly observe: an increase in public and private consumption, an increase in the costs of energy, fuel, gas and agricultural products. According to analysts, in the short term we will not see a steady strengthening of the zloty against the main world currencies. The growing number of people staying in Poland - refugees from Ukraine and immigrants from Belarus - significantly reduces the risk of a drop in sales. On the other hand, the risk of a recession in 2023 is real, both in Poland and in many countries of the world, of recession in individual countries of the Western world

In the medium term, we should observe a decline in inflation to the digit 1 level, according to NBP analyzes, it may already take place in the 4th quarter of 2023, then inflation in y / y terms will amount to 6.7% in these forecasts, and a year later in the 4th quarter of 2024 we should observe a return to the inflation target. Due to the limited access to energy resources, increased trends in the energy transformation are visible, which will probably accelerate in the coming years. In the medium term, the global trend of recovering from recession should positively translate into the behavior of the Polish economy.

The above risks will certainly have an impact on the continued operations of the Eurocash Group, but we do not see them as a threat to the continued development of the Group.

The Eurocash Group was actively involved in helping Ukraine by organizing many collections of basic necessities and campaigns supporting employees from beyond our eastern border. The group has implemented i.a. support program for employees from Ukraine, in cooperation with the Temporary Employment Agency. This made it possible to bring several hundred family members of the Group's employees to our country.

The group also announced a boycott of Russian and Belarusian products. . As an expression of solidarity with Ukraine, the Group decided to suspend the purchase and sale of these products in all its channels. The group plans to continue this type of support until the international situation changes. However, the impact of this decision was not significant for its results.

3. Disposal of net profit for 2021

By Resolution No. 5 of 30.06.2022 the Ordinary General Meeting of Eurocash S.A. decided to distribute the net profit for 2021 in the amount of PLN 137,013,492 in such a way that the entire net profit will be transferred to the Company's supplementary capital.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.09.2022	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

4. Adoption of the Strategy for the Eurocash Group for years the 2023-2025

On 29 August 2022, the Management Board of Eurocash adopted the Strategy for the Eurocash Group for the years 2023–2025.

- in the Wholesale: the aim of the Eurocash Group is to further develop omnichannel wholesale (omnichannel sales), which is to lead to an increase in B2B customer loyalty, further building of cost and sales synergies, and, consequently, to improve shopping conditions and double B2B e-commerce sales; Eurocash intends to strengthen its leading position on the wholesale market in Poland and significantly increase its customers' sales in this segment;
- in the area of Franchise ((organiser of franchise and partner networks): concentrating investments in the development and positioning of franchise and partner networks, increasing the number of networked shops and market share; further development of Delikatesy Centrum chain on franchise system basis, including with JV partners;
- the third direction of the Group's development will be the technology platform: an integrated loyalty programme, the creation of a leading POS platform in independent trade, increasing the share of B2C e-commerce within Frisco and PLN 1bn of turnover of Frisco by the end of 2025.

Social responsible activities are also an important element of the Strategy.

In connection with the decision to concentrate on the core activities (wholesale, franchise and technology platform), the Management Board of the Company has decided to focus on the improvement of the profitability of the non-core (nonstrategic) business (including Delikatesy Centrum own stores), reduction or discontinuation of its development.

NOTE 10.

IMPORTANT EVENTS AFTER THE PERIOD COVERED BY THE FINANCIAL STATEMENTS

There were no important events after the period covered by the financial statement affecting the activity of the Group.

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.09.2022	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

Position	Name and surname	Date	Signature
President of the Management Board	Paweł Surówka	9 November 2022	
Management Board Member	Arnaldo Guerreiro	9 November 2022	
Management Board Member	Pedro Martinho	9 November 2022	
Management Board Member, Human Resources Director	Katarzyna Kopaczewska	9 November 2022	
Management Board Member, Financial Director	Jacek Owczarek	9 November 2022	
Management Board Member	Przemysław Ciaś	9 November 2022	
Management Board Member	Dariusz Stolarczyk	9 November 2022	
Management Board Member	Tomasz Polański	9 November 2022	

SELECTED SEPARATE FINANCIAL DATA

	Non audited for the period from 01.01.2022 to 30.09.2022 PLN	Non audited for the period from 01.01.2021 to 30.09.2021 PLN	Non audited for the period from 01.01.2022 to 30.09.2022 EUR	Non audited for the period from 01.01.2021 to 30.09.2021 EUR
Sales	13 691 937 429	11 837 439 196	2 930 198 264	2 601 920 913
Operating profit (loss)	283 875 157	137 442 357	60 751 847	30 210 431
Profit (loss) before income tax	232 355 748	128 852 521	49 726 228	28 322 348
Profit (loss) for the on continued operations	203 526 197	107 062 890	43 556 444	23 532 891
Profit (loss) for the period	203 526 197	107 062 890	43 556 444	23 532 891
Net cash from operating activities	425 408 845	376 813 413	91 041 335	82 825 237
Net cash used in investing activities	(1 078 992)	96 923 070	(230 914)	21 304 115
Net cash used in financing activities	(416 968 899)	(457 296 956)	(89 235 110)	(100 515 871)
Net change in cash and cash equivalents	7 360 954	16 439 527	1 575 311	3 613 480
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)	1,46	0,77	0,31	0,17
Diluted EPS (in PLN / EUR)	1,46	0,77	0,31	0,17
Average PLN / EUR rate*			4,6727	4,5495
	Non audited as at 30.09.2022 PLN	as at 31.12.2021 PLN	Non audited as at 30.09.2022 EUR	as at 31.12.2021 EUR
Assets	6 541 777 823	6 670 551 766	1 343 336 035	1 450 309 120
Non-current liabilities	1 022 776 706	1 458 363 469	210 024 376	317 076 895
Current liabilities	4 016 146 666	3 910 441 291	824 704 642	850 206 829
Equity	1 502 854 451	1 301 747 006	308 607 017	283 025 396
Share capital	139 163 286	139 163 286	28 576 797	30 256 835
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)	10,80	9,35	2,22	2,03
Diluted book value per share (in PLN / EUR)	10,80	9,35	2,22	2,03
Dividends paid (in PLN / EUR)	-	66 798 377	-	14 523 281
Dividends paid per share (in PLN / EUR)	-	0,48	-	0,10
PLN / EUR rate at the end of the period**			4,8698	4,5994

* 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 2022 YTD.

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

EUROCASH S.A.

**CONDENSED INTERIM
SEPARATE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 1 JANUARY 2022 TO 30 SEPTEMBER 2022

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, 09th November 2022

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2022	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2022	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

INTRODUCTION TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

1. INFORMATION ABOUT THE COMPANY

NAME

EUROCASH Spółka Akcyjna

REGISTERED OFFICE

ul. Wiśniowa 11, 62-052 Komorniki

CORE BUSINESS

Non-specialized wholesale trade (PKD 4690Z)

REGISTRY COURT

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

DURATION OF THE COMPANY

Indefinite

PERIOD COVERED BY THE FINANCIAL STATEMENTS

The interim condensed financial statements of the Company cover the 9 months period ended 30 September 2022 and contain comparative data for the 9 months period ended 30 September 2021 and as at 31 December 2021. 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 2022 and comparative data for the 3 months period ended on 30 September 2021.

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 2022 the Company's Management Board consisted of the following members:

Paweł Surówka – President 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,
Dariusz Stolarczyk – Member of the Management Board,
Tomasz Polański – Member of the Management Board.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.09.2022	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

2.2. SUPERVISORY BOARD

As at 30 September 2022 the Company's Supervisory Board consisted of the following members:

Luis Manuel Conceicao do Amaral – President of the Supervisory Board,
Hans Joachim Körber – Member of the Supervisory Board,
Francisco José Valente Hipólito dos Santos – Member of the Supervisory Board,
Jorge Mora – Member of the Supervisory Board,
Przemysław Budkowski – Member of the Supervisory Board.

2.3. CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARD

On 31 January 2022, the Supervisory Board of Eurocash adopted a resolution to appoint Mr. Dariusz Stolarczyk and Mr. Tomasz Polański to the positions of Management Board Members with effect from 1 February 2022.

On 31 January 2022, the Company received notifications from Mr. Rui Amaral and Mr. Noel Collett about resignation from the function of Members of the Management Board of Eurocash with effect on 31 January 2022. The submitted resignations did not contain information about their reasons.

On 30 June 2022, the Company received a notification from Mr. Luis Manuel Conceicao Pais do Amaral about his resignation from the position of a Member of the Management Board of Eurocash, with effect as at 30 June 2022.

On 30 June 2022, Mr. Luis Manuel Conceicao Pais do Amaral was appointed as the President of the Supervisory Board.

On 30 June 2022, the term of office of Renato Arie as a Member of the Supervisory Board expired.

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2022	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 01.01.2022 TO 30.09.2022

	Non audited 3rd Quarter for the period from 01.07.2022 to 30.09.2022	Non audited 3 Quarters for the period from 01.01.2022 to 30.09.2022	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
Sales	4 995 077 033	13 691 937 429	4 254 502 056	11 837 439 196
Sales of goods	4 984 503 564	13 634 117 550	4 243 541 050	11 801 779 298
Sales of services	10 573 469	57 819 879	10 961 006	35 659 897
Costs of sales	(4 423 058 829)	(12 068 522 837)	(3 766 637 752)	(10 544 574 513)
Costs of goods sold	(4 423 058 829)	(12 068 522 837)	(3 766 637 752)	(10 544 574 513)
Gross profit (loss)	572 018 204	1 623 414 592	487 864 304	1 292 864 682
Selling expenses	(415 919 532)	(1 161 457 189)	(331 895 377)	(977 540 401)
General and administrative expenses	(67 966 324)	(209 415 197)	(71 359 855)	(200 159 444)
Profit (loss) on sales	88 132 348	252 542 206	84 609 072	115 164 837
Other operating income	14 243 439	51 128 716	9 742 963	28 482 213
Other operating expenses	(10 271 848)	(19 795 764)	(2 897 647)	(6 204 694)
Operating profit (loss)	92 103 939	283 875 157	91 454 387	137 442 357
Financial income	69 148 566	81 946 820	10 378 100	188 244 526
Financial costs	(53 975 415)	(133 466 230)	(29 084 305)	(196 834 363)
Profit (loss) before tax	107 277 090	232 355 748	72 748 183	128 852 521
Income tax expense	(2 599 387)	(28 829 551)	(15 055 645)	(21 789 631)
Profit (loss) for the period	104 677 703	203 526 197	57 692 538	107 062 890

EARNINGS PER SHARE

	PLN / share	PLN / share	PLN / share	PLN / share
Profit (loss) for the period	104 677 703	203 526 197	57 692 538	107 062 890
Weighted average number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Weighted average diluted number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Earnings per share				
- basic	0,75	1,46	0,41	0,77
- diluted	0,75	1,46	0,41	0,77

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2022	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 01.01.2022
TO 30.09.2022**

	Non audited 3rd Quarter for the period from 01.07.2022 to 30.09.2022	Non audited 3 Quarters for the period from 01.01.2022 to 30.09.2022	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
Profit (loss) for the period	104 677 703	203 526 197	57 692 538	107 062 890
Other comprehensive income for the period	(9 389 168)	(4 345 873)	3 831 016	13 206 143
Items that may be subsequently reclassified to profit or loss:				
- The result on hedge accounting with the tax effect:	(9 389 168)	(4 345 873)	3 831 016	13 206 143
Total comprehensive income for the period	95 288 535	199 180 323	61 523 554	120 269 033
Total Income				
Owners of the Company	95 288 535	199 180 323	61 523 554	120 269 033
Total comprehensive income for the period	95 288 535	199 180 323	61 523 554	120 269 033

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2022	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 30.09.2022

	Non audited as at 30.09.2022	as at 31.12.2021
<i>Assets</i>		
Non-current assets (long-term)	4 482 090 344	4 577 552 123
Goodwill	1 204 087 310	1 204 087 310
Intangible assets	456 432 077	589 060 258
Property, plant and equipment	358 288 720	393 578 904
Right of use assets	795 067 417	830 318 024
Investment property	902 004	913 684
Investments in subsidiary companies	1 659 524 377	1 546 474 327
Investments in equity accounted investees	4 590 840	4 590 840
Other long-term investments	260 762	4 202 474
Long-term receivables	1 667 339	1 424 348
Other long-term prepayments	1 269 498	2 901 955
Current assets (short-term)	2 059 687 479	2 092 999 643
Inventories	871 897 548	955 912 870
Trade receivables	1 045 796 945	995 839 265
Current tax receivables	11 933 114	-
Other short-term receivables	67 636 054	83 241 466
Other short-term financial assets	13 669 249	15 360 196
Short-term prepayments	22 131 044	23 383 276
Cash and cash equivalents	26 623 525	19 262 571
Total assets	6 541 777 823	6 670 551 766

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2022	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

	Non audited as at 30.09.2022	as at 31.12.2021
<i>Equity and liabilities</i>		
Equity	1 502 854 451	1 301 747 006
Equity attributable to Owners of the Company	1 502 854 451	1 301 747 006
Share capital	139 163 286	139 163 286
Reserve capital	1 079 790 966	940 850 351
Valuation equity of hedging transactions	5 218 984	9 564 857
Retained earnings	278 681 215	212 168 511
Accumulated profit / loss from previous years	75 155 018	75 155 019
Profit (loss) for the period	203 526 197	137 013 492
Liabilities	5 038 923 372	5 368 804 760
Non-current liabilities	1 022 776 706	1 458 363 469
Long-term loans and borrowings	160 400 000	571 020 000
Other long-term financial liabilities	125 699 339	125 000 000
Long-term lease liabilities	697 074 777	721 847 018
Other long-term liabilities	15 476 004	15 497 004
Deferred tax liabilities	19 884 723	20 757 585
Employee benefits	4 241 863	4 241 863
Current liabilities	4 016 146 666	3 910 441 291
Loans and borrowings	617 388 518	456 133 712
Other short-term financial liabilities	17 128 695	16 763 774
Short-term lease liabilities	177 071 931	174 243 883
Trade payables	2 761 551 708	2 800 868 534
Current tax liabilities	-	6 382 004
Other short-term payables	156 869 886	184 477 060
Current employee benefits	95 112 577	92 123 119
Provisions	191 023 351	179 449 205
Total equity and liabilities	6 541 777 823	6 670 551 766

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2022	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 01.01.2022 TO 30.09.2022

	Non audited 3 Quarters for the period from 01.01.2022 to 30.09.2022	Non audited 3 Quarters for the period from 01.01.2021 to 30.09.2021
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Cash flow from operating activities

