Eurocash Group S.A.

The consolidated annual report for the year 2023.

This document is a PDF copy of the official annual report, which was prepared in XHTML format.

KOMORNIKI, 18th of April 2024

Part A

Letter of the CEO

KOMORNIKI, 18th of April 2024

Dear Shareholders, Dear Employees, Ladies and Gentlemen,

The year 2023 is behind us, it was fraught with uncertainty for a number of reasons, including the continuing war in Ukraine for another year and the escalating effects of inflation, in particular - high interest rates in the first half of the year, as well as intensifying cost pressures due to rising commodity or energy prices. As a result, an economic slowdown was evident, with GDP growth of only around 0.2 per cent in 2023 compared to 5.3 per cent in 2022. The more difficult macro environment translated into more cautious consumer sentiment - the overall market fell by 0.3% in volume terms (on a per pack basis). Despite these challenges, Eurocash Group has made significant progress towards its strategic objectives, while striving to adapt to changing market conditions. Our sales revenue increased by more than 5% to 32.5 billion, while the Group's net profit increased by more than 62% to nearly PLN 145 million. We significantly reduced the Group's debt, with the debt ratio falling to 0.62 net debt/EBITDA.

It was an intensive year in which, in line with our business strategy for 2023-2025, we strengthened our position in key segments. Our activities were focused on the development of our core business areas: the integration of the wholesale business, the optimisation of the retail segment and the development of innovative projects, which are an important part of our growth strategy.

We worked to consolidate the wholesale business in order to generate even greater synergies and profits for stakeholders in a segment that accounts for ¾ of our revenues and in which we have been the absolute number one for years. As a result, the Wholesale segment remained the foundation of our results, generating 79% of Eurocash Group's consolidated EBITDA. This is also where we focused our key investments and projects to improve the competitiveness of our customers. We launched the umbrella brand Moje Sklepy, thanks to which as many as three of our chains, ABC, Groszek and Euro Sklep, can now offer even more to both consumers and manufacturers. We developed the EuroPlatform network of integrated checkout systems, as well as our flagship eurocash.pl platform. These are innovative projects focused on the digitalisation of supply chain processes and communication with consumers - which significantly improve the competitiveness of local stores, providing them with access to modern technologies they could not afford without the support of a strong partner such as Eurocash Group. Furthermore, in 2023 we prepared the merger of Eurocash Dystrybucja and Eurocash Cash & Carry into a single business unit, which became a reality at the beginning of 2024. This consolidation will significantly improve the efficiency of our wholesale business. Thanks to it, the merged Eurocash wholesale can already boast not only the widest assortment and the best service, but also the cheapest Cash & Carry stores in Poland.

Similarly, the Retail Segment continued its drive to improve the shopping experience for our customers. The segment's retail sales grew by 4.2% and, in LFL terms, sales of stores under the “Delikatesy Centrum” brand increased by 4.6%. Our work focused on optimising the collaboration with our customers, resulting in the new DC 2.0. strategy, developed with significant franchisee participation, and the preparation of a new store operating model to be tested and implemented in 2024.

The Projects segment played a key role in the development of strategic initiatives such as expanding our presence in the e-grocery segment through the Frisco business, and developing innovative business concepts such as Duży Ben. The Projects segment's sales in 2023 increased by more than 21%, Duży Ben opened 116 outlets, bringing the chain to 421 stores at the end of the year, and Frisco dynamically expanded its operations in key cities across Poland, made significant progress in the implementation of modern technology and the use of AI, and opened its second automated warehouse in Warsaw - giving a significant boost to further sales growth in the following years.

Thanks to the aforementioned consolidation of wholesale businesses, we can make a greener and more sustainable impact on reducing CO_2 emissions. We have revised and significantly increased the decarbonisation targets we set ourselves when we joined the Science Based Targets Initiative a year earlier. We increased our pledge to reduce CO_2 emissions from 42 per cent to 47.7 per cent by 2030. We received a distinction in the Corporate Climate Crisis Awareness Study developed by the Polish Association of Listed Companies and Bureau Veritas Poland. It is also very important for us to be on the list of not only the largest, but also the best Polish employers. In 2023, we officially joined this group, as evidenced by our winning the prestigious title of Top Employer 2024.

The past year was also a period of many changes within our organisation. We changed our approach to managing both projects and our existing structure. We have opted for synergies which, combined with our enormous scale, will enable us to develop a competitive advantage. The strengthening of our market position has resulted in increased confidence in our company on the part of financial institutions, as evidenced by, among other things, the allocation of financing of over PLN 1 billion and the opening of a guarantee line for our sustainable development activities. These steps provide us with greater flexibility in the conduct of our business and allow us to focus on major investments, such as in the development of franchise and partner networks, technology, or the wholesale business.

Looking to the future, we remain determined to achieve our strategic objectives. Our roadmap guides us towards achieving our 2025 targets. With a focus on operational efficiency and innovation, we believe we can achieve long-term growth and create value for our shareholders.

We would like to thank you for the support and confidence you have shown in us.

Yours faithfully

Paweł Surówka
CEO
Eurocash Group

Part B

Management board report on the operations of the **EUROCASH GROUP AND EUROCASH S.A.**

FOR THE PERIOD FROM 1st of JANUARY 2023 TO 31st of DECEMBER 2023

KOMORNIKI, 18th of April 2024

Table 1: Eurocash Group: summary of financial results for 2023

PLN mil	2023	2022	Change
Revenue from sales of products, goods and materials	32 452,0	30 857,7	5,2%
Gross profit on sales	4 409,2	4 232,8	4,2%
Gross profitability on sales	13,6%	13,7%	-0,13 p.p.
EBITDA (EBIT + depreciation and amortization)	1 065,5	1 000,3	6,5%
(EBITDA margin %)	3,3%	3,2%	0,04 p.p.
Operating profit – EBIT	436,0	403,7	8,0%
(Operating profit margin - EBIT %)	1,3%	1,3%	0,04 p.p.
Gross profit	195,0	182,6	6,8%
Net profit/loss	144,7	89,2	62,2%
(Net profit margin %)	0,4%	0,3%	0,16 p.p.

The parent company of the Eurocash S.A. Capital Group ("Group" or "Eurocash Group") is Eurocash S.A. ("Eurocash" or the "Company"). The sales revenues of the Eurocash Group amounted to PLN 32,452 million in 2023, 5.2% more than in the previous year. The gross margin of the Eurocash Group in 2023 decreased by 0.13 pp. y/y and amounted to 13.6%. EBITDA amounted to PLN 1,065.5 million in 2023 and increased by 6.5% y/y. The net profit of the Eurocash Group reached PLN 144.7 million, achieving an increase of 62.2% y/y.

Eurocash Group business segments

Chart 1. Eurocash Group: Revenue from sales of goods in the years 2021-2023 by segment (PLN million)

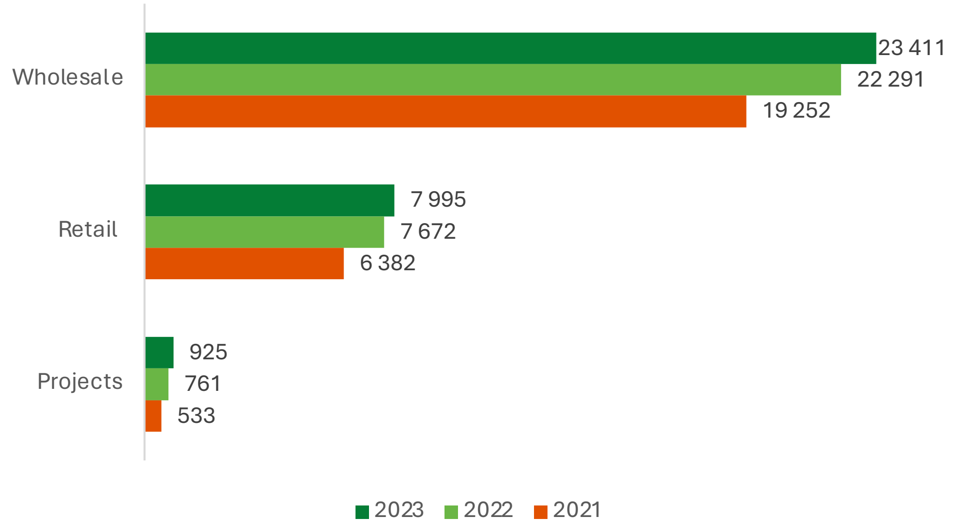
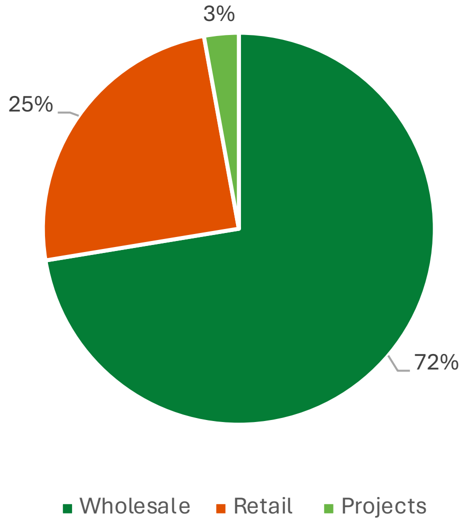


Chart 2. Eurocash Group: revenues from sales of goods by retail, wholesale and project segments (%)



Sales of goods by the wholesale segment amounted to PLN 23.4 billion in 2023 compared to 22.3 million a year earlier, which means an increase of 5%. Sales of goods by the retail segment in 2023 amounted to PLN 8.0 billion compared to PLN 7.7 billion in the previous year, which means an increase of 4.2% y/y. Sales of goods by the projects segment in 2022 amounted to PLN 925 million compared to PLN 761 million last year. This represents a 21.4% year-on-year increase in the segment.

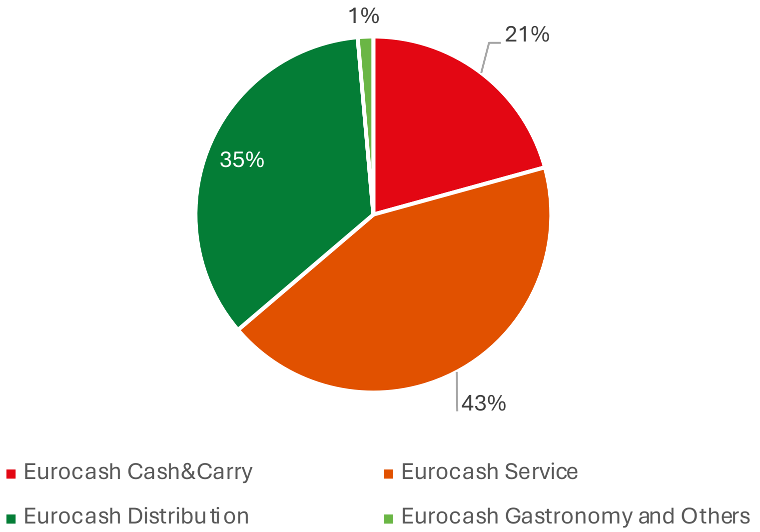
Below is a breakdown of merchandise sales revenue for 2023 by business segment.

The Eurocash Group's retail segment contributed 25% of sales revenues, while the wholesale segment contributed 72%.

Source: own elaboration

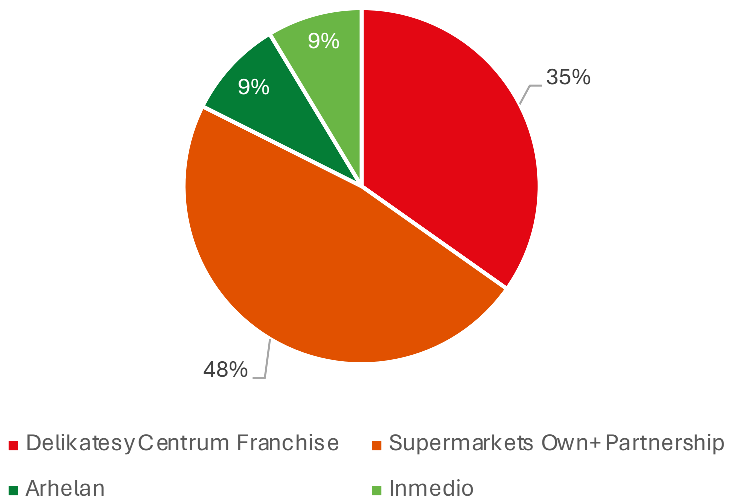
Eurocash Group business segments

Chart 3. Eurocash Group: wholesale segment sales by format (%)



The wholesale segment's largest share of sales is generated by revenues generated by Eurocash Service (43%) and Eurocash Distribution (35%). Eurocash Cash&Carry accounts for 21% of sales in the wholesale segment. Sales of Eurocash Gastronomy and Others amounted to 1% in 2023.

