



**EUROCASH GROUP**

**CONSOLIDATED QUARTERLY REPORT**

**3<sup>RD</sup> QUARTER 2023**

**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

	for the period from 01.01.2023 to 30.09.2023 PLN	for the period from 01.01.2022 to 30.09.2022 PLN	for the period from 01.01.2023 to 30.09.2023 EUR	for the period from 01.01.2022 to 30.09.2022 EUR
Sales	24 531 568 326	22 635 006 165	5 350 396 581	4 844 095 740
Operating profit (loss)	268 237 953	238 200 790	58 503 370	50 977 120
Profit (loss) before income tax	76 609 775	72 668 962	16 708 784	15 551 814
Profit (loss) for the on continued operations	44 314 149	10 608 253	9 665 027	2 270 262
Profit (loss) for the period	44 314 149	10 608 253	9 665 027	2 270 262
Net cash from operating activities	780 916 647	607 471 317	170 319 879	130 004 348
Net cash used in investing activities	(132 297 564)	(142 771 221)	(28 854 430)	(30 554 331)
Net cash used in financing activities	(555 160 820)	(457 003 876)	(121 081 967)	(97 802 957)
Net change in cash and cash equivalents	93 458 263	7 696 221	20 383 482	1 647 061
Weighted average number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Weighted average diluted number of shares	139 747 128	139 163 286	139 747 128	139 163 286
EPS (in PLN / EUR)	0,12	(0,02)	0,03	(0,00)
Diluted EPS (in PLN / EUR)	0,12	(0,02)	0,03	(0,00)
Average PLN / EUR rate*	as at 30.09.2023 PLN	as at 31.12.2022 PLN	4,5850 as at 30.09.2023 EUR	4,6727 as at 31.12.2022 EUR
Assets	8 706 568 961	8 669 822 691	1 878 196 773	1 848 615 683
Non-current liabilities	2 409 307 829	2 057 724 333	519 740 234	438 756 548
Current liabilities	5 478 821 795	5 813 195 500	1 181 901 328	1 239 513 742
Equity	818 439 339	798 902 858	176 555 212	170 345 393
Share capital	139 163 286	139 163 286	30 020 555	29 672 975
Number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Diluted number of shares	139 747 128	139 163 286	139 747 128	139 163 286
Book value per share (in PLN / EUR)	5,15	5,10	1,11	1,09
Diluted book value per share (in PLN / EUR)	5,13	5,10	1,11	1,09
Dividends paid (in PLN / EUR)	61 841 798	3 669 974	13 340 624	782 527
Dividends paid per share (in PLN / EUR)	0,44	0,03	0,10	0,01
PLN / EUR rate at the end of the period**			4,6356	4,6899

\* 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 2023 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.

\*\*\* Dividends for 2022 paid in second and third quarter 2023.

# **EUROCASH S.A. GROUP**

## **CONDENSED INTERIM**

## **CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 1 JANUARY 2023 TO 30 SEPTEMBER 2023

### **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:	01.01-30.09.2023	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.			
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## 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 2023 and contain comparative data for the period of 9 months ended 30 September 2022 and as at 31 December 2022. 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 2023 and comparative data for the 3 months period ended on 30 September 2022.

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 2023 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>			
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## 2.2. SUPERVISORY BOARD OF THE PARENT ENTITY

As at 30 September 2023 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 28 June 2023, the Supervisory Board of Company adopted a resolution to appoint Mr. Szymon Mitoraj as a Member of the Company's Management Board with effect from 1 October 2023.

On 29 September 2023, the Company received a notification from Mr. Arnaldo Guerreiro of his resignation from the position of Member of the Management Board with effect from 30 September 2023.

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.09.2023	Presentation currency:	Polish zloty (PLN)
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## CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 01.01. TO 30.09.2023

	Non audited 3rd Quarter for the period from 01.07.2023 to 30.09.2023	Non audited 1 Semi year for the period from 01.01.2023 to 30.09.2023	Non audited 3rd Quarter for the period from 01.07.2022 to 30.09.2022	Non audited 1 Semi year for the period from 01.01.2022 to 30.09.2022
<b>Sales</b>	<b>8 570 165 295</b>	<b>24 531 568 326</b>	<b>8 268 350 811</b>	<b>22 635 006 165</b>
Sales of goods	8 549 991 937	24 440 293 581	8 230 461 514	22 531 773 497
Sales of services	19 394 499	88 286 129	36 760 573	98 770 191
Sales of materials	778 859	2 988 616	1 128 725	4 462 477
<b>Costs of sales</b>	<b>(7 421 709 079)</b>	<b>(21 269 697 597)</b>	<b>(7 153 770 425)</b>	<b>(19 553 513 852)</b>
Costs of goods sold	(7 421 101 128)	(21 267 101 574)	(7 152 658 021)	(19 549 243 815)
Costs of materials sold	(607 951)	(2 596 023)	(1 112 404)	(4 270 037)
<b>Gross profit (loss)</b>	<b>1 148 456 216</b>	<b>3 261 870 729</b>	<b>1 114 580 386</b>	<b>3 081 492 314</b>
Selling expenses	(899 182 736)	(2 618 078 819)	(854 990 024)	(2 482 791 950)
General and administrative expenses	(124 968 838)	(396 787 234)	(127 670 282)	(384 609 909)
<b>Profit (loss) on sales</b>	<b>124 304 641</b>	<b>247 004 676</b>	<b>131 920 080</b>	<b>214 090 455</b>
Other operating income	18 583 115	49 700 576	15 750 121	66 083 618
Other operating expenses	(945 751)	(28 467 298)	(15 608 892)	(41 973 282)
<b>Operating profit (loss)</b>	<b>141 942 005</b>	<b>268 237 953</b>	<b>132 061 308</b>	<b>238 200 790</b>
Financial income	9 927 295	46 512 524	20 988 216	41 436 204
Financial costs	(98 112 982)	(239 214 777)	(93 258 870)	(207 268 886)
Share in profits (losses) of equity accounted investees	67 480	1 074 075	273 861	300 854
<b>Profit (loss) before tax</b>	<b>53 823 798</b>	<b>76 609 775</b>	<b>60 064 515</b>	<b>72 668 962</b>
Income tax expense	(10 556 007)	(32 295 627)	(18 312 571)	(62 060 709)
<b>Profit (loss) for the period</b>	<b>43 267 790</b>	<b>44 314 149</b>	<b>41 751 945</b>	<b>10 608 253</b>

Attributable to:

Owners of the Company	29 961 600	16 655 090	34 068 926	(2 531 747)
Non-controlling interests	13 306 191	27 659 058	7 683 019	13 140 000

## EARNINGS PER SHARE

		PLN / share		PLN / share
Profit (loss) attributable to Owners of the Company	29 961 600	16 655 090	34 068 926	(2 531 747)
Weighted average number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Weighted average diluted number of shares*	139 747 128	139 747 128	139 163 286	139 163 286
<b>Earnings per share</b>				
- basic	0,22	0,12	0,24	(0,02)
- diluted	0,21	0,12	0,24	(0,02)

\* Note 3



Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.09.2023	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 30.09.2023**

	Non audited 3rd Quarter for the period from 01.07.2023 to 30.09.2023	Non audited 1 Semi year for the period from 01.01.2023 to 30.09.2023	Non audited 3rd Quarter for the period from 01.07.2022 to 30.09.2022	Non audited 1 Semi year for the period from 01.01.2022 to 30.09.2022
<b>Profit (loss) for the period</b>	<b>43 267 790</b>	<b>44 314 149</b>	<b>41 751 945</b>	<b>10 608 253</b>
<b>Other comprehensive income for the period</b>	(5 159 963)	(13 339 140)	(8 782 561)	(3 739 266)
Items that may be subsequently reclassified to profit or loss:				
- The result on hedge accounting with the tax effect:	(5 159 963)	(13 339 140)	(8 782 561)	(3 739 266)
<b>Total comprehensive income for the period</b>	<b>38 107 828</b>	<b>30 975 009</b>	<b>32 969 384</b>	<b>6 868 988</b>
<b>Total Income</b>				
Owners of the Company	24 801 637	3 315 951	25 286 365	(6 271 013)
Non-controlling interests	13 306 191	27 659 058	7 683 019	13 140 000
<b>Total comprehensive income for the period</b>	<b>38 107 828</b>	<b>30 975 009</b>	<b>32 969 384</b>	<b>6 868 988</b>

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.09.2023	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30.09.2023

	Non audited as at 30.09.2023	as at 31.12.2022
<b>Assets</b>		
<b>Non-current assets (long-term)</b>	<b>5 206 710 354</b>	<b>5 185 870 289</b>
Goodwill	2 138 258 890	2 138 258 890
Intangible assets	295 700 880	322 077 303
Property, plant and equipment	653 189 397	673 284 851
Right of use assets	1 988 443 422	1 904 671 757
Investment property	138 430	150 110
Investments in equity accounted investees	14 667 149	13 586 088
Other long-term investments	987 953	1 746 897
Long-term receivables	17 793 378	14 995 719
Deferred tax assets	85 022 619	107 333 820
Other long-term prepayments	12 508 235	9 764 854
<b>Current assets (short-term)</b>	<b>3 499 858 607</b>	<b>3 483 952 402</b>
Inventories	1 589 646 659	1 636 113 684
Trade receivables	1 408 366 923	1 446 398 829
Current tax receivables	10 150 314	32 592 660
Other short-term receivables	163 971 595	143 164 414
Other short-term financial assets	45 900	6 404 073
Short-term prepayments	56 425 543	41 485 331
Cash and cash equivalents	271 251 674	177 793 411
<b>Total assets</b>	<b>8 706 568 961</b>	<b>8 669 822 691</b>

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.09.2023	Presentation currency:	Polish zloty (PLN)
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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30.09.2023

	Non audited as at 30.09.2023	as at 31.12.2022
<i>Equity and liabilities</i>		
<b>Equity</b>	<b>818 439 339</b>	<b>798 902 858</b>
<b>Equity attributable to Owners of the Company</b>	<b>716 519 470</b>	<b>710 224 316</b>
Share capital	139 163 286	139 163 286
Reserve capital	590 667 779	584 886 410
Valuation equity of hedging transactions	(16 407 034)	(3 067 894)
Option for purchase/selling the shares	(93 268 120)	(147 085 648)
Retained earnings	96 363 557	136 328 162
Accumulated profit / loss from previous years	79 708 467	69 218 384
Profit (loss) for the period	16 655 090	67 109 778
<b>Non-controlling interests</b>	<b>101 919 869</b>	<b>88 678 542</b>
<b>Liabilities</b>	<b>7 888 129 624</b>	<b>7 870 919 833</b>
<b>Non-current liabilities</b>	<b>2 409 307 829</b>	<b>2 057 724 333</b>
Long-term loans and borrowings	539 748 000	168 656 000
Other long-term financial liabilities	130 567 608	131 074 826
Long-term lease liabilities	1 708 033 834	1 657 858 563
Other long-term liabilities	21 563 290	89 342 861
Employee benefits	8 733 537	9 161 029
Provisions	661 560	1 631 054
<b>Current liabilities</b>	<b>5 478 821 795</b>	<b>5 813 195 500</b>
Loans and borrowings	74 184 997	503 666 864
Other short-term financial liabilities	22 378 305	15 041 726
Short-term lease liabilities	475 888 557	427 369 305
Trade payables	4 188 667 720	4 114 406 061
Current tax liabilities	26 071 605	30 932 775
Other short-term payables	212 901 982	226 855 355
Current employee benefits	154 128 241	188 370 484
Provisions	324 600 389	306 552 930
<b>Total equity and liabilities</b>	<b>8 706 568 961</b>	<b>8 669 822 691</b>

Condensed interim consolidated financial statements of EUROCASH Group.			
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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 01.01. TO 30.09.2023

	Non audited 1 Semi year for the period from 01.01.2023 to 30.09.2023	Non audited 1 Semi year for the period from 01.01.2022 to 30.09.2022
<i>Cash flow from operating activities</i>		
<b>Profit (loss) before tax</b>	<b>76 609 775</b>	<b>72 668 962</b>
<b>Adjustments for:</b>	<b>702 312 178</b>	<b>628 089 278</b>
Depreciation and amortization	471 213 948	454 030 650
Share in profits (losses) of equity accounted investees	(1 074 075)	(300 854)
Valuation of motivational programm	5 781 369	1 927 123
Gain (loss) on sale of property, plant and equipment	14 590 175	8 356 434
Profit (loss) on exchange rates	(5 417 357)	23 777 083
Dividends received	(201 772)	(258 611)
Interest expenses	226 701 611	165 348 284
Interest received	(9 281 722)	(24 790 831)
<b>Operating cash before changes in working capital</b>	<b>778 921 954</b>	<b>700 758 240</b>
Changes in inventory	46 382 281	(101 473 860)
Changes in receivables	32 200 992	78 767 411
Changes in payables	55 774 759	70 192 366
Changes in provisions and employee benefits	(34 046 444)	(5 520 810)
Other adjustments	(434 648)	(990 533)
<b>Operating cash</b>	<b>878 798 894</b>	<b>741 732 814</b>
Interest received	4 150 834	3 462 511
Interest paid	(93 031 266)	(58 656 296)
Income tax	(9 001 814)	(79 067 712)
<b>Net cash from operating activities</b>	<b>780 916 648</b>	<b>607 471 317</b>
<i>Cash flow from investing activities</i>		
Aquisition of intangible assets	(27 537 163)	(37 930 837)
Proceeds from sale of intangible assets, property, plant and equipment	1 799 709	26 225
Aquisition of property, plant and equipment tangible fixed assets	(114 903 548)	(119 310 352)
Proceeds from sale of property, plant and equipment	7 467 793	14 212 413
Dividends received	201 772	258 611
Aquisition of subsidiaries, net of cash acquired	-	(1 408 456)
Interest received	673 874	1 381 175
<b>Net cash used in investing activities</b>	<b>(132 297 564)</b>	<b>(142 771 221)</b>
<i>Cash flow from financing activities</i>		
Income/expenses for other financial liabilities	(2 297 673)	(1 639 104)
Proceeds from loans and borrowings	383 818 948	30 379 553
Repayment of borrowings	(442 208 816)	(113 970 418)
Income/expenses for liabilities from leasing	(302 644 295)	(285 968 675)
Lease interests	(66 000 651)	(53 173 500)
Other interests	(7 767 058)	14 022 357
Interests on loans and borrowings	(56 219 478)	(42 984 114)
Dividends paid	(61 841 798)	(3 669 974)
<b>Net cash used in financing activities</b>	<b>(555 160 820)</b>	<b>(457 003 876)</b>
<b>Net change in cash and cash equivalents</b>	<b>93 458 264</b>	<b>7 696 221</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>177 793 410</b>	<b>120 590 711</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>271 251 674</b>	<b>128 286 932</b>

Condensed interim consolidated financial statements of EUROCASH Group.			
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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 01.01. TO 30.09.2023

	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 30.09.2022</i>								
<b>Balance as at 01.01.2022 after changes</b>	<b>139 163 286</b>	<b>581 032 164</b>	<b>(115 838 349)</b>	<b>10 614 932</b>	<b>84 149 061</b>	<b>699 121 094</b>	<b>87 475 083</b>	<b>786 596 177</b>
Owners of the Company	-	-	-	-	(2 531 747)	(2 531 747)	-	(2 531 747)
Non-controlling interests	-	-	-	-	-	-	11 732 442	11 732 442
Net profit presented directly in equity	-	-	-	(3 739 266)	-	(3 739 266)	-	(3 739 266)
<b>Total comprehensive income for the period from 01.01. to 30.09.2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3 739 266)</b>	<b>(2 531 747)</b>	<b>(6 271 013)</b>	<b>11 732 442</b>	<b>5 461 430</b>
Dividends paid	-	-	-	-	-	-	(4 530 832)	(4 530 832)
Valuation of motivational program for employees	-	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)
<b>Total contributions by and distributions to Owners of the Company</b>	<b>-</b>	<b>1 927 123</b>	<b>4 349 253</b>	<b>-</b>	<b>(9 045 854)</b>	<b>(2 769 478)</b>	<b>(4 530 832)</b>	<b>(7 300 310)</b>
<b>Balance as at 30.09.2022</b>	<b>139 163 286</b>	<b>582 959 287</b>	<b>(111 489 095)</b>	<b>6 875 666</b>	<b>72 571 461</b>	<b>690 080 605</b>	<b>94 676 693</b>	<b>784 757 300</b>
<i>Changes in equity in the period from 01.01 to 30.09.2023</i>								
<b>Balance as at 01.01.2023</b>	<b>139 163 286</b>	<b>584 886 410</b>	<b>(147 085 648)</b>	<b>(3 067 894)</b>	<b>136 328 162</b>	<b>710 224 316</b>	<b>88 678 542</b>	<b>798 902 858</b>
Owners of the Company	-	-	-	-	16 655 090	16 655 090	-	16 655 090
Non-controlling interests	-	-	-	-	-	-	27 659 058	27 659 058
Other comprehensive income	-	-	-	(13 339 140)	-	(13 339 140)	-	(13 339 140)
<b>Total comprehensive income for the period from 01.01. to 30.09.2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13 339 140)</b>	<b>16 655 090</b>	<b>3 315 951</b>	<b>27 659 058</b>	<b>30 975 009</b>
Dividends paid	-	-	-	-	(50 000 000)	(50 000 000)	(14 417 732)	(64 417 732)
Equity-settled share-based payment transactions	-	5 781 369	-	-	-	5 781 369	-	5 781 369
Option for purchase/selling the shares	-	-	53 817 528	-	-	53 817 528	-	53 817 528
Other	-	-	-	-	(6 619 695)	(6 619 695)	-	(6 619 695)
<b>Total contributions by and distributions to Owners of the Company</b>	<b>-</b>	<b>5 781 369</b>	<b>53 817 528</b>	<b>-</b>	<b>(56 619 695)</b>	<b>2 979 202</b>	<b>(14 417 732)</b>	<b>(11 438 530)</b>
<b>Balance as at 30.09.2023</b>	<b>139 163 286</b>	<b>590 667 779</b>	<b>(93 268 120)</b>	<b>(16 407 034)</b>	<b>96 363 558</b>	<b>716 519 470</b>	<b>101 919 868</b>	<b>818 439 339</b>

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## **SUPPLEMENTARY INFORMATION TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2023 TO 30.09.2023**

### **1. GENERAL INFORMATION**

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

Condensed interim consolidated financial statements of the Eurocash Group for the period from 1 January 2023 to 30 September 2023 was approved by the Management Board on 9 November 2023.

According to the information provided in the current report No. 2/2023 on 31 January 2023 to the Polish Financial Supervision Authority, Eurocash S.A. publishes the interim condensed consolidated financial statements on 10 November 2023.

Eurocash S.A. is a stock company whose shares are publicly traded.

#### **1.2. STATEMENT OF COMPLIANCE**

These condensed interim consolidated financial statements of Eurocash S.A. Capital 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. Capital Group as at and for the year ended 31 December 2022, which is available on the website [www.grupaeurocash.pl](http://www.grupaeurocash.pl).

#### **1.3. PRESENTATION CURRENCY, ROUNDINGS**

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

#### **1.4. USE OF ESTIMATES AND JUDGEMENTS**

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

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

#### **Impairment of trade receivables**

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

#### **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).

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The company, when buying goods from suppliers, is entitled to the so-called retro discounts, 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.

#### **Depreciation rates**

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

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

#### **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.

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### **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.

