



EUROCASH GROUP

MANAGEMENT BOARD OVERVIEW

4th QUARTER 2019

TRANSLATORS' EXPLANATORY NOTE

The following document is a free translation of the report of the above-mentioned Polish Company.
In the event of any discrepancy in interpreting the terminology, the Polish version is binding.

KOMORNIKI, 12th March 2020

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1. Eurocash Group - overview

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

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

Wholesale – wholesale distribution formats:

- **Eurocash Distribution** consisting of:
 - active distribution companies (Eurocash S.A. after merger with Tradis Sp. z o.o., DEF Sp. z o.o., AMBRA Sp. z o.o. and firms belonging to Alcohol Distribution);
 - companies organizing or supporting franchise chains of retail shops: Euro Sklep S.A., Groszek Sp. z o.o., Lewiatan Holding S.A., Lewiatan Podlasie Sp. z o.o., Lewiatan Śląsk Sp. z o.o., Lewiatan Zachód Sp. z o.o., Lewiatan Północ Sp. z o.o., Lewiatan Opole Sp. z o.o., Lewiatan Wielkopolska Sp. z o.o., Lewiatan Podkarpacie Sp. z o.o., Lewiatan Kujawy Sp. z o.o., Lewiatan Orbita Sp. z o.o.;
- **Cash&Carry** – a national network of discount Cash & Carry type warehouses under the “Eurocash Cash & Carry” brand, as part of which the loyalty program for the “abc” network of stores operates;
- **Tobacco & Impulse** – active distribution of tobacco products and fast moving consumer goods through Eurocash Serwis Sp. z o.o.;
- **Eurocash Food Service** – supplies for restaurant chains, hotels and independent food outlets;
- **Other** – sales revenue of 4Vapers Sp. z o.o. and Cerville Investments Sp. z o.o.

Retail – retail sales of Eurocash Group and wholesale sales of Eurocash to Delikatesy Centrum franchisees:

- **Delikatesy Centrum franchise stores** – a franchise system for retail stores operating under the brand “Delikatesy Centrum”;
- **Own supermarkets, consisting of:**
 - Delikatesy Centrum own retail stores – own retail stores operating by companies that Eurocash hold 50% of shares: Firma Rogala Sp. z o.o., FHC-2 Sp. z o.o., Madas Sp. z o.o. and 100% of shares in Delikatesy Centrum Sklepy Sp. z o.o. and 75% of shares in Podlaskie Delikatesy Centrum Sp. z o.o.
 - EKO – own retail stores under brand Delikatesy Centrum, Lewiatan and EKO operated by EKO Holding S.A. in liquidity;
 - Mila & Others – own retail stores under brand Mila operated by Delikatesy Centrum Sp. z o.o. and under brand Lewiatan operated by Partner Sp. z o.o.;

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- **Inmedio** – press retail kiosks under Inmedio and Inmedio Trendy brand.

Projects – sales revenue of new projects running by Eurocash S.A. and its subsidiaries: Kontigo Sp. z o.o., ABC na kołach Sp. z o.o., Duży Ben Sp. z o.o., Sushi 2 Go Sp. z o.o.

Others – sales revenue and costs of other companies through Eurocash Trade 1 Sp. z o.o., Eurocash Trade 2 Sp. z o.o., Eurocash VC3 Sp. z o.o., Akademia Umiejętności Eurocash Sp. z o.o. and Central Head Office costs consolidation not related to any of above segment.

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

2. Summary of financial and operational results of Eurocash Group in 4Q 2019

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

Profit & loss account

Table 1: Eurocash Group: Summary of consolidated financial results for 4Q 2019

PLN m	4Q 2019	4Q 2019 before IFRS16	4Q 2018	Change % (before IFRS16)
Sales revenues (traded goods, materials)	6 258.20	6 258.20	5 844.84	7.07%
Gross profit (loss) on sales	857.48	857.48	809.24	5.96%
Gross profitability on sales (%)	13.70%	13.70%	13.85%	-0.14 p.p.
EBITDA	237.35	141.07	156.85	-10.06%
(EBITDA margin %)	3.79%	2.25%	2.68%	-0.43 p.p.
EBIT	88.49	80.03	102.34	-21.80%
(EBIT margin %)	1.41%	1.28%	1.75%	-0.47 p.p.
Gross profit	56.67	52.27	76.60	-31.76%
Net Income	47.31	43.75	55.92	-21.76%
(Net profitability %)	0.76%	0.70%	0.96%	-0.26 p.p.