Chart 4. Eurocash Group: retail segment sales by format (%)



The retail segment consists mainly of stores under the Delikatesy Centrum brand. The largest share in the retail segment is held by the Delikatesy Centrum chain's own stores (run by 100% subsidiaries: Delikatesy Centrum sp. z o.o., Podlaskie Delikatesy Centrum sp. z o.o., FHC-2 sp. z o.o., including the one acquired in 2023 by FHC-2 sp. z o. o. - Madas sp. z o. o.) and run together with partners (Firma Rogala sp. z o. o. and its subsidiaries and new Delikatesy Centrum-Arhelan stores run by Arhelan sp. z o. o.) – 48 %, then by Delikatesy Centrum franchisees - 35%. The Arhelan Polski Sklep stores operated by Arhelan sp. z o.o. generate 9% of the retail segment's revenue. The retail segment also includes the sale of Inmedio kiosks, which accounted for 9% of the segment's revenue.

The Projects segment shows initiatives in a dynamic growth period, building their market position while simultaneously having an increased risk profile. Key elements here are Frisco, the national leader in online grocery shopping, and Duży Ben, a fast-growing chain of liquor stores.

Source: own elaboration

Eurocash Group business segments

Chart 5. Frisco: Revenues in the years 2019-2023

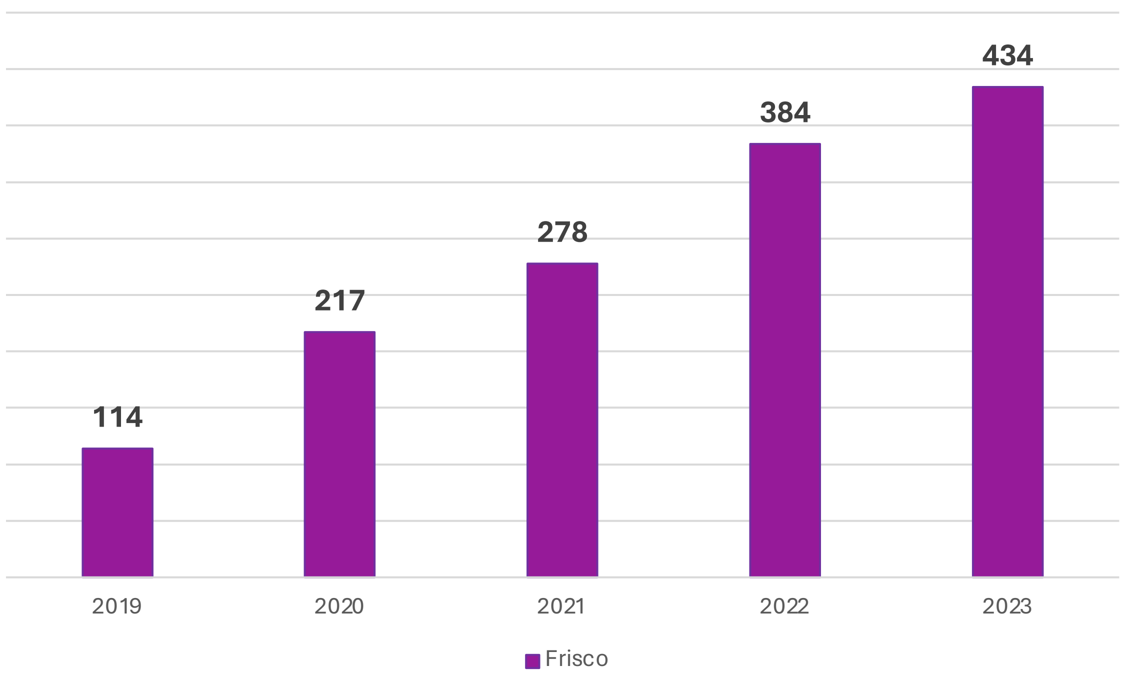
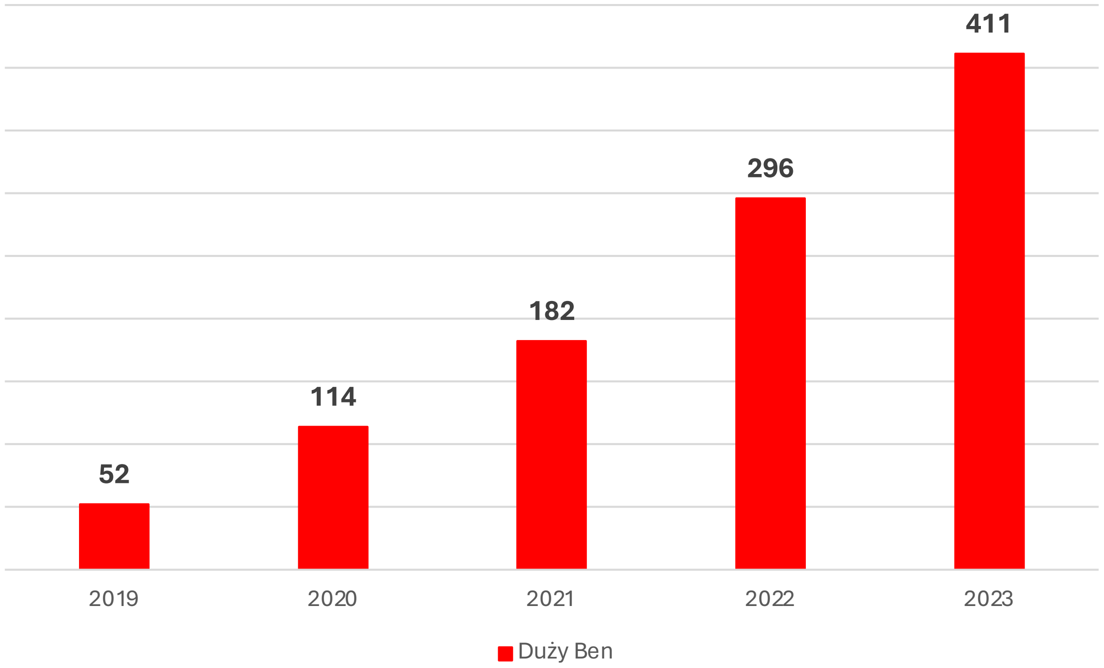


Chart 6. Duży Ben: Revenues in the years 2019-2023



Source: own elaboration

2.1. Market environment

Key macroeconomic data

Eurocash Group operates in Poland. The local macroeconomic environment has significantly impacted and will continue to impact the Group's financial performance and development.

The pace of economic development, household income, and other macroeconomic factors significantly impact people's spending and domestic demand, thereby indirectly affecting the Group's sales revenue.

Table 2: Macroeconomic data in Poland

	2023	2022
GDP growth* (in %)	0,2	5,3
Registered unemployment** (in %)	5,1	5,2
Dynamics of the average monthly salary in PLN (in %)	12,8	12,1
Consumer price growth rates (in %)	11,4	14,4

Source: Central Statistical Office

** CSO preliminary estimates.*

*** Year-end balance..*

2.1. Market environment

Chart 7 Macroeconomic data: GDP growth vs. registered unemployment

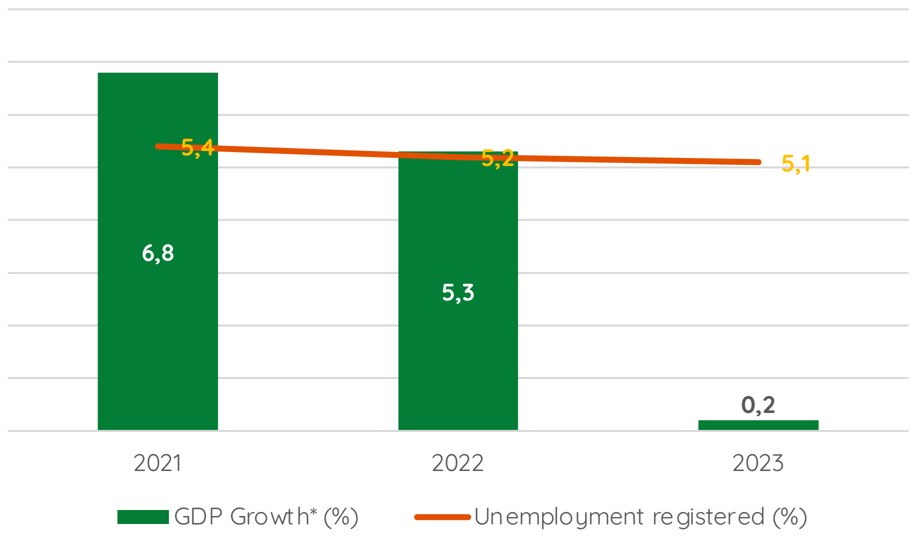
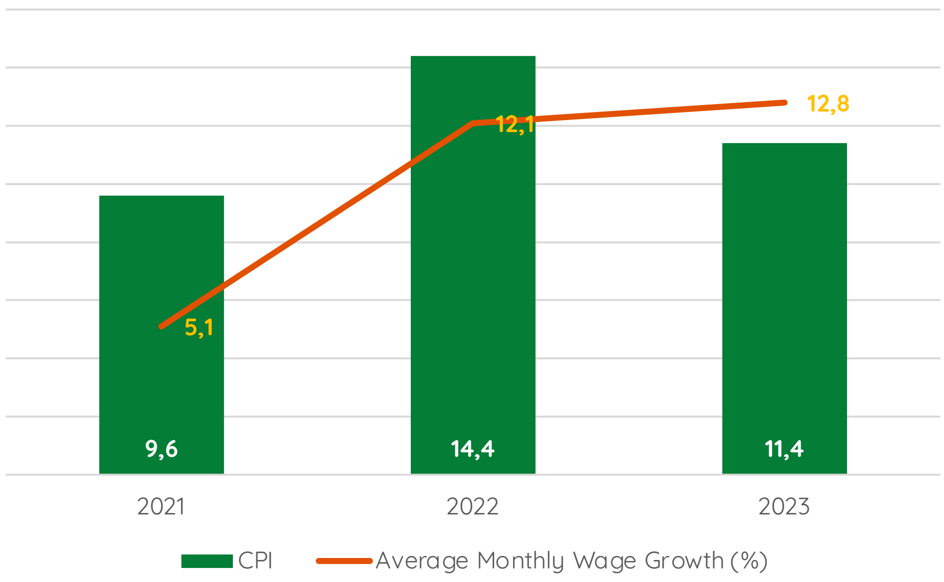


Chart 8. Macroeconomic data: inflation vs. wage dynamics in Poland (nominal)



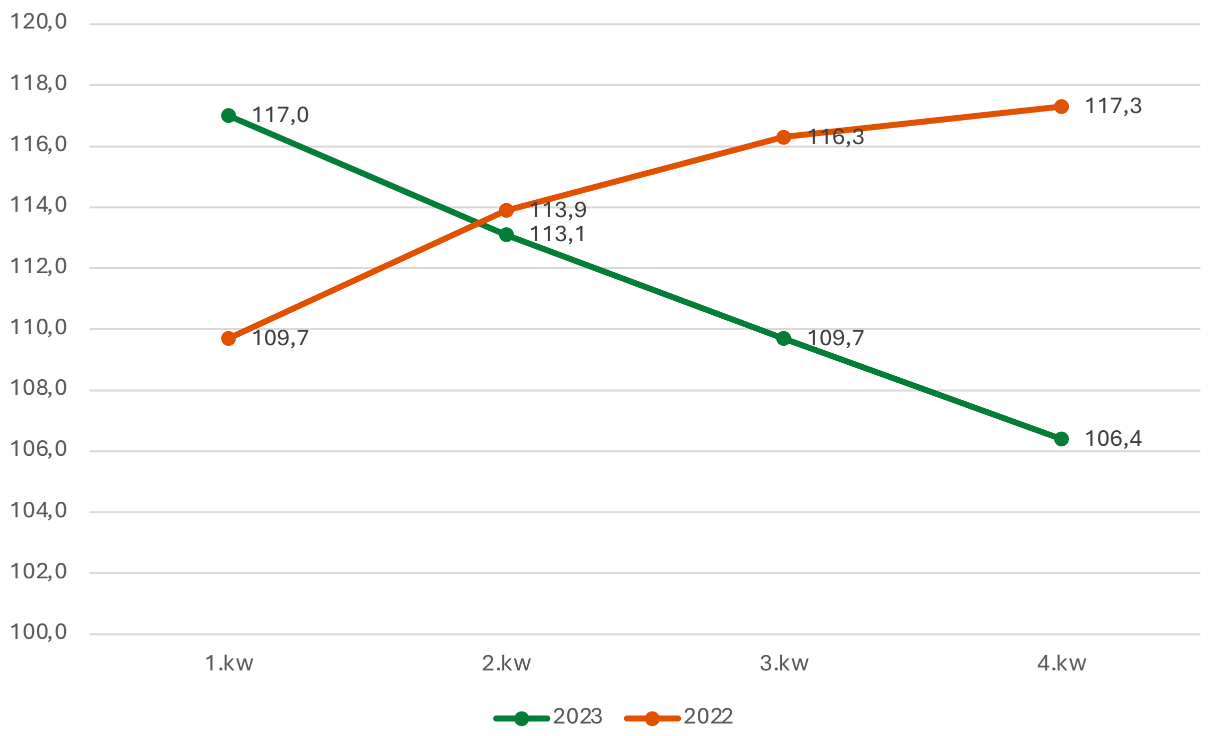
According to CSO estimates, economic growth in Poland, as measured by GDP growth in constant prices, amounted to 0.2% in 2023 compared to 5.3% in 2022. Consumer Price Index averaged in 2023 at 11.4% compared to 14.4% in 2022.