### **Valuation of liabilities under share purchase options**

Commitments to purchase non-controlling shares are recognized at the most probable redemption price of these shares based on the ratios contained in investment agreements, the individual values of which come from the financial plans of the companies concerned. The value of the liability determined in this way is discounted to its present value.

### **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 2022.

## **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 with the assumption that the Group will continue its business operations in the foreseeable future, i.e. no less than 12 months from the balance sheet date.

The financial forecasts prepared by the Management Board for 2023 and the next four years indicate that the Group will maintain liquidity and service its liabilities on an ongoing basis. As already announced in the interim financial statements, on 7 July 2023, the Company concluded a Senior Facilities Agreement with a syndicate of 8 banks for the total amount of PLN 1.001 billion. This agreement covers a 5-year term loan worth PLN 456 million, a 3-year revolving loan worth PLN 445 million (with an option to extend it for another two years) and a 3-year overdraft facility up to PLN 100 million (with an extension option). for the next two years). The agreement also allows for an increase in the maximum debt amount by PLN 199 million to a maximum total amount of PLN 1.200 billion, both in the form of a term loan and in the form of a revolving



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loan (so-called Incremental Facility). On 17 July 2023, after meeting the conditions precedent necessary for the loan disbursement, the Company launched new financing and repaid the loans under the syndicated loan agreement of 19 June 2020. Thus, on that day, the Group completed the process of refinancing the debt structure. As at the balance sheet date, long-term debt amounts to PLN 539.7 million vs. PLN 96.3 million as of 30 June 2023, and short-term debt is PLN 74.2 million vs. PLN 725.6 million as of 30 June 2023.

In addition to the agreements mentioned above, the Group entities also have concluded separate bilateral agreements with financing institutions. In the opinion of the Management Board, the combination of business financing instruments including the above-mentioned loans, as well as factoring products meet the needs of companies operating in the FMCG industry. The most important factors, risks and uncertainties affecting the assessment of the going concern assumption are discussed below.

#### **A. The macroeconomic situation**

The Management Board estimates that the macroeconomic situation is influenced primarily by global effects, including those related to the war in Ukraine. Among the macroeconomic factors, the Management Board particularly observes the risks related to high energy prices, volatility on the capital and raw material markets and the persistently high level of interest rates.

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

A factor that has a significant impact on the Group's financial result - especially on financial costs - are interest rates remaining at a very high level. In 2022, the NBP reference rate increased by 500 percentage points. within one year to 6.75%. As at the balance sheet date, the reference rate fell to 6%, but for three quarters financial costs related to the highest level of the reference rate in 15 years. Currently, the Group expects a further decline in interest rates, but the dynamics of the decline will not be as fast as the increase observed in 2022. Financial costs in the next 12 months will continue to be largely determined by the high level of interest rates.

In the third quarter of 2023, the Group continued to implement its strategy, recording a sales increase of 3.7%. However, the third quarter of 2023 in terms of consumption was worse than the second quarter of 2023. Despite this, sales in the Group in the first three quarters of 2023 increased by 8,4% compared to the same period in 2022.

#### **B. Economic situation and balance sheet situation of the Group in the first three quarters of 2023**

In the first three quarters of 2023, the Group had a positive trend in sales growth and results at the EBIT and EBITDA level compared to the same period of the previous year. This growth was recorded in both the retail and wholesale segments. In the period from January to September 2023, compared to the same period of the previous year, the Eurocash Group achieved an increase in sales of goods of 8.5% and an increase in EBITDA by PLN 47 million. In the period from January to September 2023, a sales profit of approximately PLN 247 million was recorded and was higher by PLN 33 million compared to the same period of the previous year.

In the period from January to September 2023, the Group generated cash from operating activities in the amount of PLN 781 million, PLN 173 million more than in the same period in 2022. As at 30 September 2023, there was a surplus of current liabilities over its current assets in the amount of PLN 1.98 billion, which, in the Management Board's opinion, is typical for the industry in which the Group operates, in which a significant part of sales is made on cash terms and inventories are minimized and suppliers provide deferred payment terms, while the Group also uses reverse factoring instruments and bank loans to finance working capital. The Group's net working capital (including inventories, trade receivables and trade payables) was

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negative and amounted to minus PLN 1.19 billion as at 30 September 2023, compared to minus PLN 1.00 billion as at 30 September 2022.

### C. Financing instruments used in the Group in the first half of 2023

Limits	30.09.2023	31.12.2022	30.09.2022	31.12.2021
Bonds (program)	1 000	1 000	1 000	1 000
Bank credits	1 140	1 214	1 226	1 359
Bank guarantees	314	263	211	281
Receivables factoring	575	525	525	325
Reverse factoring	1 418	1 523	1 440	1 915
Use	30.09.2023	31.12.2022	30.09.2022	31.12.2021
Bonds (program)	125	125	125	125
Bank credits	603	663	711	796
Bank guarantees	268	200	193	216
Receivables factoring	421	344	423	209
Reverse factoring	1 191	1 156	1 245	1 780
% Use	30.09.2023	31.12.2022	30.09.2022	31.12.2021
Bonds (program)	13%	13%	13%	13%
Bank credits	53%	55%	58%	59%
Bank guarantees	85%	76%	91%	77%
Receivables factoring	73%	66%	81%	64%
Reverse factoring	84%	76%	86%	93%

Reverse factoring lines by maturity as at 30 September 2023.

As at 30.09.2023 mln PLN	IV Q 2023	I semi year 2024	II semi year 2024	2025	Indefinite	Total
Limits	100	75	270	475	498	1 418
Use	73	51	265	399	403	1 191

Eurocash Group plans to extend all factoring lines with current factors.

Trade liabilities vs. factoring liabilities

mln PLN	30.09.2023	31.12.2022	30.09.2022	31.12.2021
Trade liabilities	4 189	4 114	3 927	3 854
Liabilities due to the reverse factoring	1 191	1 156	1 245	1 780

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The Group analyzed the timeliness of settling its trade liabilities. Details are included in note no. 2. The Group plans to continue its balance sheet policy in which working capital plays an important role in financing operating activities.

Conditions precedent related to financial agreements are monitored on an ongoing basis and as of 30 September 2023, they have not been breached.

#### **D. Liquidity forecast**

The company, with an independent external advisor, prepared a liquidity model of the Eurocash Group for the period until 31 December 2024, which was used to assess the possibility of continuing as a going concern and to assess liquidity risk when preparing the separate report. The model prepared to assess liquidity risk is prepared on the basis of financial data before IFRS 16.

Implementation of liquidity forecasts prepared by the Group for the coming years in cooperation with the above-mentioned an independent expert confirms 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 maintaining limits in financing instruments made available by the banking sector.

The Group's Management Board maintains the liquidity model and, based on it, periodically assesses the continued operation of the entire Group through scenario analyses. The tests include (1) consumer prices and their impact on the Group's sales, profits and costs, (2) the availability of credit limits, (3) the 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 there is no uncertainty as to the continuation of its operations.

#### **E. Conclusions**

Operating activities, reflected in the Group's financial results, continue to improve in the first three quarters of 2023, as was the case in 2022 compared to 2021. Forecasts for the following quarters also indicate that the upward trend will continue in each business segment. This effect is visible not only at the level of the Group's operating result (EBITDA), but also in much higher sales and, consequently, better cash generation. As indicated above in this note, in connection with the signing by the Company on 7 July 2023 of a senior loan agreement with a consortium of 8 banks, the Group has stable financing, but also has appropriate reserves to respond to unforeseen macroeconomic changes.

It is also worth emphasizing that the Group strengthened its leading position on the wholesale market in 2023. At the end of September 2023, the Group's share in this market in terms of products without EAN codes increased by 0.7 percentage points compared to the previous year, to 24.2%, and excluding such products, the share increased by 0.9 percentage points, up to 30.0%. The key role of the Group for independent stores in Poland and the market shares in the sales of individual suppliers mean that they (especially large-scale suppliers) show great loyalty and the Management Board believes that long-term cooperation with them is not at risk.

At the same time, assessing the continuation of the business. The Company took into account the circumstances described in Note No. 6 (THE DAMAGE SUFFERED BY THE COMPANY AS A RESULT OF THE ACTIVITIES OF EXTERNAL ENTITIES PARTICIPATING IN THE VAT FRAUD MECHANISM) regarding VAT proceedings and in Note No. 5, in the sections "Proceedings regarding tax depreciation of trademarks" and "Other administrative proceedings" - regarding the decision of the President of the Office of Competition and Protection issued against the Company Consumers, concluding that they do not have a negative impact on the Company's continued operations in the period of 12 months from the balance sheet date.

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

## **2. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2023 TO 30.09.2023**

### **NOTE 1. OPERATING SEGMENTS**

In connection with the integration of partner (systems) networks (soft franchise) - i.e. ABC, Groszek and Eurosklep - to company Eurocash Sieci Partnerskie Sp. z o.o., which is presented in the Wholesale segment, the Group decided, starting from the first quarter of 2023, to present company Innowacyjna Platforma Handlu Sp. z o.o. in the Wholesale Segment. Innowacyjna Platforma Handlu Sp. z o.o. is a platform that develops the integrating solutions the above partner networks. 2022 data were restated due to the comparison reasons.

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

- Wholesale - this is the activity of the Eurocash Group regarding the result on B2B sales to partner, franchise and non-associated stores. The segment includes wholesale operations carried out by the following distribution formats and companies: Eurocash S.A.: business units: Eurocash Cash & Carry and Eurocash Dystrybucja and Eurocash Gastronomia, Eurocash Serwis Sp. z o.o., 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, partner system ABC or clients from the HoReCa segment and also the activities of companies organizing above franchise and partner systems: Eurocash Sieci Partnerskie Sp. z o.o., Partnerski Serwis Detaliczny S.A. and regional companies Lewiatan: 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 provided by the Eurocash Gastronomia format, as well as sales realized by Eurocash Dystrybucja and Eurocash Cash & Carry under entity Eurocash S.A. and sales realized by Cerville Investments Sp. z o.o., Ambra Sp. z o.o., 4vapers Sp. z o.o. and also as above: Innowacyjna Platforma Handlu Sp. z o.o.,
- Retail is the Eurocash Group's activity concerning the result on B2B sales to the Delikatesy Centrum franchise system and B2C sales realized by own stores Delikatesy Centrum, Arhelan, Lewiatan (within the company Partner Sp. z o.o.) and Inmedio. 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., 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 within franchise network "Delikatesy Centrum", which is organised by Eurocash Franczyza Sp. z o.o. as part of sales to customers of this franchise system by Eurocash S.A. and developed by Eurocash Group project of distribution of fresh products. The Retail segment also includes the activities of non-operating

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entities: EKO Holding S.A. w likwidacji, subsidiaries Firma Rogala Sp. z o.o., Arhelan Sp. z o.o. and Eurocash Nieruchomości Sp. z o. o.

- 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., In addition, the segment includes the activities of the subsidiary Frisco S.A. developing activities in the e-commerce sector and its subsidiaries.
- Other – includes the activities of service and non-operating companies - Eurocash VC3 Sp. z o.o. Detal Finanse Sp. z o.o. w likwidacji, 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 2023 TO 30 SEPTEMBER 2023

	Wholesale	Retail	Projects	Other	Exclusions	Total
<b>Sales</b>	<b>19 796 598 037</b>	<b>7 915 084 444</b>	<b>674 439 286</b>	<b>1 651 489</b>	<b>(3 856 204 930)</b>	<b>24 531 568 326</b>
External sales of goods	17 817 864 831	5 962 837 141	659 591 608	-	-	24 440 293 581
Other external sales	27 798 804	62 431 342	1 044 599	-	-	91 274 745
Inter-segmental sales	1 950 934 403	1 889 815 960	13 803 078	1 651 489	(3 856 204 930)	-
<b>Operating profit</b>	<b>411 751 465</b>	<b>51 284 894</b>	<b>(71 410 964)</b>	<b>(123 387 442)</b>	<b>-</b>	<b>268 237 953</b>
Finance income						46 512 524
Finance costs						(239 214 777)
Share in losses of companies consolidated with the equity method						1 074 075
<b>Profit before income tax</b>						<b>76 609 775</b>
Income tax						(32 295 627)
<b>Net profit (loss)</b>						<b>44 314 149</b>

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## REVENUES AND PROFITS BY BUSINESS SEGMENTS IN THE PERIOD FROM 01 JANUARY 2022 TO 30 SEPTEMBER 2022

	Wholesale	Retail	Projects	Other	Exclusions	Total
<b>Sales</b>	<b>18 157 794 643</b>	<b>7 507 499 049</b>	<b>545 566 210</b>	<b>3 145 495</b>	<b>(3 578 999 232)</b>	<b>22 635 006 165</b>
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	1 745 932 094	1 824 367 815	5 563 740	3 135 584	(3 578 999 232)	-
<b>Operating profit</b>	<b>393 895 573</b>	<b>35 595 914</b>	<b>(81 065 289)</b>	<b>(110 225 408)</b>	<b>-</b>	<b>238 200 790</b>
Finance income						41 436 204
Finance costs						(207 268 886)
Share in losses of companies consolidated with the equity method						300 854
<b>Profit before income tax</b>						<b>72 668 962</b>
Income tax						(62 060 709)
<b>Net profit (loss)</b>						<b>10 608 253</b>

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## NOTE 2. 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.

### Financial income and expenses

The change in financial costs in 2023 compared to 2022 was mainly related to the increase in debt servicing costs resulting from the increase in interest rates in Poland.

### Income tax

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

	for the period from 01.07.2023 to 30.09.2023	for the period from 01.01.2023 to 30.09.2023	for the period from 01.07.2022 to 30.09.2022	for the period from 01.01.2022 to 30.09.2022
<b>Profit (loss) before tax</b>	<b>53 823 798</b>	<b>76 609 775</b>	<b>60 064 515</b>	<b>72 668 962</b>
Income tax expense	(10 556 007)	(32 295 627)	(18 312 571)	(62 060 709)
<b>Profit (loss) for the period</b>	<b>43 267 790</b>	<b>44 314 149</b>	<b>41 751 945</b>	<b>10 608 253</b>
% tax rate (effective)	20%	42%	30%	85%
<b>Differences:</b>				
Fixed costs not constituting tax deductible costs	(2 889 239)	(10 493 120)	(3 724 481)	(7 070 355)
Impact of tax loss assets	(11 013 769)	(39 986 922)	(3 096 762)	(36 794 865)
Impact of Tax Capital Group	14 674 301	34 260 349	0	0
Other	(1 099 736)	(1 521 653)	(100 778)	(4 412 097)
<b>Profit (loss) before tax</b>	<b>53 823 798</b>	<b>76 609 775</b>	<b>60 064 515</b>	<b>72 668 962</b>
Income tax expense	(10 227 564)	(14 554 280)	(11 390 549)	(13 783 392)
<b>Profit (loss) for the period</b>	<b>43 596 233</b>	<b>62 055 495</b>	<b>48 673 966</b>	<b>58 885 570</b>
% tax rate (effective)	19%	19%	19%	19%

### Intangible assets and tangible fixed assets

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

### Inventories

The value of inventories as at 30.09.2023 is comparable to their state as at 31.12.2022. The values concerning the write-off for inventories are presented below.



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Financial statements period:	01.01-30.09.2023	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

#### WRITE-OFF OF INVENTORIES IN THE PERIOD FROM 01.01 TO 30.09.2023

	for the period from 01.01.2023 to 30.09.2023	for the period from 01.01.2022 to 31.12.2022
<b>Opening balance</b>	<b>53 787 346</b>	<b>54 783 455</b>
- increase *	9 098 038	-
- decrease *	-	(996 109)
<b>Closing balance</b>	<b>62 885 385</b>	<b>53 787 346</b>

\* net value

#### Trade receivables

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

The Group makes write-offs of receivables in relation to the expected credit losses, which result directly from the risk of each client and are calculated on the basis of models taking into account, payment history, type of business, geolocation, cooperation evaluation and financial data. In 2023, the analysis showed that the write-down calculated in accordance with the expected credit loss model is highly correlated in terms of value with the amount of the write-off made in accordance with the principle of significantly overdue receivables, while the expected credit loss model was based on the standard approach in which:

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

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Aging of trade receivables as at 30.09.2023:

#### AGING OF TRADE RECEIVABLES AS AT 30.09.2023

	Trade receivables gross value 30.09.2023	Trade receivables gross value 31.12.2022
current	1 295 391 409	1 244 362 248
1-30 days	81 808 724	157 606 662
31-90 days	38 769 987	44 587 994
91-180 days	6 829 875	9 571 950
> 180 days	16 891 688	25 938 605
	<b>1 439 691 682</b>	<b>1 482 067 458</b>

#### WRITE-OFF OF TRADE RECEIVABLES AS AT 30.09.2023

	for the period from 01.01.2023 to 30.09.2023	for the period from 01.01.2022 to 31.12.2022
<b>Opening balance</b>	<b>35 668 629</b>	<b>45 205 922</b>
Increase *		-
Decrease *	(4 343 869)	(9 537 293)
<b>Closing balance</b>	<b>31 324 760</b>	<b>35 668 629</b>

\* net value

#### Valuation equity of hedging transactions

The Group uses hedging instruments for cash flow connected with interest-bearing liabilities. Future loans are also hedged. The instrument hedging the expert opinion against the interest risk is the interest Rate Swap transaction, within the Group exchanges of payable payments flow with a variable WIBOR 1M and WIBOR 3M 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.

Value	Issuing Date	Start Date	End Date	Valuation 30.09.2023
500 000 000	06.10.2022	31.12.2022	31.12.2024	-15 201 860
17 593 620	02.04.2021	15.04.2021	16.03.2026	527 122
1 674 859	02.04.2021	20.04.2021	20.11.2024	14 522
500 327	02.04.2021	15.04.2021	15.10.2024	3 893
278 709	02.04.2021	30.04.2021	31.01.2025	2 839
255 319	02.04.2021	30.04.2021	31.08.2024	3 097
11 825 800	28.09.2020	30.09.2020	30.09.2025	380 820

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.09.2023	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

### Trade liabilities

The Group assessed liabilities covered by reverse factoring and, based on this judgment, classified liabilities due to the so-called reverse factoring as a trade payable and services, because in connection with the submission of the given liabilities to factoring, there were no significant changes in the nature of these liabilities, in particular, no significant changes in the terms of payment. The balance of trade payables as at 30 September 2023 includes the value of balances covered by the supplier financing program in the amount of PLN 1,191,314,364 while as at 31 December 2022, the relevant balance amounted to PLN 1,156,225,827.

The Group uses reverse factoring lines provided by 6 factors, which finance deliveries from 56 suppliers. The terms of payment to the factor do not differ from the terms of payment agreed with the suppliers. Factoring agreements are a financial instrument secured by a standard intra-group surety, promissory note or declaration of submission to enforcement.

The risk of losing financial liquidity is described in point 1.7.

The structure of trade payables by their payment dates as at the balance sheet dates is presented in the table below.