Profit (loss) before tax	232 355 748	128 852 521
Adjustments for:	271 642 797	244 203 805
Depreciation and amortization	216 740 422	224 309 093
Valuation of motivational program	1 927 123	-
(Gain) loss on sale of property, plant, equipment ,loans and shares	6 740 006	126 192 525
Profit (loss) on exchange rates	15 392 309	2 434 502
Dividends received / declared	(48 981 216)	(163 902 684)
Interest expenses	101 067 878	56 684 217
Interest received	(21 243 726)	(1 513 848)
Operating cash before changes in working capital	503 998 545	373 056 325
Changes in inventory	84 015 322	31 342 970
Changes in receivables	(35 871 015)	36 241 467
Changes in payables	(59 917 109)	(52 877 659)
Changes in provisions and employee benefits	11 721 837	4 385 013
Operating cash	503 947 580	392 148 115
Interest received	2 292 249	1 833 203
Interest paid	(33 794 330)	(9 807 816)
Income tax paid	(47 036 654)	(7 360 088)
Net cash from operating activities	425 408 845	376 813 413

Cash flow from investing activities

Aquisition of intangible assets	(23 412 018)	(21 832 194)
Proceeds from sale of intangible assets, property, plant and equipment	6 732	1 459 538
Aquisition of property, plant and equipment tangible fixed assets	(30 339 952)	(36 350 270)
Proceeds from sale of property, plant and equipment	4 683 347	14 503 617
Dividends received / declared	48 981 216	139 566 863
Aquisition of subsidiaries	(1 408 456)	-
Loans granted	(94 192)	(144 392)
Interest received	504 332	(280 092)
Net cash used in investing activities	(1 078 992)	96 923 070

Cash flow from financing activities

Income/expenses for other financial liabilities	(1 639 104)	718 710
Proceeds from loans and borrowings	15 489 840	36 143 446
Repayment of borrowings	(264 855 035)	(260 139 892)
Expenses for liabilities from leasing	(119 692 862)	(121 205 122)
Other interests	(4 078 161)	(32 171 580)
Interests on loans and borrowings	(42 193 577)	(13 844 141)
Dividends paid	-	(66 798 377)
Net cash used in financing activities	(416 968 899)	(457 296 956)

Net change in cash and cash equivalents	7 360 954	16 439 527
Cash and cash equivalents at the beginning of the period	19 262 571	20 609 792
Cash and cash equivalents at the end of the period	26 623 525	37 049 320

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2022	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED SEPARATE STATEMENT ON CHANGES IN EQUITY IN THE PERIOD FROM 01.01.2022 TO 30.09.2022

	Share capital	Reserve capital	Hedge reserve	Retained earnings	Total
<i>Changes in equity in the period from 01.01 to 30.09.2021</i>					
Balance as at 01.01.2021 after changes	139 163 286	878 713 695	(21 734 503)	204 090 052	1 200 232 530
Profit (loss) for the period from 01.01. to 30.09.2021	-	-	-	107 062 890	107 062 890
Other comprehensive income	-	-	13 206 143	-	13 206 143
Total comprehensive income for the period from 01.01. to 30.09.2021	-	-	13 206 143	107 062 890	120 269 033
Dividends declared	-	-	-	(66 798 377)	(66 798 377)
Transfer to reserve capital	-	62 136 656	-	(62 136 656)	-
Total contributions by and distributions to Owners of the Company	-	62 136 656	-	(128 935 033)	(66 798 377)
Balance as at 30.09.2021	139 163 286	940 850 351	(8 528 360)	182 217 908	1 253 703 186
<i>Changes in equity in the period from 01.01 to 30.09.2022</i>					
Balance as at 01.01.2022	139 163 286	940 850 351	9 564 857	212 168 511	1 301 747 005
Profit (loss) for the period from 01.01. to 30.09.2022	-	-	-	203 526 197	203 526 197
Other comprehensive income	-	-	(4 345 873)	-	(4 345 873)
Total comprehensive income for the period from 01.01. to 30.09.2022	-	-	(4 345 873)	203 526 197	199 180 323
Transfer to reserve capital	-	137 013 492	-	(137 013 492)	-
Valuation of motivational program for employees	-	1 927 123	-	-	1 927 123
Balance as at 30.09.2022	139 163 286	1 079 790 966	5 218 984	278 681 215	1 502 854 452

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2022	Presentation currency:	Polish zloty (PLN)
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SUPPLEMENTARY INFORMATION TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2022 TO 30.09.2022

1. GENERAL INFORMATION

1.1. ISSUE OF THE FINANCIAL STATEMENT

Condensed quarterly separate financial statements of Eurocash S.A. for the period from 1 January 2022 to 30 September 2022, it was approved by the Management Board on 9 November 2022.

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 2022, and the separate financial statements of Eurocash S.A. as at and for the year ended 31 December 2021, which are available on the website www.grupaeurocash.pl.

1.3. PRESENTATION CURRENCY, ROUNDINGS

These condensed interim separate financial statements are presented in PLN, which is the Company's functional and presentation currency. All financial information presented in PLN has been rounded to the nearest PLN (unless it is otherwise indicated).

1.4. USE OF ESTIMATES AND JUDGEMENTS

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revised accounting estimates are recognized in the current period and in any future periods affected.

Impairment of trade receivables

In the current period, estimates of expected credit losses were updated. Details are included note 1.

Revenue and costs recognition and costs associated with the sale of goods

The application of IFRS 15 requires the Company to make subjective judgments and estimates that significantly affect the determination of the amount and date of revenue recognition. If the contractual remuneration includes a variable amount, the Company estimates the amount of remuneration to which it will be entitled in return for the provision of the promised goods or services to the customer. The estimated amounts of bonuses due to customers under distribution agreements are recognized on an ongoing basis in the Company's result at the time of sale of goods by reducing the transaction price (income).

The company, when buying goods from suppliers, is entitled to the so-called retrorabates, in accordance with signed trade agreements. The Company regularly estimates the discount due to it and

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adjusts the value of inventories at the time of purchasing the goods. Consequently, this discount corrects the cost of sale at the time of sale of the goods.

Leasing - recognition of the lessee

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

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

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

Classification of liabilities due to reverse factoring

The Company uses many financial instruments, including supplier 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 Group companies to the factor as cash flows from operating activities. In particular, the Management Board assesses whether the supplier financing program does not cause a material change

- payment terms to suppliers,
- the size, timing and nature of future cash flows
- trade credit financing costs

If significant modifications to the terms of repayment of trade liabilities are identified, the Company changes the classification accordingly and recognizes the liabilities covered by factoring as separate debt financing

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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.

Tradis customer relations

When determining the period of economic use of the above asset recognized on the acquisition of Tradis Group, the management took into account development plans related to key customers acquired together with the Tradis Group and their previous history of cooperation. Current analyzes confirm the previously adopted assumptions regarding the useful life.

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.

Deferred tax asset

The Company recognizes a deferred tax asset based on the assumption that a tax profit will be generated in the future that will allow for its use. Deterioration of the tax results obtained in the future could make this assumption unjustified.

The company carefully assesses the nature and extent of evidence supporting the conclusion that it is probable that future taxable profit will be sufficient to deduct unused tax losses, unused tax credits or other negative temporary differences.

Court cases and disputes

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 2021, excluding the application of new or amended standards and interpretations applicable to annual periods beginning on 1 January 2022 and later.

1.6. GOING CONCERN ASSUMPTION

These financial statements have been prepared on the assumption that the Company will continue as going concern in the foreseeable future, ie not less than 12 months from the balance sheet date. The most important, in the opinion of the Management Board, factors, risks and uncertainties influencing the assessment of the going concern assumption are discussed below, in relation to, inter alia, the forms and durability of financing of the Company and Group's operations. When making this assessment, the Management Board also took into account the existing and expected risks resulting from external factors such as the COVID-19 pandemic, the impact of the war in Ukraine, the availability

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of various forms of financing used by the Company and Group and internal factors, including the impact of sales dynamics on cash generation and capital Company and Group rotary.

A. The macroeconomic situation

In the first three quarters of 2022 in the Polish economy was marked by inflation, which at the start, as at 31 December 2021, amounted to 8.6% y / y. As at 30 September 2022, the annual price change index increased to 17.9% (CPI), while food price inflation was 19.3% and the core inflation was 10.7%.

The annual GDP growth, after initial increases to 8.5% (31 May 2022), returned to the levels from the beginning of the year (5.3%) at the end of summer.

Despite the influx of Ukrainian citizens, we are dealing with a sustained improvement in the labour market. Since January 2022, the unemployment rate has decreased from 5.5% to 5.1% (recorded in September 2022) and, as shown by Eurostat data, the decline in unemployment is combined with an increase in labour productivity.

The first three quarters of 2022, despite these tensions, had a positive impact on the FMCG market in Poland. Consumption grew with a simultaneous increase in both operating costs (fuel, energy and salaries) and financial costs. The macroeconomic conditions did not have a significant negative impact on the Group's situation in the first three quarters of 2022.

The Management Board believes that the macroeconomic situation is primarily influenced by the global effects of the war in Ukraine and the potential risks resulting from a possible recurrence of the Covid-19 pandemic. Among these factors, the Management Board is particularly aware of the risks associated with the commonly expected increase in energy prices, volatility on the capital and raw materials markets, and an increase in interest rates. The Management Board believes that trends in the labor market are conducive to the Group's operations, and potential risks are monitored on an ongoing basis.

B. The economic and balance situation of the Company in the first three quarters of 2022

In the first three quarters of the year, Company recorded a positive trend of sales growth and results at the level of EBIT and EBITDA.

In the first three quarters of 2022, in relation to the corresponding period of the previous year, Eurocash achieved an increase in sales of goods by 15.5% and an increase in EBITDA of PLN 138.9 million.

The latest forecast for the following quarters indicates a continuation of the upward trend in terms of sales and EBITDA.

In the first three quarters of 2022, the Company generated cash from operating activities in the amount of PLN 425.4 million, while in the similar period of the previous year, the Group's cash flows from operating activities amounted to PLN 376.8 million.

As at 30 September 2022, there was a surplus of current liabilities over its current assets in the amount of PLN 1.96 billion, which, according to the Management Board, is typical for the industry in which the Group operates, in which a significant part of sales is made on cash terms, inventories are minimized , and suppliers provide deferred payment terms, while the Company also uses reverse factoring instruments and short-term bank loans to finance the working capital. The Comany's net working capital (including inventories, trade receivables and trade payables) was negative and amounted to minus PLN 844 million as at 30 September 2022, compared to minus PLN 849 million as at 30 September 2021. In the first three quarters of the year, the profit on sales amounted to approximately PLN 253 million and was higher by PLN 137 million than in the previous year.

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C. Funding instruments used in the first three quarters of 2022

Note 3 to the condensed consolidated financial statements as of 30.09.2022 presents, inter alia, instruments used to finance both operating and investment activities. Among them are: bonds, bank loans, reverse factoring, factoring of receivables and leasing. In the first three quarters of 2022, the value of these instruments changed as follows:

- Available limits in bank loans were reduced by PLN 133 million from PLN 1,359 million available as at 31 December 2021 to PLN 1,226 million as at 30 September 2022. The decrease results from: (1) the repayment schedule of investment loans, (2) the repayment of turnover loans in the amount of PLN 75 million, (3) the reduction of the loan amount at Eurocash Serwis (with a liquidity surplus) by PLN 25 million. As at the balance sheet date, 30 September 2022, the Group had unused credit limits in the amount of PLN 515 million, while as at 31 December 2021, this amount was PLN 563 million. In the opinion of the Management Board, the level of available lines is sufficient to continue operations.
- As at the balance sheet date, 30 September 2022, the Group financed its operations using reverse factoring in the amount of PLN 1,245 million, while as at 31 December 2021 this amount was PLN 1,780 million. The decrease in use resulted from the reduction of the limits described in the annual report for 2021. The use of the reverse factoring line in both reporting periods exceeds 90%, which proves the attractiveness of this instrument both for the Group and its suppliers.
- As regards factoring of receivables, the Group increased the available limits between 31 December 2021 and 30 September 2022 by 200 million from PLN 325 million to PLN 525 million, while the use of this instrument increased from PLN 208 million to PLN 423 million. In the opinion of the Management Board, factoring of receivables secures against the risk of a potential future liquidity gap.
- As at 30 September 2022, the Group companies had active lease contracts that would have been recognized in the statement of financial position as a liability even before the implementation of IFRS16, with a total exposure of PLN 35.4 million (as at 31 December 2021, it was PLN 31.8 PLN million), of which PLN 27.2 million related only to 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 2.14 million. The total amount of the Group's total lease liabilities is PLN 2.18 million and increased in the first six months of 2022 by PLN 76 million.

The value of bonds issued in the first half of 2022 did not change. The first issue in the amount of PLN 125 million 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 took place on 23 December 2020. 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.

Limits	30.09.2022	31.12.2021	30.06.2021	31.12.2020
Bonds (program)	1 000	1 000	1 000	1 000
Bank credits	1 226	1 359	1 303	1 252
Bank guarantees	211	281	330	230
Receivables factoring	525	325	325	380
Reverse factoring	1 440	1 915	2 010	2 157
Use	30.09.2022	31.12.2021	30.06.2021	31.12.2020
Bonds (program)	125	125	125	125
Bank credits	711	796	637	681
Bank guarantees	193	215	224	217
Receivables factoring	423	208	186	170
Reverse factoring	1245	1 780	1 888	1 796

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% of use	30.09.2022	31.12.2021	30.06.2021	31.12.2020
Bonds (program)	13%	13%	13%	13%
Bank credits	58%	59%	49%	54%
Bank guarantees	91%	77%	68%	94%
Receivables factoring	81%	64%	57%	45%
Reverse factoring	86%	93%	94%	83%

The conditions precedent related to the financial agreements are monitored on an ongoing basis and as at 30 September 2022, they were not breached.

D. Financing of activities in subsequent periods

The financial plans prepared by the Management Board for 2022 and the first three quarters of 2023 indicate that the Group will maintain liquidity and service its liabilities on an ongoing basis. Nevertheless, the Group has a specific portfolio of financing instruments, the revision of which is necessary in order to extend the maturity.

As at 30.09.2022 mln PLN	IV Q 2022	I Q 2023	II Q 2023	III Q 2023	IV Q 2023	2024 and later	Total
Limits	125	45	796	10	79	171	1 226
Use	31	0	481	0	28	171	711

The structure of assets and liabilities of FMCG companies is characterized by the short-term nature of financing programs. Eurocash is no different in this respect.

Eurocash uses the following advantages when pursuing a policy of maintaining relationships with banks:

1. the long-term nature of this relationship combined with the persistent interest benefits of the banking sector,
2. no dependence on a limited group of financing entities,
3. positive history of payment behavior of the entire Group,
4. experience in using government programs supporting enterprises in crisis situations (e.g. BGK support).

In the short-term loan portfolio, the limit value of which as at 30 September 2022 amounted to PLN 1,057 million, there are 3 agreements secured with a guarantee of Bank Gospodarstwa Krajowego in total for the amount of PLN 170 million. The maturity of these loans is in the first half of 2023. The Management Board is of the opinion that financial institutions will be interested in extending these lines for the next years.