The increased cost of doing business, which is significantly correlated with wage growth, also significantly impacts business in Poland. In 2023, nominal wage growth was higher than inflation—the dynamics of the average monthly wage were 12.8%. At the end of December 2023, the registered unemployment rate in the country decreased by 0.1 p.p. compared to the previous year and stood at 5.1%.

Source: Central Statistical Office

2.1. Market environment

Chart 9. Quarterly consumer price growth rates *



Over the course of the year, declining price growth can be observed—inflation in Q4 2023 was 6.4% y/y, while in Q4 2022, it was 17.3% y/y.

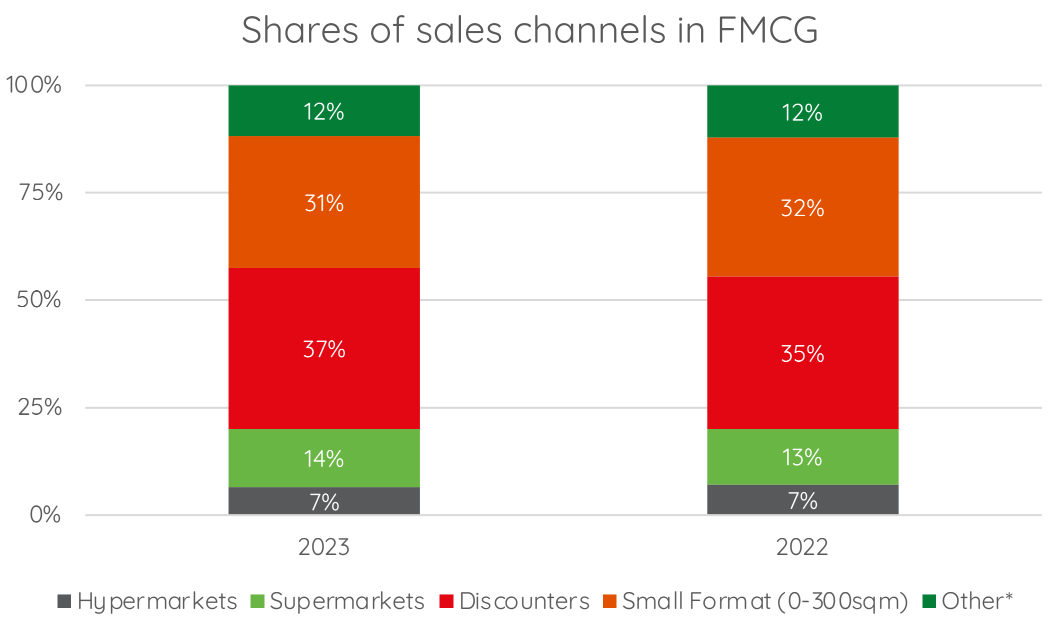
** Corresponding period in the previous year = 100*

2.1. Market environment

Polish FMCG market - general information

The FMCG market includes food products, soft drinks, alcoholic beverages, tobacco products, household chemicals, and cosmetics.

Chart 10. Structure of the retail grocery market in Poland by value



The total share of the value of large-format shops has been shifting in favour of discount chains for several years. This trend, according to analyses by the PMR agency, will continue.

It is worth noting, however, that the retail sales of local shops, despite slower growth than in the discount channel, is growing by 5.5% in 2023. However, the dynamics of the individual segments of the local shop's channel vary - larger and medium-sized local shops (100-300m2 and 40-100m2, respectively) recorded growth of 7.8% and 9.2%, while the minor outlets (below 40m2) declined by 2.6%. In the opinion of the Eurocash Group Management Board, this indicates a trend in which the smallest and least professional outlets are dropping out of the market, and their customers are migrating to larger and more professional shops - often supported by partner or franchise networks.

Source: Own elaboration based on Nielsen data

*' Other: *chemical and cosmetics shops, liquor shops, kiosks, petrol stations.*

2.1. Market environment

Chart 11. Sales dynamics in the food market by distribution channel

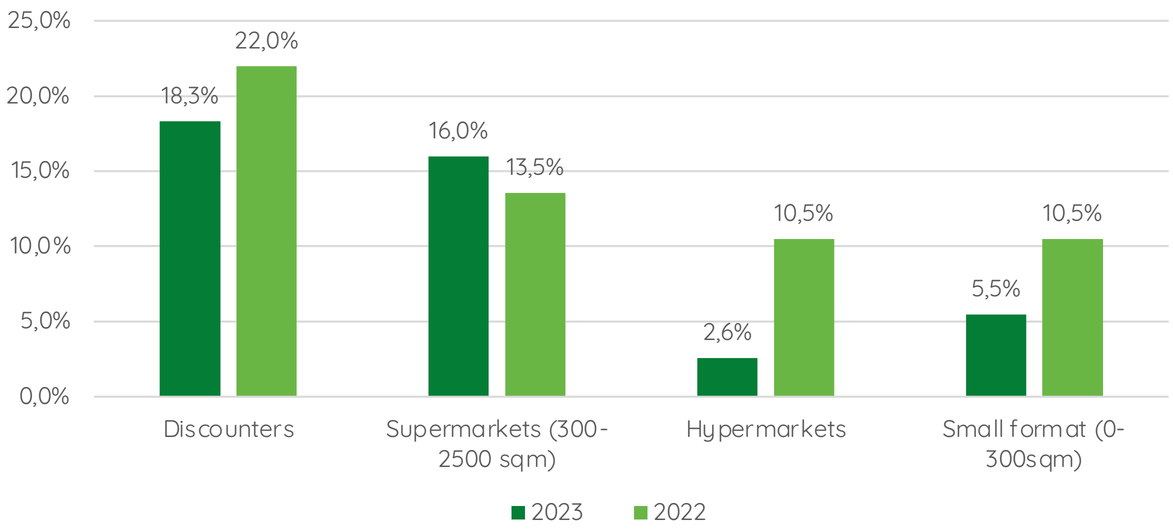
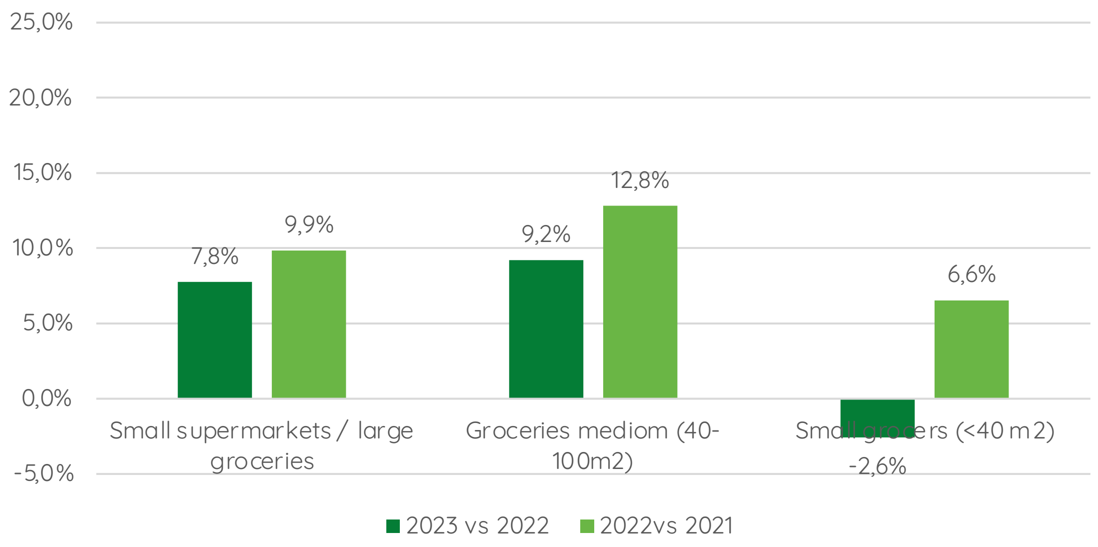


Chart 12. Sales dynamics in the food market in small-format stores



According to Nielsen data, the value of the overall grocery market in Poland increased by 12.1% in 2023 compared to 2022.

Source: Nielsen Panel of Retail Trade

2.1. Market environment

Wholesale distribution market for FMCG products

Wholesale companies operating in the market for the distribution of FMCG products compete primarily within the supply of traditional general stores, grocery specialty stores (butcher stores, bakeries, candy stores, fruit and vegetable stores, liquor stores, fish stores), and so-called alternative channels including kiosks, gas station stores and HoReCa (hotels, restaurants, catering).

Trends in the Polish FMCG market

Over the past decade, a gradual levelling from the market share of both FMCG retail channels, i.e., the large-format and traditional channels, has been observed. According to Nielsen data, large-format shops (supermarkets, hypermarkets and discount shops) control approx. 58% of the FMCG market, as well as small-format and specialised shops, is approx—42%. However, in Eurocash's view, there are no indications of a further significant reduction in the role of small-format trade in the coming years. This is supported by both external (demographic structure) and internal conditions (consisting primarily of the emergence of consolidation and modernisation mechanisms enabling effective competition with large-format outlets). One of the manifestations of this trend is the association of shops with a surface area of up to 300 m2 in franchise networks, both of a traditional nature (which are de facto a form of loyalty programs) and a modern one (which strongly binds retailers to the source of their purchases). Eurocash estimates that around 60% of local grocery and specialist shops are already affiliated with franchise networks.

The last three decades have witnessed a progressive consolidation of the market for wholesale distribution of FMCG products. In the last dozen years, we have seen a reduction in the number of wholesale companies selling FMCG products to around 3-4 thousand entities currently operating.

Source: own estimations

2.2. Eurocash Group structure and sales formats

Eurocash Group, the largest Polish capital group, stands out in the wholesale distribution of food products and marketing support for independent Polish retail entrepreneurs. What sets us apart is our franchise and partner networks, which unite over 16,000 independent stores operating under renowned brands like abc, Groszek, Delikatesy Centrum, Lewiatan, Euro Sklep, and Gama.

Eurocash Group's business is strategically diversified through various distribution formats. We focus on wholesale distribution of goods to customers across all relevant segments of the traditional grocery market, catering to retail stores, convenience stores, gas stations, restaurants, and hotel and café chains.

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

Wholesale – wholesale distribution format:

- **Eurocash Distribution** – which includes:
  - Companies engaged in active distribution (Eurocash S.A., AMBRA Sp. z o.o., Polska Dystrybucja Alkoholi sp. z o.o.),
  - Companies that organize and support franchise and partner networks of retail stores:
    - Eurocash Sieci Partnerskie Sp. z o.o. (formerly: Groszek sp. z o.o.): abc, Groszek, Euro Sklep chains,
    - Lewiatan network: 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.,
    - Innovative Platforma Handlu Sp. z o.o.
- **Cash&Carry** – a nationwide chain of discount wholesalers,
- **Cigarettes and impulse products** - active distribution of tobacco products and impulse products through Eurocash Serwis Ltd.,
- **Eurocash Gastronomy** - supplies for restaurant and hotel chains,
- **Other** - proceeds from the sale of Cerville Investments Sp. z o.o.

2.2. Eurocash Group structure and sales formats

Retail - Eurocash Group retail sales and Eurocash wholesale sales:

- **Delikatesy Centrum**:
    - **Delikatesy Centrum franchise stores** – franchise system for retail stores under the "Delikatesy Centrum" brand, organized by Eurocash Franczyza sp. z o.o. (sales and wholesale margin),
    - **Delikatesy Centrum own stores** – own stores, managed under companies: FHC-2 Sp. z o.o., Madas sp. z o.o., Podlaskie Delikatesy Centrum Sp. z o.o. (Eurocash holds 100% of shares), 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 shares),
- **Arhelan** Sp. z o.o. – May 2022, Eurocash holds 50% of shares
- **Lewiatan Partner** – own stores under the Lewiatan brand, managed by Partner Sp. z o.o. (Eurocash holds 100% of shares; sales and retail margin,
- **Inmedio** – newsstands operating under the Inmedio and Inmedio Trendy brands,
- **Projects** - sales revenues generated by new projects carried out by Eurocash S.A. and subsidiaries: Frisco S.A., Kontigo Sp. z o.o., ABC na kołach Sp. z o.o., Duży Ben Sp. z o.o., Innowacyjna Platforma Handlu Sp. z o.o., 4Vapers Sp. z o.o.,
- **Other—**sales revenues, costs of other companies, and costs of central departments not allocated to any of the above segments.