AGING OF TRADE LIABILITIES	30.09.2023	31.12.2022
current	4 181 150 306	4 102 645 390
1-30 days	4 435 939	8 257 671
31-90 days	528 616	787 204
91-180 days	307 712	913 703
> 180 days	2 245 147	1 802 093
	<b>4 188 667 720</b>	<b>4 114 406 061</b>

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

### NOTE 3. BOOK VALUE PER SHARE AS AT 30.09.2023

BOOK VALUE PER SHARE	Non audited as at 30.09.2023	as at 31.12.2022
<b>Equity attributable to Owners of the Company</b>	<b>716 519 470</b>	<b>710 224 316</b>
Number of shares	139 163 286	139 163 286
Diluted number of shares	139 747 128	139 163 286
<b>Book value per share</b>	<b>5,15</b>	<b>5,10</b>
<b>Diluted book value per share</b>	<b>5,13</b>	<b>5,10</b>

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Dilution was calculated based on the assumptions of the incentive program for employees. The total cost of the program to be recognized by the end of its duration, the number of shares that can be exercised and their average market value, taking into account the current exchange rate. The number of diluting shares is 583,842.

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

**BANK GUARANTEES AS AT 30 SEPTEMBER 2023**

The Issuer	Title	Currency	as at 30.09.2023	as at 31.12.2022
1 Bank 1	Security of payments to suppliers	PLN	170 533 500	117 471 524
2 Bank 2	Security of payments to suppliers *	PLN	26 422 920	26 732 430
3 Bank 3	Security of rent liabilities	PLN	18 586 879	16 496 070
4 Bank 4	Security of rent liabilities *	PLN	55 011 025	45 699 758
5 Bank 5	Security of the liabilities of the promotion lottery	PLN	-	5 375 659
6 Bank 6	Security of the liabilities of the good service performance	PLN	-	3 385 021
			<b>270 554 324</b>	<b>215 160 462</b>

\* - Guarantee in EUR is translated into PLN at the average exchange rate of NBP:  
as at 29.09.2023: 1 EUR = 4,6356 PLN  
as at 31.12.2022: 1 EUR = 4,6899 PLN

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

## COLLATERALS

### SECURITIES RELATED TO ASSETS AS AT 30 SEPTEMBER 2023

Title		as at 30.09.2023 *	as at 31.12.2022 restated*	as at 31.12.2022
Security on the credit line agreement	Pledge on inventories of Eurocash S.A.	90 000 000	90 000 000	90 000 000
Guarantee on securing the payment for suppliers	Pledge on inventories of Eurocash Serwis Sp. z o.o.	36 060 300	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.	1 800 000 000	900 000 000	9 547 300
Security on the consolidated loan	Pledge on shares of Eurocash Franczyza Sp. z o.o.	1 800 000 000	900 000 000	3 800 000
Security on the consolidated loan	Pledge on shares of Eurocash Sieci Partnerskie Sp. z o.o.	1 800 000 000	900 000 000	220 305 000
Security on the consolidated loan	Mortgage on 6 distribution centers (13 properties)	1 800 000 000	-	-
Security on the term loan	Mortgage on 6 distribution centers (13 properties)	-	333 750 000	333 750 000
Security on the consolidated loan	Pledge on Eurocash trademarks	1 800 000 000 -	-	-
Financial leasing agreements (due to net value of fixed assets at the balance sheet date)	Ownership of fixed assets in financial leasing	35 191 972	36 696 393	36 696 393

\* security nominal value

## FAIR VALUE OF FINANCIAL INSTRUMENTS

As at 30 September 2023, 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 5.

#### UNCERTAIN TAX TREATMENT

Tax regulations in Poland are subject to frequent legislative changes, which causes numerous interpretation doubts and results in different applications and interpretations of given regulations by individual state authorities / administrative courts.

Tax settlements and other areas of activity (e.g. customs or foreign exchange issues) may be subject to control by authorities that are authorized to impose high penalties and fines, and any additional tax liabilities resulting from the decisions of these authorities must be paid with high interest. These conditions make the tax risk in Poland higher than in countries with a more mature tax system.

As a consequence, the amounts presented and disclosed in the financial statements may change in the future as a result of the final decision of the authority / judgment of the administrative court.

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In previous reporting periods, the Company carried out transactions and participated in restructuring processes, which are currently the subject of tax proceedings.

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

#### **Proceedings regarding the tax consequences of transactions related to trademarks**

Currently, Group. is a party to disputes with tax authorities regarding transactions related to tax stamps and their tax consequences in 2011, 2014, 2015 and 2016, i.e.:

- the proceedings for 2011 concern the possibility of including the amount of license fees paid by the Eurocash S.A. to Eurocash S.A. S.K.;
- proceedings for the years 2014, 2015 and 2016 concern the amount of costs of obtaining income from the depreciation of trademarks.

The proceedings relating to 2011 are pending examination by the Provincial Administrative Court in Poznań (the hearing was scheduled for 9 November 2023). In the proceedings in 2014, 2015 and 2016, the Provincial Administrative Court in Poznań issued substantively favorable decisions for the Group. Cassation appeals against the judgments of the Provincial Administrative Court in Poznań were filed by the tax authority and - solely out of procedural caution (procedural reasons) - by the Eurocash S.A.. The cases are currently awaiting consideration by the Supreme Administrative Court.

As a result of decisions issued by the authorities as part of the disputes described above, Eurocash S.A. incurred tax arrears in the following amount:

- PLN 2,498,378.00 for 2011,
- PLN 5,490,763.00 for 2014,
- PLN 5,490,764.00 for 2015,
- PLN 5,490,764.00 for 2016.

These arrears were paid by the Company with interest on 3 November 2022.

#### **Duży Ben - distributor with limited risks**

Due to the adjustment of the business model of the Eurocash Group, starting from 2021, Duży Ben acts as a distributor with limited risks, and Eurocash S.A. the role of the central entity. Eurocash S.A. as the central entity, it is responsible for managing the core activities of Duży Ben, such as developing the distribution concept, strategy and pace of network development, selection of suppliers, provision of support services and the owner of significant intangible assets (trademarks). Duży Ben is responsible for the sale of goods purchased from suppliers indicated by Eurocash S.A. on the Polish market. (including the same company Eurocash S.A.), who previously purchases them from producers or other wholesale distributors, and then sells the Goods on the market to consumers. Additionally, Duży Ben implements the strategy formulated by Eurocash S.A. The above action is aimed at ensuring the market level of profitability, taking into account the functions performed, assets involved and risk incurred.

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At the same time, on 29 December 2021, Eurocash S.A. applied for an advance pricing agreement under the Act of 16 October 2019 on resolving double taxation disputes and concluding advance pricing agreements in this regard, in order to reduce tax risk.

In addition, all risks and liabilities of the Company have been settled and recognized in the financial statements.

### **Other administrative proceedings**

On 2 October 2020, the Company received the Order of the President of the Office of Competition and Consumer Protection ("UOKiK") 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 UOKiK issued a decision in which he stated that the Company had committed the practice of unfairly using a contractual advantage by charging suppliers of agri-food products for services that are not provided to them or that are provided, but about which suppliers are not informed, including about their costs and results, and imposed a fine of PLN 76,019,901.23 on the Company. The company does not agree with the position of the President of UOKiK, therefore on 30 December 2021 it appealed against the decision of the President of UOKiK to the Court of Competition and Consumer Protection.

The first hearing before the Court of Competition and Consumer Protection took place on 23 October 2023, and the next two hearings are scheduled for the end of November and in half of December this year.

At the same time, we point out that the obligation to pay a possible fine imposed by the President of UOKiK arises only after the decision becomes final - i.e. after the judgment is issued by the Court of Second Instance (Court of Appeal). In the current conditions, the duration of the proceedings from the moment of issuing the decision to the moment of issuing the final judgment by the Court of Appeal is about 4-5 years. The Company cooperates with the Office on an ongoing basis, providing timely answers to a number of other inquiries addressed to the Company by the President of the Office of Competition and Consumer Protection as part of ongoing explanatory proceedings and FMCG market research.

### **NOTE 6.**

#### **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 as follows.

The examination of VAT settlements by Eurocash Group companies did not reveal any irregularities of a nature identical to those disclosed in Eurocash S.A. in 2017. Notwithstanding the foregoing, taking into

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account the turnover of other Group companies realized on transactions concerning intra-Community supplies of goods, the risks related to such possible irregularities are intangible. Eurocash S.A. suspended this type of intra-Community supply of goods transactions and, as collateral, paid a deposit of PLN 95,746,902 in 2017 for any arrears.

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

Still in 2020, the Company analyzed the tax risks related to the damages in question and decided to allocate the amount of approximately PLN 43.5 million against current tax liabilities, from the pool of previously paid security for the payment of any VAT liability. The current security for potential arrears amounts to PLN 52,267,381. Nevertheless, the Company is of the opinion that based on the analysis of tax audit files and tax proceedings, as well as based on the results of internal analyses, 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 included in the group of potential risk, correctly settled transactions with the Company in an EU country (other than Poland), showing intra-Community acquisition of goods there and settled the VAT due on this account.

On 22 June 2022, the Company received from the Head of the First Wielkopolskie Tax Office in Poznań a tax inspection 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 manufactured goods) and (2) some transactions of intra-Community supply of goods (applies only to beer). The total amount of VAT questioned by the Head is PLN 133,956,967.00. In the Company's opinion, the protocol referred to in the previous sentence does not involve any potential VAT liability for the Company and the need to pay any potential VAT arrears. In the Company's opinion, the minutes are not transparent and contain theses that the Company will question. Especially:

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

The Company, not agreeing with the findings of the Head of the above-mentioned the inspection report, on 6 July 2022, raised objections to it.

Then, on 5 December 2022, the Head initiated two tax proceedings against the Company, i.e. 1) VAT tax proceedings for the fourth quarter of 2013 and for the first quarter of 2014, and 2) VAT tax proceedings for the periods from the fourth quarter of 2014 to Q4 2016.

The Company is also subject to VAT tax proceedings for the second and third quarters of 2014 initiated by the decision of 6 December 2016 (no. 3071-PP.4213.96.2016.1). On 23 December 2022, the Head issued another decision to extend the deadline for settling the case until 6 April 2023.

With further provisions, the Head of the First Wielkopolskie Tax Office in Poznań extended the deadline for settling matters until 16 January 2024. Summarizing the above, in the Company's opinion, the security in the amount of PLN 52,267,381 is the amount that would fully cover the tax arrears, if any.



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## NOTE 7.

### SIGNIFICANT EVENTS DURING THE PERIOD COVERED BY THE FINANCIAL STATEMENTS

#### 1. The war in Ukraine

A description of the impact of the war in Ukraine on the Group's operations is presented in detail in note 36 to the consolidated financial statements of the Eurocash Group for 2022 published on 27 March 2023. In the first half of 2023, there were no new factors or events related to the Ukrainian market with a significant impact on the Group's operations. Since the outbreak of the war, the Group has ceased commercial contacts with contractors from Russia and Belarus.

#### 2. Option to purchase shares in Arhelan Sp. z o.o.

As indicated in the consolidated report of the Eurocash Group for 2022 and in the report for the first quarter of 2023, on 13 March 2023, Eurocash submitted to the second shareholder of Arhelan sp. z o.o. - Arhelan-Fundacja Arhelan Społecznie Odpowiedzialni (Foundation) - declaration of evasion of the legal consequences of the declaration of will - offer to purchase all the Foundation's shares in the share capital of Arhelan sp. z o.o. of 9 November 2021 (Put Option) as submitted under the influence of a legally significant error as to the content of the legal transaction. Moreover, Eurocash avoided the legal consequences of its declaration of will to conclude the Put Option agreement, regulated in the investment agreement of 11 March 2021 (UI). In response to Eurocash's statement, the Foundation submitted letters which were the subject of Eurocash's replies; replacement of the above letters took place in the first half of 2023.

In the third quarter of 2023, there were no new factors or events related to the above-mentioned evasion by the Company of the legal consequences of the declaration of will - Put Option. At the same time, as in previous reports, the Company indicates that: (a) submitting the above declaration of withdrawal does not affect the 50% stake in the share capital of Arhelan Sp. z o.o. already held by Eurocash and (b) the Group does not recognize an option to purchase shares in Arhelan Sp. z o. o. in the statement of financial position starting from the first quarter of 2023. Previously, this option was recognized in the last financial statement before submitting the declaration of waiver of the option, i.e. the report for 2022, in the amount of PLN 71 million based on the valuation from December 2022.

#### Dividend payment

The Management Board of EUROCASH Spółka Akcyjna with its registered office in Komorniki ("Company") informs that by virtue of Resolution No. 5 of 19 June 2023, the Ordinary General Meeting of EUROCASH S.A. decided to distribute the Company's net profit for the financial year 2022 in the amount of PLN 171,228,360 as follows:

1. allocate the Company's net profit for the financial year 2022 in the amount of PLN 50,000,000 for the payment of dividend, i.e. allocate PLN 0.36 per share,
2. allocate the remaining net profit of the Company for the financial year 2022 in the amount of PLN 121,228,360 to the reserve capital.

## NOTE 8.

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

After the period covered by the financial statements, no significant events occurred other than those disclosed in the financial statements.

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

## SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

Position	Name and surname	Date	Signature
President of the Management Board	Paweł Surówka	9 November 2023	
Management Board Member	Szymon Mitoraj	9 November 2023	
Management Board Member	Pedro Martinho	9 November 2023	
Management Board Member, Human Resources Director	Katarzyna Kopaczewska	9 November 2023	
Management Board Member, Financial Director	Jacek Owczarek	9 November 2023	
Management Board Member	Przemysław Ciaś	9 November 2023	
Management Board Member	Dariusz Stolarczyk	9 November 2023	
Management Board Member	Tomasz Polański	9 November 2023	

## SELECTED SEPARATE FINANCIAL DATA

	for the period from 01.01.2023 to 30.09.2023 PLN	for the period from 01.01.2022 to 30.09.2022 PLN	for the period from 01.01.2023 to 30.09.2023 EUR	for the period from 01.01.2022 to 30.09.2022 EUR
Sales	14 018 833 556	13 691 937 429	3 057 542 760	2 930 198 264
Operating profit (loss)	110 809 756	283 875 157	24 167 886	60 751 847
Profit (loss) before income tax	117 567 507	232 355 748	25 641 768	49 726 228
Profit (loss) for the on continued operations	112 360 894	203 526 197	24 506 193	43 556 444
Profit (loss) for the period	112 360 894	203 526 197	24 506 193	43 556 444
Net cash from operating activities	210 174 930	425 408 846	45 839 679	91 041 335
Net cash used in investing activities	77 682 529	(1 078 992)	16 942 754	(230 914)
Net cash used in financing activities	(263 807 994)	(416 968 899)	(57 537 185)	(89 235 110)
Net change in cash and cash equivalents	24 049 465	7 360 955	5 245 249	1 575 311
Weighted average number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Weighted average diluted number of shares	139 747 128	139 163 286	139 747 128	139 163 286
EPS (in PLN / EUR)	0,81	1,46	0,18	0,31
Diluted EPS (in PLN / EUR)	0,80	1,46	0,18	0,31
Average PLN / EUR rate*			4,5850	4,6727
	as at 30.09.2023 PLN	as at 31.12.2022 PLN	as at 30.09.2023 EUR	as at 31.12.2022 EUR
Assets	6 756 962 313	6 855 600 456	1 457 624 108	1 461 779 666
Non-current liabilities	1 340 023 763	998 732 104	289 072 345	212 953 817
Current liabilities	3 898 490 039	4 393 981 907	840 989 309	936 903 112
Equity	1 518 448 511	1 462 886 445	327 562 454	311 922 737
Share capital	139 163 286	139 163 286	30 020 555	29 672 975
Number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Diluted number of shares	139 747 128	139 163 286	139 747 128	139 163 286
Book value per share (in PLN / EUR)	10,91	10,51	2,35	2,24
Diluted book value per share (in PLN / EUR)	10,87	10,51	2,34	2,24
Dividends paid (in PLN / EUR)	50 000 000	-	10 786 090	-
Dividends paid per share (in PLN / EUR)	0,36	-	0,08	-
PLN / EUR rate at the end of the period**			4,6356	4,6899

\* 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 2023 YTD.

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

\*\*\* The dividend for 2022 was paid on 29 June 2023.

**EUROCASH S.A.**

**CONDENSED INTERIM  
SEPARATE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 1 JANUARY 2023 TO 30 SEPTEMBER 2023

**TRANSLATORS' EXPLANATORY NOTE**

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

KOMORNIKI, 9<sup>th</sup> November 2023

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<b>Condensed interim separate financial statements of EUROCASH S.A.</b>			
<b>Financial statements period:</b>	<b>01.01-30.09.2023</b>	<b>Presentation currency:</b>	<b>Polish zloty (PLN)</b>
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>		

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Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2023	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 2023 and contain comparative data for the 9 months period ended 30 September 2022 and as at 31 December 2022. Statement of comprehensive income, income statement and notes to the statement of comprehensive income, income statement including data for the 3 months period ended September 2023 and comparative data for the 3 months period ended on 30 September 2022.

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 2023 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:	01.01-30.09.2023	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 2023 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 28 June 2023, the Supervisory Board of Company adopted a resolution to appoint Mr. Szymon Mitoraj as a Member of the Company's Management Board with effect from 1 October 2023.

On 29 September 2023, the Company received a notification from Mr. Arnaldo Guerreiro of his resignation from the position of Member of the Management Board with effect from 30 September 2023.