Table 2: Eurocash Group: Normalized financial results for 4Q 2019 (before IFRS16)

PLN m	4Q 2019	4Q 2018	Change %
One-off items	10.50	47.76	
PayUp disposal	10.50*	74.76	
Provision on restructuring costs	0.00	-27.00	
EBITDA normalized**	130.57	109.09	19.69%
(Normalized EBITDA margin %)	2.09%	1.88%	0.21 p.p.
EBIT normalized**	69.53	54.59	27.37%
(Normalized EBIT margin %)	1.11%	0.94%	0.17 p.p.
Net profit normalized**	33.25	8.17	307.01%
(Normalized net profitability %)	0.53%	0.14%	0.39 p.p.

*bonus on meeting the terms of the contract with PEP

**excluding impact of the one-offs

Consolidated total sales of Eurocash Group in 4Q 2019 amounted to PLN 6 258.20 m and increased by 7.07% YoY. Sales growth was driven mainly by Wholesale segment (PLN +280 m in 4Q 2019) and further development of Retail segment (PLN +110 m in 4Q 2019). Gross margin amounted to 13.70% which means a decrease of 0.14 p.p., which was caused by rapidly growing sales of low margin tobacco distribution format.

EBITDA in 4Q 2019 amounted to PLN 237.35 m. EBITDA before IFRS16 amounted to PLN 141.07 m which means a decrease of -10.06% YoY. The main impact was one-offs in 4Q 2018 which amounted to PLN 47.76 m: sales of PayUp PLN 74.76 m and provision on restructuring costs PLN -27.00 m.

The net profit in 4Q 2019 reached PLN 47.31 m. The net profit before IFRS16 amounted to PLN 43.75 m, which means -21.76% decrease YoY.

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EBITDA normalized in 4Q 2019 amounted to PLN 130.57 m compared with PLN 109.09 m previous year which means an increase of 19.69%. In 4Q 2019 there was one-off regarding additional earn out from agreement with PEP in connection with fulfilling the terms of the deal of PayUp sales in amount of PLN 10.50 m. EBITDA increase was primarily related to the improvement of the wholesale segment's financial results, which were partially off-set by the results of the retail segment being in the process of reorganization and integration.

Implementation of IFRS16

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

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

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

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

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

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

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

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

IFRS 16 is effective for annual periods beginning on January 1, 2019 and later. Earlier application is permitted for entities that apply IFRS 15 from or before the first application of IFRS 16. The Group has not decided to apply IFRS 16 earlier.

The Group has implemented IFRS 16 using a modified retrospective method.

The Group has benefited from the exemption regarding short-term leases.

The analysis of the Group's agreements in terms of IFRS 16 began by determining which contracts are under the definition of a lease. Lease liabilities are recognized at the value of discounted future payments during the lease term and the asset due to the right of use - in the same amount corrected by the amount of any prepayments or calculated lease payments recognized in the statement of financial position before the date of first application. Lease payments are discounted using the lesser interest rate of the lessee on the date of the first application, determined for individual leasing segments depending on their period and the type of the asset being leased.

The date of start of the leasing period is the date on which the lessor makes the asset available for use by the lessee. The leasing period includes the period during which the lessee is entitled to use, along with optional periods, when the Group may with reasonable assurance assume that it will exercise the option of extending or will not use the option of termination. In the case of establishing periods of contracts concluded for an indefinite period, the Group applied the criteria of sufficient certainty and took into account all relevant facts and circumstances, including business plans.

Presented in the Report of the Management Board non-IFRS data is not subject to analysis or review by an independent certified auditor. Data not covered by IFRS are not financed in accordance with EU IFRS. Data that is not IFRS are not uniformly defined and calculated by others, and may be not comparable to data presented by other entities, including those managing activities in the same scope of communication as the Eurocash Group. The financial information should be analysed as additional rather than replacing financial information prepared in accordance with EU IFRS. Non-IFRS data should not be assigned a higher level of materiality than measurements directly resulting from the Consolidated Financial Statements.