Eurocash Group operations are concentrated in Poland

2.2. Eurocash Group structure and sales formats

Chart 13 Eurocash Group: organizational structure as of 31.12.2023

Luis Amaral
(via Politra B.V. s.a.r.l.)

44,04%

EUROCASH S.A.

Wholesale
75,01% Eurocash Serwis Sp. z o.o.
100% Cerville Investments Sp. z o.o.
100% AMBRA Sp. z o.o.
100% Polska Dystrybucja Alkoholi Sp. z o.o.
100% 4Vapers Sp. z o.o.
66,6% Lewiatan Holding S.A.
100% Lewiatan Podkarpacie Sp. z o.o.
100% Lewiatan Północ Sp. z o.o.
100% Lewiatan Kujawy Sp. z o.o.
100% Lewiatan Wielkopolska Sp. z o.o.
100% Lewiatan Opole Sp. z o.o.
100% Lewiatan Orbita Sp. z o.o.
100% Lewiatan Zachód Sp. z o.o.
100% Lewiatan Podlasie Sp. z o.o.
100% Lewiatan Śląsk Sp. z o.o.
50% Partnerski Serwis Detaliczny S.A.
100% Eurocash Sieci Partnerskie Sp. z o.o.
100% Innowacyjna Platforma Handlu Sp. z o.o.

Retail
100% Eurocash Franczyza Sp. z o.o.
51% Inmedio Sp. z o.o.
50% Firma Rogala Sp. z o.o.
50% Delikatesy Rogala Obszar II Sp. z o.o. in liquidation
50% Delikatesy Rogala Obszar III Sp. z o.o. in liquidation
50% Delikatesy Rogala Obszar IV Sp. z o.o. in liquidation
50% Delikatesy Rogala Obszar V Sp. z o.o. in liquidation
100% FHC-2 Sp. z o.o.
100% EKO Holding S.A. in liquidation
100% Delikatesy Centrum Sp. z o.o.
100% Podlaskie Delikatesy Centrum Sp. z o.o.
100% Partner Sp. z o.o.
50% Arhelan Sp. z o.o.
50% Stormer Sp. z o.o.
100% Eurocash Nieruchomości Sp. z o.o.

Projects
100% Kontigo Sp. z o.o.
100% Duży Ben Sp. z o.o.
100% abc na kołach Sp. z o.o.
100% Frisco S.A.
100% FR24 Sp. z o.o.
100% Dorvest Sp. z o.o.

Other
100% Przedsiębiorstwo Handlu Spożywczego Sp. z o.o. in liquidation
100% Eurocash VC3 Sp. z o.o.
100% Detal Finanse Sp. z o.o. in liquidation
100% ABC Sp. z o.o. in liquidation
100% Akademia Umiejętności Eurocash Sp. z o.o.
100% Eurocash Trade 1 Sp. z o.o.

2.3. Number of establishments

As of 31 December 2023, the Eurocash Group's wholesale trade network comprised 177 Cash&Carry stores. In turn, 5,797 stores were associated with franchise and partner networks cooperating with Eurocash Dystrybucja. The abc chain had the largest number of outlets, with over 7,000 stores.
On the other hand, the retail chain included 1,511 small supermarkets (below 500m2), 1,464 operating under the Delikatesy Centrum brand, and 432 Inmedio press salons. 421 stores were operating under the Duży Ben brand, 116 more than at the end of 2022.

Table 3: Eurocash Group: number of facilities

	status as of 31.12.2023.	status as of 31.12.2022
"abc" stores network	7 367	7 351
Franchise and partner networks*	5 797	5 798
Inmedio and Inmedio Trendy stores	432	422
Small Supermarkets	1 511	1 522
INCLUDING: Delikatesy Centrum brand	1 464	1 483
Arhelan**	106	106
Duży Ben	421	305
TOTAL STORES	**15 634**	**15 504**
Wholesale Cash & Carry outlets	177	178

**Groszek, Euro Sklep, Lewiatan, PSD*
*** In 2022, 6 Arhelan stores were included under the Delikatesy Centrum brand due to the opening of new stores under the Delikatesy Centrum-Arhelan logo, at the end of 2023, there were 9 such stores*
Source: own elaboration

2.4. Sales structure

Eurocash Group sales are dominated by basic food and beverages (including soft and alcoholic drinks). In 2023, these products accounted for approximately 62% of the sales value. The second most important commodity group was impulse goods (including tobacco products, phone cards, and prepaid top-ups), whose share in 2023 was approximately 35%. The rest were non-food items, mainly cosmetics, household chemicals, OTC medicines, and others.

2.5. Capital links of the Eurocash Group

The main shareholder of Eurocash is Mr Luis Amaral (directly and indirectly), who held 44.04% of the Company's shares as of 31.12.2023. Mr Amaral has been Chairman of the Company's Supervisory Board since June 30, 2022.

The notes to the annual consolidated financial statements include detailed information on the organization of the Eurocash Group and an indication of the entities subject to consolidation.

Eurocash Group's sales are primarily driven by Eurocash itself, which accounts for a significant portion of the Group's sales. Chart 13 illustrates the structure of the Group and its subsidiaries as of 31.12.2023, visually representing Eurocash's role in the Group's sales.

3.1. Assumptions of the strategy

The Management Board of Eurocash Group aims to sustainably develop the Group's business and customers through its actions. Eurocash Group's overriding goals are to ensure the competitiveness of independent retail stores in Poland, offer added value to the Group's customers, and increase the Group's value for its shareholders.

In 2022, the Company published the Strategy for Eurocash Group 2023-2025, adopted by the Management Board. According to it, Eurocash Group in 2023-2025 will focus on further development of its core business:

- In the wholesale area, Eurocash Group's strategic focus is on further developing omnichannel wholesale (multi-channel sales). This move is expected to not only increase the loyalty of our B2B customers but also build cost and sales synergies, thereby improving purchasing conditions and doubling B2B e-commerce sales. Eurocash intends to strengthen its leading position on the wholesale market in Poland and significantly increase its customers' sales in this segment, which should instill confidence in our shareholders about the company's future.
- The area of Franchising (organizer of franchise and partner networks): concentrating investments in the development and positioning of franchise and partner networks, increasing the number of networked stores and market share; further development of Delikatesy Centrum based on the franchise system, including with partners.
- The third direction of the Group's development will be the technology platform: an integrated loyalty program, the creation of a leading POS platform in independent trade, the growth of Frisco's share of B2C e-commerce trade, and the achievement of Frisco's 1 billion revenue by the end of 2025.
- Responsible development activities (described in detail in the 2022 Non-Financial Activity Report) are also an important element of the Strategy”).

At the same time, the Company's Management Board decided to focus on improving the profitability of non-core/non-strategic operations—which include Delikatesy Centrum's own store segment—and reducing or discontinuing its development.

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 considering the terms and structure of the financing to which the Group is party.

3.1. Assumptions of the strategy

The Group pursues its strategy through:

- Meeting customer needs using a variety of distribution formats and forms of cooperation and providing customers with the expected level of quality and service.
- Creating sustainable competitive advantages for the Group through economies of scale.
- Systematic cost optimization and integration of the operating systems of all business units operating within the Group.

Within the wholesale business, the Eurocash Group focuses on integrating the different business units, sharing the best solutions developed by each format, and realizing group synergies. A merger of the Eurocash Dystrybucja and Eurocash Cash & Carry business units was prepared in 2023 and implemented at the beginning of January 2024. This merger will enable the creation of an omnichannel wholesaler that will respond to the shopping needs of entrepreneurs in different channels.

The eurocash.pl platform should also support the further development of the wholesale business. It allows owners of independent retail shops to reduce costs and, above all, indirectly, better address consumer needs. At the end of 2023, the number of buyers through it exceeded 18,000 (ca. 11% year-on-year growth), whose turnover accounted for ca. 63% of sales (a year-on-year increase of ca. 9 p.p.).

To implement the Group's strategic ambition of creating one effective retail organization with an integrated loyalty program, a new business unit was established in 2022 as part of Eurocash Sieci Partnerskie sp. z o.o. (formerly: Groszek sp. z o. o.). In 2023, Eurocash Sieci Partnerkie launched the umbrella brand "Moje Sklepy," integrating the Groszek, Euro Sklep, and ABC partner networks based on innovative marketing tools.

One of the Group's strategic goals is to create a leading POS platform in independent trade. At the end of 2023, 5,246 stores were integrated with the platform (1,479 more than at the end of 2022). Moreover, the Group established cooperation with Comp S.A., which will contribute to further expansion of the platform's reach—nearly 1,000 stores will be integrated within Eurocash Sieci Partnerkie, and there are plans for further joint development.

As part of our commitment to maintaining the competitiveness of independent stores in Poland, the Eurocash Group is constantly developing innovative projects. After the successful implementation of concepts such as Faktoria Win or the distribution of fresh products, we are now focusing on the development of companies Duży Ben (alcohol markets run in the agency model) and Frisco (e-commerce), pushing the boundaries of what is possible in our industry.

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

The financial risks are described in Note 33 to the consolidated financial statements for 2023, which is part of the Eurocash Group's annual report, and in Section 2.1 and Note 35 of the separate financial statements for 2023.

Below, we present other significant risk factors affecting the development of the Eurocash Group.

EXTERNAL FACTORS

Macroeconomic situation. The purchasing power of the population.

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 increased wages and social transfers, particularly an increase in the minimum wage or the 800+ Program. The Management Board constantly monitors the implementation of budgets regarding both implemented sales plans and challenges resulting from the pressure of rising costs and responses to emerging risks.

The year 2023 brought a decline in inflation dynamics. Leading research companies and banks predict a continuation of this trend also in 2024. In the fourth quarter of 2023, the consumer goods and services inflation rate dropped to 6.4% y/y. In addition to the increase in the value of products sold by the Group, inflation also leads to cost pressure for the Company, including the rise in wages or the indexation of rent rates. In 2023, the minimum wage was increased twice - in January to PLN 3,490 gross and in June to PLN 3,600 gross (19.6% y/y). In 2024, the minimum wage will also increase - from January to PLN 4,242 gross and from July to PLN 4,300 gross (19.6% y/y). Because the Group sells in Poland, in the medium term, its competitive position should not change under the influence of this factor; however, in the short term, it may negatively affect the Group's profitability in 2024, especially in the first quarters of the year. Since a significant part of sales costs are logistics, which depend strictly on fuel and electricity prices, their considerable changes may affect the Group's results. The dynamic increase in energy prices also affects the operating costs of retail outlets and distribution centers.

Growth of the FMCG market and changes in market structure

The Group expects a further increase in the market share of discount distribution channels. However, the unfavorable impact of this process on the Group's revenues will be compensated by the rise in the value of the FMCG market and consolidation on the wholesale and retail markets. The number of independent stores will continue to decrease, but those remaining on the market will become stronger and more professional.

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

In 2023, the small-format distribution channel was an essential form of retail distribution of FMCG products - the share of local grocery stores was 31%*. The relatively high share (compared to other European countries) results from low population concentration in the country and still small housing space, resulting in more frequent shopping. This situation benefits the Eurocash Group, for which small and medium-sized stores outside large agglomerations constitute the most important group of customers. An increase in the share of large-format distribution, including the expansion of discount stores, in 2023, responsible for 37% of sales in Poland, may reduce the Eurocash Group's market.

War in Ukraine

Note No. 38 of Eurocash's separate financial statements for 2022, published on March 27, 2023, details the impact of the war in Ukraine on the company's operations. In the audited period, no new factors or events related to the Ukrainian market significantly impacted the Company's operations. Since the outbreak of the war, the Company has ceased business contacts with contractors from Russia and Belarus.
However, it cannot be ruled out that a possible escalation of military operations in Ukraine by Russian troops will have a negative impact on the Group's market environment, among others. Through disruptions in supply chains and the resulting shortages of raw materials at producers, migration movements in Poland, or the mood among Polish consumers

The Group's Management Board monitors the situation on an on-going basis in order to take actions, if necessary, to minimize the negative impact of the above-mentioned threats to the Group's operations.

Liquidity and financing

The liquidity risk management policy ensures the Group has the funds to meet its financial and investment obligations when they fall due without incurring reputational risks and unnecessary losses. The Group's goal is to maintain a balance between continuity, flexibility, and cost-effectiveness of financing by using various sources, such as bank loans (including overdrafts), borrowings, bond issues, leasing agreements, and reverse factoring. As part of its liquidity management, the Group uses reverse factoring agreements for its accounts payable, under which it factored invoices relating to purchases from selected suppliers. The basis for effective liquidity risk management in the Eurocash Group is an internal cash flow forecasting model. The Additional information on financing and the Group's exposure to the risk of loss of financial liquidity is presented in point 2.1.8 and note no. 33 to the consolidated financial statements for 2023, while information concerning financing has been presented in note No. 19.