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2023	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 01.01.2023 TO 30.09.2023

	Non audited 3rd Quarter for the period from 01.07.2023 to 30.09.2023	Non audited 3 Quarters for the period from 01.01.2023 to 30.09.2023	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
<b>Sales</b>	<b>4 911 303 025</b>	<b>14 018 833 556</b>	<b>4 995 077 033</b>	<b>13 691 937 429</b>
Sales of goods	4 896 839 154	13 973 436 712	4 984 503 564	13 634 117 550
Sales of services	14 463 871	45 396 844	10 573 469	57 819 879
<b>Costs of sales</b>	<b>(4 391 370 517)</b>	<b>(12 529 928 770)</b>	<b>(4 423 058 829)</b>	<b>(12 068 522 837)</b>
Costs of goods sold	(4 391 370 517)	(12 529 928 770)	(4 423 058 829)	(12 068 522 837)
<b>Gross profit (loss)</b>	<b>519 932 509</b>	<b>1 488 904 786</b>	<b>572 018 204</b>	<b>1 623 414 592</b>
Selling expenses	(405 703 265)	(1 173 684 012)	(415 919 532)	(1 161 457 189)
General and administrative expenses	(71 471 686)	(210 918 794)	(67 966 324)	(209 415 197)
<b>Profit (loss) on sales</b>	<b>42 757 558</b>	<b>104 301 980</b>	<b>88 132 348</b>	<b>252 542 206</b>
Other operating income	4 502 784	20 304 444	6 884 701	51 128 716
Other operating expenses	(360 887)	(13 796 668)	(2 913 109)	(19 795 764)
<b>Operating profit (loss)</b>	<b>46 899 455</b>	<b>110 809 756</b>	<b>92 103 939</b>	<b>283 875 157</b>
Financial income	19 508 499	153 866 465	69 148 566	81 946 820
Financial costs	(60 272 163)	(147 108 714)	(53 975 415)	(133 466 230)
<b>Profit (loss) before tax</b>	<b>6 135 791</b>	<b>117 567 507</b>	<b>107 277 090</b>	<b>232 355 748</b>
Income tax expense	781 291	(5 206 612)	(2 599 387)	(28 829 551)
<b>Profit (loss) for the period</b>	<b>6 917 082</b>	<b>112 360 894</b>	<b>104 677 703</b>	<b>203 526 197</b>

## EARNINGS PER SHARE

	PLN / share	PLN / share	PLN / share	PLN / share
Profit (loss) for the period	6 917 082	112 360 894	104 677 703	203 526 197
Weighted average number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Weighted average diluted number of shares*	139 747 128	139 747 128	139 163 286	139 163 286
<b>Earnings per share</b>				
- basic	0,05	0,81	0,75	1,46
- diluted	0,05	0,80	0,75	1,46

\* Note 2



Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2023	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 01.01.2023  
TO 30.09.2023**

	Non audited 3rd Quarter for the period from 01.07.2023 to 30.09.2023	Non audited 3 Quarters for the period from 01.01.2023 to 30.09.2023	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
<b>Profit (loss) for the period</b>	<b>6 917 082</b>	<b>112 360 894</b>	<b>104 677 703</b>	<b>203 526 197</b>
<b>Other comprehensive income for the period</b>	(4 883 016)	(12 580 197)	(9 389 168)	(4 345 873)
Items that may be subsequently reclassified to profit or loss:				
- The result on hedge accounting with the tax effect:	(4 883 016)	(12 580 197)	(9 389 168)	(4 345 873)
<b>Total comprehensive income for the period</b>	<b>2 034 066</b>	<b>99 780 698</b>	<b>95 288 535</b>	<b>199 180 323</b>
<b>Total Income</b>				
Owners of the Company	2 034 066	99 780 698	95 288 535	199 180 323
<b>Total comprehensive income for the period</b>	<b>2 034 066</b>	<b>99 780 698</b>	<b>95 288 535</b>	<b>199 180 323</b>

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2023	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 30.09.2023

	Non audited	
	as at	as at
	30.09.2023	31.12.2022
<i>Assets</i>		
<b>Non-current assets (long-term)</b>	<b>4 408 040 892</b>	<b>4 477 393 748</b>
Goodwill	1 204 087 310	1 204 087 310
Intangible assets	427 230 889	452 583 466
Property, plant and equipment	333 438 310	350 431 956
Right of use assets	739 677 774	770 034 097
Investment property	886 430	898 110
Investments in subsidiary companies	1 684 524 377	1 684 524 377
Investments in equity accounted investees	4 590 840	4 590 840
Other long-term investments	57 633	57 633
Long-term receivables	1 681 779	1 626 627
Other long-term prepayments	11 865 551	8 559 332
<b>Current assets (short-term)</b>	<b>2 348 921 421</b>	<b>2 378 206 708</b>
Inventories	913 934 493	998 661 275
Trade receivables	1 261 493 565	1 214 176 548
Current tax receivables	8 952 778	29 938 565
Other short-term receivables	59 447 327	56 215 382
Other short-term financial assets	50 773	6 404 074
Short-term prepayments	35 228 675	27 050 938
Cash and cash equivalents	69 813 811	45 759 926
<b>Total assets</b>	<b>6 756 962 313</b>	<b>6 855 600 456</b>

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2023	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 30.09.2023

	Non audited as at 30.09.2023	as at 31.12.2022
<i>Equity and liabilities</i>		
<b>Equity</b>	<b>1 518 448 511</b>	<b>1 462 886 445</b>
Share capital	139 163 286	139 163 286
Reserve capital	1 208 727 818	1 081 718 089
Valuation equity of hedging transactions	(16 958 506)	(4 378 310)
Retained earnings	187 515 913	246 383 379
Accumulated profit / loss from previous years	75 155 019	75 155 018
Profit (loss) for the period	112 360 894	171 228 360
<b>Liabilities</b>	<b>5 238 513 802</b>	<b>5 392 714 012</b>
<b>Non-current liabilities</b>	<b>1 340 023 763</b>	<b>998 732 104</b>
Long-term loans and borrowings	533 040 000	160 400 000
Other long-term financial liabilities	130 567 608	131 074 826
Long-term lease liabilities	612 321 914	653 631 176
Other long-term liabilities	15 659 134	15 493 369
Deferred tax liabilities	44 710 009	34 407 635
Employee benefits	3 725 098	3 725 098
<b>Current liabilities</b>	<b>3 898 490 039</b>	<b>4 393 981 907</b>
Loans and borrowings	221 319 922	586 960 953
Other short-term financial liabilities	22 378 305	15 041 727
Short-term lease liabilities	194 579 964	186 395 524
Trade payables	3 048 715 896	3 168 902 792
Other short-term payables	181 503 612	174 936 003
Current employee benefits	71 413 840	99 231 986
Provisions	158 578 500	162 512 924
<b>Total equity and liabilities</b>	<b>6 756 962 313</b>	<b>6 855 600 456</b>

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2023	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 01.01.2023 TO 30.09.2023

	Non audited 3 Quarters for the period from 01.01.2023 to 30.09.2023	Non audited 3 Quarters for the period from 01.01.2022 to 30.09.2022
<i>Cash flow from operating activities</i>		
<b>Profit (loss) before tax</b>	<b>117 567 507</b>	<b>232 355 748</b>
<b>Adjustments for:</b>	<b>229 932 200</b>	<b>271 642 798</b>
Depreciation and amortization	221 897 377	216 740 422
Valuation of motivational program	5 781 369	1 927 123
(Gain) loss on sale of property, plant, equipment ,loans and shares	(316 337)	6 740 006
Profit (loss) on exchange rates	(3 663 754)	15 392 309
Dividends received	(120 530 102)	(48 981 216)
Interest expenses	135 043 389	101 067 878
Interest received	(8 279 742)	(21 243 726)
<b>Operating cash before changes in working capital</b>	<b>347 499 707</b>	<b>503 998 546</b>
Changes in inventory	84 727 801	84 015 322
Changes in receivables	(35 174 325)	(35 871 015)
Changes in payables	(115 424 240)	(59 917 109)
Changes in provisions and employee benefits	(50 352 309)	11 721 837
<b>Operating cash</b>	<b>231 276 633</b>	<b>503 947 581</b>
Interest received	3 444 768	2 292 249
Interest paid	(40 112 833)	(33 794 330)
Income tax paid	15 566 362	(47 036 654)
<b>Net cash from operating activities</b>	<b>210 174 930</b>	<b>425 408 846</b>
<i>Cash flow from investing activities</i>		
Aquisition of intangible assets	(16 859 624)	(23 412 018)
Proceeds from sale of intangible assets, property, plant and equipment	1 797 184	6 732
Aquisition of property, plant and equipment tangible fixed assets	(30 804 839)	(30 339 952)
Proceeds from sale of property, plant and equipment	2 067 125	4 683 347
Dividends received / declared	120 530 102	48 981 216
Aquisition of subsidiaries	-	(1 408 456)
Loans granted	(50 773)	(94 192)
Interest received	1 003 353	504 332
<b>Net cash used in investing activities</b>	<b>77 682 529</b>	<b>(1 078 992)</b>
<i>Cash flow from financing activities</i>		
Income/expenses for other financial liabilities	(2 297 673)	(1 639 104)
Proceeds from loans and borrowings	440 165 031	15 489 840
Repayment of borrowings	(433 166 061)	(264 855 035)
Expenses for liabilities from leasing	(130 091 402)	(119 692 862)
Interest on finance lease	(22 716 940)	(19 422 186)
Other interests	(2 054 567)	15 344 024
Interests on loans and borrowings	(63 646 382)	(42 193 577)
Dividends paid	(50 000 000)	-
<b>Net cash used in financing activities</b>	<b>(263 807 994)</b>	<b>(416 968 899)</b>
<b>Net change in cash and cash equivalents</b>	<b>24 049 465</b>	<b>7 360 955</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>45 764 346</b>	<b>19 262 571</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>69 813 811</b>	<b>26 623 525</b>

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2023	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 01.01.2023 TO 30.09.2023

### CONSOLIDATED STATEMENT ON CHANGES IN EQUITY IN THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2023

	Share capital	Reserve capital	Hedge reserve	Retained earnings	Total
<i>Changes in equity in the period from 01.01 to 30.09.2022</i>					
<b>Balance as at 01.01.2022 after changes</b>	<b>139 163 286</b>	<b>940 850 351</b>	<b>9 564 857</b>	<b>212 168 511</b>	<b>1 301 747 005</b>
Transfer to reserve capital	-	137 013 492	-	(137 013 492)	-
Profit (loss) for the period from 01.01. to 30.09.2022	-	-	-	203 526 197	<b>203 526 197</b>
Other comprehensive income	-	-	(4 345 873)	-	<b>(4 345 873)</b>
<b>Total comprehensive income for the period from 01.01. to 30.09.2022</b>	<b>-</b>	<b>137 013 492</b>	<b>(4 345 873)</b>	<b>66 512 705</b>	<b>199 180 323</b>
Equity-settled share-based payment transactions	-	1 927 123	-	-	<b>1 927 123</b>
<b>Balance as at 30.09.2022</b>	<b>139 163 286</b>	<b>1 079 790 966</b>	<b>5 218 984</b>	<b>278 681 215</b>	<b>1 502 854 451</b>
<i>Changes in equity in the period from 01.01 to 30.09.2023</i>					
<b>Balance as at 01.01.2023</b>	<b>139 163 286</b>	<b>1 081 718 089</b>	<b>(4 378 310)</b>	<b>246 383 379</b>	<b>1 462 886 444</b>
Profit (loss) for the period from 01.01. to 30.09.2023	-	-	-	112 360 894	<b>112 360 894</b>
Other comprehensive income	-	-	(12 580 197)	-	<b>(12 580 197)</b>
<b>Total comprehensive income for the period from 01.01. to 30.09.2023</b>	<b>-</b>	<b>-</b>	<b>(12 580 197)</b>	<b>112 360 894</b>	<b>99 780 698</b>
Dividends	-	-	-	(50 000 000)	<b>(50 000 000)</b>
Transfer to reserve capital	-	121 228 360	-	(121 228 360)	-
Valuation of motivational program for employees	-	5 781 369	-	-	<b>5 781 369</b>
<b>Balance as at 30.09.2023</b>	<b>139 163 286</b>	<b>1 208 727 818</b>	<b>(16 958 506)</b>	<b>187 515 913</b>	<b>1 518 448 511</b>

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2023	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## SUPPLEMENTARY INFORMATION TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2023 TO 30.09.2023

### 1. GENERAL INFORMATION

#### 1.1. ISSUE OF THE FINANCIAL STATEMENT

Condensed interim separate financial statements of Eurocash S.A. for the period from 1 January 2023 to 30 September 2023 was approved by the Management Board on 9 November 2023.

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

#### 1.2. STATEMENT OF COMPLIANCE

These 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 2023, and the separate financial statements of Eurocash S.A. as at and for the year ended 31 December 2022, which are available on the website [www.grupaeurocash.pl](http://www.grupaeurocash.pl).

#### 1.3. PRESENTATION CURRENCY, ROUNDINGS

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

#### 1.4. USE OF ESTIMATES AND JUDGEMENTS

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

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

#### Impairment of trade receivables

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

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2023	Presentation currency:	Polish zloty (PLN)
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### 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

### Depreciation rates

The company recognizes that the "Eurocash" trademark is recognizable on the market and plans to use it in its operations for a long time. Therefore, the Company assumes that the useful life of the "Eurocash" trademark is indefinite and is not amortized. The "Eurocash" trademark is subject to an annual impairment test.

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

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.09.2023	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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**

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 2022.

### **1.6. GOING CONCERN ASSUMPTION**

Due to the fact that Eurocash S.A. is the parent company of the Capital Group, the description below applies to the Group as a whole.

These financial statements have been prepared with the assumption that the Group will continue its business operations in the foreseeable future, i.e. no less than 12 months from the balance sheet date. The financial forecasts prepared by the Management Board for 2023 and the next four years indicate that the Group will maintain liquidity and service its liabilities on an ongoing basis. As already announced in the interim financial statements, on 7 July 2023, the Company concluded a Senior Facilities Agreement with a syndicate of 8 banks for the total amount of PLN 1.001 billion. This agreement covers a 5-year term loan worth PLN 456 million, a 3-year revolving loan worth PLN 445 million (with an option to extend it for another two years) and a 3-year overdraft facility up to PLN 100 million (with an extension option) for the next two years. The agreement also allows for an increase in the maximum debt amount by PLN 199 million to a maximum total amount of PLN 1.200 billion, both in the form of a term loan and in the form of a revolving loan (so-called Incremental Facility). On 17 July 2023, after meeting the conditions precedent necessary for the loan disbursement, the Company launched new financing and repaid the loans under the syndicated loan agreement of 19 June 2020. Thus, on that day, the Group completed the process of refinancing the debt structure. As at the balance sheet date, long-term debt amounts to PLN 539.7 million vs. PLN 96.3 million as of 30 June 2023, and short-term debt is PLN 74.2 million vs. PLN 725.6 million as of 30 June 2023.

In addition to the agreements mentioned above, the Group entities also have concluded separate bilateral agreements with financing institutions. In the opinion of the Management Board, the combination of business financing instruments including the above-mentioned loans, as well as factoring products meet the needs of companies operating in the FMCG industry. The most important factors, risks and uncertainties affecting the assessment of the going concern assumption are discussed below.



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#### A. The macroeconomic situation

The Management Board estimates that the macroeconomic situation is influenced primarily by global effects, including those related to the war in Ukraine. Among the macroeconomic factors, the Management Board particularly observes the risks related to high energy prices, volatility on the capital and raw material markets and the persistently high level of interest rates.

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

A factor that has a significant impact on the Group's financial result - especially on financial costs - are interest rates remaining at a very high level. In 2022, the NBP reference rate increased by 500 percentage points, within one year to 6.75%. As at the balance sheet date, the reference rate fell to 6%, but for three quarters financial costs related to the highest level of the reference rate in 15 years. Currently, the Group expects a further decline in interest rates, but the dynamics of the decline will not be as fast as the increase observed in 2022. Financial costs in the next 12 months will continue to be largely determined by the high level of interest rates.

In the third quarter of 2023, the Group continued to implement its strategy, recording a sales increase of 3.7%. However, the third quarter of 2023 in terms of consumption was worse than the second quarter of 2023. Despite this, sales in the Group in the first three quarters of 2023 increased by 8.4% compared to the same period in 2022.

#### B. Economic situation and balance sheet situation of the Group in the first three quarters of 2023

In the first three quarters of 2023, the Group had a positive trend in sales growth and results at the EBIT and EBITDA level compared to the same period of the previous year. This growth was recorded in both the retail and wholesale segments. In the period from January to September 2023, compared to the same period of the previous year, the Eurocash Group achieved an increase in sales of goods of 8.5% and an increase in EBITDA by PLN 47 million. In the period from January to September 2023, a sales profit of approximately PLN 247 million was recorded and was higher by PLN 33 million compared to the same period of the previous year.

In the period from January to September 2023, the Group generated cash from operating activities in the amount of PLN 781 million, PLN 173 million more than in the same period in 2022. As at 30 September 2023, there was a surplus of current liabilities over its current assets in the amount of PLN 1.98 billion, which, in the Management Board's opinion, is typical for the industry in which the Group operates, in which a significant part of sales is made on cash terms and inventories are minimized and suppliers provide deferred payment terms, while the Group also uses reverse factoring instruments and bank loans to finance working capital. The Group's net working capital (including inventories, trade receivables and trade payables) was negative and amounted to minus PLN 1.19 billion as at 30 September 2023, compared to minus PLN 1.00 billion as at 30 September 2022.

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### C. Financing instruments used in the Group in the first half of 2023

Limits	30.09.2023	31.12.2022	30.09.2022	31.12.2021
Bonds (program)	1 000	1 000	1 000	1 000
Bank credits	1 140	1 214	1 226	1 359
Bank guarantees	314	263	211	281
Receivables factoring	575	525	525	325
Reverse factoring	1 418	1 523	1 440	1 915
Use	30.09.2023	31.12.2022	30.09.2022	31.12.2021
Bonds (program)	125	125	125	125
Bank credits	603	663	711	796
Bank guarantees	268	200	193	216
Receivables factoring	421	344	423	209
Reverse factoring	1 191	1 156	1 245	1 780
% Use	30.09.2023	31.12.2022	30.09.2022	31.12.2021
Bonds (program)	13%	13%	13%	13%
Bank credits	53%	55%	58%	59%
Bank guarantees	85%	76%	91%	77%
Receivables factoring	73%	66%	81%	64%
Reverse factoring	84%	76%	86%	93%

Reverse factoring lines by maturity as at 30 September 2023.

As at 30.09.2023 mln PLN	IV Q 2023	I semi year 2024	II semi year 2024	2025	Indefinite	Total
Limits	100	75	270	475	498	1 418
Use	73	51	265	399	403	1 191

Eurocash Group plans to extend all factoring lines with current factors..

Trade liabilities vs. factoring liabilities

mln PLN	30.09.2023	31.12.2022	30.09.2022	31.12.2021
<b>Trade liabilities</b>	4 189	4 114	3 927	3 854
Liabilities due to the reverse factoring	1 191	1 156	1 245	1 780

The Group analyzed the timeliness of settling its trade liabilities. Details are included in note no. 2. The Group plans to continue its balance sheet policy in which working capital plays an important role in financing operating activities.

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Conditions precedent related to financial agreements are monitored on an ongoing basis and as of 30 September 2023, they have not been breached.

#### **D. Liquidity forecast**

The company, with an independent external advisor, prepared a liquidity model of the Eurocash Group for the period until 31 December 2024, which was used to assess the possibility of continuing as a going concern and to assess liquidity risk when preparing the separate report. The model prepared to assess liquidity risk is prepared on the basis of financial data before IFRS 16.

Implementation of liquidity forecasts prepared by the Group for the coming years in cooperation with the above-mentioned an independent expert confirms 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 maintaining limits in financing instruments made available by the banking sector.

The Group's Management Board maintains the liquidity model and, based on it, periodically assesses the continued operation of the entire Group through scenario analyses. The tests include (1) consumer prices and their impact on the Group's sales, profits and costs, (2) the availability of credit limits (3) the 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 there is no uncertainty as to the continuation of its operations.

#### **E. Conclusions**

Operating activities, reflected in the Group's financial results, continue to improve in the first three quarters of 2023, as was the case in 2022 compared to 2021. Forecasts for the following quarters also indicate that the upward trend will continue in each business segment. This effect is visible not only at the level of the Group's operating result (EBITDA), but also in much higher sales and, consequently, better cash generation.

As indicated above in this note, in connection with the signing by the Company on 7 July 2023 of a senior loan agreement with a consortium of 8 banks, the Group has stable financing, but also has appropriate reserves to respond to unforeseen macroeconomic changes.

It is also worth emphasizing that the Group strengthened its leading position on the wholesale market in 2023. At the end of September 2023, the Group's share in this market in terms of products without EAN codes increased by 0.7 percentage points compared to the previous year, to 24.2%, and excluding such products, the share increased by 0.9 percentage points, up to 30.0%. The key role of the Group for independent stores in Poland and the market shares in the sales of individual suppliers mean that they (especially large-scale suppliers) show great loyalty and the Management Board believes that long-term cooperation with them is not at risk.

At the same time, assessing the continuation of the business. The Company took into account the circumstances described in Note No. 6 (THE DAMAGE SUFFERED BY THE COMPANY AS A RESULT OF THE ACTIVITIES OF EXTERNAL ENTITIES PARTICIPATING IN THE VAT FRAUD MECHANISM) regarding VAT proceedings and in Note No. 5, in the sections "Proceedings regarding tax depreciation of trademarks" and "Other administrative proceedings" - regarding the decision of the President of the Office of Competition and Protection issued against the Company Consumers, concluding that they do not have a negative impact on the Company's continued operations in the period of 12 months from the balance sheet date.