The group is currently considering a syndicated revolving loan refinancing (RCF) project. The Management Board has started talks with banks aimed at obtaining a minimum 3-year loan.

Reverse factoring lines by maturity as at 30.09.2022

As at 30.09.2022 mln PLN	IV Q 2022	I Q 2023	II Q 2023	III Q 2023	IV Q 2023	2024	Indefinite	Total
Factoring limits	150	0	0	730	100	75	465	1 520
Use	70	0	0	609	100	69	397	1 245

Eurocash Group plans to extend all factoring lines and intends to increase the availability of new limits with both the current and new factors.

Condensed interim separate financial statements of EUROCASH S.A.			
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As at 30.09.2022 mln PLN	31.12.2020	31.03.2021	30.06.2021	30.09.2021	31.12.2021	31.03.2022	30.06.2022	30.09.2022
Trade liabilities	3 720	3 684	3 891	3 880	3 854	3 674	3 933	3 927
Reverse factoring trade liabilities	1 814	1 772	1 976	1 888	1 780	1 446	1 283	1 245

The Group analyzed the timeliness of payment of its trade liabilities. Details are included in Note 3. The Group plans to continue its balance sheet policy in which working capital plays a significant role in financing operating activities.

In the first three quarters of 2022, the scenario in which a similar level of balance sheet financing was maintained, and negotiations with suppliers of goods allowed for the effective reduction of the negative effect of reducing factoring limits.

Liquidity forecast

The implementation in the third quarter of the liquidity forecasts prepared by the Group for the entire year 2022 in cooperation with an independent expert confirmed their accuracy in terms of the estimated amounts of financial debt and in terms of risk assessment. The financial plan for the next four quarters assumes maintaining the availability of trade credit limits from suppliers and limits in financing instruments made available by the banking sector.

The Management Board of the Company decided to continue cooperation with an external advisor and together with him a liquidity model of the entire Group was prepared, on the basis of which it is possible to periodically assess the continuation of the Company's operations. The following input data was used to prepare the liquidity forecast for the period of subsequent months until September 30, 2023:

- Macroeconomic forecasts prepared on the basis of analyzes of the National Bank of Poland and other market analysts
- Budget forecasts prepared by individual business units
- Forecasts of investment expenditure
- Historical use and availability of funding instruments
- Historical and forecast DPOs, DSOs and DIOs for the main units (DPO for companies and other ratios consolidated).
- Value of Back Discounts from Suppliers
- Historical value of taxes paid and a forecast of future payments

The model assumes that the currently available financing lines will be maintained as at the date of this note.

The net debt forecast shows a standard seasonality related to sales values in particular seasons of the year. The highest sales in the 3rd and 4th quarter generate the most cash. There is also a downward trend in the level of debt, which results directly from the budgeted increases in sales and maintaining profitability. In each of the budgeted periods, the financial ratios are below the bank covenants required in the contracts. The analysis indicates the availability of any form of financing in each of the future periods, and the model assumes the maximum use of factoring to leave free funds for the repayment of financial debt. The use of credit lines differs from net debt by the amount of finance lease, which traditionally (even before the change resulting from IFRS16) was and is included in this item. The amount of drawn bonds is compensated in net debt by the amount of free cash.

The Management Board conducted scenario analyzes of the presented model. The stress was placed on (1) consumer prices and their impact on sales, profits and costs of the Group, (2) availability of credit limits (3) availability of reverse factoring limits and (4) the level of interest rates.

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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 continuation of its operations.

E. Conclusions

Group financing for the period of the analysis is ensured. None of the financial institutions are currently in talks with Eurocash S.A. on changes to financing conditions. Therefore, the Management Board do not see any indications that the level of available funding will change.

Operating activities, reflected in the financial results of the Group, significantly improved in the first half of 2022 compared to the first half of 2021. The forecasts for the following quarters also indicate an increase in results in each segment of the activity.

This effect is visible not only at the level of the Group's operating result (EBITDA), but also in much higher sales than last year, and thus - a better generation of cash. The Group has stable financing, but also has adequate reserves to react to unforeseen macroeconomic changes.

It is also worth noting that the Group strengthened its position as the market leader in the wholesale segment with a market share of 21.9% at the end of September 2022 (this is the Group's share in the value of the wholesale market, estimated together with products without EAN codes). Taking into account the current method of calculating market shares, this share still remains at the level of 28%.

The key role of the Group for independent stores in Poland and the market shares in sales of individual suppliers mean that they (especially large-scale suppliers) show far-reaching loyalty and the Management Board recognizes that long-term cooperation with them is not at risk.

At the same time, a process is carried out in cooperation with a strategic advisor, the purpose of which is to simplify the management structure and to implement the strategic advantages of the entire Group. Due to the advancement of the talks, it is not possible to predict which strategic option will be chosen. The expected effect of the implementation of these options is gaining a strategic investor or direct de-investment from the parts of business segments, which in both cases should lead to a significant improvement in the Group's liquidity.

After analyzing the described financial situation of Eurocash Group and the facts mentioned above, the Management Board declares that it does not see any threats to the continuation of operations in the next 12 months.

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Financial statements period:	01.01-30.09.2022	Presentation currency:	Polish zloty (PLN)
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2. NOTES TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2022 TO 30.09.2022

NOTE 1.

OTHER EXPLANATORY INFORMATION

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.

Financial costs

The change in financial costs in 2022 compared to 2021 was related, inter alia, to an increase in interest expense and an unfavorable impact of foreign exchange differences related to the valuation of lease liabilities denominated in foreign currencies. In addition, in 2021, the Company made impairment losses on investments in subsidiaries in the amount of PLN 130 million.

Financial income

Changes in financial income in the third quarter of 2022 compared to 2021 are mainly due to dividends declared and received from the companies: Euro Sklep Sp. z o.o. and Firma Rogala Sp. z o.o. in the amount of about 49 million.

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.

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Inventories

WRITE-OFF OF INVENTORIES IN THE PERIOD FROM 01.01 TO 30.09.2022

	for the period from 01.01.2022 to 30.09.2022	for the period from 01.01.2021 to 31.12.2021
Opening balance	24 959 185	20 368 770
- increase *	-	4 590 415
- decrease *	(2 447 863)	-
Closing balance	22 511 322	24 959 185

* net value

Trade receivables

The company makes write-offs of receivables in relation to the expected credit losses, which result directly from the risk of each client and are calculated on the basis of models taking into account, inter alia, payment history, type of business, geolocation, cooperation evaluation and financial data. In 2022, 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
>10mln	0	0,00%	0	0,00%
5-10mln	0	0,00%	0	0,00%
2-5mln	15	0,07%	44 454 590	7,05%
1-2mln	38	0,17%	52 456 571	8,32%
0,5-1mln	127	0,58%	86 440 511	13,72%
0,2-0,5mln	452	2,08%	138 758 257	22,02%
0,1-0,2mln	705	3,25%	99 713 342	15,82%
0,05-0,1mln	1 000	4,60%	70 480 930	11,18%
<0,05mln	16 934	77,95%	141 869 851	22,51%
negative	2 454	11,30%	-4 020 805	-0,64%

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AGING OF RECEIVABLES AS AT 30.09.2022

	Trade receivables gross value as at 30.09.2022	Trade receivables gross value as at 31.12.2021
current	989 569 980	901 981 706
1-30 days	43 396 751	83 130 571
31-90 days	19 709 153	21 070 652
91-180 days	4 604 204	1 179 554
> 180 days	17 614 773	26 976 336
	1 074 894 860	1 034 338 820

WRITE-OFF OF TRADE RECEIVABLES AS AT 30.09.2022

	for the period from 01.01.2022 to 30.09.2022	for the period from 01.01.2021 to 31.12.2021
Opening balance	38 499 556	48 570 830
Increase *	-	-
Decrease *	(9 401 641)	(10 071 274)
Closing balance	29 097 915	38 499 556

*net value

Valuation equity of hedging transactions

The Group uses 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.

Notional	Issuing Date	Start Date	End Date	Valuation 30.09.2022
200 000 000	28.02.2020	07.01.2022	09.01.2023	3 949 765
100 000 000	09.03.2020	05.03.2021	06.03.2023	3 087 275
100 000 000	03.03.2020	04.03.2022	06.03.2023	2 974 531
100 000 000	07.04.2021	17.01.2022	16.01.2023	2 164 550

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 2022, the value of financial services and paid money services were recognized in the amount of PLN 678.412.571, on 31 December 2021 the appropriate value of the balances is PLN 1,119,586,687.

The company uses 6 reverse factoring lines, which finance deliveries from 58 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	30.09.2022	31.12.2021
current	2 761 551 708	2 800 868 534
1-30 days	-	-
31-90 days	-	-
91-180 days	-	-
> 180 days	-	-
	2 761 551 708	2 800 868 534

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 2. BOOK VALUE PER SHARE

BOOK VALUE PER SHARE	as at 30.09.2022	as at 31.12.2021
Equity attributable to Owners of the Company	1 502 854 451	1 301 747 006
Number of shares	139 163 286	139 163 286
Diluted number of shares	139 163 286	139 163 286
Book value per share	10,80	9,35
Diluted book value per share	10,80	9,35

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NOTE 3.

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.

NOTE 4.

ITEMS NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION

CONTINGENCES AS AT 30.09.2022

	Beneficiary	Title	Currency	as at 30.09.2022	as at 31.12.2021
1	Bank 1 **	Surety for the Eurocash Group companies regarding the cash pool agreement in the amount of the credit limit	PLN	2 100 000 000	2 100 000 000
2	Bank 2 **	Surety for the Eurocash Group companies regarding the cash pool agreement in the amount of the credit limit	PLN	2 040 000 000	2 040 000 000
3	Bank 2 ***	Surety for liabilities resulting from the "Franchise Partners Financing Program" for the Franchisee of Delikatesy Centrum	PLN	-	184 020
4	Bank 4 ***	Surety for liabilities of Eurocash Serwis Sp. z o.o. under the Lease Agreement	PLN	0	248 593
5	Bank 4 ***	Surety for liabilities of Partnerski Serwis Detaliczny S.A. under the Lease Agreement	PLN	30 666	38 385
6	Bank 5 **	Surety for liabilities of Eurocash Serwis Sp. z o.o. under the Factoring Agreement	PLN	0	300 000 000
7	Bank 6 **	Surety for liabilities of Eurocash Serwis Sp. z o.o. under the Current Loan Agreement	PLN	97 500 000	165 000 000
8	Bank 7 **	Surety for liabilities of Eurocash Serwis Sp. z o.o. under the Factoring Agreement	PLN	75 000 000	50 000 000
9	Bank 8 **	Surety for loan of Frisco S.A.	PLN	15 000 000	15 000 000
10	Bank 8**	Surety of an agreement for transactions on the financial market of Frisco S.A.	PLN	5 000 000	2 150 000
11	Bank 4 ***	Surety for liabilities of Frisco S.A. under the Leasing Agreement	PLN	25 260 778	30 825 021
12	Company 1 **	Surety for trade liabilities of Eurocash Serwis Sp. z o.o.	PLN	0	1 000 000
13	Company 2 **	Surety for non-trade liabilities of ABC na kołach Sp. z o.o.	PLN	200 000	200 000
14	Company 3 **	Surety for trade liabilities of ABC na kołach Sp. z o.o.	PLN	0	300 000
15	Bank 9 **	Surety for liabilities of Group Companies due to Factoring Agreement	PLN	120 000 000	300 000 000
16	Company 5 **	Surety for liabilities of Frisco S.A. due to rent agreement	PLN	50 450 098	47 648 811
17	Company 4 **	Surety for liabilities of Frisco S.A. due to rent agreement	PLN	6 978 215	6 590 743
18	Company 8 **	Surety for liabilities of Frisco S.A. due to derivative contracts	PLN	8 814 172	8 324 757
19	Company 9 **	Surety for liabilities of Frisco S.A. due to derivative contracts	PLN	84 904 576	80 190 174
20	Company 6 **	Surety for non-trade liabilities of Delikatesy Centrum Sp. z o.o.	PLN	5 900 000	5 900 000
21	Company 7 **	Surety for trade liabilities of Frisco S.A.	PLN	2 550 000	3 080 000
22	Company 2 **	Surety for non-trade liabilities of Frisco S.A.	PLN	500 000	300 000
23	Company 10 **	Surety for liabilities due to Lease agreements for EC Serwis	PLN	1 090 853	0
				4 639 179 358	5 156 980 504

** 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 2022 contingences of Eurocash S.A. by debt value, amounted to PLN 1.493 million, while as at 31.12.2021 PLN: 1.495,3 million.

BANK GUARANTEES AS AT 30.09.2022

	Bank quarantee drawer	Title	Currency	as at 30.09.2022	as at 31.12.2021
1	Bank 2	Security for rent liabilities	PLN	1 097 410	8 675 895
2	Bank 3	Security for rent liabilities *	PLN	23 650 364	32 452 414
3	Bank 4	Security for excise duty	PLN	0	500 000
4	Bank 5	Payment security for suppliers *	PLN	0	4 594 100
5	Bank 6	Payment security for suppliers	PLN	0	40 700 000
6	Bank 7	Payment security for suppliers *	PLN	18 992 220	11 025 840
7	Bank 8	Security for payment with the use of national road	PLN	700 000	1 320 100
8	Bank 10	Payment security for suppliers	PLN	34 400 000	19 500 000
9	Bank 3	Security due to proper realisation of the contract **	PLN	2 798 400	0
10	Bank 11	Security for liabilities due to proper realisation of the agreement	PLN	0	2 639 971
11	Bank 4	Security for rent liabilities	PLN	7 983 215	0
12	Bank 4	Security for rent liabilities *	PLN	631 912	0
13	Bank 4	Payment security for suppliers	PLN	300 000	0
14	Bank 3	Security for rent liabilities *	PLN	9 627 427	0
				100 180 948	121 408 320

* Guarantees in EUR were converted into PLN according to the average NBP exchange rate, respectively
30.09.2022; 1 EUR = 4,8698 PLN,
31.12.2021; 1 EUR = 4,5994 PLN

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SECURITY ON ASSETS AS AT 30.09.2022		Secure amount in PLN	Secure amount in PLN
Title	Secured property	as at 30.09.2022	as at 31.12.2021
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	484 672	662 484
		525 581 972	525 759 784

** minimal security nominal value

NOTE 5. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determining fair values

As at 30 September 2022, 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 6. UNCERTAIN TAX TREATMENT

Regulations concerning value added tax, corporate income tax and social security charges are subject to frequent changes. These frequent changes result in a lack of appropriate benchmarks, inconsistent interpretations and few established precedents that could apply. The applicable regulations also contain ambiguities, which cause differences in opinions as to the legal interpretation of tax regulations, both between state authorities and enterprises.