Sales by format

Table 2: Eurocash Group: Sales dynamics by distribution format for 4Q 2019

PLN m	4Q 2019	4Q 2018	Change %
Wholesale	4 628.88	4 349.18	6.43%
Cash&Carry	1 122.24	1 058.29	6.04%
Tobacco	1 711.02	1 409.74	21.37%
Distribution	1 702.52	1 753.06	-2.88%
Food Service	88.14	123.94	-28.88%
Other	4.96	4.15	19.48%
Retail	1 555.66	1 445.38	7.63%
Delikatesy Centrum Franchise	582.58	545.48	6.80%
Supermarkets Own	846.36	781.12	8.35%
<i>Delikatesy Centrum Own</i>	223.71	198.53	12.68%
<i>EKO</i>	223.37	213.52	4.61%
<i>Mila & Others</i>	399.29	369.06	8.19%
Inmedio	126.72	118.78	6.68%
Projects	38.34	15.01	155.38%
Eurocash Group	6 222.89	5 809.57	7.11%

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Wholesale

- In 4Q 2019 external sales of goods in Wholesale segment amounted to PLN 4 628.88 m and increased by 6.43% comparing with 4Q 2018. The main driver of sales growth was tobacco distribution format.
- EBITDA of the Wholesale segment amounted in 4Q 2019 to PLN 211.74 m. EBITDA before IFRS16 amounted to PLN 132.25 m while in 4Q 2018 it amounted to PLN 117.05 m. Increase of EBITDA was attributable to high dynamic of LFL in Cash&Carry segment as well as high growth of sales in tobacco distribution format.
- LFL sales growth (same number of stores) in Eurocash Cash&Carry stores in 4Q 2019 amounted to 6.04%,
- The number of Eurocash Cash&Carry stores at the end of 4Q 2019 amounted to 180.
- The number of abc stores amounted to 8 985 at the end of 4Q 2019.
- Number of partnership or franchise stores organized by companies belonging to Eurocash Group (Groszek, Euro Sklep, Lewiatan and PSD) amounted to 5 133 stores as of the end of 4Q 2019.
- Sales of cigarettes Tobacco & Impulse distribution format in terms of volume amounted in 4Q 2019 to 2 770 m pieces and increased by 15.57% YoY.
- Sales of cigarettes in terms of value increased by 21.1% in 4Q 2019.

Retail:

- Sales of goods realized by Retail segment in 4Q 2019 amounted to PLN 1 555.66 m and increased by 7.63%. Sales increase was driven by own supermarkets, franchise as well as Inmedio newsagents.
- EBITDA of the Retail segment in 4Q 2019 amounted to PLN 61.62 m. EBITDA before IFRS16 amounted to PLN 47.41 m comparing to PLN 45.67 m in 4Q 2018. Despite ongoing integration processes, EBTIDA of the segment maintain on stable level.
- LFL growth of wholesale sales realized by Eurocash to "Delikatesy Centrum" franchise stores amounted to 5.00% in 4Q 2019.
- LFL growth of retail sales of "Delikatesy Centrum" franchise stores amounted to 3.54% in 4Q 2019.
- LFL dynamic of retail sales in 4Q 2019 amounted in Inmedio stores to 4.94% YoY.
- Number of Small Supermarkets in 4Q 2019 amounted to 1 565, including 989 Franchise stores and 576 Own stores.
- Number of total "Delikatesy Centrum" stores at the end of 4Q 2019 amounted to 1 351.
- Number of Inmedio stores at the end of 4Q 2019 amounted to 450 stores.

Projects

- Sales of goods realized by Projects segment in 4Q 2019 amounted to PLN 38.34 m comparing to PLN 15.01 m in 4Q 2018. Sales increase was connected to Duży Ben chain of stores which entered the expansion phase with 77 stores at the end of 2019. Kontigo number of stores reached 30 at the end of 2019 and abc on wheels ended the year with 86 stores.

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- EBITDA of Projects segment in 4Q 2019 amounted to negative PLN -11.60 m. EBITDA before IFRS16 amounted to PLN -14.17 m comparing to result of PLN -8.80 m in 4Q 2018. Result of the segment was impacted by further expansion costs of all formats.