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

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## 2. NOTES TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2023 TO 30.09.2023

### 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.

##### Finance income and costs

The change in financial income in 2023 compared to 2022 was mainly related to dividends received from companies in the Group, a favorable impact from exchange differences related to the valuation of lease liabilities expressed in foreign currencies and the improvement of commercial terms and conditions.

The change in financial costs in 2023 compared to 2022 was mainly related to an increase in debt servicing costs, resulting from the increase in interest rates in Poland.

##### Intangible assets and tangible fixed assets

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

##### Inventories

#### WRITE-OFF OF INVENTORIES IN THE PERIOD FROM 01.01 TO 30.09.2023

	for the period from 01.01.2023 to 30.09.2023	for the period from 01.01.2022 to 31.12.2022
<b>Opening balance</b>	<b>16 420 602</b>	<b>24 959 185</b>
- increase *	1 015 518	-
- decrease *	-	(8 538 583)
<b>Closing balance</b>	<b>17 436 121</b>	<b>16 420 602</b>

\* 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 2023, 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:

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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.

#### AGING OF RECEIVABLES AS AT 30.09.2023

	Trade receivables gross value as at 30.09.2023	Trade receivables gross value as at 31.12.2022
current	1 202 735 780	1 091 463 919
1-30 days	47 304 288	102 571 657
31-90 days	23 542 704	24 554 112
91-180 days	519 857	1 624 822
> 180 days	10 850 096	20 491 950
	<b>1 284 952 725</b>	<b>1 240 706 460</b>

#### WRITE-OFF OF TRADE RECEIVABLES AS AT 30.09.2023

	for the period from 01.01.2023 to 30.09.2023	for the period from 01.01.2022 to 31.12.2022
<b>Opening balance</b>	<b>26 529 912</b>	<b>38 499 556</b>
Increase *	-	-
Decrease *	(3 070 753)	(11 969 644)
<b>Closing balance</b>	<b>23 459 159</b>	<b>26 529 912</b>

\* 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 and WIBOR 3M interest rates 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 30.09.2023
500 000 000	06.10.2022	31.12.2022	31.12.2024	-15 201 860

#### Trade liabilities

Eurocash assessed liabilities covered by reverse factoring and, based on this judgment, classified liabilities due to the so-called reverse factoring. reverse factoring as a trade payable

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and services, because in connection with the submission of the given liabilities to factoring, there were no significant changes in the nature of these liabilities, in particular, no significant changes in the terms of payment. The balance of trade payables as at 30 September 2023 includes the value of balances covered by the supplier financing program in the amount of PLN 584.645.222, while as at

As at 31 December 2022, the relevant value of the balances was PLN 649.812.727.

The company uses reverse factoring lines provided by 5 factors, which finance deliveries from 52 suppliers. The terms of payment to the factor do not differ from the terms of payment agreed with the suppliers. Factoring agreements are a financial instrument secured by a standard intra-group surety, promissory note or declaration of submission to enforcement.

Aging of trade liabilities is presented below.

Aging of trade liabilities as balance sheet date	30.09.2023	31.12.2022
current	3 048 715 896	3 168 902 792
1-30 days	-	-
31-90 days	-	-
91-180 days	-	-
> 180 days	-	-
	<b>3 048 715 896</b>	<b>3 168 902 792</b>

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

## NOTE 2. BOOK VALUE PER SHARE AS AT 30.09.2023

BOOK VALUE PER SHARE		
	as at 30.09.2023	as at 31.12.2022
<b>Equity attributable to Owners of the Company</b>	<b>1 518 448 511</b>	<b>1 462 886 445</b>
Number of shares	139 163 286	139 163 286
Diluted number of shares	139 747 128	139 163 286
<b>Book value per share</b>	<b>10,91</b>	<b>10,51</b>
<b>Diluted book value per share</b>	<b>10,87</b>	<b>10,51</b>

Dilution was calculated based on the assumptions of the incentive program for employees. The total cost of the program to be recognized by the end of its duration, the number of shares that can be exercised and their average market value, taking into account the current exchange rate. The number of diluting shares is 583 842.

## 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.

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#### NOTE 4.

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

##### CONTINGENCES AS AT 30.09.2023

				as at	as at
				30.09.2023	31.12.2022
	Beneficiary	Title	Currency		
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 4 ***	Surety for liabilities of Partnerski Serwis Detaliczny S.A. under the Lease Agreement	PLN	-	26 996
4	Bank 6 **	Surety for liabilities of Eurocash Serwis Sp. z o.o. under the Current Loan Agreement Agreement	PLN	97 500 000	97 500 000
5	Bank 7 **	Surety for liabilities of Eurocash Serwis Sp. z o.o. under the Factoring Agreement	PLN	75 000 000	75 000 000
6	Bank 8 **	Surety for loan of Frisco S.A.	PLN	0	15 000 000
7	Bank 8**	Surety of an agreement for transactions on the financial market of Frisco S.A.	PLN	5 000 000	5 000 000
8	Bank 4 ***	Surety for liabilities of Frisco S.A. under the Leasing Agreement	PLN	34 325 228	25 526 126
9	Bank 9 **	Surety for liabilities of Group Companies due to Factoring Agreement	PLN	300 000 000	300 000 000
10	Company 5 **	Surety for liabilities of Frisco S.A. due to rent agreement	PLN	42 552 906	48 586 372
11	Company 4 **	Surety for liabilities of Frisco S.A. due to rent agreement	PLN	6 642 616	6 720 426
12	Company 8 **	Surety for liabilities of Frisco S.A. due to rent agreement	PLN	8 390 278	8 488 559
13	Company 12 **	Surety for liabilities of Frisco S.A. due to rent agreement	PLN	66 418 302	0
14	Company 6 **	Surety for non-trade liabilities of Delikatesy Centrum Sp. z o.o.	PLN	-	5 900 000
15	Company 7 **	Surety for trade liabilities of Frisco S.A.	PLN	2 995 000	2 450 000
16	Company 2 **	Surety for non-trade liabilities of Frisco S.A.	PLN	700 000	500 000
17	Company 10 **	Surety for liabilities of EC Serwis due to rent agreement	PLN	1 038 392	1 050 555
18	Company 12 **	Surety for liabilities from EC Serwis Factoring agreements	PLN	74 999 780	
19	Company 12 **	Surety for liabilities from PDA Factoring agreements	PLN	8 674 979	
20	Company 11**	Surety for trade liabilities of Ambra Sp. z o.o.	PLN	700 000	-
** nominal value				<b>4 864 937 480</b>	<b>4 731 749 034</b>
*** debt value as at balance sheet date					

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 30.09.2023 contingences of Eurocash S.A. by debt value, amounted to PLN 1.590,7 million, while as at 31.12.2022 PLN: 1.471,3 million.

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#### BANK GUARANTEES AS AT 30.09.2023

	Bank quarantee drawer	Title	Currency	as at 30.09.2023	as at 31.12.2022
1	Bank 1	Security for rent liabilities	PLN	400 000	1 097 410
2	Bank 1	Security for rent liabilities *	PLN	4 407 802	12 305 667
3	Bank 3	Payment security for suppliers *	PLN	18 078 840	18 290 610
4	Bank 3	Payment security for suppliers	PLN	65 900 000	34 400 000
5	Bank 3	Security for rent liabilities *	PLN	13 456 310	9 271 770
6	Bank 3	Security due to proper realisation of the contract *	PLN	-	2 695 021
7	Bank 4	Security for rent liabilities *	PLN	19 363 178	11 310 792
8	Bank 4	Security for rent liabilities	PLN	9 444 997	7 983 215
9	Bank 4	Payment security for suppliers	PLN	20 400 000	300 000
				<b>151 451 127</b>	<b>97 654 486</b>

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

31.12.2022; 1 EUR=4,6899 PLN,

29.09.2023; 1 EUR=4,6356 PLN,

#### SECURITY ON ASSETS AS AT 30.09.2023

Secure amount in PLN    Secure amount in PLN    Secure amount in PLN

Title	Secured property	as at 30.09.2023*	as at 31.12.2022* restated	as at 31.12.2022
Security of an agreement on a credit line Bank 1	Deposit on the inventories	90 000 000	90 000 000	90 000 000
Security of an agreement on a credit line Bank 2	Deposit on the inventories	-	88 000 000	88 000 000
Security on the consolidated loan	Deposit on the Eurocash Serwis Sp. z o.o. shares	1 800 000 000	900 000 000	9 547 300
Security on the consolidated loan	Deposit on the Eurocash Franczyza Sp. z o.o. shares	1 800 000 000	900 000 000	3 800 000
Security on the consolidated loan	Deposit on the Eurocash Sieci Partnerskie Sp. z o.o. shares	1 800 000 000	900 000 000	220 305 000
Security on the consolidated loan	Mortgage on 13 properties (6 distribution centers)	1 800 000 000	-	-
Security on the consolidated loan	Zastaw na znakach towarowych Eurocash	1 800 000 000	-	-
Security on the term loan	Mortgage on 6 distribution centers (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	335 699	445 819	445 819

\* minimal security nominal value



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## FAIR VALUE OF FINANCIAL INSTRUMENTS

As at 30 September 2023, the fair value of financial instruments was close to their carrying amount. The Company has interest rate risk hedging instruments, IRS, which are measured at fair value. For the aforementioned IRS, the fair value was classified to level 2 of the hierarchy - the fair value is determined based on the values observed in the market, but not being direct market quotes (e.g. they are determined by direct or indirect reference to similar instruments available on the market). Due to the applied hedge accounting, the valuation effect is recognized in other comprehensive income.

## NOTE 5. UNCERTAIN TAX TREATMENT

Tax regulations in Poland are subject to frequent legislative changes, which causes numerous interpretation doubts and results in different applications and interpretations of given regulations by individual state authorities / administrative courts.

Tax settlements and other areas of activity (e.g. customs or foreign exchange issues) may be subject to control by authorities that are authorized to impose high penalties and fines, and any additional tax liabilities resulting from the decisions of these authorities must be paid with high interest. These conditions make the tax risk in Poland higher than in countries with a more mature tax system.

As a consequence, the amounts presented and disclosed in the financial statements may change in the future as a result of the final decision of the authority / judgment of the administrative court.

In previous reporting periods, the Company carried out transactions and participated in restructuring processes, which are currently the subject of tax proceedings.

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

### Proceedings regarding the tax consequences of transactions related to trademarks

Currently, Eurocash S.A. is a party to disputes with tax authorities regarding transactions related to tax stamps and their tax consequences in 2011, 2014, 2015 and 2016, i.e.:

- the proceedings for 2011 concern the possibility of including the amount of license fees paid by the Company to Eurocash S.A. S.K.;
- proceedings for the years 2014, 2015 and 2016 concern the amount of costs of obtaining income from the depreciation of trademarks.

The proceedings relating to 2011 are pending examination by the Provincial Administrative Court in Poznań (the hearing was scheduled for 9 November 2023). In the proceedings in 2014, 2015 and 2016, the Provincial Administrative Court in Poznań issued substantively favorable decisions for the Company. Cassation appeals against the judgments of the Provincial Administrative Court in Poznań

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were filed by the tax authority and - solely out of procedural caution (procedural reasons) - by the Company. The cases are currently awaiting consideration by the Supreme Administrative Court.

As a result of decisions issued by the authorities as part of the disputes described above, the Company incurred tax arrears in the following amount:

- PLN 2,498,378.00 for 2011,
- PLN 5,490,763.00 for 2014,
- PLN 5,490,764.00 for 2015,
- PLN 5,490,764.00 for 2016.

These arrears were paid by the Company with interest on 3 November 2022.

#### **Duży Ben - distributor with limited risks**

Due to the adjustment of the business model of the Eurocash Group, starting from 2021, Duży Ben acts as a distributor with limited risks, and Eurocash S.A. the role of the central entity. Eurocash S.A. as the central entity, it is responsible for managing the core activities of Duży Ben, such as developing the distribution concept, strategy and pace of network development, selection of suppliers, provision of support services and the owner of significant intangible assets (trademarks). Duży Ben is responsible for the sale of goods purchased from suppliers indicated by Eurocash S.A. on the Polish market. (including the same company Eurocash S.A.), who previously purchases them from producers or other wholesale distributors, and then sells the Goods on the market to consumers. Additionally, Duży Ben implements the strategy formulated by Eurocash S.A. The above action is aimed at ensuring the market level of profitability, taking into account the functions performed, assets involved and risk incurred.

At the same time, on 29 December 2021, Eurocash S.A. applied for an advance pricing agreement under the Act of 16 October 2019 on resolving double taxation disputes and concluding advance pricing agreements in this regard, in order to reduce tax risk.

In addition, all risks and liabilities of the Company have been settled and recognized in the financial statements.

#### **Other administrative proceedings**

On 2 October 2020, the Company received the Order of the President of the Office of Competition and Consumer Protection ("UOKiK") 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.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.09.2023	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

On 30 November 2021, the President of UOKiK issued a decision in which he stated that the Company had committed the practice of unfairly using a contractual advantage by charging suppliers of agri-food products for services that are not provided to them or that are provided, but about which suppliers are not informed, including about their costs and results, and imposed a fine of PLN 76,019,901.23 on the Company. The company does not agree with the position of the President of UOKiK, therefore on 30 December 2021 it appealed against the decision of the President of UOKiK to the Court of Competition and Consumer Protection. The first hearing before the Court of Competition and Consumer Protection took place on 23 October 2023, and the next two are scheduled for the end of November and mid-December this year.

At the same time, we point out that the obligation to pay a possible fine imposed by the President of UOKiK arises only after the decision becomes final - i.e. after the judgment is issued by the Court of Second Instance (Court of Appeal). In the current conditions, the duration of the proceedings from the moment of issuing the decision to the moment of issuing the final judgment by the Court of Appeal is about 4-5 years. The Company cooperates with the Office on an ongoing basis, providing timely answers to a number of other inquiries addressed to the Company by the President of the Office of Competition and Consumer Protection as part of ongoing explanatory proceedings and FMCG market research.

**NOTE 6.**  
**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 as follows.

The examination of VAT settlements by Eurocash Group companies did not reveal any irregularities of a nature identical to those disclosed in Eurocash S.A. in 2017. Notwithstanding the foregoing, taking into account the turnover of other Group companies realized on transactions concerning intra-Community supplies of goods, the risks related to such possible irregularities are intangible. Eurocash S.A. suspended this type of intra-Community supply of goods transactions and, as collateral, paid a deposit of PLN 95,746,902 in 2017 for any arrears.

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

Still in 2020, the Company analyzed the tax risks related to the damages in question and decided to allocate the amount of approximately PLN 43.5 million against current tax liabilities, from the pool of previously paid security for the payment of any VAT liability. The current security for potential arrears amounts to PLN 52,267,381. Nevertheless, the Company is of the opinion that based on the analysis of tax audit files and tax proceedings, as well as based on the results of internal analyses, 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 included in the group of potential risk, correctly settled transactions with the Company in an EU country (other than Poland), showing intra-Community acquisition of goods there and settled the VAT due on this account.

On 22 June 2022, the Company received from the Head of the First Wielkopolskie Tax Office in Poznań a tax inspection report for the period from October 2013 to December 2016. In this report, the

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
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Head questioned some transactions made by the Company, including: (1) domestic and foreign transactions of purchase and sale of goods (mainly food products and manufactured goods) and (2) some transactions of intra-Community supply of goods (applies only to beer). The total amount of VAT questioned by the Head is PLN 133,956,967.00. In the Company's opinion, the protocol referred to in the previous sentence does not involve any potential VAT liability for the Company and the need to pay any potential VAT arrears. In the Company's opinion, the minutes are not transparent and contain theses that the Company will question. Especially:

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

The Company, not agreeing with the findings of the Head of the above-mentioned the inspection report, on 6 July 2022, raised objections to it.

Then, on 5 December 2022, the Head initiated two tax proceedings against the Company, i.e. 1) VAT tax proceedings for the fourth quarter of 2013 and for the first quarter of 2014, and 2) VAT tax proceedings for the periods from the fourth quarter of 2014 to Q4 2016.

The Company is also subject to VAT tax proceedings for the second and third quarters of 2014 initiated by the decision of 6 December 2016 (no. 3071-PP.4213.96.2016.1). On 23 December 2022, the Head issued another decision to extend the deadline for settling the case until 6 April 2023. By further decisions, the Head of the Head extended the deadline for settling cases until 16 January 2024. Summarizing the above, in the Company's opinion, the security in the amount of PLN 52,267,381 is the amount that would fully cover the tax arrears, if any.

## **NOTE 7.**

### **OTHER IMPORTANT EVENTS DURING THE PERIOD COVERED BY THE FINANCIAL STATEMENTS**

#### **1. The war in Ukraine**

A description of the impact of the war in Ukraine on the Group's operations is presented in detail in Note 38 to Eurocash's standalone financial statements for 2022, published on 27 March 2023. In the first half of 2023, there were no new factors or events related to the Ukrainian market with a significant impact on the Group's operations. Since the outbreak of the war, the Group has ceased commercial contacts with contractors from Russia and Belarus.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.09.2023	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

**NOTE 8.**

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

After the period covered by the financial statements, no significant events occurred other than those disclosed in the financial statements.

<b>Condensed interim separate financial statements of EUROCASH S.A.</b>			
<b>Financial statements period:</b>	<b>01.01-30.09.2023</b>	<b>Presentation currency:</b>	<b>Polish zloty (PLN)</b>
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>		

## SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

Position	Name and surname	Date	Signature
President of the Management Board	Paweł Surówka	9 November 2023	
Management Board Member	Szymon Mitoraj	9 November 2023	
Management Board Member	Pedro Martinho	9 November 2023	
Management Board Member, Human Resources Director	Katarzyna Kopaczewska	9 November 2023	
Management Board Member, Financial Director	Jacek Owczarek	9 November 2023	
Management Board Member	Przemysław Ciaś	9 November 2023	
Management Board Member	Dariusz Stolarczyk	9 November 2023	
Management Board Member	Tomasz Polański	9 November 2023	

**EUROCASH S.A.**

**REPORT OF THE MANAGEMENT BOARD ON THE ACTIVITIES OF THE EUROCASH GROUP  
AND EUROCASH S.A.**

FOR THE PERIOD FROM JULY 1, 2023 TO SEPTEMBER 30, 2023



**KOMORNIKI, November 9, 2023**

## REPORT OF THE MANAGEMENT BOARD ON THE ACTIVITIES OF THE EUROCASH GROUP

### 1. Description of Eurocash Group activities

Eurocash Group is one of the largest distributors of food products, household chemicals, alcohol and tobacco (fast moving consumer goods - FMCG products) in Poland. Eurocash Group focuses its business on the wholesale distribution of goods to customers in all significant segments of the traditional wholesale market, in particular to independent retail shops throughout Poland, including those based on the Group's franchise systems. In addition, in order to ensure a scale appropriate to ensure the competitiveness of its customers, Eurocash Group is developing a network of its own retail shops.

Below we present the key financial and operational data of the Eurocash Group by the following segments and distribution formats:

#### Wholesale - wholesale distribution format:

- **Eurocash Dystrybucja** - comprising:
  - Companies engaged in active distribution (Eurocash S.A., AMBRA Sp. z o.o., Polska Dystrybucja Alkoholi sp. z o.o.);
  - Companies organising and supporting franchise and partner retail shop networks:
    - Eurocash Sieci Partnerskie Sp. z o.o.: abc, Groszek, Euro Sklep chains;
    - Lewiatan chain: 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.;
    - Gama brand shop franchise system
- **Cash&Carry** - nationwide chain of discount wholesale stores
- **Eurocash Service** - active distribution of tobacco products and impulse products
- **Eurocash Gastronomy**- supplies for restaurant and hotel chains;
- **Others** - Cerville Investments Sp. z o.o., Innovative Trading Platform Sp. z o.o., 4vapers Sp. z o.o.