Tax settlements and other areas of activity (for example, customs or foreign exchange issues) may be subject to inspection by authorities authorized to impose high penalties and fines, and any additional tax liabilities arising from these authorities' decisions must be paid with high interest. These conditions create a tax risk in Poland it is greater than in countries with more mature tax systems.

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Consequently, the amounts presented and disclosed in the financial statements may change in the future as a result of the final decision of the authority.

In the previous reporting periods, the Company carried out transactions and participated in restructuring processes that may be analyzed and audited by tax authorities.

On 15 July 2016, amendments to the Tax Ordinance Act entered into force in order to incorporate the provisions of the General Anti-Avoidance Clause (GAAR). GAAR is designed to prevent the emergence and use of artificial legal structures designed to avoid paying tax in Poland. Currently, GAAR defines tax avoidance as an activity whose main or one of the main objectives was to achieve a tax advantage that, in the given circumstances, was inconsistent with the object or purpose of a tax act or provision thereof. According to GAAR, such an activity does not result in obtaining a tax advantage if the mode of operation was artificial. Occurrence of, among others (i) unjustified splitting of operations, (ii) the involvement of intermediaries despite the lack of economic or economic justification, (iii) mutually canceling or compensating elements, and (iv) other activities that do not have an economic substance, may be treated as an indication of the existence of artificial activities subject to GAAR. The new regulations require a much greater judgment as to the economic content of a transaction when assessing the tax consequences of individual transactions.

The GAAR clause should be applied to transactions made after its entry into force and to transactions that were carried out before the entry into force of the GAAR clause, but for which benefits were or are still achieved after the entry into force of the clause. The implementation of the above provisions makes it possible to question the tax consequences of the legal arrangements and agreements implemented by taxpayers, such as group restructuring and reorganization.

The Group recognizes and measures current and deferred tax assets or liabilities using the requirements of IAS 12 Income Taxes based on profit (tax loss), tax base, unused tax losses, unused tax credits and tax rates, taking into account the assessment of uncertainty related to settlements tax. When there is uncertainty as to whether and to what extent the tax authority will accept individual tax settlements of a transaction, the Group recognizes these settlements taking into account the assessment of uncertainty.

On 19 June 2017, to Eurocash S.A. a report on the audit of the tax books for 2011 was provided, in which the possibility of making depreciation write-offs on certain values of the economic copyrights was questioned, which in the audited period amounted to approx. PLN 41 million. On 5 July 2017, the Company submitted reservations to the minutes.

On 28 September 2017, the Head of the Wielkopolska Customs and Tax Office in Poznań issued a decision for Eurocash S.A., in which he stated in the case indicated that the Company's tax liability for 2011 was underestimated by the Company in the amount of approximately PLN 8 million. Based on a legal and tax analysis carried out by external experts, on 17 October 2017, the Company appealed against this decision. It indicates a number of arguments proving the correctness of the tax settlements made by the Company, including confirmation of the correctness of the settlements through positive interpretations of tax law.

By the decision of 19 March 2019, the Director of the Tax Administration Chamber in Poznań, after examining 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. On 22 April 2022 as a result of reconsideration of the case, the Head of the Greater Poland Customs and Tax Office in Poznań after conducting the control procedure in accordance with the decision of the Director of the Tax Control Office in Poznań. stated that the tax liability was underestimated by PLN 2.5 million. The

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company appealed against the above-mentioned decision on 19 May 2022, and then on 14 June 2022, it received information about the appeal being transferred to the Director of the Tax Chamber and the position of the body with regard to the appeal submitted by the Company. Subsequently, the company received decisions from the authority on the appointment of a new date for settling the matter, which is currently indicated on 23 November 2022. On 3 November 2022 the company paid a tax liability of PLN 4.9 million (including the principal amount of PLN 2.5 million and interest PLN 2.4 million).

On 28 February 2018, the Head of the Greater Poland Customs and Tax Office in Poznań initiated an inspection of corporate income tax for 2016. On 8 April 2022. The head of the Greater Poland Customs and Tax Office in Poznań issued a decision to transform the customs and fiscal control into tax proceedings. Then, on 24 May 2022, the authority issued a decision determining the tax liability in the corporate income tax for 2016 in the amount of PLN 8,427,395.00. The company appealed against the aforementioned decision on 21 June 2022. Then, the Company received decisions from the authority on setting a deadline for settling the matter. On 26 October 2022. The company received decisions setting a 7-day deadline for commenting on the collected evidence, to which the company replied on 2 November 2022. and is waiting for the authority to issue a decision. On 3 November 2022. The company paid a tax liability of PLN 9 million (including the principal amount of PLN 5.5 million and interest of PLN 3.5 million).

On 17 December 2019, the Head of the Greater Poland Customs and Tax Office in Poznań initiated a customs and tax inspection in the field of corporate income tax for 2014 and 2015.

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 - evaluation of the initial value of intangible assets and legal (trademarks). In response to the above-mentioned decision on 5 February 2021 and 15 April 2021. The company appealed against the decision. The authority conducts explanatory proceedings and therefore sets new deadlines for settling the case. On 28 October 2022. The company received a decision determining the tax liability in the corporate income tax for 2014, thus upholding the decision of the first instance authority. The company is in the process of preparing a complaint against the decision received to the Provincial Administrative Court, the deadline for submission of which is 28 November 2022. On 3 November 2022 the company paid a tax liability of PLN 8.6 million (including the principal amount of PLN 5.5 million and interest PLN 3.1 million).

Head of the Wielkopolska Customs and Tax Office in Poznań after conducting tax proceedings pursuant to the decision of the Head of the Wielkopolska Customs and Tax Office in Poznań of 21 April 2021. on the transformation of the customs and tax inspection into tax proceedings in the field of corporate income tax for 2015, issued on 23 June 2021. decisions specifying the tax liability in the corporate income tax for 2015 in the amount of approximately PLN 22.5 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

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overestimation of tax deductible costs due to depreciation of trademarks in the amount of PLN 28.8 million, which is a consequence of an incorrect - overestimated for tax purposes - evaluation of the initial value of intangible assets and legal (trademarks). In response to the above-mentioned decision, on 21 July 2021, the Company appealed.

Due to the control, the Company created provisions which it recognized in previous reporting periods. The authority conducts explanatory proceedings and therefore sets new deadlines for settling the case. On 28 October 2022. The company received a decision determining the tax liability in the corporate income tax for 2015, thus upholding the decision of the authority of first instance. The company is in the process of preparing a complaint against the decision received to the Provincial Administrative Court, the deadline for submission of which is 28 November 2022. On 3 November 2022. The company paid a tax liability of PLN 8.2 million (including the principal amount of PLN 5.5 million and interest PLN 2.7 million).

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 indicated two questionable forms of settlements between Eurocash and suppliers - i.e. collecting remuneration for (i) general-network services / sales support services, and (ii) services to expand sales markets. As part of the ongoing proceedings, in response to the request of the President of the Office of Competition and Consumer Protection, the Company announced that from 2017 it did not receive 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, it stopped providing general-network services / sales support and collecting remuneration for suppliers, about which it informed the President of UOKiK. On 30 November 2021. The President of the Office of Competition and Consumer Protection (UOKiK) issued a decision in which he found that the Company had committed a practice dishonestly using the contractual advantage consisting in requiring suppliers of agricultural and food products to pay fees for services that are not performed on their behalf or are performed, but about their implementation, including costs and the results, the suppliers are not informed and for this reason they imposed a fine on the Company in the amount of PLN 76,019,901.23. The company does not agree with the position of the President of the Office of Competition and Consumer Protection, therefore on 30 December 2021 appealed against the decision of the President of UOKiK to the Court of Competition and Consumer Protection. In connection with the above, the Company has not established a provision on this account. The obligation to pay a 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.

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NOTE 7.
THE DAMAGE SUFFERED BY THE COMPANY AS A RESULT OF THE ACTIVITIES OF
EXTERNAL ENTITIES PARTICIPATING IN THE VAT FRAUD MECHANISM

With reference to the disclosure that the Company made in 2017 regarding the damage suffered by the Company as a result of the activities of external entities participating in the extortion mechanism, we would like to inform you the following.

The audit of VAT settlements by companies from the Eurocash Group did not reveal any irregularities identical to those disclosed in Eurocash S.A. in 2017. Notwithstanding the above, taking into account the turnover of other Group companies realized on transactions related to intra-Community supply of goods, the risks associated with such possible irregularities are immaterial. Eurocash S.A. suspended this type of intra-Community supply of goods and, as security, paid a deposit in 2017 in the amount of PLN 95,746,902 for possible arrears.

As a result of an investigation - initiated in 2018 by the Regional Prosecutor's Office in Poznań - this authority issued a decision in 2020 to secure a fine for the former employee of the Company and the obligation to return property benefits. As a result of the complaint submitted by the Company on 22 July 2020, the District Court in Poznań revoked the decision on the security, which in practice means that there is no obligation to deliver it.

In 2020, the Company analyzed the tax risks in terms of the damage referred to and decided to include in the current tax liabilities the amount of approximately PLN 43.5 million, from the pool of previously paid security for payment of any VAT liability. The current security for any arrears is PLN 52,267,381. Nevertheless, the Company is of the opinion that based on the analysis of tax inspection files and tax proceedings, as well as based on the results of internal analyzes, the security is inadequate to the amount of potential VAT arrears (if such arrears exist at all). The information obtained shows that a significant part of the buyers, originally classified as potential risk, settled transactions with the Company correctly in an EU country (other than Poland), showing the intra-Community acquisition of goods there, and accounted for the VAT due on this account.

On 22 June 2022, the Company received from the Head of the First Wielkopolski Tax Office in Poznań a tax audit report for the period from October 2013 to December 2016. In this report, the Head questioned some transactions made by the Company, including: (1) domestic and foreign transactions of purchase and sale of goods (mainly food products and industrial products) and (2) certain transactions of intra-Community supply of goods (applies only to beer). The total amount of VAT questioned by the Governor is PLN 133,956,967.00. In the opinion of the Company, the protocol referred to in the preceding sentence does not entail the emergence of a possible VAT liability on the part of the Company and the need to pay potential VAT arrears. In the opinion of the Company, the minutes are not transparent and contain theses which the Company will question. Especially:

1. the protocol does not contain standard statements, which in such studies the authorities used to present in tax audits;
2. a significant part of the protocol consists of descriptions of transactions and tax liabilities of entities other than the Company, including entities that were not the Company's contractors;
3. different conclusions are presented by the authority depending on the different categories of products subject to taxation;
4. doubts are raised by the arrangements for the application of a specific VAT rate in cases where the authority confirms that it has evidence and knowledge that the goods have been shipped from Poland to an EU country;
5. Significant doubts are also raised by the findings of the authority denying the Company the right to deduct input VAT in those cases in which the authority found that the irregularities occurred at the earlier stages of deliveries of goods (i.e. transactions in which the Company did not participate).

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The company, disagreeing with the findings of the Head of the above-mentioned the inspection report, on 6 July 2022, she raised objections to it.

So far, the Head has not initiated tax proceedings against the Company.

NOTE 8.

OTHER IMPORTANT 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.

After two years, the society learned to function with it, especially since effective vaccines appeared that significantly limited its negative effects. The pandemic is now coming to an end and most countries are lifting some or all of the Covid restrictions. From May 16, 2022, the state of the epidemic in Poland was replaced by an epidemiological emergency.

Nevertheless, there is a risk of new virus mutations emerging. Therefore, the Company monitors the situation on an ongoing basis and reacts to the recommendations of the Chief Sanitary Inspector and other services in Poland on an ongoing basis..

2. The war in Ukraine

On 24 February 2022, Russian troops attacked Ukraine, thus starting an armed conflict, which, in the opinion of analysts, will have long-term effects, not only political, but above all economic, for the entire world economy.

In response to the invasion, representatives of the US, the EU and Great Britain imposed a package of sanctions on Russia, which in particular is intended to make it more difficult for the aggressor to conduct international trade and, in the long term, to weaken the Russian economy.

According to the assessments of market analysts, the end of the war in Ukraine is not expected in 2022, and the probability that this state will continue for the coming years is increasing.

The role of Russia and Ukraine in broadly understood international trade is concentrated in narrow sectors of low-processed production. This applies to energy resources (mainly natural gas, crude oil and coal) and agricultural produce. Prices in global markets reacted violently not only in the above-mentioned these sectors. High volatility of prices of various types of assets will probably be an inherent element of the market game in the next two or three years, in which speculation - as is usually the case in times of market stress - will be the dominant factor influencing economic uncertainty. In such circumstances, all economies will have to fight, first of all, with the effects of inflation and deterioration of the labour market.

From the first quarter of 2021, Poland has been struggling with a continuous increase in prices, which, as indicated by market forecasts, materialized in the third quarter of 2022 with an inflation of 17.2% on an annual basis. Market analysts' expectations indicate that a further increase in the rate of inflation

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should be expected in the first half of 2023, while in the second half of 2023 a decline in the rate of price growth is expected.

Due to the immediate vicinity of Poland with the frontier countries, a sudden influx of refugees from Ukraine and emigrants from Belarus began. Movement in the other direction was also observed, some Ukrainian citizens, faced with the threat to their own country, decided to return to their homeland to take part in the war. Both of these phenomena had an impact on the Polish labour market in the short term and longer term, which resulted in the observed low level, which amounted to 5.1% in September June 2022. The Eurocash Group employs many people of Ukrainian origin who receive appropriate support and care related to the situation in their homeland.

The activities of the Eurocash Group are concentrated on the territory of Poland, the military operations started in February 2022 abroad did not cause the stagnation of the current operations of the Group. Observing the events and analyzes of experts, there is no risk of an escalation of the conflict on the territory of the Republic of Poland, therefore the stress scenarios do not assume such a possibility.

We consider the economic effects of the war in Ukraine for the Eurocash Group in two time horizons: short-term and medium-term. In the short term, we mainly observe: an increase in public and private consumption, an increase in the costs of energy, fuel, gas and agricultural products. According to analysts, in the short term we will not see a steady strengthening of the zloty against the main world currencies. The growing number of people staying in Poland - refugees from Ukraine and immigrants from Belarus - significantly reduces the risk of a drop in sales. On the other hand, the risk of a recession in 2023 is real, both in Poland and in many countries of the world, of recession in individual countries of the Western world

In the medium term, we should observe a decline in inflation to the digit 1 level, according to NBP analyzes, it may already take place in the 4th quarter of 2023, then inflation in y / y terms will amount to 6.7% in these forecasts, and a year later in the 4th quarter of 2024 we should observe a return to the inflation target. Due to the limited access to energy resources, increased trends in the energy transformation are visible, which will probably accelerate in the coming years. In the medium term, the global trend of recovering from recession should positively translate into the behavior of the Polish economy.

The above risks will certainly have an impact on the continued operations of the Eurocash Group, but we do not see them as a threat to the continued development of the Group.