Źródło: Nielsen Retail Panel

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

INTERNAL FACTORS

Integration of Wholesale

Eurocash Group plans to focus on its wholesale business as part of its strategy. It plans to achieve cost and revenue synergies by deepening the integration of various wholesale formats. This requires IT and reorganization projects in logistics, sales service, administration, among others. Estimates of potential synergies and their effective implementation are subject to risks.

Suppliers

Due to the range of products the Eurocash Group offers and geographically diversified sales, the total number of the Group's suppliers is vast. In 2023, it included 1,333 domestic and foreign entities. Suppliers of branded products, including leading producers and importers of FMCG products, are selected primarily based on their market shares, the importance of a given brand, coverage of individual product segments, and regional diversity. Due to leading producers and importers of FMCG products being selected primarily based on their market shares, the importance of a given brand, coverage of individual product segments, specificity of the FMCG market and its competitiveness, the Group's operations are not dependent on individual suppliers. Therefore, the risk that termination or unfavorable changes in the terms of supply contracts could adversely affect the Eurocash Group's business operations and its financial results is limited.

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 negatively impact the Group's current results. However, in the Management Board's opinion, these investments are necessary to guarantee further growth in the long term and for the Group to reach profitability gradually.

Establishment of the Tax Capital Group

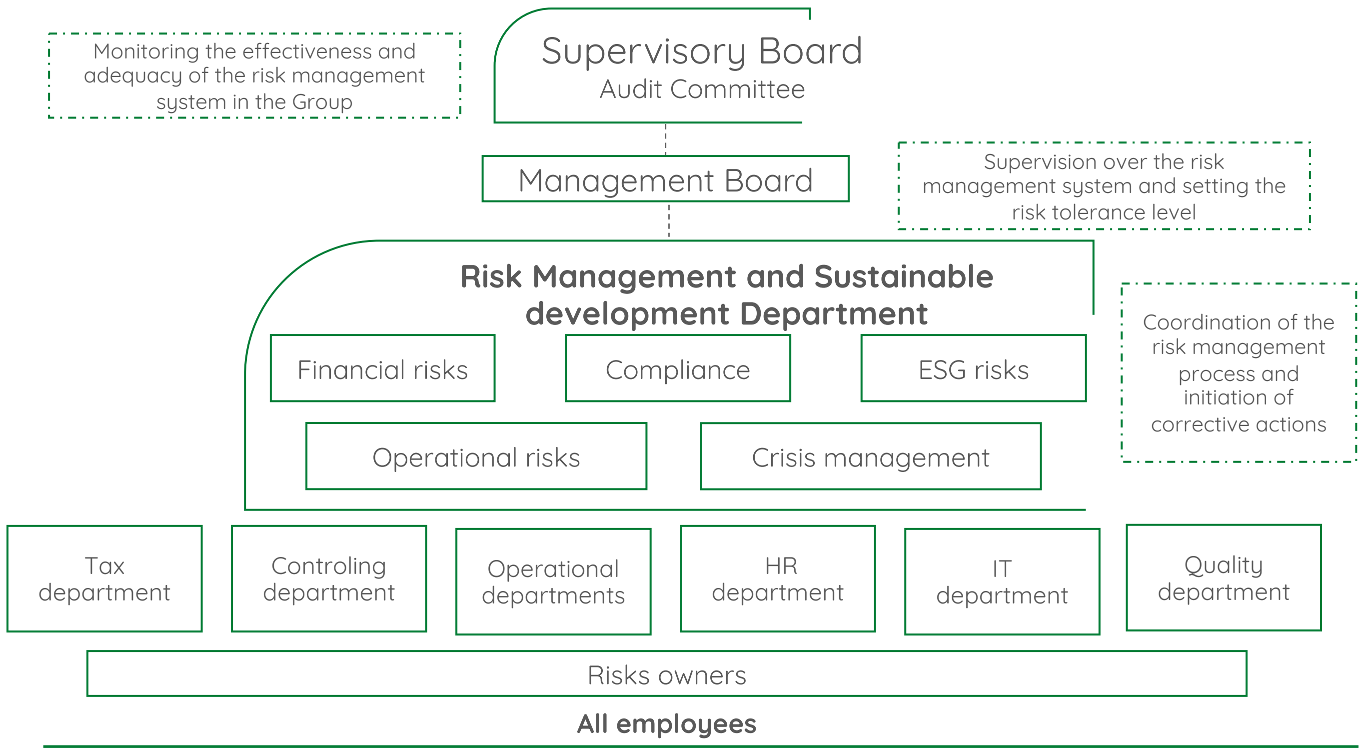
On December 30, 2022, a decision was issued on the registration of the Tax Capital Group (PGK), as requested by the Company. The agreement was concluded on 15.11.2022 between Eurocash S.A. and selected subsidiaries and is valid for a fixed period, i.e., from 01.01.2023 to 31.12.2025, with the possibility of a later extension. The Company assumes that the implementation of the project for the establishment of PGK will facilitate tax settlements and reduce the tax liabilities of Eurocash Group companies.

Other than the information described in this report, no other significant factors could affect the Eurocash Group's financial position next year.

3.3. Risk management

The Eurocash S.A. Capital Group has implemented a risk management system based on developed mechanisms and tools for managing the group's main business processes and external factors.
The risk management system is based on identifying, measuring, and assessing risks, monitoring their level, and reporting to governing bodies. Risk factors are identified continuously and at all levels of the organizational structure. Based on risk analysis and assessment, mechanisms are developed to minimize the consequences of undesirable events and financial losses.

Chart 14. Structure of the risk management system in the Eurocash Group



3.3. Risk management

Eurocash Group's risk management system covers all aspects of its member units' business. The system aims to ensure that the Eurocash Group's objectives can be achieved and provide adequate support for creating strategies and decisions. As part of the Group's risk management process, regular meetings are held with the Management Board to discuss the most important issues in risk management.

The system is based on key foundations such as risk identification, assessment considering the impact and likelihood of an event, appropriate reporting and communication within the organization, addressing actions and assigning responsibilities within the Group. This is done within defined risk areas with assigned responsibilities within each of them.
The implemented solutions are not static; they are part of a dynamic and adaptable system of assessments. This system assigns appropriate actions to address the identified risks, depending on the level of the evaluation obtained. This adaptability ensures that Eurocash Group is always prepared to handle any risk that may arise.

The continuous risk monitoring that has been implemented refers to both internal and external factors. Thus, factors affecting the Group's operations, such as the conflict in Ukraine, the impact of pandemics, wage pressures, financial costs, and others, are also analyzed. The key ones are described in detail in subsection 3.2.

Table 4: Risk management system

RISK AREA	EXAMPLE OF RISK	RISK MONITORING AND RISK MITIGATING ACTIONS
COMPLIANCE AND ETHICS	▪ risk of mobbing and discrimination ▪ risk of conflict of interest ▪ corruption risk ▪ money laundering and terrorist financing risks ▪ abuse risk ▪ risk of working with unreliable and dishonest contractors	▪ implementation of policies against mobbing and discrimination ▪ implementation of a process for managing conflicts of interest ▪ implementation of the Anti-Corruption Policy ▪ Implementation of procedures against money laundering and terrorist financing ▪ implementation of a procedure for reporting violations ▪ implementation of supplier verification procedure ▪ implementation of education and awareness programs in the area of compliance

3.3. Risk management

Table 4: Risk management system

RISK AREA	EXAMPLE OF RISK	RISK MONITORING AND RISK MITIGATING ACTIONS
LEGAL RISKS	▪ risk of violation of consumer rights ▪ risk of violation of competition laws ▪ risk of violating payment gridlock regulations ▪ risk of violation of data protection regulations ▪ risk of violation of regulated advertising and intellectual property laws ▪ risk of violation of company secrets and confidential data ▪ risk of violation of price marking regulations ▪ risk of violation of the provisions of the Commercial Companies Code and concerning public companies ▪ risk of violation of the Law on Upbringing in Sobriety and Counteracting Alcoholism ▪ risk of changes in regulations concerning the circular economy	▪ Policies and procedures for monitoring compliance with consumer rights, competition (antitrust) laws, and price regulations. ▪ Training and raising legal awareness of employees, especially on antitrust law and price marking (Omnibus Directive) ▪ Implementation of an effective compliance system to monitor key risk factors on an ongoing basis, monitor changes in the law, implement changes to internal regulations in accordance with changing legislation ▪ Implementation of a system of periodic KRIs (key risk indicators) on selected risk areas to identify and monitor violations of implemented policies and processes ▪ Implementation of a uniform system for developing and publishing marketing content ▪ Continuous monitoring and verification of the possession of valid alcohol licenses, including with the recipients to whom such goods are sold for resale and the rules for promoting or advertising alcohol products ▪ Active monitoring of changing external regulations by an established project group to assess and develop solutions to counteract the adverse effects of changes

3.3. Risk management

Table 4: Risk management system

RISK AREA	EXAMPLE OF RISK	RISK MONITORING AND RISK MITIGATING ACTIONS
LABOUR RIGHTS	▪ risk of violation of labor laws ▪ turnover risk ▪ risk of losing key employees ▪ risk of accidents at work ▪ risk of occupational diseases	▪ Procedures and instructions regulating the workplace, including work regulations, employee remuneration and employee bonus regulations ▪ HR policies, benefits system, trainings, engagement survey ▪ Talent identification and management process implemented; Implementation of dedicated solutions allowing for the retention of key employees ▪ Implementation of internal health and safety procedures and instructions ▪ Systematic inspections of compliance with health and safety procedures and instructions
TAXES	▪ risks related to correct tax settlement ▪ risk of ineffective implementation of procedures regarding tax reporting obligations ▪ risks related to the use of market prices within the group	▪ Further implementation of procedures and instructions to reduce the risk. Introduction of monitoring tools and employee training.
FOOD QUALITY AND SAFETY	▪ risk of placing on the market food that does not meet food safety and/or quality standards ▪ risk of adulteration or contamination of the product	▪ Implemented HACCP food safety program ▪ BRC GS S&D, ISO 22000 certifications and audits in their scope conducted by entities external to the EC Group ▪ OWDP (General Product Delivery Terms) regulating cooperation with suppliers in the field of quality and food transport

3.3. Risk management

Table 4: Risk management system

RISK AREA	EXAMPLE OF RISK	RISK MONITORING AND RISK MITIGATING ACTIONS
ENVIRONMENT	▪ risk of contamination or poisoning of the environment ▪ risk of uncontrolled energy consumption in buildings and the transport fleet ▪ risk of generating a significant amount of waste, including hazardous waste ▪ risk of improper waste and secondary raw materials segregation.	▪ Energy efficiency audits ▪ Regular inspections and servicing of devices and equipment ▪ Continuous improvement of the efficiency of the logistics chain ▪ Collaboration with food banks ▪ Waste segregation and management of recyclable materials
	Climate risks: ▪ risk of an increase in energy consumption in the wholesale distribution process as well as retail and wholesale sales due to the rise in temperatures ▪ Risk of increased consumer pressure to provide information on both the origin of individual products and the related impact on the environment, climate, or biodiversity ▪ risk of the cost of capital increase and the risk of higher credit costs in the event of an insufficient assessment of Eurocash SA in the ESG category by financial entities ▪ risk of material losses and/or disruption of logistics processes caused by sudden weather phenomena.	▪ The use of low-carbon energy solutions (e.g., PPA agreements) along with the implementation of pro-efficiency investments in operational facilities ▪ Implementation of products with a lower or neutral environmental impact and the search for suppliers using sustainable practices and increasing the share of plant products in the offer ▪ Implementation of a decarbonization strategy and setting reduction targets. Involvement of vital Eurocash suppliers in the process of building a decarbonisation policy aimed at reducing emissions in Scope 3 ▪ Improvement of climate risk management; development of e-commerce

3.4. Explanations regarding seasonality

In the FMCG wholesale distribution industry, sales in the year's first quarter are traditionally lower than in other quarters. The highest sales are realized during the summer, then stabilize in the fourth quarter.

4.1. Rules for the preparation of annual consolidated financial statements

The Group prepares its consolidated financial statements in accordance with International Financial Reporting Standards, which the European Union has approved.

The consolidated financial statements have been prepared assuming the Group companies will continue as going concerns in the foreseeable future. As of the date of preparation of the financial statements, no circumstances indicated a threat to the Company's going concern.

The accounting policies used in preparing the financial statements are presented in Section 1.2 of the notes to the Consolidated Financial Statements of the Eurocash Group for the year ended December 31, 2023, and were applied to all periods presented in the financial statements.