#### Retail - Eurocash Group retail sales and Eurocash wholesale sales:

- **Delikatesy Centrum:**
  - **Delikatesy Centrum franchise shops** - a franchise system for retail shops under the 'Delikatesy Centrum' brand organised by Eurocash Franczyza sp. z o.o. (sales and wholesale margin);
  - **Delikatesy Centrum own shops** - own shops, managed within companies: Delikatesy Centrum Sp. z o.o., FHC-2 Sp. z o.o., Madas sp. z o.o., Podlaskie



Delikatesy Centrum Sp. z o.o. (Eurocash holds 100% of shares), Firma Rogala Sp. z o.o. (Eurocash holds 50% of the shares) and Arhelan sp. z o.o. (as of May 2022, Eurocash holds 50% of the shares)

- **Lewiatan Partner** - own-brand shops under the Lewiatan brand, managed by Partner Sp. z o.o. (Eurocash holds 100% of shares; sales and retail margin;
- **Inmedio** - newsagents operating under the Inmedio and Inmedio Trendy brands.

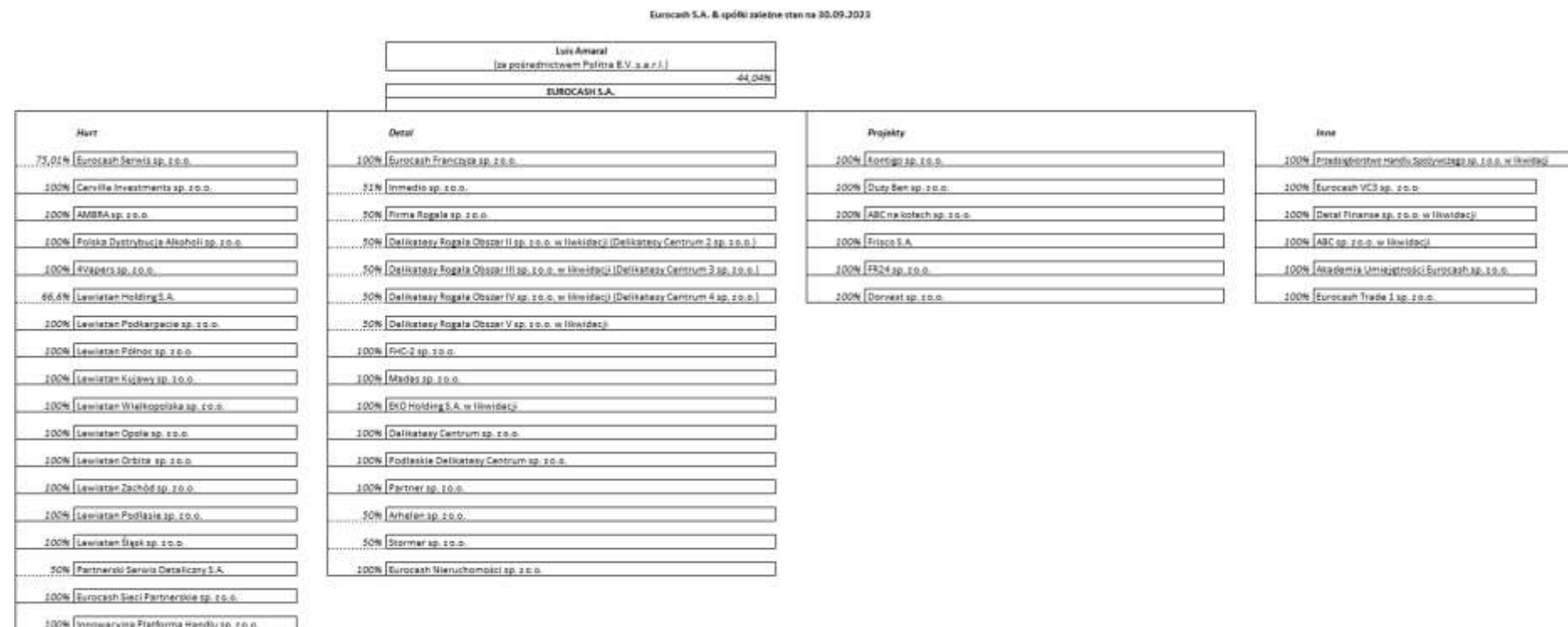
**Projects** - sales revenue realised by new projects conducted by Eurocash S.A. and its subsidiaries: Frisco S.A., Duży Ben Sp. z o.o., Kontigo Sp. z o.o., ABC na kołach Sp. z o.o.

**Other** - includes the activities of service and non-operating companies, including Eurocash VC3 Sp. z o.o., Retail Finanse Sp. z o.o., Eurocash Skills Academy Sp. z o.o. and general and administrative expenses incurred by the Group, not allocated to any segment.

Eurocash Group's operations are focused on Poland.

## Capital and organisational links in Eurocash Group

The diagram below shows the structure of the Eurocash Group and the Group's subordinated entities as at 30.09.2023:



Eurocash S.A. is the parent company of the Eurocash S.A. Group, which holds shares of subsidiaries directly or indirectly through its other subsidiaries.

Eurocash S.A. is a shareholder (holds shares directly) of the following companies:

Eurocash Serwis sp. z o.o., AMBRA sp. z o.o., Polska Dystrybucja Alkoholi sp. z o.o., Eurocash Franczyza sp. z o.o., Lewiatan Holding S.A., Lewiatan Podkarpacie sp. z o.o., Lewiatan Północ sp. z o.o., Lewiatan Kujawy sp. z o.o., Lewiatan Wielkopolska sp. z o.o., Lewiatan Opole sp. z o.o., Lewiatan Orbita sp. z o.o., Lewiatan Zachód sp. z o.o., Lewiatan Podlasie sp. z o.o., Lewiatan Śląsk sp. z o.o., Partnerski Serwis Detaliczny S.A., Eurocash Sieci Partnerskie sp. z o.o., ABC sp. z o.o. in liquidation, Partner sp. z o.o., 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. in liquidation, Delikatesy Centrum sp. z o.o., Arhelan sp. z o.o., Duży Ben sp. z o.o., ABC na kołach sp. z o.o., Innowacyjna Platforma Handlu sp. z o.o., Frisco S.A., Przedsiębiorstwo Handlu Spożywczego sp. z o.o. in liquidation, Eurocash VC3 sp. z o.o., Eurocash Trade 1 sp. z o.o..

In the case of the companies indicated below, Eurocash S.A. holds shares indirectly, i.e.:

- through Eurocash Franczyza sp. z o.o. it holds shares in:

Cerville Investments sp. z o.o., Podlaskie Delikatesy Centrum sp. z o.o., Kontigo sp. z o.o., Eurocash Skills Academy sp. z o.o., Detal Finanse sp. z o.o. in liquidation, 4Vapers sp. z o.o., as well as part of the shares of Eurocash VC3 sp. z o.o. (holds the rest directly),

- through Frisco S.A. holds shares in: Dorvest sp. z o.o., FR24 sp. z o.o.,

- through Delikatesy Centrum sp. z o.o. holds shares in the share capital of Eurocash Nieruchomości sp. z o.o.,

- through the company Partnerski Serwis Detaliczny S.A. holds shares in the share capital of Gama Detal sp. z o.o.,

- through Firma Rogala sp. z o.o. holds shares in the share capital of Delikatesy Rogala Obszar II sp. z o.o. in liquidation, Delikatesy Rogala Obszar III sp. z o.o. in liquidation, Delikatesy Rogala Obszar IV sp. z o.o. in liquidation, Delikatesy Rogala Obszar V sp. z o.o. in liquidation,

- through Arhelan sp. z o.o. holds shares in the share capital of Stormer sp. z o.o.,

- through EKO Holding S.A. in liquidation, holds part of the shares of Delikatesy Centrum sp. z o.o. (it holds the rest directly),

- through the aforementioned companies Lewiatan holds part of the shares of Lewiatan Holding S.A. (holds the rest directly).

Summary of the financial and operational results achieved by the Eurocash Group in Q3 and 3 quarters of 2023.

### **Profitability analysis - profit and loss**

**Table 1: Eurocash Group: summary of financial results for Q3 2023.**

	Q3 2023	Q3 2022	Change %
PLN million			
Revenue from sale of products, goods and materials	8 570,2	8 268,4	3,7%
Gross profit on sales	1 148,5	1 114,6	3,0%
Gross profitability on sales	13,4%	13,5%	-0,1 p.p.
EBITDA (EBIT+ depreciation and amortisation)	305,1	284,9	7,1%
(EBITDA margin %)	3,6%	3,4%	0,1 p.p.
Operating profit – EBIT	141,9	132,1	7,5%
(Operating profit margin - EBIT %)	1,7%	1,6%	0,1 p.p.
Gross profit	53,8	60,1	-10,4%
Net profit	43,3	41,8	3,6%
(Net profit margin %)	0,5%	0,5%	0 p.p.

**Table 2: Eurocash Group: summary of financial results for 3 quarters of 2023.**

	3 quarters of 2023	3 quarters of 2022	Change %
PLN million			
Revenue from sales of products, goods and materials	24 531,6	22 635,0	8,4%
Gross profit on sales	3 261,9	3 081,5	5,9%
Gross profitability on sales	13,3%	13,6%	-0,3 p.p.
EBITDA (EBIT+ depreciation and amortisation)	739,5	692,2	6,8%
(EBITDA margin %)	3,0%	3,1%	-0,1 p.p.
Operating profit - EBIT	268,2	238,2	12,6%
(Operating profit margin - EBIT %)	1,1%	1,1%	0,0 p.p.
Gross profit	76,6	72,7	5,4%
Net profit	44,3	10,6	317,7%
(Net profit margin %)	0,2%	0,0%	0,2 p.p.

Eurocash Group's consolidated sales in Q3 2023 amounted to more than PLN 8.5 billion, an increase of 3.7% year-on-year. In the first 3 quarters of 2023, consolidated sales reached more than PLN 24.5 billion, compared to PLN 22.6 billion in the same period last year, which translates into an 8.4% increase. The y/y sales growth is driven by improved performance of companies in all of the Group's business segments.

Consolidated gross margin on sales was 13.4% in Q3 2023, down 0.1 pp. y/y. In the first 3 quarters of 2023, gross margin on sales is down 0.3 p.p. y-o-y and amounted to 13.3%.

Eurocash Group's consolidated EBITDA in Q3 2023 amounted to PLN 305 million. Consolidated EBITDA in the first 3 quarters of 2023 amounted to PLN 739.5 million. Eurocash Group's net profit in Q3 2023 amounted to. PLN 43.3 million. Year-to-date net profit in the 3 quarters of 2023 was PLN 44.3 million.

### Sales by format

**Table 3: Eurocash Group: dynamics of external sales of goods by format distribution in Q3 2023.**

PLN million	Q3 2023	Q3 2022	Change %
<b>Wholesale</b>	<b>6 191,7</b>	<b>6 016,3</b>	<b>2,9%</b>
Cash&Carry	1 292,8	1 400,7	-7,7%
Eurocash Service	2 681,2	2 380,6	12,6%
Eurocash Distribution	2 130,5	2 153,5	-1,1%
Eurocash Gastronomy	80,8	73,7	9,6%
Other	6,4	7,9	-19,6%
<b>Retail</b>	<b>2 131,2</b>	<b>2 028,0</b>	<b>5,1%</b>
Delikatesy Centrum Franchise	748,0	731,8	2,2%
Own + partner supermarkets	1 205,5	1 141,2*	5,6%
Inmedio	177,7	155,0	14,6%
<b>Projects</b>	<b>227,1</b>	<b>186,2</b>	<b>22,0%</b>
<b>Eurocash Group</b>	<b>8 550,0</b>	<b>8 230,5</b>	<b>3,9%</b>

**Table 4: Eurocash Group: dynamics of external sales of goods by distribution format in the first three quarters of 2023.**

PLN million	3 quarters of 2023	3 quarters of 2022	Change %
<b>Wholesale</b>	<b>17 817,9</b>	<b>16 367,5</b>	<b>8,9%</b>
Cash&Carry	3 729,0	3 791,3	-1,6%
Eurocash Service	7 733,5	6 492,7	19,1%
Eurocash Dystrybucja	6 112,8	5 878,2	4,0%
Eurocash Gastronomy	224,0	182,3	22,9%
Other	18,5	23,1	-19,6%
<b>Retail</b>	<b>5 962,8</b>	<b>5 628,9</b>	<b>5,9%</b>
Delikatesy Centrum Franchise	2 075,8	1 997,8	3,9%
Own + partner supermarkets	3 378,3	3 211,1*	5,2%
Inmedio	508,8	420,1	21,1%
<b>Projects</b>	<b>659,6</b>	<b>535,4</b>	<b>23,2%</b>
<b>Eurocash Group</b>	<b>24 440,3</b>	<b>22 531,8</b>	<b>8,5%</b>

\* "Own + partner supermarkets" include Arhelan results.

## Wholesale

- In Q3 2023, external sales of Wholesale segment goods amounted to nearly PLN 6.2 billion, an increase of 2.9% compared to Q3 2022. In the first 3 quarters of 2023, sales amounted to PLN 17.8 billion, an increase of 8.9% year-on-year. The strongest increases were recorded by Eurocash Service and Eurocash Gastronomy.
- EBITDA of the Wholesale segment amounted to PLN 234 million. EBITDA in three quarters of 2023 was PLN 612 million.
- The LFL sales growth rate for the fixed number of Eurocash Cash&Carry discount wholesalers was -7.6% in Q3 2023 and -1.3% in three quarters of 2023.
- The number of Eurocash Cash&Carry discount wholesalers at the end of Q3 2023 is 177.
- The number of partner and franchise stores organized under the Partner Networks coordinated by Eurocash Sieci Partnerskie sp. z o.o. amounted to 10,038 at the end of Q3 2023, recording a decrease of 114 stores compared to the previous quarter. Within the aforementioned approximately 10,000 stores, the largest chain - ABC - had 7322 stores at the end of Q3 2023. Relative to the end of Q2 2023, the number of ABC stores decreased by 103. This is mainly due to the closure of the smallest stores (up to 40m<sup>2</sup>), which degree of shopping loyalty to the Eurocash Group is the lowest.
- Eurocash Service sales by value increased by 12.6% in Q3 2023. In 3 quarters of 2023, the increase was 19.1%..

## Retail

- External sales of goods by the Retail segment in Q3 2023 amounted to PLN 2.1 billion, up 5% y/y. In three quarters of 2023, sales reached close to PLN 6 billion and increased by 6% y/y.
- EBITDA of the Retail segment amounted to PLN 2.1 billion in Q3 2023. PLN 115 million. EBITDA of the Retail segment in three quarters of 2023 amounted to PLN 262 million.
- The growth of retail sales realized by "Delikatesy Centrum" stores in LFL terms was 5.6% in Q3 2023 and 6.4% in three quarters of 2023 y/y.
- The sales growth rate for the fixed number of Inmedio stores in Q3 2023 was 10% y/y.
- The number of Small Supermarkets at the end of Q3 2023 decreased by 6 q/q and amounted to 1,618, including 905 Franchise stores and 713 Own and partner stores.
- The number of stores under the "Delikatesy Centrum" banner stood at the end of Q3 2023 at 1,467 outlets.
- The number of press kiosks operating under the Inmedio brand was 432 outlets at the end of Q3 2023.

### **Projects**

- Merchandise sales realized by the Projects segment in Q3 2023 amounted to PLN 227 million, compared to PLN 186 million in Q3 2022. In three quarters of 2023, sales amounted to PLN 660 million, compared to PLN 535 million in the first 3 quarters of 2022, and achieved a 23% year-on-year increase. The dynamic growth was achieved mainly due to the increase in sales of Frisco and Duży Ben.
- EBITDA of the Projects segment amounted to PLN -3.2 million in Q3 2023. In 3 quarters of 2023, EBITDA amounted to PLN -26.4 million.

### **Other**

- EBITDA of the Other segment - which is most affected by the costs of the Eurocash Group's central departments - amounted in Q3 2023 to PLN -40.5 million. In 3 quarters of 2023, EBITDA amounted to PLN -108.2 million.

## Operating segments

Below are the quarterly results for each segment from 2022 to 2023.

**Table 5: Eurocash Group: performance of business segments in the first three quarters of 2023.**

<b>Q1 2023 (PLN million)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Other</b>	<b>Total</b>
Revenue from sale of goods	5 507,7	1 830,2	210,1	0,0	<b>7 548,0</b>
EBIT	98,0	-15,8	-28,7	-39,4	<b>14,2</b>
<i>(EBIT margin %)</i>	1,8%	-0,9%	-13,6%	0,0%	<b>0,2%</b>
EBITDA	161,1	52,2	-13,9	-34,0	<b>165,5</b>
<i>(EBITDA margin %)</i>	2,9%	2,9%	-6,6%	0,0%	<b>2,2%</b>
<b>Q2 2023 (PLN million)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Other</b>	<b>Total</b>
Revenue from sale of goods	6 118,5	2 001,4	222,4	0,0	<b>8 342,3</b>
EBIT	150,2	24,4	-24,3	-38,2	<b>112,1</b>
<i>(EBIT margin %)</i>	2,5%	1,2%	-10,9%	0,0%	<b>1,3%</b>
EBITDA	216,5	95,4	-9,2	-33,8	<b>268,9</b>
<i>(EBITDA margin %)</i>	3,5%	4,8%	-4,1%	0,0%	<b>3,2%</b>
<b>Q3 2023 (PLN million)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Other</b>	<b>Total</b>
Revenue from sale of goods	6 191,7	2 131,2	227,1	0,0	<b>8 550,0</b>
EBIT	163,5	42,6	-18,4	-45,8	<b>141,9</b>
<i>(EBIT margin %)</i>	2,6%	2,0%	-8,1%	0,0%	<b>1,7%</b>
EBITDA	234,0	114,7	-3,2	-40,5	<b>305,1</b>
<i>(EBITDA margin %)</i>	3,8%	5,4%	-1,4%	0,0%	<b>3,6%</b>



Table 6: Eurocash Group: results of business segments in 2023 cumulatively

<b>Q1 2023 (PLN million)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Other</b>	<b>Total</b>
Revenue from sale of goods	5 507,7	1 830,2	210,1	0,0	<b>7 548,0</b>
EBIT	98,0	-15,8	-28,7	-39,4	<b>14,2</b>
<i>(EBIT margin %)</i>	1,8%	-0,9%	-13,6%	0,0%	<b>0,2%</b>
EBITDA	161,1	52,2	-13,9	-34,0	<b>165,5</b>
<i>(EBITDA margin %)</i>	2,9%	2,9%	-6,6%	0,0%	<b>2,2%</b>
<b>2 quarters of 2023 (PLN million)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Other</b>	<b>Total</b>
Revenue from sale of goods	11 626,2	3 831,6	432,5	0,0	<b>15 890,3</b>
EBIT	248,3	8,7	-53,0	-77,6	<b>126,3</b>
<i>(EBIT margin %)</i>	2,1%	0,2%	-12,3%	0,0%	<b>0,8%</b>
EBITDA	377,6	147,6	-23,1	-67,8	<b>434,4</b>
<i>(EBITDA margin %)</i>	3,2%	3,9%	-5,3%	0,0%	<b>2,7%</b>
<b>3 quarters of 2023 (PLN million)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Other</b>	<b>Total</b>
Revenue from sale of goods	17 817,9	5 962,8	659,6	0,0	<b>24 440,3</b>
EBIT	411,8	51,3	-71,4	-123,4	<b>268,2</b>
<i>(EBIT margin %)</i>	2,3%	0,9%	-10,8%	0,0%	<b>1,1%</b>
EBITDA	611,7	262,4	-26,4	-108,2	<b>739,5</b>
<i>(EBITDA margin %)</i>	3,4%	4,4%	-4,0%	0,0%	<b>3,0%</b>

Table 7: Eurocash Group: performance of business segments in the first three quarters of 2022.