The Eurocash Group was actively involved in helping Ukraine by organizing many collections of basic necessities and campaigns supporting employees from beyond our eastern border. The group has implemented i.a. support program for employees from Ukraine, in cooperation with the Temporary Employment Agency. This made it possible to bring several hundred family members of the Group's employees to our country.

The group also announced a boycott of Russian and Belarusian products. . As an expression of solidarity with Ukraine, the Group decided to suspend the purchase and sale of these products in all its channels. The group plans to continue this type of support until the international situation changes. However, the impact of this decision was not significant for its results.

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2022	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

3. Disposal of net profit for 2021

By Resolution No. 5 of 30.06.2022 the Ordinary General Meeting of Eurocash S.A. decided to distribute the net profit for 2021 in the amount of PLN 137,013,492 in such a way that the entire net profit will be transferred to the Company's supplementary capital.

4. Adoption of the Strategy for the Eurocash Group for years the 2023-2025

On 29 August 2022, the Management Board of Eurocash adopted the Strategy for the Eurocash Group for the years 2023–2025.

- in the Wholesale: the aim of the Eurocash Group is to further develop omnichannel wholesale (omnichannel sales), which is to lead to an increase in B2B customer loyalty, further building of cost and sales synergies, and, consequently, to improve shopping conditions and double B2B e-commerce sales; Eurocash intends to strengthen its leading position on the wholesale market in Poland and significantly increase its customers' sales in this segment;

- in the area of Franchise ((organiser of franchise and partner networks): concentrating investments in the development and positioning of franchise and partner networks, increasing the number of networked shops and market share; further development of Delikatesy Centrum chain on franchise system basis, including with JV partners;

- the third direction of the Group's development will be the technology platform: an integrated loyalty programme, the creation of a leading POS platform in independent trade, increasing the share of B2C e-commerce within Frisco and PLN 1bn of turnover of Frisco by the end of 2025.

Social responsible activities are also an important element of the Strategy.

In connection with the decision to concentrate on the core activities (wholesale, franchise and technology platform), the Management Board of the Company has decided to focus on the improvement of the profitability of the non-core (nonstrategic) business (including Delikatesy Centrum own stores), reduction or discontinuation of its development.

NOTE 9.

IMPORTANT EVENTS AFTER THE PERIOD COVERED BY THE FINANCIAL STATEMENTS

There were no important events after the period covered by the financial statement affecting the activity of the Group.

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2022	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

Position	Name and surname	Date	Signature
President of the Management Board	Paweł Surówka	9 November 2022	
Management Board Member	Arnaldo Guerreiro	9 November 2022	
Management Board Member	Pedro Martinho	9 November 2022	
Management Board Member, Human Resources Director	Katarzyna Kopaczewska	9 November 2022	
Management Board Member, Financial Director	Jacek Owczarek	9 November 2022	
Management Board Member	Przemysław Ciaś	9 November 2022	
Management Board Member	Dariusz Stolarczyk	9 November 2022	
Management Board Member	Tomasz Polański	9 November 2022	

MANAGEMENT BOARD REPORT ON THE ACTIVITY OF EUROCASH GROUP

1. Description of the activities of the Eurocash Group

Eurocash Group is one of the largest distributors of food products, household chemicals, alcohol and tobacco products (fast moving consumer goods - FMCG products) in Poland. The Eurocash Group focuses its activities on the wholesale distribution of goods to customers from all significant segments of the traditional wholesale market, in particular to independent retail stores throughout Poland, including those based on the Group's franchise systems. Additionally, in order to ensure the scale adequate to provide the competitiveness to its customers, the Eurocash Group is developing a network of its 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 format:

- **Eurocash Dystrybucja** – composed of:
 - Companies conducting active distribution (Eurocash S.A. after the merger with Tradis Sp.z o.o., AMBRA Sp.z o.o. and companies from the Eurocash Alkohole format);
 - Companies organizing and supporting franchise and partner networks of retail stores: Euro Sklep sp. z o.o., Eurocash Sieci Partnerskie 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 nationwide network of discount Cash & Carry wholesalers under the "Eurocash Cash & Carry" brand, under which a loyalty program for retail stores belonging to the "abc" network operates;
- **Cigarettes and impulse products** – active distribution of tobacco products and impulse products via Eurocash Serwis Sp. z o.o.;
- **Eurocash Gastronomia** – supplies for restaurant chains, hotels and independent eateries;
- **Other** – revenues from the sale of 4Vapers Sp. z o.o. o, Cerville Investments Sp. z o.o., Partnerski Serwis Detaliczny S.A. oraz Gama Detal sp. z o.o.

Retail - Eurocash Group retail sales and Eurocash wholesale sales to the Delikatesy Centrum franchise network:

- **Delikatesy Centrum franchise stores** – franchise system for retail stores under the brand "Delikatesy Centrum" organized by Eurocash Franczyza sp. z o.o.

- **Delikatesy Centrum own stores** – own stores, manager within the following companies: Delikatesy Centrum sp. z o.o. , Eurocash Nieruchomości sp. z o.o., FHC-2 Sp. z o.o., Madas sp. z o.o., Podlaskie Delikatesy Centrum Sp. z o.o. and stores under the Lewiatan brand, managed by Partner Sp. z o.o. in which Eurocash holds 100% of shares and the company Rogala Sp. z o.o., Delikatesy Rogala Obszar I sp. z o.o. (Delikatesy Rogala sp. z o.o.), Delikatesy Rogala Obszar II sp. z o.o. (Delikatesy Centrum 2 sp. z o.o.) , Delikatesy Rogala Obszar III sp. z o.o. (Delikatesy Centrum 3 sp. z o.o.) Delikatesy Rogala Obszar IV sp. z o.o. (Delikatesy Centrum 4 sp. z o.o.), Delikatesy Rogala Obszar V sp. z o.o., in which Eurocash holds 50% of shares.
- **Arhelan** – retail stores managed by **Arhelan** sp. z o.o. (Eurocash holds 50% of shares); and Stormer sp. z o.o. (Eurocash holds 50% of shares)
- **Inmedio** – newsagents operating under the Inmedio and Inmedio Trendy brands.

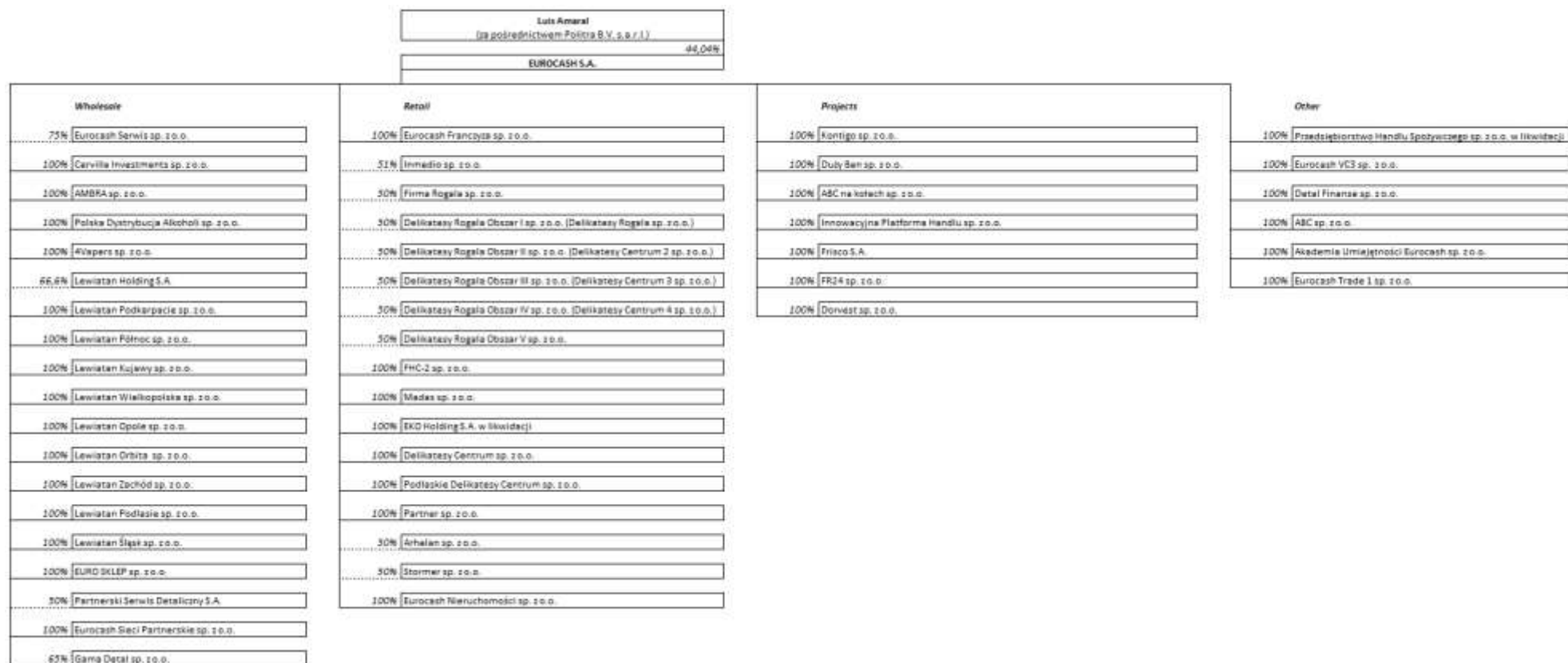
Projects – sales revenues realized by new projects carried out by Eurocash S.A. and subsidiaries: Kontigo Sp. z o.o., ABC na kołach Sp. z o.o., Duży Ben Sp. z o.o., Innowacyjna Platforma Handlu Sp. z o.o. oraz Frisco S.A., FR24 sp. z o.o., Dorvest sp. z o.o.

Other– sales revenues and costs of other companies: Przedsiębiorstwo Handlu Spożywczego sp. z o.o. in liquidation, Eurocash Trade 1 Sp. z o.o., , Eurocash VC3 Sp. z o.o., Detal Finanse sp. z o.o., ABC sp. z o.o., Akademia Umiejętności Eurocash Sp. z o.o. and costs of central departments not allocated to any of the above segments.

The activities of the Eurocash Group focus on the territory of Poland.

Capital and organizational links in the Eurocash Group

The diagram below shows the structure of the Eurocash Group and the Group's subsidiaries as at 30.09.2022:



Summary of the financial and operating results achieved by the Eurocash Group in Q3 2022

Profitability analysis - profit and loss

Table 1: Eurocash Group: Summary of Q3 2022 financial results.

	Q3 2022	Q3 2021	Change %
PLN million			
Revenues from the sale of products, goods and materials	8 268,35	7 029,55	17,62%
Gross profit on sales	1 114,58	906,17	23,00%
Gross profitability on sales	13,48%	12,89%	0,59 p.p.
EBITDA (EBIT+ depreciation)	284,89	235,84	20,80%
(EBITDA margin %)	3,45%	3,36%	0,09 p.p.
Operating profit - EBIT	132,06	94,02	40,46%
(Operating profit margin - EBIT %)	1,60%	1,34%	0,26 p.p.
Gross profit	60,06	58,71	2,31%
Net profit	41,75	31,07	34,38%
(Profitability of the net profit %)	0,50%	0,44%	0,06 p.p.

Table 1: Eurocash Group: Summary of financial results for the three quarters of 2022.

	3 quarters of 2022	3 quarters of 2021	Change %
PLN million			
Revenues from the sale of products, goods and materials	22 635,01	19 392,16	16,72%
Gross profit on sales	3 081,49	2 471,59	24,68%
Gross profitability on sales	13,61%	12,75%	0,87 p.p.
EBITDA (EBIT+ depreciation)	692,23	438,43	57,89%
(EBITDA margin %)	3,06%	2,26%	0,8 p.p.
Operating profit - EBIT	238,20	2,35	10043,10%
(Operating profit margin - EBIT %)	1,05%	0,01%	1,04 p.p.
Gross profit	72,67	(74,24)	-197,88%
Net profit	10,61	(134,29)	-107,90%
(Profitability of the net profit %)	0,05%	-0,69%	0,74 p.p.

Consolidated sales of the Eurocash Group in Q3 2022 amounted to PLN 8,268 million, which means an increase by 17.6% year-on-year. In the first three quarters of 2022, consolidated sales reached PLN 22,635 million compared to PLN 19,392 million in the same period of the previous year, which translates into an increase of 16.7%. The increase in sales y/y is influenced by the improvement of the results of the companies in all segments of the Group's activity.

Consolidated gross margin on sales was 13.5% in Q3 2022 and increased by 0.59 pp. y/y. In the first three quarters of 2022, gross profitability on sales increased by 0.87 pp. y/y and amounted to 13.6%.

The consolidated EBITDA of the Eurocash Group in Q3 2022 amounted to PLN 285 million. Consolidated EBITDA in the first three quarters of 2022 amounted to PLN 692 million. Eurocash Group's net profit in Q3 2022 was PLN 41.75 million. The net profit in the first three quarters of 2022 amounted to PLN 10.61 million.

Sales broken down into formats

Table 3: Eurocash Group: Dynamics of external sales of goods by distribution formats in Q3 2022.

PLN million	Q3 2022	Q3 2021	Change %
Wholesale	6 016,3	5 262,1	14,3%
Cash&Carry	1 400,7	1 198,4	16,9%
Cigarettes and impulse products	2 380,6	2 161,2	10,2%
Eurocash Dystrybucja	2 027,1	1 726,4	17,4%
Eurocash Gastronomia	73,7	52,2	41,1%
Other	134,3	123,9	8,4%
Retail	2 028,0	1 611,9	25,8%
Delikatesy Centrum Franchise	731,8	626,1	16,9%
Own and partner supermarkets	958,9	856,7	11,9%
Inmedio	155,0	129,1	20,1%
Arhelan	182,3	-	-
Projects	186,2	122,6	51,9%
Eurocash group	8 230,5	6 996,5	17,6%

Wholesale

- In Q3 2022, external sales of wholesale goods amounted to PLN 6,016 million and increased by 14% compared to Q3 2021. Eurocash Cash & Carry and Eurocash Dystrybucja recorded a more than ten percent increase in sales. Eurocash Gastronomia's sales increased by 41% y/y.
- EBITDA of the Wholesale segment in Q3 2022 amounted to PLN 237.6 million compared to 189.6 in Q3 2021.
- LFL sales dynamics for a fixed number of Eurocash Cash & Carry discount wholesalers amounted to 16.8% in Q3 2022.
- The number of Eurocash Cash & Carry discount wholesalers at the end of Q3 2022 is 179.
- The number of abc stores amounted to 8,704 at the end of the third quarter of 2022, by 439 less than in the previous year. It is related, inter alia, with the store chain review process started at the end of 2022.
- The number of partner and franchise stores organized by subsidiaries of the Eurocash Group (Groszek, Euro Sklep, Lewiatan, PSD) amounted to 5,736 stores at the end of Q3 2022, an increase by 242 stores y/y.
- Sales of cigarettes in the form of Cigarettes and impulse products in terms of volume increased by 4.7% in the third quarter of 2022 and amounted to over 3,456 million. In the three quarters of 2022, the increase was 7.6%, and sales exceeded the level of 9,567 million pcs.