Others

- EBITDA of Others segment amounted in 4Q 2019 to PLN -24.40 m. EBITDA before IFRS16 amounted to PLN -24.42 m comparing to PLN 2.93 m in 4Q 2018.

Operating segments

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

Table 3: Group Eurocash: Operating segments results in 2019 (IFRS16)

1Q 2019 (PLN m)	Wholesale	Retail	Projects	Others	Total
Sales revenue from traded goods	4 108.16	1 327.40	15.73	0.00	5 451.30
EBIT	32.77	-6.25	-12.75	-23.47	-9.69
<i>(EBIT margin %)</i>	<i>0.80%</i>	<i>-0.47%</i>	<i>-81.06%</i>	<i>0.00%</i>	<i>-0.18%</i>
EBITDA	100.72	52.02	-10.73	-20.65	121.37
<i>(EBITDA margin %)</i>	<i>2.45%</i>	<i>3.92%</i>	<i>-68.23%</i>	<i>0.00%</i>	<i>2.23%</i>
2Q 2019 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenue from traded goods	4 886.50	1 498.51	23.27	0.00	6 408.29
EBIT	107.31	19.57	-11.91	-33.55	81.41
<i>(EBIT margin %)</i>	<i>2.20%</i>	<i>1.31%</i>	<i>-51.19%</i>	<i>0.00%</i>	<i>1.27%</i>
EBITDA	177.00	77.27	-8.81	-29.30	216.16
<i>(EBITDA margin %)</i>	<i>3.62%</i>	<i>5.16%</i>	<i>-37.86%</i>	<i>0.00%</i>	<i>3.37%</i>
3Q 2019 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenue from traded goods	5 086.89	1 523.23	27.21	0.00	6 637.34
EBIT	109.06	12.54	-11.87	-25.41	84.32
<i>(EBIT margin %)</i>	<i>2.14%</i>	<i>0.82%</i>	<i>-43.62%</i>	<i>0.00%</i>	<i>1.27%</i>
EBITDA	177.31	73.84	-9.09	-22.85	219.20
<i>(EBITDA margin %)</i>	<i>3.49%</i>	<i>4.85%</i>	<i>-33.41%</i>	<i>0.00%</i>	<i>3.30%</i>
4Q 2019 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenue from traded goods	4 628.88	1 555.66	38.34	0.00	6 222.89
EBIT	112.70	23.99	-16.54	-31.66	88.49
<i>(EBIT margin %)</i>	<i>2.43%</i>	<i>1.54%</i>	<i>-43.14%</i>	<i>0.00%</i>	<i>1.42%</i>
EBITDA	211.74	61.62	-11.60	-24.40	237.35
<i>(EBITDA margin %)</i>	<i>4.57%</i>	<i>3.96%</i>	<i>-30.26%</i>	<i>0.00%</i>	<i>3.81%</i>

Table 4: Eurocash Group: Operating segments results in 2019 (before IFRS16)