4.2. Financial and operating data of the Eurocash Group

Table 5: Eurocash Group: dynamics of external sales of goods by distribution formats in 2023.

PLN million	2023 r.	2022 r.	Change%
Wholesale	**23 411,3**	**22 290,6**	**5,0%**
Cash&Carry	4 852,6	5 099,6	-4,9%
Tobacco products and impulse products	10 077,9	8 852,3	13,8%
Eurocash Distribution	8 150,3	8 053,4	1,2%
Eurocash Gastronomy	302,8	252,2	20,0%
Other	27,8	32,8	-15,4%
Retail	**7 995,1**	**7 671,6**	**4,2%**
Delikatesy Centrum Franchise	2 781,3	2 722,3	2,2%
Own + partner supermarkets	3 807,1	3 686,3	3,3%
Inmedio	690,8	588,5	17,4%
Arhelan	715,9	674,5	6,1%
Projects	**924,6**	**761,4**	**21,4%**
Eurocash Group	**32 331,1**	**30 723,7**	**5,2%**

4.2. Financial and operating data of the Eurocash Group

Wholesale

- Sales of Wholesale segment goods in 2023 amounted to PLN 23,411.3 million and increased by 5.0% year-on-year.
- The wholesale segment's EBITDA amounted to PLN 841.9 million in 2023, compared to PLN 813.3 million in 2022. Sales growth in most distribution formats contributed to the increase in 2022.
- LFL sales growth for the fixed number of Eurocash Cash&Carry discount wholesalers was -4.5% in 2023.
- The number of Eurocash Cash&Carry discount wholesalers at the end of 2023 was 177.
- At the end of 2023, the number of partner and franchise shops organized by Eurocash Group subsidiaries (Groszek, Euro Sklep, Lewiatan, PSD) amounted to 5,797 outlets.

Retail

- Merchandise sales realised by the Retail segment reached PLN 7,995 million in 2023, an increase of 4.2% year-on-year.
- EBITDA of the segment amounted in 2023 to PLN 399.1 million compared to PLN 375.9 million in 2022.
- Retail sales realised by "Delikatesy Centrum" stores in LFL terms in 2023 increased by 4.6%.
- The sales growth rate for the fixed number of Inmedio shops was 12.4% in 2023 y/y.
- The number of total shops at the end of 2023 was 1,511, including 1,464 stores operated under the Delikatesy Centrum brand.
- The total number of Inmedio kiosks at the end of 2023 was 432 stores.

4.2. Financial and operating data of the Eurocash Group

Projects

- Merchandise sales realised by the Projects segment in 2023 amounted to PLN 924.6 million compared to PLN 761.4 million in 2022. In addition to organic sales growth, the expansion of the Duży Ben chain (PLN 411 million in sales) and the online supermarket Frisco (PLN 434 million in sales) had a significant impact.
- Duży Ben ended 2023 with 421 locations compared to 305 the year before.
- The Projects segment's EBITDA amounted to PLN -33.4 million in 2023, compared to PLN -51.7 million in 2022. Further expansion costs of the Frisco and Duży Ben chains negatively impacted the results.

Other

- The segment's EBITDA in 2023 amounted to PLN -142.1 million, compared to PLN -137.3 million in 2022.

4.2. Financial and operating data of the Eurocash Group

Table 6: Eurocash Group: segment results by quarter in 2023.

Q1 2023 (PLN million)	Wholesale	Retail	Projects	Other	Total
Revenue from sale of goods	5 507,7	1 830,2	210,1	0,0	**7 548,0**
EBIT	98,0	-15,8	-28,7	-39,4	**14,2**
(EBIT margin %)	1,8%	-0,9%	-13,6%	0,0%	**0,2%**
EBITDA	161,1	52,2	-13,9	-34,0	**165,5**
(EBITDA margin %)	2,9%	2,9%	-6,6%	0,0%	**2,2%**

Q2 2023 (PLN million)	Wholesale	Retail	Projects	Other	Total
Revenue from sale of goods	6 118,5	2 001,4	222,4	0,0	**8 342,3**
EBIT	150,2	24,4	-24,3	-38,2	**112,1**
(EBIT margin %)	2,5%	1,2%	-10,9%	0,0%	**1,3%**
EBITDA	216,5	95,4	-9,2	-33,8	**268,9**
(EBITDA margin %)	3,5%	4,8%	-4,1%	0,0%	**3,2%**

Q3 2023 (PLN million)	Wholesale	Retail	Projects	Other	Total
Revenue from sale of goods	6 191,7	2 131,2	227,1	0,0	**8 550,0**
EBIT	163,5	42,6	-18,4	-45,8	**141,9**
(EBIT margin %)	2,6%	2,0%	-8,1%	0,0%	**1,7%**
EBITDA	234,0	114,7	-3,2	-40,5	**305,1**
(EBITDA margin %)	3,8%	5,4%	-1,4%	0,0%	**3,6%**

Q4 2023 (PLN million)	Wholesale	Retail	Projects	Other	Total
Revenue from sale of goods	5 593,4	2 032,3	265,0	0,0	**7 890,8**
EBIT	163,0	67,5	-23,3	-39,4	**167,8**
(EBIT margin %)	2,9%	3,3%	-8,8%	0,0%	**2,1%**
EBITDA	230,3	136,7	-7,0	-33,9	**326,1**
(EBITDA margin %)	4,1%	6,7%	-2,6%	0,0%	**4,1%**

4.2. Financial and operating data of the Eurocash Group

Table 7: Eurocash Group: segment results in 2023 YTD.

Q1 2023 (PLN million)	Wholesale	Retail	Projects	Other	Total
Revenue from sale of goods	5 507,7	1 830,2	210,1	0,0	**7 548,0**
EBIT	98,0	-15,8	-28,7	-39,4	**14,2**
(EBIT margin %)	1,78%	-0,86%	-13,64%	0,00%	**0,19%**
EBITDA	161,1	52,2	-13,9	-34,0	**165,5**
(EBITDA margin %)	2,93%	2,85%	-6,61%	0,00%	**2,19%**

Q2 2023 (PLN million)	Wholesale	Retail	Projects	Other	Total
Revenue from sale of goods	11 626,2	3 831,6	432,5	0,0	**15 890,3**
EBIT	248,3	8,7	-53,0	-77,6	**126,3**
(EBIT margin %)	2,1%	0,2%	-12,3%	0,0%	**0,8%**
EBITDA	377,6	147,6	-23,1	-67,8	**434,4**
(EBITDA margin %)	3,2%	3,9%	-5,3%	0,0%	**2,7%**

Q3 2023 (PLN million)	Wholesale	Retail	Projects	Other	Total
Revenue from sale of goods	17 817,9	5 962,8	659,6	0,0	**24 440,3**
EBIT	411,8	51,3	-71,4	-123,4	**268,2**
(EBIT margin %)	2,3%	0,9%	-10,8%	0,0%	**1,1%**
EBITDA	611,7	262,4	-26,4	-108,2	**739,5**
(EBITDA margin %)	3,4%	4,4%	-4,0%	0,0%	**3,0%**

Q4 2023 (PLN million)	Wholesale	Retail	Projects	Other	Total
Revenue from sale of goods	23 411,3	7 995,1	924,6	0,0	**32 331,1**
EBIT	574,7	118,7	-94,7	-162,8	**436,0**
(EBIT margin %)	2,5%	1,5%	-10,2%	0,0%	**1,3%**
EBITDA	841,9	399,1	-33,4	-142,1	**1 065,5**
(EBITDA margin %)	3,6%	5,0%	-3,6%	0,0%	**3,3%**

4.2. Financial and operating data of the Eurocash Group

Table 8: Eurocash Group: segment results by quarter in 2022.

Q1 2023 (PLN million)	Wholesale	Retail	Projects	Other	Total
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%**

Q2 2023 (PLN million)	Wholesale	Retail	Projects	Other	Total
Revenue from sale of goods	5 684,2	1 940,2	180,8	0,0	**7 805,2**
EBIT	143,6	19,1	-27,8	-30,5	**104,5**
(EBIT margin %)	2,5%	1,0%	-15,4%	0,0%	**1,3%**
EBITDA	205,0	89,3	-12,3	-25,6	**256,3**
(EBITDA margin %)	3,6%	4,6%	-6,8%	0,0%	**3,3%**

Q3 2023 (PLN million)	Wholesale	Retail	Projects	Other	Total
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%**

Q4 2023 (PLN million)	Wholesale	Retail	Projects	Other	Total
Revenue from sale of goods	5 923,2	2 042,7	226,0	0,0	**8 191,9**
EBIT	169,5	66,5	-23,0	-47,5	**165,5**
(EBIT margin %)	2,9%	3,3%	-10,2%	0,0%	**2,0%**
EBITDA	232,9	132,3	-14,7	-42,5	**308,1**
(EBITDA margin %)	3,9%	6,5%	-6,5%	0,0%	**3,8%**

4.2. Financial and operating data of the Eurocash Group

Table 9: Eurocash Group: segment results in 2022 YTD.

Q1 2023 (PLN million)	Wholesale	Retail	Projects	Other	Total
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%**

Q2 2023 (PLN million)	Wholesale	Retail	Projects	Other	Total
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%**

Q3 2023 (PLN million)	Wholesale	Retail	Projects	Other	Total
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 %)	3,5%	4,3%	-6,9%	0,0%	**3,1%**

Q4 2023 (PLN million)	Wholesale	Retail	Projects	Other	Total
Revenue from sale of goods	22 290,6	7 671,6	761,4	0,0	**30 723,7**
EBIT	563,4	102,1	-104,1	-157,7	**403,7**
(EBIT margin %)	2,5%	1,3%	-13,7%	0,0%	**1,3%**
EBITDA	813,3	375,9	-51,7	-137,3	**1 000,3**
(EBITDA margin %)	3,6%	4,9%	-6,8%	0,0%	**3,3%**

4.3. Profit and loss account - profitability analysis

Table 10: Eurocash Group: summary of financial results for 2023.

PLN million	2023	2022	Change
Revenue from sales of products, goods and materials	32 452,0	30 857,7	5,2%
Gross profit on sales	4 409,2	4 232,8	4,2%
Gross profitability on sales	13,6%	13,7%	−0,13 p.p.
EBITDA (EBIT + depreciation and amortization)	1 065,5	1 000,3	6,5%
(EBITDA margin %)	3,3%	3,2%	0,04 p.p.
Operating profit - EBIT	436,0	403,7	8,0%
(Operating profit margin - EBIT %)	1,3%	1,3%	0,04 p.p.
Gross profit	195,0	182,6	6,8%
Net profit	144,7	89,2	62,2%
(Net profit margin %)	0,4%	0,3%	0,16 p.p.

The Eurocash Group's sales revenues amounted to PLN 32,452 million in 2023, 5.2% more than in the previous year. The gross margin of the Eurocash Group in 2023 decreased by 0.13 p.p. y/y and amounted to 13.6%. EBITDA amounted to PLN 1,065.5 million in 2023 and increased by 6.5% y/y.

The net profit of the Eurocash Group reached PLN 144.7 million and increased y/y by 62%, which was the result of the Group's increased efficiency.