- Sales of cigarettes in terms of value increased by 11% y/y in the 3rd quarter of 2022, and in the 3 quarters of 2022, sales increased by 12.4% y/y.

Retail

- External sales of goods by the Retail segment in Q3 2022 amounted to PLN 2,028 million and increased by 26% y/y.
- Retail segment EBITDA amounted to PLN 102.5 million in Q3 2022 and increased by 21% y/y.
- Wholesale sales by Eurocash to "Delikatesy Centrum" franchise stores on an LFL basis amounted to 17% in Q3 2022.
- LFL growth in retail sales by "Delikatesy Centrum" stores amounted to 15.4% in Q3 2022.
- Sales dynamics for a fixed number of Inmedio stores in Q3 2022 amounted to 20.9% y/y.
- The number of Small Supermarkets at the end of Q3 2022 amounted to 1,543, including 928 Franchise stores and 615 Own and Partner stores; 1,500 of them operated under the "Delikatesy Centrum".
- The number of newsagents operating under the Inmedio brand at the end of Q3 2022 amounted to 414 outlets.

Projects

- Sales of goods realized by the Projects segment in the third quarter of 2022 amounted to PLN 186.2 million compared to PLN 122.6 million in the third quarter of 2021. The dynamic increase was achieved mainly thanks to the increase in sales of Frisco and Big Ben.
- EBITDA of the Projects segment in Q3 2022 amounted to PLN -17.9 million.

Other

- EBITDA of the Other segment - which is mainly influenced by the costs of Eurocash Group's central departments - in Q3 2022 amounted to PLN -37.3 million.

Operating segments

Below we present the quarterly results of individual segments from 2021 to 2022.

Table 4: Eurocash Group: Segment performance in individual quarters of 2022.

Q1 2022 (PLN million)	Wholesale	Retail	Projects	Other	Total
Revenue from the sale of goods	4 667	1 660,8	168,4	0,0	6 496
EBIT	89,6	-17,6	-33,5	-36,8	1,7
(EBIT margin %)	1,9%	-1,1%	-19,9%	0,00%	0,03%
EBITDA	149	51,9	-18,0	-31,8	151
(EBITDA margin %)	3,19%	3,12%	-10,67%	0,00%	2,32%
Q2 2022 (PLN million)	Wholesale	Retail	Projects	Other	Total
Revenue from the sale of goods	5 684,2	1 940,2	180,8	0,0	7 805,2
EBIT	148,8	19,1	-32,9	-30,5	104,5
(EBIT margin %)	2,62%	0,99%	-18,18%	0,00%	1,34%
EBITDA	208,6	89,3	-15,9	-25,6	256,3
(EBITDA margin %)	3,67%	4,60%	-8,79%	0,00%	3,28%
Q3 2022 (PLN million)	Wholesale	Retail	Projects	Other	Total
Revenue from the sale of goods	6 016,3	2 028,0	186,2	0,0	8 230,5
EBIT	175,1	34,1	-34,2	-42,9	132,1
(EBIT margin %)	2,9%	1,7%	-18,4%	0,0%	1,6%
EBITDA	237,6	102,5	-17,9	-37,3	284,9
(EBITDA margin %)	4,0%	5,1%	-9,6%	0,0%	3,5%

Table 5: Eurocash Group: Results of the operating segments in 2022 cumulatively

Q1 2022 (PLN million)	Wholesale	Retail	Projects	Other	Total
Revenue from the sale of goods	4 667	1 660,8	168,4	0,0	6 496
EBIT	89,6	-17,6	-33,5	-36,8	1,7
(EBIT margin %)	1,9%	-1,1%	-19,9%	0,00%	0,03%
EBITDA	149	51,9	-18	-31,8	151
(EBITDA margin %)	3,19%	3,12%	-10,67%	0,00%	2,32%
Q2 2022 (PLN million)	Wholesale	Retail	Projects	Other	Total
Revenue from the sale of goods	10 351,2	3 600,9	349,2	0,0	14 301,3
EBIT	238,3	1,5	-66,4	-67,3	106,1
(EBIT margin %)	2,3%	0,04%	-19%	0,00%	0,74%
EBITDA	357,5	141,1	-33,9	-57,4	407,3
(EBITDA margin %)	3,45%	3,92%	-9,70%	0,00%	2,85%
Q3 2022 (PLN million)	Wholesale	Retail	Projects	Other	Total
Revenue from the sale of goods	16 367,5	5 628,9	535,4	0,0	22 531,8
EBIT	413,4	35,6	-100,6	-110,2	238,2
(EBIT margin %)	2,5%	0,6%	-18,8%	0,0%	1,1%
EBITDA	595,2	243,6	-51,7	-94,8	692,2
(EBITDA margin %)	3,6%	4,3%	-9,7%	0,0%	3,1%

Table 6: Eurocash Grupa: Sales results by segments in 2021

Q1 2021 (PLN million)	Wholesale	Retail	Projects	Other	Total
Revenue from the sale of goods	4 184,4	1 477,2	118,7	0,0	5 780,3
EBIT	51,4	-31,5	-22,1	-31,4	-33,6
(EBIT margin %)	1,2%	-2,1%	-18,6%	0,00%	-0,6%
EBITDA	117,7	35,8	-11	-26,7	115,9
(EBITDA margin %)	2,81%	2,43%	-9,23%	0,00%	2,01%
Q2 2021 (PLN million)	Wholesale	Retail	Projects	Other	Total
Revenue from the sale of goods	4 858,3	1 530,5	128,3	0,0	6 517,1
EBIT	109,1	-108,2	-23,6	-35,4	-58,1
(EBIT margin %)	2,25%	-7,07%	-18,43%	0,00%	-0,89%
EBITDA	170,5	-41,3	-11,5	-31,1	86,7
(EBITDA margin %)	3,51%	-2,70%	-8,93%	0,00%	1,33%
Q3 2021 (PLN million)	Wholesale	Retail	Projects	Other	Total
Revenue from the sale of goods	5 262,1	1 611,9	122,6	0,0	6 996,5
EBIT	130,1	20,2	-25,6	-30,6	94,0
(EBIT margin %)	2,5%	1,3%	-20,9%	0,0%	1,3%
EBITDA	189,6	84,6	-11,8	-26,5	235,8
(EBITDA margin %)	3,6%	5,3%	-9,7%	0,0%	3,4%

Table 7: Eurocash Group: Sales results by segments in 2021 cumulatively

Q1 2021 (PLN million)	Wholesale	Retail	Projects	Other	Total
Revenue from the sale of goods	4 184,4	1 477,3	118,7	0,0	5 780,3
EBIT	51,4	-31,5	-22,1	-31,4	-33,6
(EBIT margin %)	1,23%	-2,14%	-18,62%	0,00%	-0,58%
EBITDA	117,7	35,8	-11	-26,7	115,9
(EBITDA margin %)	2,81%	2,43%	-9,23%	0,00%	2,01%
Q2 2021 (PLN million)	Wholesale	Retail	Projects	Other	Total
Revenue from the sale of goods	9 042,7	3 007,7	247	0,0	12 297,4
EBIT	160,5	-139,7	-45,7	-66,7	-91,67
(EBIT margin %)	1,8%	-4,6%	-18,5%	0,00%	-0,8%
EBITDA	288,24	-5,43	-22,42	-57,80	202,6
(EBITDA margin %)	3,19%	-0,18%	-9,07%	0,00%	1,65%
Q3 2021 (PLN million)	Wholesale	Retail	Projects	Other	Total
Revenue from the sale of goods	14 304,7	4 619,6	369,6	0,0	19 293,9
EBIT	290,6	-119,5	-71,3	-97,4	2,4
(EBIT margin %)	2,0%	-2,6%	-19,30%	0,0%	0,01%
EBITDA	477,8	79,2	-34,25	-84,3	438,4
(EBITDA margin %)	3,3%	1,7%	-9,3%	0,00%	2,3%

Cash flows

Table 8: Eurocash Group: Consolidated cash flow for Q3 2022.

	Q3 2022	Q3 2021
PLN million		
Cash flows from operating activities	331,5	253,9
<i>profit before tax</i>	60,1	58,7
<i>depreciation</i>	152,8	141,8
<i>change in working capital</i>	82,7	(6,6)
<i>Other</i>	35,8	60,0
Cash flows from investing activities	(46,9)	(44,2)
Cash flows from financial activities	(322,6)	(190,4)
Total cash flows	(38,0)	19,3

The total cash flow in Q3 2022 amounted to PLN -38 million, and cash flows from operating activities amounted to PLN 331.5 million. In the third quarter of 2022, cash flows from investing activities amounted to PLN -46.9 million, and cash flows from financing activities: PLN -322.6 million.

Rotation of working capital

Table 9: Eurocash Group: Working capital turnover ratios for Q3 2022.

Rotation of working capital components in days	Q3 2022	Q3 2021
1. Inventory rotation cycle	18,2	17,5
2. Receivables turnover cycle	14,3	18,9
3. Liabilities turnover cycle	(50,5)	(58,3)
4. Operation cycle (1 + 2)	32,5	36,4
5. Cash conversion (4 + 3)	(18,0)	(21,9)

The cash conversion cycle in Q3 2022 reached -18 days compared to nearly -22 days in Q3 2021. In recent quarters, from Q2 2021, the conversion cycle has weakened, mainly due to shortened liabilities rotation. In particular, this is due to legal changes and the reduction of reverse factoring limits.

Financial position report

The amounts 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 10: Eurocash Group: Selected balance sheet items

PLN million	30.09.2022		31.12.2021	
Fixed assets	5 264,25	61,76%	5 267,50	62,06%
Current assets	3 259,43	38,24%	3 219,80	37,94%
Total assets	8 523,67	100,00%	8 487,30	100,00%
Equity capital	784,76	9,21%	786,60	9,27%
Liabilities and Provisions	7 738,91	90,79%	7 700,70	90,73%
Total liabilities	8 523,67	100,00%	8 487,30	100,00%

Eurocash Group's net debt at the end of Q3 2022 amounted to PLN 2,910 million. Before IFRS16, net debt amounted to PLN 768 million compared to PLN 685 million a year earlier.

2. Summary of financial results achieved by Eurocash S.A. in Q3 2022.

Profit and Loss Account

Table 11: Eurocash S.A. : Summary of financial results for Q3 2022.

	Q3 2022	Q3 2021	Change %
PLN million			
Revenues from the sale of products, goods and materials	4 995,1	4 254,5	17,4%
Gross profit on sales	572,0	487,9	17,8%
Gross profitability on sales	11,45%	11,47%	0,04 p.p.
EBITDA (EBIT+ depreciation)	165,6	163,9	1,1%
(EBITDA margin %)	3,32%	3,85%	-0,54 p.p.
Operating profit - EBIT	92,1	91,5	0,7%
(Operating profit margin - EBIT %)	1,84%	2,15%	-0,31 p.p.
Gross profit	107,3	72,8	47,5%
Net profit	104,7	57,7	81,4%
(Profitability of the net profit %)	2,10%	1,36%	0,74 p.p.

Table 12: Eurocash S.A.: Summary of financial results for the three quarters of 2022.

	3 quarters of 2022	3 quarters of 2021	Change %
PLN million			
Revenues from the sale of products, goods and materials	13 691,9	11 837,44	15,7%
Gross profit on sales	1 623,4	1 292,9	25,8%
Gross profitability on sales	11,86%	10,92%	0,95 p.p.
EBITDA (EBIT+ depreciation)	500,6	361,8	38,4%
(EBITDA margin %)	3,66%	3,06%	0,6 p.p.
Operating profit - EBIT	283,9	137,4	106,5%
(Operating profit margin - EBIT %)	2,07%	1,16%	0,91 p.p.
Gross profit	232,4	128,9	80,3%
Net profit	203,5	107,1	90,1%
(Profitability of the net profit %)	1,49%	0,90%	0,58 p.p.

In the third quarter of 2022, the sale of Eurocash S.A. amounted to PLN 4,995 million and thus increased by 17.4% y/y. In the first three quarters of 2022, sales amounted to nearly PLN 13,692 million and were higher by 15.7% year-on-year.

Gross margin on sales of Eurocash S.A. was in Q3 2022 by 0.02 pp. lower than last year and amounted to 11.45%. In the first three quarters of 2022, the gross margin on sales was 11.88%, an increase of 0.95 pp. year-on-year.

In Q3 2022, EBITDA amounted to PLN 165.6 million. In the first three quarters of 2022, EBITDA reached the level of PLN 500.6 million. The net profit in the third quarter of 2022 amounted to PLN 104.7 million. In the first three quarters of 2022, the net profit amounted to PLN 203.5 million.

Cash flows

Table 13: Eurocash S.A.: Cash flows for the third quarter of 2022.

	Q3 2022	Q3 2021
PLN million		
Cash flows from operating activities	94,9	128,0
<i>profit before tax</i>	107,2	72,8
<i>depreciation</i>	73,5	72,4
<i>change in working capital</i>	(55,1)	(39,9)
<i>other</i>	(30,8)	22,8
Cash flows from investing activities	55,3	(4,9)
Cash flows from financial activities	(186,1)	(119,8)
Total cash flows	(35,9)	3,4

Tabela 14: Eurocash S.A.: Cash flows for 3 quarters of 2022.

	3 quarters of 2022	3 quarters of 2021
PLN million		
Cash flows from operating activities	425,4	376,8
<i>profit before tax</i>	232,4	128,9
<i>depreciation</i>	216,7	224,3
<i>change in working capital</i>	(11,8)	14,7
<i>other</i>	(11,9)	9,0
Cash flows from investing activities	(1,1)	96,9
Cash flows from financial activities	(417,0)	(457,3)
Total cash flows	7,4	16,4

The total cash flow in the third quarter of 2022 amounted to PLN -35.9 million compared to PLN 3.4 million in the previous year. The total cash flow in the three quarters of 2022 amounted to PLN 7.4 million, while in the corresponding period of the previous year it amounted to PLN 16.4 million.

Working capital turnover

Table15: Eurocash S.A.: Working capital turnover ratios for Q3 2022.

Turnover of working capital components in days	Q3 2022	Q3 2021
1. Inventory turnover cycle	16,1	16,0
2. Receivables turnover cycle	19,3	22,2
3. Liabilities turnover cycle	(57,5)	(63,2)
4. Operating cycle (1+2)	35,3	38,2
5. Cash conversion (4+3)	(22,2)	(25,0)

Table 16: Eurocash S.A.: Working capital turnover ratios for 3 quarters of 2022.