1Q 2019 (PLN m)	Wholesale	Retail	Projects	Others	Total
Sales revenue from traded goods	4 108.16	1 327.40	15.73	0.00	5 451.30
EBIT	27.99	-10.75	-12.82	-23.47	-19.06
<i>(EBIT margin %)</i>	<i>0.68%</i>	<i>-0.81%</i>	<i>-81.51%</i>	<i>0.00%</i>	<i>-0.35%</i>
EBITDA	52.80	13.32	-11.99	-20.66	33.46
<i>(EBITDA margin %)</i>	<i>1.29%</i>	<i>1.00%</i>	<i>-76.23%</i>	<i>0.00%</i>	<i>0.61%</i>
2Q 2019 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenue from traded goods	4 886.50	1 498.51	23.27	0.00	6 408.29
EBIT	102.48	15.29	-11.99	-33.55	72.22
<i>(EBIT margin %)</i>	<i>2.10%</i>	<i>1.02%</i>	<i>-51.50%</i>	<i>0.00%</i>	<i>1.13%</i>
EBITDA	126.82	39.34	-10.36	-29.31	126.49
<i>(EBITDA margin %)</i>	<i>2.60%</i>	<i>2.63%</i>	<i>-44.53%</i>	<i>0.00%</i>	<i>1.97%</i>
3Q 2019 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenue from traded goods	5 086.89	1 523.23	27.21	0.00	6 637.34
EBIT	104.68	7.94	-12.04	-25.41	75.16
<i>(EBIT margin %)</i>	<i>2.06%</i>	<i>0.52%</i>	<i>-44.25%</i>	<i>0.00%</i>	<i>1.13%</i>
EBITDA	130.02	32.53	-10.67	-22.87	129.02
<i>(EBITDA margin %)</i>	<i>2.56%</i>	<i>2.14%</i>	<i>-39.21%</i>	<i>0.00%</i>	<i>1.94%</i>
4Q 2019 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenue from traded goods	4 628.88	1 555.66	38.34	0.00	6 222.89
EBIT	106.57	21.52	-16.40	-31.66	80.03
<i>(EBIT margin %)</i>	<i>2.30%</i>	<i>1.38%</i>	<i>-42.77%</i>	<i>0.00%</i>	<i>1.29%</i>
EBITDA	132.25	47.41	-14.17	-24.42	141.07
<i>(EBITDA margin %)</i>	<i>2.86%</i>	<i>3.05%</i>	<i>-36.96%</i>	<i>0.00%</i>	<i>2.27%</i>

Table 5: Eurocash Group: Operating segments results in 2018 (before IFRS16)

1Q 2018 (PLN m)	Wholesale	Retail	Projects	Others	Total
Sales revenue from traded goods	3 970.21	969.33	12.05	0.00	4 951.59
EBIT	19.79	3.40	-11.67	-18.62	-7.10
<i>(EBIT margin %)</i>	0.50%	0.35%	-96.84%	0.00%	-0.14%
EBITDA	46.10	19.04	-10.68	-14.85	39.61
<i>(EBITDA margin %)</i>	1.16%	1.96%	-88.65%	0.00%	0.80%
2Q 2018 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenue from traded goods	4 591.22	1 115.68	11.84	0.00	5 718.73
EBIT	84.82	12.24	-10.37	-19.07	67.63
<i>(EBIT margin %)</i>	1.85%	1.10%	-87.59%	0.00%	1.18%
EBITDA	111.17	31.08	-9.52	-15.70	117.03
<i>(EBITDA margin %)</i>	2.42%	2.79%	-80.45%	0.00%	2.05%
3Q 2018 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenue from traded goods	4 772.23	1 416.73	12.04	0.00	6 201.00
EBIT	103.07	-11.36	-8.49	-31.72	51.50
<i>(EBIT margin %)</i>	2.16%	-0.80%	-70.52%	0.00%	0.83%
EBITDA	129.74	11.64	-7.51	-28.76	105.13
<i>(EBITDA margin %)</i>	2.72%	0.82%	-62.32%	0.00%	1.70%
4Q 2018 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenue from traded goods	4 349.18	1 445.38	15.01	0.00	5 809.57
EBIT	90.68	22.04	-9.48	-0.89	102.34
<i>(EBIT margin %)</i>	2.08%	1.52%	-63.14%	0.00%	1.76%
EBITDA	117.05	45.67	-8.80	2.93	156.85
<i>(EBITDA margin %)</i>	2.69%	3.16%	-58.61%	0.00%	2.70%

Table 6: Eurocash Group: Operating segments results in 2019 YTD (IFRS16)