<b>Q1 2022 (PLN million)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Other</b>	<b>Total</b>
Revenue from sale of goods	4 667,0	1 660,7	168,4	0,0	<b>6 496,1</b>
EBIT	85,5	-17,6	-29,4	-36,8	<b>1,7</b>
<i>(EBIT margin %)</i>	1,8%	-1,1%	-17,5%	0,0%	<b>0,0%</b>
EBITDA	146,5	51,9	-15,5	-31,8	<b>151,0</b>
<i>(EBITDA margin %)</i>	3,1%	3,1%	-9,2%	0,0%	<b>2,3%</b>
<b>Q2 2022 (PLN million)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Other</b>	<b>Total</b>
Revenue from sale of goods	5 684,2	1 940,2	180,8	0,0	<b>7 805,2</b>
EBIT	143,6	19,1	-27,8	-30,5	<b>104,5</b>
<i>(EBIT margin %)</i>	2,5%	1,0%	-15,4%	0,0%	<b>1,3%</b>
EBITDA	205,0	89,3	-12,3	-25,6	<b>256,3</b>

(EBITDA margin %)	3,6%	4,6%	-6,8%	0,0%	3,3%
<b>Q3 2022 (PLN million)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Other</b>	<b>Total</b>
Revenue from sale of goods	6 016,3	2 028,0	186,2	0,0	8 230,5
EBIT	164,7	34,1	-23,9	-42,9	132,1
(EBIT margin %)	2,7%	1,7%	-12,8%	0,0%	1,6%
EBITDA	228,9	102,5	-9,1	-37,3	284,9
(EBITDA margin %)	3,8%	5,1%	-4,9%	0,0%	3,5%

Table 8: Eurocash Group: results of business segments in 2022 cumulatively

<b>Q1 2022 (PLN million)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Other</b>	<b>Total</b>
Revenue from sale of goods	4 667,0	1 660,7	168,4	0,0	6 496,1
EBIT	85,5	-17,6	-29,4	-36,8	1,7
(EBIT margin %)	1,8%	-1,1%	-17,5%	0,0%	0,0%
EBITDA	146,5	51,9	-15,5	-31,8	151,0
(EBITDA margin %)	3,1%	3,1%	-9,2%	0,0%	2,3%
<b>2 quarters of 2022 (PLN million)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Other</b>	<b>Total</b>
Revenue from sale of goods	10 351,2	3 600,9	349,2	0,0	14 301,3
EBIT	229,2	1,5	-57,2	-67,3	106,1
(EBIT margin %)	2,2%	0,0%	-16,4%	0,0%	0,7%
EBITDA	351,5	141,1	-27,8	-57,4	407,3
(EBITDA margin %)	3,4%	3,9%	-8,0%	0,0%	2,8%
<b>3 quarters of 2022 (PLN million)</b>	<b>Wholesale</b>	<b>Retail</b>	<b>Projects</b>	<b>Other</b>	<b>Total</b>
Revenue from sale of goods	16 367,5	5 628,9	535,4	0,0	22 531,8
EBIT	393,9	35,6	-81,1	-110,2	238,2
(EBIT margin %)	2,4%	0,6%	-15,1%	0,0%	1,1%
EBITDA	580,4	243,6	-36,9	-94,8	692,2
(EBITDA margin %)	3,6%	4,3%	-6,9%	0,0%	3,1%

## Cash flow

**Table 9: Eurocash Group: consolidated cash flow for Q3 2023.**

	Q3 2023	Q3 2022
PLN million		
Cash flow from operating activities	355,5	331,5
<i>profit before tax</i>	53,8	60,1
<i>depreciation</i>	163,1	152,8
<i>change in working capital</i>	34,3	82,7
<i>other</i>	104,3	35,8
Flows from investing activities	(53,0)	(46,9)
Cash flow from financing activities	(374,9)	(322,6)
Total cash flow	(72,4)	(38,0)

**Table 10: Eurocash Group: consolidated cash flow for 3 quarters of 2023.**

	3 quarters of 2023	3 quarters of 2022
PLN million		
Cash flow from operating activities	780,9	607,5
<i>profit before tax</i>	76,61	72,7
<i>Depreciation</i>	471,2	454,0
<i>change in working capital</i>	134,4	47,5
<i>other</i>	98,73	33,3
Flows from investing activities	(132,3)	(142,8)
Cash flow from financing activities	(555,2)	(457,0)
Total cash flow	93,5	7,7

Total cash flow in Q3 2023 amounted to PLN -72.4 million, while cash flow from operating activities reached PLN 355.5 million. Cash flow from investing activities in Q3 2023 amounted to PLN -53 million, and cash flow from financing activities: PLN -374.9 million.

In 3 quarters of 2023, total cash flow amounted to PLN 93.5 million, and cash flow from operating activities reached PLN 780.9 million. Cash flow from investing activities amounted in 3 quarters of 2023 to PLN -132.3 million, and cash flow from financing activities: PLN -555.2 million.

### **Working capital turnover**

**Table 11: Eurocash Group: working capital turnover ratios for Q3 2023.**

Rotation of working capital components in days	Q3 2023	Q3 2022
1.Stock rotation cycle	17,1	18,2
2.Receivables turnover cycle	15,1	14,3
3.Liability rotation cycle	(51,9)	(50,5)
4.Operational cycle (1+2)	32,2	32,5
5.Cash conversion (4+3)	(19,7)	(18,0)

**Table 12: Eurocash Group: working capital turnover ratios for 3 quarters of 2023.**

Rotation of working capital components in days	3 quarters of 2023	3 quarters of 2022
1.Stock rotation cycle	17,7	19,7
2.Receivables turnover cycle	15,7	15,5
3.Liability rotation cycle	(53,8)	(54,8)
4.Operational cycle (1+2)	33,4	35,3
5.Cash conversion (4+3)	(20,4)	(19,6)

The cash conversion cycle in Q3 2023 reached -19.7 days, compared to -18 days in Q3 2022. In Q3 2023, the cash conversion cycle reached -20.4 days, compared to -19.6 days in Q3 2022.

### **Statement of financial position**

The volumes of fixed and current assets, equity, liabilities and provisions for liabilities and their share of total assets are shown in the table below:

**Table 13: Eurocash Group: selected balance sheet items**

PLN million	30.09.2023		31.12.2022	
Non-current assets	5 206,7	59,8%	5 185,9	59,8%
Current assets	3 499,9	40,2%	3 484,0	40,2%
Total Assets	8 706,6	100,0%	8 669,8	100,0%
Equity	818,4	9,4%	798,9	9,2%
Liabilities and Reserves	7 888,1	90,6%	7 870,9	90,8%
Total Liabilities	8 706,8	100,0%	8 669,8	100,0%

Eurocash Group's net debt at the end of Q3 2023 was PLN 2,664 million. Before IFRS16, net debt was PLN 525 million vs. PLN 768 million a year before.

## 2. Summary of financial results achieved by Eurocash S.A. in Q3 2023 and 3 quarters of 2023.

### Profit and loss account

**Table 14: Eurocash S.A.: Summary of financial results for Q3 2023.**

	Q3 2023	Q3 2022	% change
PLN million			
Revenue from sale of products, goods and materials	4 911,3	4 995,1	-1,7%
Gross profit on sales	519,9	572,0	-9,1%
Gross profitability on sales	10,6%	11,5%	-0,9 p.p.
EBITDA (EBIT+ depreciation and amortisation) (EBITDA margin %)	124,3 2,5%	165,6 3,3%	-24,9% -0,8 p.p.
Operating profit - EBIT (Operating profit margin - EBIT %)	46,9 1,0%	92,1 1,8%	-49,1% -0,9 p.p.
Gross profit	6,1	107,3	-94,3%
Net profit (Net profit margin %)	6,9 0,1%	104,7 2,1%	-93,4% -2,0 p.p.

**Table 15: Eurocash S.A.: Summary of financial results for 3 quarters of 2023.**

	3 quarters of 2023	3 quarters of 2022	Change %
PLN million			
Revenue from sale of products, goods and materials	14 018,8	13 691,9	2,4%
Gross profit on sales	1 488,9	1 623,4	-8,3%
Gross profitability on sales	10,6%	11,9%	-1,2 p.p.
EBITDA (EBIT+ depreciation and amortisation) (EBITDA margin %)	332,7 2,4%	500,6 3,7%	-33,5% -1,3 p.p.
Operating profit - EBIT (Operating profit margin - EBIT %)	110,8 0,8%	283,9 2,1%	-61,0% -1,3 p.p.
Gross profit	117,6	232,4	-49,4%
Net profit (Net profit margin %)	112,4 0,8%	203,5 1,5%	-44,8% -0,7 p.p.

In Q3 2023, Eurocash S.A.'s sales amounted to PLN 4.9 billion, down 1.7% year-on-year. Cumulatively, sales amounted to PLN 14 billion in Q3 2023, up 2.4% year-on-year. Eurocash S.A.'s gross margin on sales was 0.9 p.p. lower in Q3 2023 than last year, at 10.6%. In 3 quarters of 2023, the gross margin on sales was 10.6%, down 1.2 p.p. year-on-year.

In Q3 2023, EBITDA amounted to PLN 124.3 million. In the first 3 quarters of 2023, EBITDA reached PLN 332.7 million. Net profit in Q3 2023 amounted to PLN 6.9 million. In the first 3 quarters of 2023, net profit amounted to PLN 112.4 million..

## Cash flow

**Table 16: Eurocash S.A.: Cash flow for Q3 2023.**

PLN million	Q3 2023	Q3 2022
Cash flow from operating activities	226,5	94,9
<i>profit before tax</i>	6,1	107,3
<i>depreciation</i>	77,4	73,5
<i>change in working capital</i>	99,4	(55,1)
<i>other</i>	43,6	(30,8)
Flows from investing activities	100,1	55,3
Cash flow from financing activities	(410,7)	(186,1)
Total cash flow	(84,0)	(35,9)

**Table 17: Eurocash S.A.: Cash flow for 3 quarters of 2023.**

PLN million	3 quarters of 2023	3 quarters of 2022
Cash flow from operating activities	210,2	425,4
<i>profit before tax</i>	117,6	232,4
<i>depreciation</i>	221,9	216,7
<i>change in working capital</i>	(65,9)	(11,8)
<i>other</i>	(63,4)	(11,9)
Flows from investing activities	77,7	(1,1)
Cash flow from financing activities	(263,8)	(417,0)
Total cash flow	24,0	7,4

Total cash flow in Q3 2023 amounted to PLN -84 million, compared to PLN -36 million last year. Total cash flow in Q3 2023 amounted to PLN 24 million, compared to PLN 7 million in the same period a year earlier.

### **Working capital turnover**

**Table 18: Eurocash S.A.: Working capital turnover ratios for Q3 2023.**

Rotation of working capital components in days	Q3 2023	Q3 2022
1.Stock rotation cycle	17,1	16,1
2.Receivables turnover cycle	23,6	19,3
3.Liability rotation cycle	(63,9)	(57,4)
4.Operational cycle (1+2)	40,8	35,3
5.Cash conversion (4+3)	(23,1)	(22,1)

**Table 19: Eurocash S.A.: Working capital turnover ratios for 3 quarters of 2023.**

Rotation of working capital components in days	3 quarters of 2023	3 quarters of 2022
1.Stock rotation cycle	17,8	17,4
2.Receivables turnover cycle	24,6	20,9
3.Liability rotation cycle	(66,4)	(62,5)
4.Operational cycle (1+2)	42,4	38,2
5.Cash conversion (4+3)	(24,1)	(24,2)

The cash conversion cycle in Q3 2023 was -23.1 days, while in the first 3 quarters of 2023 it was -24.1 days. The cash conversion cycle in Q3 2022 was -22.1 days, while in the first 3 quarters of 2023 it was -24.2 days.

### **Statement of financial position**

The volumes of fixed and current assets, equity, liabilities and provisions for liabilities and their share of total assets are shown in the table below:

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

PLN million	30.09.2023		31.12.2022	
Non-current assets	4 408,0	65,2%	4 477,4	65,3%
Current assets	2 348,9	34,8%	2 378,2	34,7%
Total Assets	6 757,0	100,0%	6 855,6	100,0%
Equity	1 518,4	22,5%	1 462,9	21,3%
Liabilities and Reserves	5 238,5	77,5%	5 392,7	78,7%
Total Liabilities	6 757,0	100,0%	6 855,6	100,0%

### 3. Definitions of financial ratios

Gross sales profitability:	The ratio of gross sales margin to sales revenue.
EBITDA profitability:	The ratio of EBITDA (operating profit plus depreciation and amortisation) to sales revenue.
Operating profitability:	The ratio of operating profit to sales revenue.
Profitability of net sales:	The ratio of net profit to sales revenue.
Inventory turnover cycle:	The ratio of inventory at the end of the period to sales revenue in 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 sales revenue in the period multiplied by the number of days in the period.
Payables turnover cycle:	The ratio of the balance of trade payables at the end of the period to the value of the cost of sales in the period multiplied by the number of days in the period.
Operating cycle:	The sum of the inventory turnover and receivables turnover cycles.
Cash conversion cycle:	The difference between the operating cycle and the accounts payable cycle.
Net debt	The sum of long-term and short-term borrowings and financial liabilities less cash and cash equivalents.

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

### 4. Significant events and factors affecting Eurocash Group's financial performance in Q3 2023.

#### *Changes in equity*

No shares were issued between July 1, 2023 and September 30, 2023.

There were no other significant events affecting the Eurocash Group's financial results in Q3 2023.



## 5. Risks and threats; factors affecting the development of Eurocash Group and Eurocash S.A.

### External factors

*Macroeconomic situation. The purchasing power of the population.*

A slowdown in economic growth, a decline in purchasing power and a reduction in household spending on consumption could have a negative impact on the Group's sales volumes.

This impact is mitigated by salary increases, including the minimum wage, the increase and number of pensions paid out, as well as heating and electricity subsidies and the so-called credit holiday for mortgages. Management monitors the performance of budgets on an ongoing basis in terms of both executed sales plans and the challenges posed by rising cost pressures and responds to emerging risks.

The Polish economy entered 2023 with high inflation. especially food products, which the Group sells. In the third quarter of 2023, the price growth rate is still high. Leading research firms and banks predict a continuation of declining inflation dynamics in the fourth quarter of 2023. The National Bank of Poland forecasts average annual consumer inflation in 2023 at 11.9%. In the third quarter of 2023, consumer goods and services inflation reached 9.7% y/y. Food and non-alcoholic beverage inflation reached 12.9% and alcohol and tobacco price growth reached 11%. At the same time, we have seen a decline in retail sales growth and the consumer trend of "trading down". It is also possible that there will be increased cost pressures for the Company, including through wage increases. W In 2023, there was a twofold increase in the minimum salary - in January to PLN 3490 gross and in June to PLN 3600 gross (19.6% y/y). Since the Group makes sales in Poland, its competitive position should not be affected by this factor. Since a significant part of the cost of sales is logistics costs, which depend closely on fuel and electricity prices, their significant changes may affect the Group's results. A dynamic increase in energy prices also affects the operating costs of retail outlets or distribution centers.

The Management Board estimates that the macroeconomic situation is influenced primarily by global effects, including those related to the war in Ukraine. Among the macroeconomic factors, the Management Board particularly observes the risks related to high energy prices, volatility on the capital and raw material markets and the persistently high level of interest rates. At the same time, the Management Board estimates that trends in the labor market are favorable to the Group's operations, and potential risks are monitored on an ongoing basis.

A factor that has a significant impact on the Group's financial result - especially on financial costs - are interest rates remaining at a very high level. In 2022, the NBP reference rate increased by 500 percentage points. within one year to 6.75%. As at the balance sheet date, the reference rate fell to 6%, but for three quarters financial costs related to the highest level of the reference rate in 15 years. Currently, the Group expects a further decline in interest rates, but the dynamics of the decline will not

be as fast as the increase observed in 2022. Financial costs in the next 12 months will continue to be largely determined by the high level of interest rates.

#### *War in Ukraine*

Armed operations conducted in Ukraine by the Russian army have significantly affected many Obszars of the Group's activities, such as disruptions to supply chains and the resulting shortages of raw materials at producers or migratory movements within Poland.

The Group analyses the situation on an ongoing basis through the activities of the crisis management team, taking measures to minimise the impact on the Group's activities in terms of the occurrence of threats to its business or the achievement of its objectives.

#### *Growth of the FMCG market and changes in the market structure*

In the first nine months of 2023, an important form of retail distribution of products in the grocery market was the small-format channel, with a share of around 34,2%<sup>1</sup>. Such a high share - compared to neighbouring countries - is the result of a low concentration of population within the country, as well as residential conditions resulting in more frequent shopping. Such a situation is advantageous for Eurocash Group, for which small and medium-sized shops located outside large agglomerations are the most important group of customers. At the same time, we are seeing growth in the large-format channel, primarily through the expansion of discount stores, responsible for 43,7%<sup>2</sup> of sales in Poland in the first nine months of 2023. Both of these channels are beneficiaries of the growth of the grocery market in Poland.

The Group expects a further increase in the market share of the large-format distribution channels, but the adverse impact of this on the Group's revenues will be offset by an increase in the value of the FMCG market and consolidation in the wholesale and retail markets.

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<sup>1</sup> Source: Retail Panel, value sales, period: January-September 2023, Nielsen Food Categories

<sup>2</sup> Ibidem

## Internal factors

### *Integration of the Wholesale*

As part of its strategy, Eurocash Group plans to focus on its wholesale business. It plans to achieve cost and revenue synergies resulting from the deepening integration of various wholesale formats. This requires IT and reorganisation projects, e.g. in the Obszars of logistics, sales service, administration. Estimates of potential synergies and their effective implementation are subject to risk.

### *Investment in strategic development projects*

Eurocash Group continues to invest in the design segment, primarily through Duży Ben and Frisco concepts. The results of these projects may have a negative impact on the Group's current results. However, in the Management Board's opinion, there is a need to continue these investments in order to guarantee further growth in the long term and for them to gradually reach profitability.

### *Creation of a Tax Capital Group*

On 30.12.2022, a decision on the registration of the Tax Capital Group Agreement (PGK) was issued, as requested by the Company. The agreement itself was concluded on 15.11.2022 between Eurocash S.A. and selected subsidiaries and is valid for a fixed period, i.e. from 01.01.2023 to 31.12.2025, with the possibility of its subsequent extension. The Company assumes that the implementation of the project to establish PGK will result in the facilitation of tax settlements and the reduction of tax liabilities of Eurocash Group companies.

### *Suppliers*

Due to the range of products offered by the Eurocash Group and the geographically diversified sales, the Group's sum of suppliers is very large and included 1141 domestic and foreign entities in the third quarter of 2023. Suppliers of branded products, which include leading manufacturers and importers of FMCG products, are selected primarily on the basis of their market shares, the importance of the brand and the coverage of individual product segments and regional diversification. Due to the specific nature of the market for FMCG products and its competitiveness, the Group's business is not dependent on individual suppliers, and therefore the risk that the termination or unfavourable changes to the terms of supply contracts could adversely affect the Eurocash Group's business and financial results is limited.