4.4. Balance sheet data

Balance sheet structure

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

Table 11: Eurocash Group: Structure of assets

PLN million	31.12.2023	%	31.12.2022	%
Non-current assets (long-term)	**5 147,9**	**56,8%**	**5 185,9**	**59,8%**
Goodwill	2 138,3	41,5%	2 138,3	41,2%
Intangible assets	301,3	5,9%	322,1	6,2%
Property, plant and equipment	662,3	12,9%	673,3	13,0%
Right-of-use assets	1 920,9	37,3%	1 904,7	36,7%
Investment properties	0,7	0,0%	0,2	0,0%
Investments in affiliates - equity method	13,7	0,3%	13,6	0,3%
Other long-term financial assets	1,3	0,0%	1,7	0,0%
Long-term receivables	17,5	0,3%	15,0	0,3%
Deferred income tax assets	81,7	1,6%	107,3	2,1%
Other long-term prepayments and accruals	10,3	0,2%	9,8	0,2%
Current assets (short-term)	**3 908,4**	**43,2%**	**3 484,0**	**40,2%**
Stocks	1 998,8	51,1%	1 636,1	47,0%
Trade receivables	1 331,9	34,1%	1 446,4	41,5%
Current income tax receivables	7,2	0,2%	32,6	0,9%
Other short-term receivables	253,0	6,5%	143,2	4,1%
Other short-term financial assets	0,1	0,0%	6,4	0,2%
Short-term prepayments and accruals	43,7	1,1%	41,5	1,2%
Cash and cash equivalents	273,8	7,0%	177,8	5,1%
Non-current assets classified as held for sale	–	0,0%	–	0,0%
Total assets	**9 056,3**	**100,0%**	**8 669,8**	**100,0%**

4.4. Balance sheet data

Balance sheet structure

Table 12: Eurocash Group: Structure of liabilities

PLN million	31.12.2023	%	31.12.2022	%
Equity	**919,5**	**10,1%**	**798,9**	**9,2%**
Equity attributable to shareholders of the parent company	**799,7**	**87,0%**	**710,2**	**88,9%**
Share capital	139,2	15,1%	139,2	17,4%
Own shares	-	0,0%	–	0,0%
Reserve capital	592,6	64,5%	584,9	73,2%
Reserve capital	-	0,0%	–	0,0%
Loss on valuation of hedging transactions	(8,3)	–0,9%	(3,1)	–0,4%
Share purchase/sale option	(104,5)	–11,4%	(147,1)	–18,4%
Undistributed financial result	180,7	19,7%	136,3	17,1%
Retained earnings	81,5	8,9%	69,2	8,7%
Net profit of the current year	99,2	10,8%	67,1	8,4%
Non-controlling interests	119,8	13,0%	88,7	11,1%
Long-term liabilities	**2 147,2**	**26,4%**	**2 057,7**	**26,1%**
Long-term loans and advances	361,9	16,9%	168,7	8,2%
Long-term financial liabilities	125,3	5,8%	131,1	6,4%
Long-term lease liabilities	1 628,4	75,8%	1 657,9	80,6%
Other long-term liabilities	21,8	1,0%	89,3	4,3%
Deferred income tax provision	–	0,0%	–	0,0%
Provisions for employee benefit obligations	9,5	0,4%	9,2	0,4%
Other long-term provisions	0,4	0,0%	1,6	0,1%
Current liabilities	5 989,6	73,6%	5 813,2	73,9%
Short-term loans and advances	90,0	1,5%	503,7	8,7%
Short-term financial liabilities	16,3	0,3%	15,0	0,3%
Short-term lease liabilities	475,0	7,9%	427,4	7,4%
Trade payables	4 654,7	77,7%	4 114,4	70,8%
Current income tax liabilities	27,5	0,5%	30,9	0,5%
Other current liabilities	260,7	4,4%	226,9	3,9%
Employee benefit obligations	159,4	2,7%	188,4	3,2%
Provisions and short-term accruals	306,1	5,1%	306,6	5,3%
Liabilities and provisions	**8 136,8**	**89,9%**	**7 870,9**	**90,8%**
Total liabilities	**9 056,3**	**100,0%**	**8 669,8**	**100,0%**

4.4. Balance sheet data

Loan agreements, guarantees and collateral

Credit agreements

Information on loan agreements entered into by Eurocash Group companies is presented in Note 19 to the 2023 consolidated financial statements.

Loans granted

In 2023, Eurocash Group companies did not grant a loan with a significant total value.

Loans granted

In 2023, Eurocash Group companies did not grant a loan with a significant total value.

Sureties and guarantees

Sureties and guarantees provided by Eurocash Group companies are presented in Note 31 to the 2023 consolidated financial statements.

Issuance of securities and bonds in 2023.

Issuance of securities

No shares or bonds were issued between January 1, 2023 and December 31, 2023.

4.5. Significant off-balance sheet items

Information on off-balance sheet items by subject, object, and value of the Eurocash Group is included in the annual consolidated financial statements in Notes 31 and 32.

4.6. Eurocash Group cash flow analysis for 2023.

Cash flow statement

Table 13: Eurocash Group: cash flows in 2023.

PLN million	2023	2022
Cash flows from operating activities	1 138,7	888,5
profit before tax	195,0	182,6
Depreciation	629,5	596,6
change in working capital	203,9	90,7
Other	110,3	18,7
Cash flows from investment activities	(175,3)	(190,1)
Cash flows from financing activities	(867,5)	(641,2)
Total cash flows	**96,0**	**57,2**

Total cash flows in 2023 amounted to PLN 96.0 million, and cash flows from operating activities reached PLN 1 138.7 million. In 2023, cash flows from investing activities amounted to PLN -175.3 million, and cash flows from financing activities amounted to PLN -867.5 million.

The net financial debt of the Eurocash Group at the end of December 2023 amounted to PLN 2,423 million compared to PLN 2,720 million in 2022. Before IFRS16, the net financial debt of the Eurocash Group amounted to PLN 364 million compared to PLN 670 million at the end of December 2023. Net debt/EBITDA ratio calculated as at December 31, 2023 in accordance with the principles of banking covenants was 0.62 and met the requirements.

Eurocash Group increases its ability to generate cash from operating cash flows. This allows the Company to implement the Strategy adopted in August 2022 and gradually reduce net debt.

4.6. Eurocash Group cash flow analysis for 2023.

Working capital turnover

Table 14: Eurocash Group: working capital turnover ratios in 2023.

Rotation of working capital components in days	2023	2022
1. inventory turnover cycle	22,5	19,4
2. receivables turnover cycle	15,0	17,1
3. liability rotation cycle	(60,6)	(56,4)
4. operational cycle (1+2)	37,5	36,5
5. cash conversion (4-3)	**(23,1)**	**(19,9)**

The cash conversion cycle in 2023 reached -23.1 days compared to -19.9 days a year earlier.

The method of calculating working capital turnover ratios is presented in the appendix attached to the management report: Definitions of financial ratios presented in the management report".

Evaluation of cash management

The Eurocash Group generates positive cash flow from operating activities. All significant investments made in 2023 were financed with own funds and borrowings.

The basis for effective liquidity management in the Eurocash Group is an internal cash flow forecasting model. Eurocash S.A. has open credit lines to secure the Eurocash Group's liquidity needs. The Group optimizes the liquidity positions of its subsidiaries and the interest result through the mechanisms used for balance concentration (cash pooling) and the system of intra-group loans.

In the opinion of the Management Board of Eurocash, there are no significant financial risks related to the ability of Eurocash Group companies to repay their obligations. The main financial risk factors associated with Eurocash Group's operations are as follows:

- Credit risk
- Liquidity risk
- Market risk

An analysis of the aforementioned risks is presented in Note 33 of the consolidated financial statements for 2023, which is part of the Eurocash Group's annual report.

4.7. Investment activities

In 2023, the share of investments in the wholesale segment was 45%, and in the retail segment 40%. Wholesale allocated outlays to cooperation with franchisees (store equipment, remodeling), logistics and warehouses, and IT investments, including the Eurocash.pl platform. Retail represents maintenance expenditures on own stores and cooperation with franchisees, including expanding the Delikatesy Centrum chain. Within the Projects segment, the central part of investments was directed at developing the Duży Ben chain and expanding the EuroPlatform infrastructure (offered through Innowacyjna Platforma Handlu sp. z o.o.).

Table 15: Eurocash Group: main investment areas of the Eurocash Group in 2023.

PLN million	2023	2022
Equity investments (including acquisition of shares)	0,0	1,4
Wholesale	98,1	99,4
Detail	45,8	87,7
Projects	41,0	30,1
Other	0,4	0,3
Total investment expenditure	185,3	218,8

Assessment of the feasibility of investment intentions

The principal investments planned for 2023 are related to:

- The development directions outlined in Strategy 2023-2025 (Wholesale, Franchise, Technology Platform, see Section 3.1), in particular in the areas of
  - Franchise network development,
  - investment in modern IT systems (sales systems for franchisees, Eurocash.pl platform and EuroPlatform POS network)
  - Progressive integration and optimization of Logistics (IT solutions, automation, delivery network efficiency),
  - Further development of the companies: Frisco and Duży Ben.
- Restoration investments.

To finance planned investments, Eurocash intends to use the cash generated and external financing. The level of expenditures assumes slight increases from 2023.

4.8. Significant events and factors affecting Eurocash Group's financial results in 2023.

By resolution No. 5 of June 19, 2023, the Ordinary General Meeting of EUROCASH S.A. decided to allocate PLN 50,000,000, i.e., PLN 0.36 (thirty-six groszy) per share, for the payment of the dividend from the Company's profit for 2022.
The Ordinary General Meeting of Eurocash S.A. also decided to allocate the remaining net profit of the Company for the financial year 2022, PLN 121,228,360 to supplementary capital.

4.9. Profit and loss account - profitability analysis of Eurocash S.A.

Eurocash S.A. is a company engaged in the wholesale distribution of food and other fast-moving products. It is the parent company for the Eurocash Group companies, the structure of which is presented in Section. 2.2.

Table 16: Eurocash S.A.: Summary of financial results for 2023.

PLN milion	2023	2022	Change %
Revenue from sales of products, goods and materials	18 675,7	18 660,4	0,1%
Gross profit on sales	2 015,9	2 093,6	–3,7%
Gross profitability on sales	10,8%	11,2%	–0,43 p.p.
EBITDA (EBIT + depreciation and amortization)	476,3	576,9	–17,4%
(EBITDA margin %)	2,6%	3,1%	–0,54 p.p.
Operating profit - EBIT	180,7	287,1	–37,1%
(Operating profit margin - EBIT %)	1,0%	1,5%	–0,57 p.p.
Gross profit	131,0	210,0	-37,6%
Net profit	121,8	171,2	-28,9%
(Net profit margin %)	0,7%	0,9%	-0,3%

Sales of Eurocash S.A. in 2023 reached PLN 18,675 million, gross profitability on sales achieved by Eurocash S.A. in 2023 it decreased by 0.43 percentage points y/y to 10.8%. In 2023, EBITDA amounted to PLN 476.3 million. and decreased by 17.4% compared to the previous year.

Net profit in 2023 amounted to PLN 121.8 million. and decreased y/y by 28.9%.
The current and expected financial situation of Eurocash S.A. does not indicate any significant threats.

4.10. Balance sheet data

Balance sheet structure

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

Table 17: Eurocash S.A.: Asset structure

PLN million	31.12.2023	%	31.12.2022	%
Non-current assets (long-term)	**4 394,9**	**61,5%**	4 477,39	**65,3%**
Goodwill	1 204,2	27,4%	1 204,1	26,9%
Intangible assets	431,5	9,8%	452,6	10,1%
Property, plant and equipment	329,5	7,5%	350,4	7,8%
Right-of-use assets	699,2	15,9%	770,0	17,2%
Investment properties	0,7	0,0%	0,9	0,0%
Investments in subsidiaries	1 714,5	39,0%	1 684,5	37,6%
Investments in associated companies	4,6	0,1%	4,6	0,1%
Other long-term financial assets	0,1	0,0%	0,1	0,0%
Long-term receivables	1,0	0,0%	1,6	0,0%
Long-term accruals	9,7	0,2%	8,6	0,2%
Current assets (short-term)	**2 754,8**	**38,5%**	**2 378,2**	**34,7%**
Stocks	1 286,2	46,7%	998,7	42,0%
Trade receivables	1 201,1	43,6%	1 214,2	51,1%
Current income tax receivables	6,7	0,2%	29,9	1,3%
Other short-term receivables	134,8	4,9%	56,2	2,4%
Short-term financial assets in subsidiaries	–	0,0%	–	0,0%
Other short-term financial assets	0,1	0,0%	6,4	
Cash and cash equivalents	96,6	3,5%	45,8	1,9%
Short-term prepayments and accruals	29,3	1,1%	27,1	1,1%
Non-current assets classified as held for sale	**-**	**0,0%**	**-**	**0,0%**
Total assets	**7 149,7**	**100,0%**	**6 855,6**	**100,0%**

4.10. Balance sheet data

Balance sheet structure

Table 18: Eurocash S.A.: Structure of liabilities

PLN million	2023.12.31	%	2022.12.31	%
Equity	**1 537,7**	21,5%	**1 462,9**	**21,3%**
Share capital	139,2	8,8%	139,2	9,5%
Own shares	-	0,0%	–	0,0%
Supplementary capital	1 210,7	77,0%	1 081,7	73,9%
Reserve capital	-	0,0%	–	0,0%
Merger capital	-	0,0%		
Loss on valuation of hedging transactions	(9,1)	-0,6%	(4,4)	–0,3%
Share purchase/sale option	-	0,0%	–	0,0%
Undistributed financial result	196,9	12,8%	246,4	16,8%
Long-term liabilities	**1 112,4**	**19,9%**	**998,7**	18,5%
Long-term loans and advances	355,7	32,0%	160,4	16,1%
Long-term financial liabilities	125,3	11,3%	131,1	13,1%
Long-term lease liabilities	563,1	50,6%	653,6	65,4%
Other long-term liabilities	15,7	12,5%	15,5	1,6%
Deferred income tax provision	48,3	4,3%	34,4	3,4%
Provisions for employee benefit obligations	4,4	0,4%	3,7	0,4%
Other long-term provisions	-	0,0%	–	0,0%
Current liabilities	**4 499,6**	**80,2%**	4 394,0	81,5%
Short-term loans and advances	243,5	5,5%	587,0	13,4%
Other short-term financial liabilities	16,3	0,4%	15,0	0,3%
Short-term lease liabilities	189,4	4,2%	186,4	4,2%
Trade payables	3 591,1	80,4%	3 168,9	72,1%
Current income tax liabilities	-	0,0%	–	0,0%
Other current liabilities	223,3	5,0%	174,9	4,0%
Provisions for employee benefit obligations	76,6	1,7%	99,2	2,3%
Other provisions and short-term accruals	159,4	3,6%	162,5	3,7%
Liabilities and provisions	**5 612,0**	**78,5%**	**5 392,7**	78,7%
Total liabilities	**7 149,7**	**100,0%**	**6 855,6**	100,0%

4.10. Balance sheet data

Balance sheet structure

At the end of 2023, the balance sheet total amounted to PLN 7,149.7 million, and a year earlier it amounted to PLN 6,855.6 million. As at December 31, 2023, the Company's assets consisted of 61.5% of fixed assets (PLN 4,394.9 million) and 38.5% of current assets (PLN 2,754.8 million). A year earlier it was 65.3% and 34.7% respectively.