1Q YTD 2019 (PLN m)	Wholesale	Retail	Projects	Others	Total
Sales revenue from traded goods	4 108.16	1 327.40	15.73	0.00	5 451.30
EBIT	32.77	-6.25	-12.75	-23.47	-9.69
<i>(EBIT margin %)</i>	0.80%	-0.47%	-81.06%	0.00%	-0.18%
EBITDA	100.72	52.02	-10.73	-20.65	121.37
<i>(EBITDA margin %)</i>	2.45%	3.92%	-68.23%	0.00%	2.23%
2Q YTD 2019 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenue from traded goods	8 994.66	2 825.92	39.00	0.00	11 859.59
EBIT	140.08	13.32	-24.67	-57.02	71.72
<i>(EBIT margin %)</i>	1.56%	0.47%	-63.24%	0.00%	0.60%
EBITDA	277.72	129.29	-19.54	-49.95	337.52
<i>(EBITDA margin %)</i>	3.09%	4.58%	-50.10%	0.00%	2.85%
3Q YTD 2019 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenue from traded goods	14 081.56	4 349.15	66.22	0.00	18 496.92
EBIT	249.14	25.87	-36.54	-82.44	156.04
<i>(EBIT margin %)</i>	1.77%	0.59%	-55.18%	0.00%	0.84%
EBITDA	455.03	203.13	-28.63	-72.80	556.73
<i>(EBITDA margin %)</i>	3.23%	4.67%	-43.24%	0.00%	3.01%
4Q YTD 2019 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenue from traded goods	18 710.44	5 904.81	104.56	0.00	24 719.81
EBIT	361.85	49.85	-53.08	-114.10	244.52
<i>(EBIT margin %)</i>	1.93%	0.84%	-50.76%	0.00%	0.99%
EBITDA	666.77	264.75	-40.24	-97.20	794.08
<i>(EBITDA margin %)</i>	3.56%	4.48%	-38.48%	0.00%	3.21%

Table 7: Eurocash Group: Operating segments results in 2019 YTD (before IFRS16)

1Q YTD 2019 (PLN m)	Wholesale	Retail	Projects	Others	Total
Sales revenue from traded goods	4 108.16	1 327.40	15.73	0.00	5 451.30
EBIT	27.99	-10.75	-12.82	-23.47	-19.06
<i>(EBIT margin %)</i>	0.68%	-0.81%	-81.51%	0.00%	-0.35%
EBITDA	52.80	13.32	-11.99	-20.66	33.46
<i>(EBITDA margin %)</i>	1.29%	1.00%	-76.23%	0.00%	0.61%
2Q YTD 2019 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenue from traded goods	8 994.66	2 825.92	39.00	0.00	11 859.59
EBIT	130.46	4.53	-24.81	-57.02	53.17
<i>(EBIT margin %)</i>	1.45%	0.16%	-63.60%	0.00%	0.45%
EBITDA	179.62	52.66	-22.35	-49.98	159.95
<i>(EBITDA margin %)</i>	2.00%	1.86%	-57.32%	0.00%	1.35%
3Q YTD 2019 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenue from traded goods	14 081.56	4 349.15	66.22	0.00	18 496.92
EBIT	235.14	12.47	-36.85	-82.44	128.32
<i>(EBIT margin %)</i>	1.67%	0.29%	-55.65%	0.00%	0.69%
EBITDA	309.65	85.19	-33.03	-72.85	288.96
<i>(EBITDA margin %)</i>	2.20%	1.96%	-49.88%	0.00%	1.56%
4Q YTD 2019 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenue from traded goods	18 710.44	5 904.81	104.56	0.00	24 719.81
EBIT	341.71	34.00	-53.25	-114.10	208.36
<i>(EBIT margin %)</i>	1.83%	0.58%	-50.93%	0.00%	0.84%
EBITDA	441.90	132.59	-47.20	-97.26	430.03
<i>(EBITDA margin %)</i>	2.36%	2.25%	-45.14%	0.00%	1.74%