Turnover of working capital components in days	3 quarters of 2022	3 quarters of 2021
1. Inventory turnover cycle	17,4	17,1
2. Receivables turnover cycle	20,9	23,7
3. Liabilities turnover cycle	(62,5)	(67,0)
4. Operating cycle (1+2)	38,2	40,8
5. Cash conversion (4+3)	(24,2)	(26,2)

The cash conversion cycle in the third quarter of 2022 was -22 days, while in the three quarters of 2022 it amounted to -24 days. The cash conversion cycle in Q3 2021 was -25 days, while in the first three quarters of 2021 it was -26 days.

Financial position report

The amounts 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 17: Eurocash S.A.: Selected balance sheet items

PLN million	30.09.2022		31.12.2021	
Fixed assets	4 482,09	68,51%	4 577,55	68,62%
Current assets	2 059,69	31,49%	2 093,00	31,38%
Total assets	6 541,78	100,00%	6 670,55	100,00%
Equity capital	1 502,85	22,97%	1 301,75	19,51%
Liabilities and Provisions	5 038,92	77,03%	5 368,80	80,49%
Total liabilities	6 541,78	100,00%	6 670,55	100,00%

3. Definitions of financial ratios

Gross sales profitability:	gross margin on sales to sales revenues ratio.
EBITDA profitability:	the ratio of EBITDA (operating result increased by the amount of depreciation) to sales revenues.
Operating profitability:	operating profit to sales revenue ratio.
Net sales profitability:	net profit to sales revenues ratio.
Inventory turnover cycle:	the ratio of inventories at the end of the period to the value of sales revenues for the period multiplied by the number of days in the period.
Receivables turnover cycle:	the ratio of trade receivables at the end of the period to the value of sales revenues in the period multiplied by the number of days in the period.
Liabilities turnover cycle:	the ratio of trade liabilities at the end of the period to the cost of sales in the period multiplied by the number of days in the period.
Operating cycle:	the sum of inventory turnover and receivables turnover cycles.
Cash conversion cycle:	the difference between the operating cycle and the liability turnover cycle.
Net debt	the sum of long-term and short-term credits and loans and financial liabilities, less cash and cash equivalents.

The presented non-IFRS data has not been audited or reviewed by an independent statutory auditor. Non-IFRS data is not financial data in accordance with EU IFRS. Non-IFRS data are not uniformly defined and calculated by other entities and, as a consequence, may not be comparable to data presented by other entities, including entities operating in the same sector as Eurocash Group. The financial information in question should only be analyzed as additional, and not as substitutes for, financial information prepared in accordance with EU IFRS. Non-IFRS data should not be assigned a higher level of materiality than those directly derived from the Consolidated Financial Statements.

4. Significant events and factors affecting the financial results of Eurocash Group in Q3 2022.

Changes in equity

No shares were issued in the period from July 1, 2022 to September 30, 2022.

There were no other significant events affecting the financial results of the Eurocash Group in Q3 2022.

5. Factors influencing the development of Eurocash Group

External factors

The war in Ukraine

On February 24, 2022, Russian troops attacked Ukraine and an armed conflict began, which will certainly have long-term consequences not only for Poland or Europe, but also for the world.

In response to the invasion, US and EU representatives imposed sanctions on Russia. The sanctions package is intended in particular to hinder the conduct of international trade. The sanctions also include issues such as the disconnection of Russian banks from the SWIFT system, obstruction of the activities of the Russian central bank, or the closure of airspace to Russian planes. Canada, Switzerland and Japan also joined the various activities undertaken by the US, EU and Great Britain in February 2022. The introduction of sanctions caused, inter alia, the suspension of the Russian stock exchange, a sharp increase in cash turnover, a collapse of the ruble exchange rate.

The role of Russia and Ukraine in broadly understood international trade is concentrated in narrow sectors in which both countries are large producers. This applies to energy resources (natural gas and crude oil) and agricultural produce.

Therefore, there is a high probability that in the long run the prices of fuel, gas, electricity and also food will increase, which will probably result in a further increase in inflation observed since 2021.

Due to the close proximity of Poland to both countries, a sudden influx of emigrants from Ukraine began. On the other hand, many people of Ukrainian origin, living and working in Poland, decided to return to Ukraine to take part in the war. Both in the short and in the longer term, it may be important for the Polish labor market.

The Eurocash Group operates in the territory of Poland, so the impact of hostilities should not have a significant impact on its current operations. However, the company employs many people from beyond our eastern border and the potential outflow of some employees from Poland may have an impact on the current operations of the Company, although at the moment it is not felt.

However, the situation is very dynamic and it is difficult to predict the effects of hostilities in the long run. That is why Eurocash constantly monitors the situation both in Poland and abroad.

The economic effects for Eurocash should be considered in two short-term and medium-term paces. As we expect that in the short term (up to 1 year) there will be a decrease in imports and exports to/from Russia and Ukraine, an increase in public and private consumption, an increase in the supply of employees (especially women), a decrease in investment, a weakening of the Polish zloty, an increase in the prices of energy, fuel, gas and agricultural produce (imported in large quantities from Russia or Ukraine) and the economic slowdown in Europe, it will probably have multidimensional consequences for the Group. We can expect an increase in sales and a simultaneous increase in prices in this short term. Taking into account the labor market and the activities carried out by the

Company consisting in the modernization of workplaces so as to enable an increase in the share of women in the logistics industry, in the perspective of 2022, we do not draw any negative scenarios that could affect the financial condition of the Company. In the so-called medium term, it is difficult to estimate the real risks, which will most likely be related to persistent inflation, potential sales drops, but probably quite favorable situation on the labor market and the persistent environment allowing for higher than usual margins. The demand in the industry in which the Company operates seems immune to events such as the war in a neighboring country.

The Eurocash Group was actively involved in helping Ukraine by organizing many collections of basic necessities and campaigns supporting employees from beyond our eastern border. The company has implemented, among others support program for employees from Ukraine, in cooperation with the Temporary Employment Agency. This made it possible to bring several hundred families of the Group's employees to our country.

The Group also announced a boycott of Russian and Belarusian products, but estimates the impact of this decision will not be significant to its results. As an expression of solidarity with Ukraine, the Group decided to suspend the purchase and sale of these products in all its channels.

In connection with the situation in Ukraine, the Group also identifies an increased risk of depreciation of the Polish zloty and a potential increase in interest rates.

Growth of the FMCG market and possible changes in the market structure

The Group expects a further increase in the market share of large-area distribution channels, however, the negative impact of this process on the Group's revenues will be compensated by the increase in the value of the FMCG market and consolidation on the wholesale and retail markets.

Fuel and electricity prices

As a significant part of selling costs are logistics costs, strictly dependent on fuel prices, their significant changes may affect the Group's results. The dynamic increase in energy prices also affects the operating costs of retail outlets and distribution centers.

Inflation

In the third quarter of 2022, inflation in consumer goods and services reached 16.3% y/y - so far, this has not resulted in a reduction in the value of purchases by consumers. On the other hand, this phenomenon may lead to increased cost pressure for the Company.

Payroll costs

Potential pressure on payroll costs may have a negative impact on the Group's results in the medium term. However, the potential increase in wages and salaries has an impact on the entire market in Poland. In 2023, the minimum wage will be increased twice - in January to PLN 3,490 gross and in June to PLN 3,600 gross (19.6% y/y). Due to the fact that the Group sells products in Poland, its competitive position should not change under the influence of this factor.

Internal factors

Business integration

Due to the necessity to integrate the activities of the acquired retail companies at the operational level, in the opinion of the Management Board of Eurocash Group, the full synergy effects related to these transactions will be achievable within a few years of taking control over these companies. These companies are integrated within the Delikatesy Centrum network.

In line with the Strategy, the Eurocash Group focuses on further development and integration of its core business in order to better use the economies of scale and build cost and sales synergies. In the area of Wholesale, this means, first of all, further development of omnichannel wholesalers and integration of wholesale companies, and in the area of Franchise, concentration of investments in the development and positioning of franchise and partner networks.

Investments in strategic development projects

The Eurocash Group continues to invest in the design segment, primarily through the Duży Ben and Frisco concepts. The results of these projects have a negative impact on the Group's current results. However, in the opinion of the Management Board, there is a need for these investments to be continued in order to ensure continued long-term growth and gradual profitability.

Apart from the information presented in this report, there are no other significant factors that could affect the financial position of the Eurocash Group in the next six months.

6. Risks and threats related to the operational activity in the next six months

External factors

Macroeconomic situation. The purchasing power of consumers.

An economic slowdown, a drop in purchasing power, a reduction in household consumption expenditure as well as a high level of inflation may have a negative impact on the Group's sales volume. This impact is mitigated by the increase in wages, including the minimum wage, the increase and the number of pensions paid, as well as subsidies for heating and electricity and the so-called credit holidays for mortgage loans.

The structure of the food retail distribution market in Poland

In the first nine months of 2022, a significant form of retail distribution of products on the food market was the small-format channel, whose share amounted to approx. 37,2% (in Q32022: 38,5%)¹. Such a high share - compared to the neighboring countries - is the result of the low concentration of the population in the country, as well as the living conditions causing more frequent purchases. This situation is favorable for the Eurocash Group, for which small and medium-sized stores located outside large agglomerations constitute the most important group of customers. At the same time, we note an increase in the large-format channel, mainly due to the expansion of discounters, responsible in the first nine months of 2022 for 40,8%² of sales in Poland (in Q32022: 40,0%). Both of these channels are beneficiaries of the growth of the food market in Poland.

Structure of the small-format FMCG distribution channel. Competition.

According to the Group's estimates, there are approximately 3,000-4,000 units operating on the wholesale FMCG distribution market. Market consolidation, the emergence of new, strong entities could have a negative impact on the level of wholesale margins.

COVID 19

In March 2020, the SARS-CoV-2 coronavirus and its disease, known as COVID-19, began spreading as a pandemic. A number of preventive measures have been taken to limit the spread of the virus, also in Poland. After two years of the pandemic, societies learned to deal with it, also with the help of effective vaccinations, which significantly limited its negative effects.

By the regulation of the Council of Ministers of May 13, 2022, the epidemic state introduced on March 20, 2020 was abolished. An epidemic threat has been introduced and remains valid until further notice. However, there is still a risk of new mutations in the virus and an increase in COVID-19 cases.

The possible development of the epidemic in Poland may have a negative impact on the operational activities of the Group and the production capacity of suppliers or the sales volume of customers. Taking into account the above-mentioned circumstances, the Management Board of Eurocash Group analyzed the possible impact of the indicated situation on the financial results of the Group. On the

¹ Source: Retail Trade Panel, value sale, period: January-September 2022, Nielsen food categories

² Ibidem

basis of the analysis, the Management Board of the Parent Company did not find any significant uncertainty as to the possibility of the Parent Company and its subsidiaries functioning in the future.

Internal factors

IT systems

An efficient, uniform IT system enables centralized and efficient management of business processes, allowing for an accurate analysis of the profitability of individual products and individual stores, which guarantees high security of the conducted activity. Possible disruptions in the operation of the system would be a threat to the Group's operations.

Suppliers

Due to the range of products offered by the Eurocash Group and geographically diversified sales, the sum of the Group's suppliers is very large and as at September 30, 2022, it comprised nearly 1,100 domestic and foreign entities in the wholesale segment.

Suppliers of branded products, which include leading manufacturers and importers of FMCG products, including tobacco products and alcoholic beverages, are selected primarily based on their market share, brand importance, coverage of individual product segments and regional differentiation.

Due to the specificity of the FMCG market, competition on this market and the recorded decline in the sales of tobacco products in Poland, the Group's operations are not dependent on suppliers, therefore the risk that the termination or unfavorable changes to the terms of supply contracts could adversely affect the business activity. Eurocash Group and its financial results are limited.

Risk management system

Eurocash Group operates a risk management system that covers all aspects of the operations of its units. This system focuses on both internal and external areas, taking into account, inter alia, the impact of the Group's operations in relation to social and employee issues, the natural environment, respect for human rights and counteracting corruption.

The Group's risk management is based on a number of procedures and internal policies, as well as on complementary and systematic internal control tasks performed by dedicated resources. In addition, the Eurocash Group has the function of Internal Audit, which through its tasks performs the role of assuring and consulting in the quality and effectiveness of the above-mentioned controls.

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

Table 18: Risk management system

Risk area	Risk examples	Elements of the risk management system - methods of monitoring and controlling
Ethics and anti-corruption	<ul style="list-style-type: none"> • The risk of public corruption • The risk of private corruption • The risk of employee abuse • The risk of abuse related to internal fraud • The risk of a conflict of interest • Reputation risk 	<ul style="list-style-type: none"> • Eurocash Group Ethics and Values - clearly defined and communicated to employees • Employee helpline enabling anonymous reports in a way that does not identify the reporting person • Implementation of the procedure for handling reports, reporting path, protection of whistleblowers against repression, discrimination or other unfair treatment, protection of personal data and confidentiality - in accordance with the Directive of the European Parliament and of the Council (EU) 2019/1937 on whistleblowers and Standards recommended for compliance management systems in the field of counteracting corruption and whistleblower protection system in companies listed on the markets organized by the Warsaw Stock Exchange SA • Anti-mobbing policy • Anti-corruption policy • Procedure for managing conflicts of interest • Training for employees on Eurocash Group values and ethics • Training for employees in the area of compliance (managing conflicts of interest, counteracting corruption, reporting violations, preventing fraud, verifying suppliers, information security, etc.) • Instructions on accepting gifts from contractors (giving gifts to charity)

Legal risk	<ul style="list-style-type: none"> • The risk of violating the provisions of the competition law • The risk of violating antitrust laws • The risk of violating the provisions of law in the field of consumer rights protection • The risk of breach of payment gridlock regulations • The risk of violation of personal data protection regulations • The risk of breach of business secrets and confidential data • The risk of violating regulations on regulated advertising and intellectual property 	<ul style="list-style-type: none"> • Implementing an effective compliance system aimed at ongoing monitoring of key risks, monitoring changes in law, implementing changes in internal regulations in accordance with changing legal regulations • Mechanisms for monitoring the profile and level of risks identified in the Group • Implementation of the KRI periodic system (key risk indicators) relating to selected risk areas in order to identify and monitor violations of the implemented rules and processes • Policies and procedures for monitoring compliance with applicable laws and internal regulations • Development of document drafts used in relations with contractors limiting the possibility of violations • Training and raising employees' awareness of applicable laws and internal regulations • Implementation of a uniform system of developing and publishing marketing content
Tax risks	<ul style="list-style-type: none"> • The risk of incorrect calculation and/or recognition of PIT/CIT/VAT • The risk of incorrect verification of contractors • The risk of ineffective implementation of procedures related to tax reporting obligations 	<ul style="list-style-type: none"> • Implementation of procedures ensuring the correct calculation of tax liabilities • Designing tools to support the calculation of tax liabilities • Implementation of procedures for meeting the requirements of due diligence towards contractors • Trainings on tax risks and the contractor verification process
Human Resources /workplace	<ul style="list-style-type: none"> • The risk of talent loss and employee rotation • The risk of non-compliance with labor law by employees • The risk of low employee involvement • The risk of mobbing and other abuses against employees • The risk of unfair evaluation of professional development of employees • The risk of the lack of opportunities 	<ul style="list-style-type: none"> • Procedures and instructions regulating the workplace, including work regulations, remuneration regulations and rules for granting annual or quarterly bonuses • External and internal recruitment policy in the Eurocash Group • Activities and agreements with trade unions or employee representatives • Established and uniform rules for using benefits under the Company Social Benefits Fund • Ensuring compliance with labor law regulations through training for management and continuous