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

*Financial liquidity - described in detail in note 1.7 of the financial statements.*

***Risk management system***

Eurocash Group maintains a risk management system that covers all aspects of the activities of its member entities. This system focuses on both internal and external risks taking into account, among other things, the impact of the Group's activities in relation to social, labour, environmental, respect for human rights and anti-corruption issues.

The Group's risk management is based on a number of internal procedures and policies, as well as internal control tasks that complement them and are performed systematically by dedicated resources. In addition, the Eurocash Group has an Internal Audit function which, through its tasks, plays an assurance and consultative role on the quality and effectiveness of the above-mentioned controls.

The following are the key elements of the system for managing risks associated with the wider social and environmental environment.

**Table 21: Risk management system**

RISK OBSZAR	EXAMPLE OF RISK	RISK MONITORING AND RISK MITIGATION ACTIONS
COMPLIANCE and ETHICS	<ul style="list-style-type: none"> <li>○ risk of mobbing and discrimination</li> <li>○ risk of conflict of interest</li> <li>○ risk of corruption</li> <li>○ risk of money laundering and terrorist financing</li> <li>○ risk of abuse</li> <li>○ risk of dealing with unreliable and dishonest counterparties</li> </ul>	<ul style="list-style-type: none"> <li>○ Implementation of an anti-bullying and anti-discrimination policy</li> <li>○ Implementation of a conflict of interest management process</li> <li>○ Implementation of the Anti-Corruption Policy</li> <li>○ Implementation of anti-money laundering and counter-terrorist financing procedures</li> <li>○ Implementation of an infringement notification procedure</li> <li>○ Implementation of a supplier verification procedure</li> <li>○ Implementation of a compliance education and awareness programme</li> </ul>
LEGAL RISKS	<ul style="list-style-type: none"> <li>○ risk of violation of consumer rights</li> <li>○ risk of infringement of competition law</li> <li>○ risk of violation of price</li> </ul>	<ul style="list-style-type: none"> <li>○ Policies and procedures for monitoring compliance with consumer rights and competition law (antitrust) as well as price regulations</li> <li>○ Training and legal awareness of employees especially on antitrust law and price</li> </ul>

	<p>marking regulations</p> <ul style="list-style-type: none"> <li>○ risk of breaches of payment congestion regulations</li> <li>○ risk of violation of data protection legislation</li> <li>○ risk of violation of business secrets and confidential data</li> <li>○ risk of violation of the provisions of the Commercial Companies Code and the provisions on public companies</li> <li>○ risk of violation of regulated advertising and intellectual property laws</li> <li>○ risk of violation of the Act on Upbringing in Sobriety and Counteracting Alcoholism</li> <li>○ risk of changes to regulations concerning the circular economy</li> </ul>	<p>marking (Omnibus Directive)</p> <ul style="list-style-type: none"> <li>○ Implementing an effective compliance system to monitor key risks on an ongoing basis, monitor changes in the law, implement changes to internal regulations in line with changing legislation</li> <li>○ Implementing a system of periodic KRIs (key risk indicators) on selected risk Obszars to identify and monitor violations of implemented policies and processes</li> <li>○ Implementing a unified system for developing and publishing marketing content</li> <li>○ Continuous monitoring and verification of the possession of valid alcohol licences, including with the recipients to whom such goods are sold for resale and the rules on the promotion or advertising of alcohol products</li> <li>○ Active monitoring of changing external regulations by an established project group to assess and develop solutions to counteract the negative effects of change</li> </ul>
EMPLOYEE RIGHTS	<ul style="list-style-type: none"> <li>○ risk of violation of labour legislation</li> <li>○ risk of turnover</li> <li>○ risk of losing key staff</li> <li>○ risk of accidents at work</li> <li>○ risk of occupational diseases</li> </ul>	<ul style="list-style-type: none"> <li>○ Procedures and instructions governing the workplace, including work regulations, pay and bonus regulations for employees</li> <li>○ Personnel policies, benefits system, training, commitment survey</li> <li>○ Talent identification and management process in place; Dedicated solutions implemented to retain key employees</li> <li>○ Implementation of internal health and safety procedures and instructions</li> <li>○ Systematic checks on compliance with health and safety procedures and instructions</li> </ul>
TAXES	<ul style="list-style-type: none"> <li>○ risks associated with the correct accounting for taxes</li> <li>○ risks associated with the proper implementation of reporting obligations under tax</li> </ul>	<ul style="list-style-type: none"> <li>○ Continuation of implementation of procedures and instructions to reduce risks. Introduce monitoring tools and staff training.</li> </ul>

	<p>legislation</p> <ul style="list-style-type: none"> <li>○ risks associated with the use of intra-group market prices</li> </ul>	
FOOD QUALITY AND SAFETY	<ul style="list-style-type: none"> <li>○ risk of placing food on the market that does not comply with food safety and/or quality standards</li> <li>○ risk of adulteration or contamination of the product</li> </ul>	<ul style="list-style-type: none"> <li>○ HACCP food safety programme in place</li> <li>○ BRC GS S&amp;D, ISO 22000 certifications and audits of these by bodies external to the EC Group</li> <li>○ GDCs (General Terms and Conditions of Supply of Products) governing cooperation with suppliers on food quality and transportation</li> </ul>
ENVIRONMENT	<ul style="list-style-type: none"> <li>○ risk of environmental pollution</li> <li>○ risk of uncontrolled energy consumption in buildings and the transport fleet</li> <li>○ risk of creating significant amounts of waste, including hazardous waste</li> <li>○ risk of missing or inappropriate separation of waste, including recyclables</li> </ul> <p><b>climate risks:</b></p> <ul style="list-style-type: none"> <li>○ risk of increased energy consumption in the wholesale distribution, retail and wholesale sales process due to increased temperatures</li> <li>○ risk of increased pressure from consumers to provide information on both the origin of particular products and the associated environmental, climate or biodiversity impacts</li> <li>○ risk of an increase in the cost of capital and the risk of higher borrowing costs if Eurocash S.A.'s ESG rating is insufficiently assessed by financial entities</li> <li>○ risk of material damage and/or disruption of logistical processes due to sudden weather events</li> </ul>	<ul style="list-style-type: none"> <li>○ Energy efficiency audits</li> <li>○ Regular inspection and servicing of plant, equipment</li> <li>○ Continuous optimisation of logistics loss management</li> <li>○ Cooperation with food donation NGOs</li> <li>○ Implementation of segregation and management of secondary raw materials</li> </ul> <ul style="list-style-type: none"> <li>○ Use of low-carbon energy solutions (e.g. PPAs) with the implementation of pro-efficiency investments in operational facilities</li> <li>○ Implementing products with a lower or neutral environmental impact and seek out suppliers with sustainable practices and increase the proportion of plant-based products on offer</li> <li>○ Implementing decarbonisation strategy and set reduction targets. Involve key Eurocash suppliers in the process of building a decarbonisation policy to reduce emissions in Scope 3</li> <li>○ Improving climate risk management; developing e-commerce</li> </ul>

## 6. Additional information

### Dividend information

Pursuant to Resolution No. 5 of June 19, 2023, the Ordinary General Meeting of EUROCASH S.A. resolved to distribute the Company's net profit for the financial year 2022 in the amount of PLN 171,228,360 as follows: (i) to allocate net profit in the amount of PLN 50,000,000 to the payment of dividends (0.36 groszy per share) and (ii) to allocate the remaining profit in the amount of PLN 121,228,360 to the Company's reserve capital.

### Explanation of seasonality

In the FMCG wholesale distribution business, sales in the first half of the year are traditionally lower. The highest sales are realized during the summer, then stabilize in the fourth quarter.

### Issue, redemption and repayment of debt and equity securities

Between January 1, 2023 and September 30, 2023, no shares or bonds were issued. As of September 30, 2023, the total value of bonds issued by Eurocash was PLN 125,000,000..

### Effects of changes in Eurocash Group structure

#### *Members of the Management Board*

On June 28, 2023, the Supervisory Board of Eurocash passed a resolution to appoint Mr. Szymon Mitoraj as a member of the Company's Management Board, effective October 01, 2023. The Company announced the above on June 28 in Current Report No. 13/2023.

On September 29, 2023, Member of the Management Board of the Company, Mr. Arnaldo Guerreiro resigned from his position as Member of the Management Board of the Company, effective September 30, 2023. Mr. Arnaldo Guerreiro indicated personal reasons as reasons for his resignation. The Company announced the above on September 29 in Current Report No. 15/2023.

### Changes in the capital structure of Eurocash Group

In the liquidation process are non-operating companies - EKO Holding S.A. in liquidation, Przedsiębiorstwo Handlu Spożywczego sp. z o.o. in liquidation, ABC sp. z o.o. in liquidation, Detal Finanse sp. z o.o. in liquidation, Delikatesy Rogala Obszar II sp. z o.o. in liquidation, Delikatesy Rogala Obszar III sp. z o.o. in liquidation, Delikatesy Rogala Obszar IV sp. z o.o. in liquidation, Delikatesy Rogala Obszar V sp. z o.o. in liquidation. The liquidation of the latter will have no impact on the Group's current operations.

In addition, on 01.09.2023, the company Rogala sp. z o.o. merged with Delikatesy Rogala Obszar I sp. z o.o. through the acquisition of Delikatesy Rogala Obszar I sp. z o.o.

### The Management Board's position on the possibility of realizing previously published forecasts of results for the year.

The Management Board of Eurocash S.A. has not published and does not plan to publish earnings forecasts for 2023.

### Shares and shareholders

**Table 22: Shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the general meeting**

	9.11.2023				28.08.2023			
Shareholder	Number of shares	Share in the share capital (%)	Number of votes	Share in the total number of votes	Number of shares	Share in the share capital (%)	Number of votes	Share in the total number of votes
Luis Amaral (bezpośrednio i pośrednio*)	61 287 778	44,04%	61 287 778	44,04%	61 287 778	44,04%	61 287 778	44,04%
Generali PTE S.A.**	7 905 306	5,68%	7 905 306	5,68%	7 905 306	5,68%	7 905 306	5,68%
PTE Allianz Polska S.A	7 110 507	5,11%	7 110 507	5,11%	7 110 507	5,11%	7 110 507	5,11%
Others	62 859 695	45,17%	77 875 508	45,17%	62 859 695	45,17%	77 875 508	45,17%
<b>Total</b>	<b>139 163 286</b>	<b>100,00%</b>	<b>139 163 286</b>	<b>100,00%</b>	<b>139 163 286</b>	<b>100,00%</b>	<b>139 163 286</b>	<b>100,00%</b>

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

On 25<sup>th</sup> of July 2023. Eurocash Group S.A. received a notification from Generali Powszechne Towarzystwo Emerytalne S.A. with the information that in connection with the takeover on 01.02.2023 of the management of NNLife Otwarty Fundusz Emerytalny (NNLife OFE) and NNLife Dobrowolny Fundusz Emerytalny (NNLife DFE) by Generali Powszechne Towarzystwo Emerytalne S.A. (Generali PTE) and as a result of the completion of the liquidation of NNLife OFE on 21<sup>st</sup> of July 2023, in the accounts of Generali PTE, the share in the share capital and the total number of votes of Eurocash S.A. increased above 5%, as reported by the Company in current report 14/2023.



**Table 23: Number of shares (or entitlements to shares) held by the Management Board and Supervisory Board**

	Shares or rights to shares in Eurocash S.A.	
	9.11.2023	28.08.2023
<b><i>Management Board</i></b>		
Paweł Surówka	0	0
Katarzyna Kopaczewska	330 000	330 000
Pedro Martinho	1 055 803	1 055 803
Jacek Owczarek*	73 694	73 694
Tomasz Polański	49 743	49 743
Dariusz Stolarczyk	17 176	17 176
Przemysław Ciał	9 850	9 850
Szymon Mitoraj	0	0
<b><i>Supervisory Board</i></b>		
Luis Amaral (pośrednio lub bezpośrednio)	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 persons

### Information on pending proceedings.

On 2<sup>nd</sup> of October 2020, the Company received the Decision of the President of the Office of Competition and Consumer Protection (UOKiK), dated 28<sup>th</sup> of September 2020, to initiate ex officio proceedings against Eurocash S.A. for practices unfairly exploiting contractual advantage. In initiating the proceedings, the President of the Office for Competition and Consumer Protection considered it necessary to verify whether certain practices applied by Eurocash S.A. could be classified as exploitation of contractual advantage. In the decision to initiate proceedings, the President of UOKiK pointed to two forms of settlements between Eurocash S.A. and its suppliers that he had doubts about - i.e. charging remuneration for (i) general network services / sales support services, and (ii) market expansion services. As part of the ongoing proceedings, in response to the OCCP's summons, the Company communicated that since 2017 it has not charged any remuneration for market expansion services, while in the period 01.01.2019. - 31.10.2020, it charged suppliers a total of approximately PLN 19 million for the provision of network-wide/sales support services. On 30 November 2021. The

President of the Office of Competition and Consumer Protection issued a decision in which he found that the Company had committed the practice of unfair exploitation of contractual advantage by charging suppliers of agri-food products for services which are not performed for them or which are performed but about which the suppliers are not informed, including their costs and results, and imposed a fine of PLN 76,019,901.23 on the Company. The Company does not agree with the position of the President of the OCCP and therefore appealed against the decision of the President of the OCCP to the Court of Competition and Consumer Protection on 30th of December 2021. The first hearing before the Court of Competition and Consumer Protection took place on October 23, 2023, and the next two are scheduled for the end of November and mid-December this year.

We would like to point out that the obligation to pay a potential fine imposed by the President of UOKiK arises only after the decision becomes final - i.e. after the verdict is issued by the Court of Second Instance (Court of Appeal). In the current conditions, the duration of the proceedings from the moment the decision is issued to the moment the Court of Appeal issues a final judgment is approximately 4-5 years. The Company cooperates with the Office on an ongoing basis, providing timely responses to a number of other enquiries addressed by the President of the Office of Competition and Consumer Protection to the Company as part of its investigations and research of the FMCG market.

Corporate income tax proceedings are included in Note 5 of the consolidated financial statements.

### **Review of strategic options:**

The Company reported in current reports dated 2<sup>nd</sup> of April 2021 (current report no. 07/2021) and 1<sup>st</sup> of February 2022 (current report no. 03/2022) that it was conducting a review process of the Eurocash Group's strategic options.

The process of reviewing potential strategic options for the development of the Eurocash Group began with a decision of the Management Board on 28<sup>th</sup> of January 2021, as a consequence of which the Management Board entered into an agreement with a strategic advisor and subsequently engaged/agreed with financial and commercial advisors to assist the Company in identifying and potentially selecting optimal strategic options. At the end of September 2021 (Current Report No. 03/2022), the Management Board decided to enter into negotiations with selected potential investors who had made initial non-binding offers to enter the Company's capital or to acquire a selected segment of its business in connection with the Eurocash Group development options under consideration; in order to continue the discussions, the Company decided to provide the bidders and their professional advisors with the opportunity to examine the financial and legal status of the Eurocash Group or its selected segments.

According to current report 18/2022, the strategic options review process is ongoing. It aims to select the best way to achieve the Company's long-term objective of growing the Group and maximising its value for the Company's current and future shareholders.

According to the Company's announcements, during the review the Company is analysing scenarios, inter alia, related to the potential acquisition of new investors for the Company or for its selected business segments or its subsidiaries; as well as the potential reorganisation of the Eurocash Group to

further integrate the Group structure. The above list of options is not exhaustive and does not preclude the consideration of other options not listed above during the review, including the disposal of assets.

## **Eurocash Group strategy**

On 29<sup>th</sup> of August 2022, the company published Current Report No. 18/2022 describing the adopted Strategy for the Eurocash Group for 2023-2025.

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

- in the area of Wholesale: the objective of Eurocash Group is to further develop omnichannel wholesale (multi-channel sales), which is expected to lead to increased loyalty of B2B customers, further building of cost and sales synergies, and, as a consequence, improving the shopping environment and doubling 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 Franchise area (organiser of franchise and partner networks): focus on 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 based on the 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 commerce, the growth of Frisco's share in B2C ecommerce and the achievement of Frisco's 1 billion revenue by the end of 2025
- Responsible development activities are also an important element of the Strategy.

Faced with the decision to focus on its core business (wholesale, franchise and technology platform), the Company's Management Board decided to focus on improving the profitability of the non-core/non-strategic business (which includes Delikatesy Centrum's own shop segment), reducing or ceasing its development.

As a result of the implementation of the Strategy, Eurocash Group plans to achieve an EBITDA result of PLN 1 billion (before IFRS 16) in 2025. The Management Board estimates that in 2023-2025 the cumulative increase in cost efficiency will amount to PLN 100 million EBITDA. The Management Board of Eurocash will aim to stabilise the financing structure at a ratio of 1.5x Net Debt/EBITDA (before IFRS 16), with temporarily higher ratio levels to take advantage of the opportunity to increase market share.

Eurocash's objective 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 the financing to which the Group will be a party.

**Information about the issuer or its subsidiary granting credit or loan sureties or guarantees.**

In the third quarter of 2023, companies from the Eurocash Group did not grant credit or loan guarantees and did not grant guarantees to entities from outside the Eurocash Group, the total value of which is significant.

**Information about related party transactions entered into by the issuer or its subsidiary**

In Q3 2023, Eurocash Group companies did not enter into transactions with related parties that were individually or jointly material and were concluded on terms other than at arm's length.

**Other information relevant to the assessment of the issuer's position or its ability to fulfil its obligations**

Apart from the information described in this report, there is no other information that is relevant for the assessment of the Company's human resources, assets, financial position or result.

## STATEMENT OF THE MANAGEMENT BOARD

### Accuracy and reliability of the reports presented

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

- the quarterly condensed consolidated financial statements of the Eurocash S.A. capital group and the comparable data have been prepared in accordance with the applicable accounting principles, and that they reflect in a true, fair and clear manner the property and financial situation of the issuer's capital group and its financial result for Q3 2023,
- the quarterly condensed separate financial statements of Eurocash S.A. and the comparable data were prepared in accordance with the applicable accounting principles and that they reflect in a true, reliable and clear manner the issuer's property and financial situation and financial result for Q3 2023,
- the quarterly report on the operations of the Eurocash S.A. capital group in Q3 2023 contains a true picture of the development, achievements and situation of the Eurocash S.A. capital group, including a description of the main threats and risks.

## SIGNATURES OF BOARD MEMBERS

Position	Name	Date	Signature
President of the Management Board	Paweł Surówka	9 <sup>th</sup> of November 2023	
Member of the Management Board Director of Human Resources	Katarzyna Kopaczewska	9 <sup>th</sup> of November 2023	
Member of the Management Board Chief Financial Officer	Jacek Owczarek	9 <sup>th</sup> of November 2023	
Member of the Management Board	Pedro Martinho	9 <sup>th</sup> of November 2023	
Member of the Management Board	Przemysław Ciał	9 <sup>th</sup> of November 2023	
Member of the Management Board	Tomasz Polański	9 <sup>th</sup> of November 2023	
Member of the Management Board	Dariusz Stolarczyk	9 <sup>th</sup> of November 2023	
Member of the Management Board	Szymon Mitoraj	9 <sup>th</sup> of November 2023	