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

1Q YTD 2018 (PLN m)	Wholesale	Retail	Projects	Others	Total
Sales revenue from traded goods	3 970.21	969.33	12.05	0.00	4 951.59
EBIT	19.79	3.40	-11.67	-18.62	-7.10
<i>(EBIT margin %)</i>	0.50%	0.35%	-96.84%	0.00%	-0.14%
EBITDA	46.10	19.04	-10.68	-14.85	39.61
<i>(EBITDA margin %)</i>	1.16%	1.96%	-88.65%	0.00%	0.80%
2Q YTD 2018 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenue from traded goods	8 561.43	2 085.01	23.89	0.00	10 670.32
EBIT	104.61	15.64	-22.04	-37.69	60.53
<i>(EBIT margin %)</i>	1.22%	0.75%	-92.26%	0.00%	0.57%
EBITDA	157.27	50.13	-20.20	-30.55	156.64
<i>(EBITDA margin %)</i>	1.84%	2.40%	-84.59%	0.00%	1.47%
3Q YTD 2018 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenue from traded goods	13 333.65	3 501.74	35.93	0.00	16 871.32
EBIT	207.69	4.28	-30.53	-69.41	112.03
<i>(EBIT margin %)</i>	1.56%	0.12%	-84.97%	0.00%	0.66%
EBITDA	287.01	61.77	-27.71	-59.31	261.77
<i>(EBITDA margin %)</i>	2.15%	1.76%	-77.12%	0.00%	1.55%
4Q YTD 2018 (PLN m)	Wholesale	Retail	Projects	Other	Total
Sales revenue from traded goods	17 682.83	4 947.12	50.94	0.00	22 680.90
EBIT	298.36	26.32	-40.01	-70.30	214.38
<i>(EBIT margin %)</i>	1.69%	0.53%	-78.54%	0.00%	0.95%
EBITDA	404.06	107.44	-36.51	-56.38	418.61
<i>(EBITDA margin %)</i>	2.29%	2.17%	-71.67%	0.00%	1.85%

Cash flow

Table 9: Eurocash Group: Consolidated cash flow for 4Q 2019

	4Q 2019	4Q 2019 before IFRS16	4Q 2018
PLN m			
Operating cash flow	155.12	58.96	197.63
<i>Gross profit (loss)</i>	56.67	52.27	76.60
<i>Depreciation</i>	148.87	61.04	54.50
<i>Change in working capital</i>	(90.95)	(90.95)	92.08
<i>Other</i>	40.54	36.60	(25.54)
Cash flow from investments	(61.01)	(61.01)	35.68
Cash flow from financing activities	(104.75)	(8.59)	(189.93)
Total cash flow	(10.63)	(10.63)	43.38

Total cash flow in 4Q 2019 amounted to PLN -10.63 m, while the operating cash flow reached PLN 155.12 m. Cash flow from investments amounted to PLN -61.01 m and cash flow from financing activities amounted in 4Q 2019 to PLN -104.75 m.

Total cash flow before IFRS16 in 4Q 2019 amounted to PLN -10.63 m, while the operating cash flow reached PLN 58.96 m. Cash flow from investments amounted to PLN -61.01 m and cash flow from financing activities amounted in 4Q 2019 to PLN -8.59 m.

Net debt of Eurocash Group at the end of December 2019 amounted to PLN 2 347.94 m. Before IFRS16 net debt amounted to PLN 528.09 m comparing to PLN 381.95 m at the end of December 2018. The net debt/EBITDA ratio calculated according to the rules of bank covenants was 1.23 and met the requirements.

Working capital

Table 10: Eurocash Group: Consolidated working capital ratios for 4Q 2019

Turnover in days	4Q 2019	4Q 2019 before IFRS16	4Q 2018
1. Inventories turnover	18.69	18.69	20.34
2. Trade receivables turnover	20.65	20.65	21.15
3. Trade liabilities turnover	(64.64)	(64.64)	(69.67)
4. Operating cycle (1+2)	39.34	39.34	41.48
5. Cash conversion (4+3)	(25.30)	(25.30)	(28.19)

Cash conversion in 4Q 2019 reached -25.30 days comparing with -28.19 days in 4Q 2018. Changes of rotation of each part of working capital was mainly attributable to different sales mix together with fast growing Tobacco distribution format and the introduction of control mechanisms to adjust the rotation of liabilities to the requirements of the Act on amending certain laws to reduce payment congestion.

Statement of the financial position

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

Table 11: Eurocash Group: Selected consolidated balance sheet items

PLN m	31.12.2019		31.12.2018	
Fixed assets	4 912.61	62.30%	3 006.01	50.01%
Current assets	2 972.40	37.70%	3 004.90	49.99%
Total assets	7 885.01	100.00%	6 010.91	100.00%
Equity	963.40	12.22%	1 036.41	17.24%
Liabilities and provisions	6 921.61	87.78%	4 974.50	82.76%
Total liabilities and equity	7 885.01	100.00%	6 010.91	100.00%

3. Definitions of the financial ratios

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

All financial ratios before IFRS16 were calculated without affecting the new accounting principles (IFRS 16) in order to maintain comparability with historical data.

Signatures of Management Board Members:

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