	<p>for professional development of employees</p> <ul style="list-style-type: none"> • The risk of low employee satisfaction with work 	<p>monitoring of work time registers</p> <ul style="list-style-type: none"> • Procedures and instructions for hiring and introducing new employees to work • Employee benefit system (private medical care, co-financing for sports activities) • Co-financing of education for employees • Periodic employee opinion polls • Eurocash Group values - clearly defined and communicated to employees • Performance management policy • Annual employee development reviews • Talent development program (Management Trainee) • Development programs for management at various levels • E-learning platform with numerous trainings for employees • External and internal training as required by the roles/functions/departments • Activity in social media
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<p>Employee health and safety</p>	<ul style="list-style-type: none"> • The risk of accidents in the workplace • The risk of fire and other failures that may pose a threat to the life and health of employees • The risk of unauthorized access to the premises, which may threaten the safety of employees • The risk of assault on employees in the field and departments • The risk of occupational diseases (working at a computer, working in a warehouse, etc.) • The risk of threats in the technical area • The risk resulting from biological hazards, such as the COVID-19 pandemic 	<ul style="list-style-type: none"> • Internal health and safety procedures and instructions • Systematic checks of compliance with health and safety procedures and instructions • Providing personal protective equipment, • Technical inspections /services • Health and safety training for employees • Systematic training on actions in crisis situations (e.g. test evacuations in case of fires, etc.) • Devices and measures to ensure safety in emergency situations (fire, evacuation, etc.) • Provision of AEDs (defibrillators) at Group facilities with large numbers of employees • Protection against access by third parties and protection of objects • Ensuring physical protection of workers and facilities • Ensuring continuous cooperation of the Group with occupational medicine services, • Systematic first aid training • Driving Safety Program • Co-financing of sports activities and private medical care • Functioning of sports clubs enabling the integration and recreation of employees
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Food quality and safety	<ul style="list-style-type: none"> • The risk of placing on the market food not subjected to the required tests, of questionable quality or not meeting legal standards (including deliberate adulteration) • The risk of placing food on the market after the expiry date • The risk of breaking the cold chain • The risk of inadequate storage and transportation of food products • The risk of inadequate disposal of out-of-date, defective or damaged products • The risk of failure to meet sanitary requirements • The risk of missing or incorrect product identification 	<ul style="list-style-type: none"> • Implemented HACCP food safety program • BRC GS S&D, ISO 22000 certifications and audits in their scope carried out by units external to the EC Group • Internal quality analyzes and audits in distribution centers and branches • Dedicated team of food quality controllers geographically covering all regions of operation • OWDP (General Terms and Conditions of Product Deliveries) regulating cooperation with suppliers in the field of food quality and transport • In the case of private label products - systematic audits in manufacturers' factories • Eurocash food safety and quality standard • Complaints process for both customer and supplier returns • Implemented IT systems that allow to maintain the identity of the product, conduct warehouse management and effectively carry out the process of blocking/withdrawing the product
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<p>Social and business environment</p>	<ul style="list-style-type: none"> • The risk of stopping the development of entrepreneurship • The risk of stopping the development of local communities due to the lack of development of local entrepreneurship • The risk of termination of activity by local entrepreneurs (due to e.g. strong competition) • The risk of acting contrary to the provisions of the law • The risk of unauthorized/unlawful disclosure of personal information • The risk of selling alcohol for resale to recipients without valid alcohol licenses • The risk of cooperation with unreliable contractors in the tax context • The risk of using unfair business practices by the Group's employees 	<ul style="list-style-type: none"> • Academy of Entrepreneurship (training, postgraduate studies for customers and franchisees, etc.) • Innovative business tools - eurocash.pl platform • Offering various business cooperation solutions (several franchise networks, new retail store concepts, etc.) • Applying good business practices • Support for equal treatment of entrepreneurs by producers ("Equals in business") • Customer/business satisfaction surveys from cooperation with the Eurocash Group • Implementing an effective compliance program in the Group • Dedicated functions related to sustainable development and documents defining the Group's priorities in the field of CSR development • Dedicated function to meet the requirements of the GDPR - a separate team, procedures and instructions (as required by the act) • Ongoing and systematic monitoring of legal regulations and adjusting activities to their requirements • Continuous monitoring and verification of the possession of valid alcohol licenses with the recipients to whom such goods are sold for resale • A ban on trading on non-trading Sundays was introduced • Verification of the credibility of contractors • Cooperation regulated by contracts with producers and suppliers • Cooperation with the Association of Big Families 3+ • Employee participation in charity initiatives, such as charity runs, fundraising and campaigns for those in need
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Natural environment	<ul style="list-style-type: none"> • The risk of environmental contamination or poisoning • The risk of excessive CO2 emissions • The risk of uncontrolled energy consumption in buildings and the transport fleet • The risk of generating hazardous waste • The risk of generating a significant amount of waste (e.g. damage, food aging) • The risk of failure to properly segregate waste and recyclable materials 	<ul style="list-style-type: none"> • Energy efficiency audits • Introduction of a fleet of hybrid cars • Introduction of an eco-driving program • Monitoring fuel consumption, driving style and exhaust emissions • Continuous improvement of the logistics chain efficiency • Continuous optimization of loss management in logistics • Cooperation with non-profit organizations in the field of food donation, • Waste segregation and management of secondary raw materials
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7. Additional information

Dividend information

Pursuant to Resolution No. 5 of June 30, 2022, the Ordinary General Meeting of Eurocash S.A. decided not to pay dividends from the Company's profit and to allocate the profit generated by Eurocash S.A. in 2021 for the supplementary capital of the Company.

Clarifications regarding seasonality

In the wholesale FMCG distribution industry, sales in the first half of the year are traditionally lower. The highest sales are realized in the summer, then it stabilizes in the fourth quarter.

Issue, redemption and repayment of debt and equity securities

No shares or bonds were issued between July 1, 2022 and September 30, 2022.
As at September 30, 2022, the total value of bonds issued by Eurocash was PLN 125,000,000.

Effects of changes in the structure of Eurocash Group

In Q3 2022, there were no other significant changes in the structure of the Eurocash Group.

The position of the management board regarding the possibility of fulfilling previously published forecasts of results for a given year.

Management Board of Eurocash S.A. did not publish and does not plan to publish forecasts of results for 2022.

Table 19: Shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the general meeting

	10.11.2022				29.08.2022			
Shareholder	Number of shares	Shares in share capital (%)	Number of votes	Share in the total number of votes	Shareholder	Number of shares	Shares in share capital (%)	Number of votes
Luis Amaral (directly and indirectly*)	61 287 778	44,04%	61 287 778	44,04%	61 287 778	44,04%	61 287 778	44,04%
Others	77 875 508	55,96%	77 875 508	55,96%	77 875 508	55,96%	77 875 508	55,96%
Total	139 163 286	100,00%	139 163 286	100,00%	139 163 286	100,00%	139 163 286	100,00%

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

Table 20: Number of shares (or rights to them) held by the Management Board and the Supervisory Board

	Shares or rights to shares of Eurocash S.A.	
	10.11.2022	29.08.2022
Management Board		
Paweł Surówka	0	0
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
Tomasz Polański	0	0
Dariusz Stolarczyk	0	0
Przemysław Ciał	9 850	9 850
Supervisory Board		
Luis Amaral (directly or indirectly)	61 287 778	61 287 778
Hans-Joachim Körber	0	0
Jorge Mora	121 500	121 500
Francisco José Valente Hipólito dos Santos	0	0
Przemysław Budkowski	0	0

* indirectly through closely related people

Information on pending proceedings

On October 2, 2020, the Company received the Decision of the President of the Office of Competition and Consumer Protection of September 28, 2020 on the initiation of ex officio proceedings against Eurocash S.A. 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 indicated two questionable forms of settlements between Eurocash and 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, from 01/01/2021,

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

As part of the pending proceedings, we answer all questions of the President of the Office of Competition and Consumer Protection and we clarify 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 would like to 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 current 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.

Proceedings in the field of corporate income tax are presented in Note 7 to the consolidated financial statements.

Overview of strategic options

In the current reports of April 2, 2021 (current report No. 07/2021) and February 1, 2022 (current report No. 03/2022), the Company provided information on the process of reviewing strategic options of the Eurocash Group.

The process of reviewing the potential strategic options for the development of Eurocash Group began with the decision of the Management Board of January 28, 2021, as a result of which the Management Board entered into an agreement with a strategic advisor, and then became involved in this process/concluded agreements with financial and commercial advisors aimed at supporting Companies in identifying and potential selection of optimal strategic options. At the end of September 2021 (current report No. 03/2022), the Management Board decided to start negotiations with selected potential investors who submitted preliminary non-binding offers of capital entry into the Company or the acquisition of a selected segment of its business in connection with the considered development options of the Eurocash Group; in order to continue the talks, the Company decided to provide bidders and their professional advisers with the possibility of examining the financial and legal condition of the Eurocash Group or its selected segments.

According to the current report No. 18/2022, the strategic options review process is underway. It is aimed at choosing the best way to achieve the long-term goal of the Company, which is the

development of the Group and maximizing its value for the current and future shareholders of the Company.

According to the Company's announcements, during the review, the Company analyzes scenarios, including related to the potential acquisition of new investors for the Company or for its selected business segments or its subsidiaries; as well as with the potential reorganization of the Eurocash Group in order to further integrate the Group's structure. The above list of options is not intended to be exhaustive and does not prevent other options not listed above, including the disposal of assets, from being considered during the review.

Eurocash Group strategy

On August 29, 2022, the company published the current report No. 18/2022 describing the adopted Strategy for the Eurocash Group for the years 2023-2025.

In line with the Strategy, the activities of the Eurocash Group in 2023-2025 will focus on the further development of the Group's core business, i.e. the following areas:

- in the wholesale area: the goal of the Eurocash Group is to further develop the omnichannel wholesalers (multi-channel sales), which is to lead to an increase in B2B customer loyalty, further building cost and sales synergies, and consequently improving purchasing conditions and doubling B2B e-commerce sales; Eurocash intends to strengthen its leading position on the wholesale market in Poland and significantly increase the sales of its clients in this segment;
- in the area of Franchise (organizer of franchise and partner networks): concentration of investments in the development and positioning of franchise and partner networks, increasing the number of chain stores and market share; further development of Delikatesy Centrum based on a franchise system, including with JV partners;
- the third direction of the Group's development will be the technology platform: an integrated loyalty program, the creation of a leading POS platform in independent trade, an increase in the share of B2C e-commerce within Frisco and the achievement of Frisco's revenues of 1 billion by the end of 2025
- actions within the framework of responsible development are also an important element of the Strategy.

In view of the decision to focus on the core activities (wholesale, franchise and technology platform), the Management Board of the Company decided to focus on improving the profitability of non-core/non-strategic activities (which includes the segment of Delikatesy Centrum's own stores), limiting or ceasing its development.

As a result of the implementation of the Strategy, the Eurocash Group plans to achieve an EBITDA result of PLN 1 billion in 2025 (before IFRS 16). The Management Board estimates that in the years 2023-2025, the cumulative increase in cost effectiveness will amount to PLN 100 million EBITDA. The

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Management Board of Eurocash will strive to stabilize the financing structure at the level of 1.5x Net Debt/EBITDA (before IFRS 16), with temporarily higher levels of the ratio to take advantage of the opportunity to increase market share.

Eurocash's goal is to return to regular dividend payments to shareholders, with the terms and amount of the dividend taking into account the terms and structure of financing to which the Group will be a party.

Information on granting by the issuer or its subsidiary sureties for a credit or loan or granting a guarantee.

In the third quarter of 2022, companies from the Eurocash Group did not grant any credit or loan sureties and did not grant any guarantees the total value of which is significant.

Information on the conclusion by the issuer or its subsidiary of transactions with related entities.

In Q3 2022, companies from the Eurocash Group did not conclude any transactions with related entities, which individually or jointly were significant and were concluded on terms other than market terms.

Other information relevant to the assessment of the issuer's standing or the issuer's ability to meet its obligations.

Apart from the information described in this report, there are no other information that is relevant to the assessment of the Company's personnel, property, financial standing or financial result.

Additional information

Selection of the entity authorized to audit the financial statements

Supervisory Board of Eurocash S.A. acting pursuant to § 14 point 2 of the Company's Articles of Association, on June 27, 2022, selected Grant Thornton Polska spółka z ograniczoną odpowiedzialnością sp.k. with its registered office in Poznań, entered on the list of entities authorized to audit financial statements under No. 4055, as an auditor to audit the Company's financial statements for 2022 and 2023..

Members of the Management Board of Eurocash S.A. declare that:

- Grant Thornton Polska sp.z o.o. sp.k. - entity authorized to audit financial statements, reviewing the semi-annual condensed consolidated financial statements of the Eurocash S.A. capital group and the review of the semi-annual condensed separate financial statements of Eurocash S.A. was selected in accordance with the provisions of law and that the entity and the statutory auditors who reviewed these statements met the conditions for issuing an impartial and independent report on the review of the semi-annual condensed consolidated financial statements, in accordance with the applicable regulations and professional standards.

STATEMENT OF THE MANAGEMENT BOARD

Accuracy and credibility of the presented reports

Members of the Management Board of Eurocash S.A. declare 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 the third quarter of 2022,

- 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 position of the issuer and the financial result for the third quarter of 2022,

- quarterly report on the operations of the Eurocash S.A. capital group in the third quarter of 2022 provides 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 MEMBRES OF MANAGEMENT BOARD

Position	Name and surname	Date	Signature
President of the Board	Paweł Surówka	November 9, 2022	
Member of the Board HR Director	Katarzyna Kopaczewska	November 9, 2022	
Member of the Board	Pedro Martinho	November 9, 2022	
Member of the Board	Arnaldo Guerreiro	November 9, 2022	
Member of the Board	Przemysław Ciaś	November 9, 2022	
Member of the Board Financial Director	Jacek Owczarek	November 9, 2022	
Member of the Board	Tomasz Polański	November 9, 2022	
Member of the Board	Dariusz Stolarczyk	November 9, 2022	