Equity as at December 31, 2023 amounted to PLN 1,537.7 million, constituting 21.5% of the liabilities structure. A year earlier, equity amounted to PLN 1,462.9 million, or 21.3% of the liabilities structure.

Loan agreements, guarantees and securities granted

Credit agreements

Information on loan agreements entered into by Eurocash S.A. is presented in Note 21 to the individual financial statements for 2023.

Loans granted

In 2023, Eurocash did not grant a loan with a significant total value.

Sureties and guarantees

Sureties and guarantees provided by Eurocash S.A. are presented in Note 33 to the separate financial statements for 2023

Issuance of securities and bonds in 2023

Issuance of securities

No shares were issued between January 1, 2023, and December 31, 2023.

4.10. Balance sheet data

Issuance of bonds and other securities

On December 23, 2020, 125,000 unsecured series B bearer bonds of the Issuer, each with a nominal value of PLN 1,000 and a total of PLN 125,000,000, were issued.

The bond issue was conducted to refinance short-term loans and to finance Eurocash S.A.'s working capital.

In 2023, the Company did not issue new bonds.

4.11. Significant off-balance sheet items

Information on off-balance sheet items by subject, object, and value of Eurocash S.A. is included in the annual separate financial statements in Notes 33 and 34.

4.12. Eurocash S.A. cash flow analysis for 2023.

Cash flow statement

Table 19: Eurocash S.A.: Cash flow for 2023.

PLN million	2023	2022
Cash flows from operating activities	523,0	560,1
profit before tax	131,0	210,0
depreciation	295,7	289,9
change in working capital	89,3	104,5
other	7,1	(44,2)
Cash flows from investment activities	26,7	(16,1)
Cash flows from financing activities	(498,9)	(517,5)
Total cash flows	**50,8**	**26,5**

Total cash flows in 2023 amounted to PLN 50.8 million, while cash flows from operating activities amounted to PLN 523.0 million. Cash flows from investing activities amounted to PLN 26.7 million and cash flows from financial activities amounted to PLN -498.9 million.

Due to its increased scale, Eurocash maintained a stable ability to generate cash from operating cash flows. This allows us to continue the adopted investment strategy and stabilize net debt.

Working capital turnover

Table 20: Eurocash S.A.: Working capital turnover ratios in 2023.

Rotation of working capital components in days	2023	2022
1. Inventory turnover cycle	25,1	19,5
2. Accounts receivable turnover cycle	23,5	23,7
3. Rotation cycle of liabilities	(78,7)	(69,8)
4. Operational cycle	48,6	43,3
5. Cash conversion	(30,1)	(26,5)

The cash conversion cycle in 2023 reached -30.1 days compared to -26.5 days a year earlier.

5.1. Information on pending proceedings

On October 2, 2020, the Company received the Decision of the President of the Office of Competition and Consumer Protection (OCCP) dated September 28, 2020, to initiate ex officio proceedings against Eurocash S.A. for practices unfairly exploiting contractual advantage. In initiating the proceedings, the President of the OCCP considered it necessary to verify whether certain practices applied by Eurocash S.A. could be qualified as exploitation of a contractual advantage. On November 30, 2021, the President of the Office for Competition and Consumer Protection issued a decision in which he found that the Company had committed the practice of unfairly exploiting its 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 disagrees with the position of the President of the OCCP and, therefore, appealed the decision of the President of the OCCP to the Court of Competition and Consumer Protection (CCCP) on December 30, 2021. On February 19, 2024, the CCCP issued a judgment revoking (in its entirety) the appealed decision of the President of the OCCP and thus shared the Company's position on the decision above of the President of the OCCP. The judgment is not final and may be appealed by the President of OCCP. Suppose the President of OCCP does not file an appeal. In that case, the judgment of CCCP will become final, and the decision of the President of UOKiK will finally be eliminated from legal circulation. This will mean a final victory for the Company and no risk of paying a fine. If the President of OCCP appeals, the case outcome will depend on the decision of the Court of Appeal in Warsaw.

The report section containing the annual consolidated financial statements in Note 22 provides information on pending tax proceedings.

Material contracts

Contracts with suppliers exceeding 10% of total sales revenue
In 2023, the only supplier with a share of more than 10% of Eurocash Group's total sales revenue was Philip Morris Polska Distribution Sp. z o.o., whose share was nearly 14,7%.

Review of strategic options

The company reported in its reports dated April 2, 2021 (current report no. 07/2021) and February 1, 2022 (current report no. 03/2022) that it reviewed the Eurocash Group's strategic options.
According to Current Report No. 18/2022, the strategic options review process is underway. It is aimed at selecting the best way to achieve the Company's long-term goal of growing the Group and maximizing its value for the Company's current and future shareholders.
According to the Company's announcements, during the review, the Company is analyzing scenarios related to, among other things, the potential acquisition of new investors for the Company or its selected business segments or its subsidiaries, as well as the possible reorganization of the Eurocash Group to integrate the Group structure further. 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.

5.2. Information regarding the conclusion by the issuer or its subsidiary of transactions with related parties

In 2023, Eurocash Group companies did not enter into any loan or credit guarantee transactions or provide guarantees of significant value.

5.3. Information on transactions with related parties

In 2023, Eurocash Group companies did not enter into transactions with related parties other than at arm's length in the ordinary course of business.

5.4. Forecasts publication

Eurocash Group management has not published financial forecasts for 2023 or 2024.

5.5. Changes in basic management principles

Resignation of Management Board members

On September 29, 2023, the Company's Management Board announced in current report No. 15/2023 that Mr. Arnaldo Guerreiro - Member of the Company's Management Board, resigned from the Company's Management Board as of September 30, 2023. Mr. Arnaldo Guerreiro indicated personal reasons for his resignation
On December 19, 2023, the Company's Management Board informed in current report No. 16/2023 that it had received from Mr. Pedro Madeira Martinho, a Member of the Company's Management Board, a declaration of his resignation as of December 31, 2023. Mr. Pedro Madeira Martinho indicated personal reasons for his resignation.
Following the resignation, taking into account over twenty years of cooperation with the Company, the Company's Management Board offered Mr. Pedro Martinho to remain employed with the Company as an e-commerce Advisor to the Management Board, and Mr. Pedro Martinho accepted this offer.

Appointment of Management Board member

On June 28, 2023, the Company's Management Board announced in current report No. 13/2023 that the Eurocash Supervisory Board adopted a resolution to appoint, with effect from October 1, 2023, Mr. Szymon Mitoraj as a Member of the Company's Management Board and to assume responsibility for the area digitalization in the Eurocash Group.

Mr. Szymon Mitoraj has been associated with the financial sector for 19 years, holding managerial positions in retail banking, digitalization and IT. In 2020-2023, he served as Vice-President of the Management Board of Raiffeisen Bank Ukraine, where he was responsible for digital transformation, sales, service channels, retail banking products, and marketing. Before joining Raiffeisen Bank Ukraine i.e., from 2018 to 2020, he served as the IT Managing Director and Chief Data Officer of the PZU Group, where he was responsible for the IT area of the PZU Group. Previously, he was associated with the ING Group in Poland and Thailand for 14 years, where he performed roles related to the construction, development, and digitization of retail banking in the aspects of channel, product, and commercialization, including supervising the area of retail online and mobile banking in 2011-2018 in ING Polska. Mr. Szymon Mitoraj graduated from the University of Economics in Katowice and the Institute of Technology Sligo in Ireland.

Apart from the above resignations and the appointment of a Member of the Management Board in 2023 and from the beginning of 2024 to the date of preparation of this report, there were no other significant changes in the Company's management structure.

5.6. Agreements with Board Members guaranteeing financial offsets

Group companies have not agreed with members of the Boards of Directors to provide compensation in the event of their resignation or dismissal from their positions without a significant reason.

Agreements with members of the Eurocash Management Board stipulate that in the event of a change in the majority shareholder in the Parent Company, i.e., a change in the shareholder with control over Eurocash (Politra B.V. s.a.r.l), the termination period of the Management Board member's contract will be twelve months.

5.7. Entity authorized to audit financial statements

Grant Thornton Polska sp. z o.o sp. k. (currently under the name Grant Thornton Polska Prosta Spółka Akcyjna (KRS: 0001002477) audited the consolidated financial statements of Eurocash S.A. for 2023 under a contract concluded on July 22, 2022 for two years.

The total fees specified in the agreement between Eurocash S.A. and the audit firm due or paid for the audit and review of the consolidated financial statements, as well as for other services, are presented below:

Table 21: Fees for audits and reviews of financial statements

PLN thousand	2023	2022
Audit of financial statements	2 003	2 270
Review of financial statements	260	130
Total	**2 263**	**2 400**

In 2023, the Eurocash Group did not use any other services from Grant Thornton Polska Prosta Spółka Akcyjna (KRS: 0001002477).

6.1. Statement on the application of corporate governance by Eurocash S.A.

Under § 29(2) of the Rules of the Warsaw Stock Exchange in the wording adopted by Resolution No. 1/1110/2006 of the Exchange Supervisory Board dated January 4, 2006, as amended, Eurocash S.A. is obliged to apply the corporate governance principles contained in the document - "Good Practices of Companies Listed on the WSE 2021", attached to Resolution No. 13/1834/2021 of the Exchange Supervisory Board dated March 29, 2021. (from now on, "Good Practices"), available at: https://www.gpw.pl/dobre-praktyki.

During the fiscal year ending December 31, 2022, the Company complied with the principles of corporate governance included in the document "Good Practices of Companies Listed on the WSE 2021," according to a statement posted on the website:

During the fiscal year ending December 31, 2023, the Company did not comply with the following corporate governance principles:

- 1.4.2. present the value of the index of equal pay paid to its employees, calculated as the percentage difference between the average monthly salary (including bonuses, prizes and other allowances) of women and men for the last year, and provide information on the measures taken to eliminate any inequality in this regard, along with a presentation of the risks associated with this and the time horizon in which it is planned to bring about equality.

Comment:
The Eurocash Group's Ethics Principles and Labor Regulations include provisions against discrimination based on gender, age, disability, religion or belief, sexual orientation, race, ethnicity, nationality, political beliefs, union membership, or type of employment, among other factors.

- 2.1. The company should have a diversity policy for the management board and the supervisory board, adopted by the supervisory board or the general meeting. The diversity policy shall specify the objectives and criteria for diversity in gender, education, specialized knowledge, age, and work experience, among others. It shall indicate when and how the achievement of these objectives will be monitored. Regarding gender diversity, the condition for ensuring the diversity of the company's bodies is that minority participation in a given body is no less than 30%.

Comment:
The Group's diversity management applies to all employees, its authorities and key managers. The understanding of diversity manifests itself in the fact that people are essential regardless of gender, age, health status, sexual orientation, religion, marital status, or country of origin. Diversity activities touch on many aspects of the group's operations and aim to respect and treat others equally and realize employees' potential. The Ethics Principles and the Work Regulations include provisions against discrimination based on gender, age, disability, religion or belief, sexual orientation, race, ethnicity, nationality, political beliefs, union membership, or type of employment, among others. Diversity management also applies to Supervisory and Management Boards members and key managers. Management and supervisory personnel are people of different genders, ages, and experiences.

6.1. Statement on the application of corporate governance by Eurocash S.A.

- 2.2. Those deciding on the election of members of the company's management board or supervisory board should ensure the comprehensiveness of these bodies by electing to their composition persons ensuring diversity, allowing, among other things, the achievement of the target ratio of minimum minority participation set at not less than 30%, by the objectives set out in the adopted diversity policy referred to in principle 2.1

Comment:
The Group's diversity management applies to all employees, its authorities and key managers. The understanding of diversity manifests itself in the fact that people are essential regardless of gender, age, health status, sexual orientation, religion, marital status, or country of origin. Diversity activities touch on many aspects of the group's operations and aim to respect and treat others equally and realize employees' potential. The Ethics Principles and the Work Regulations include provisions against discrimination based on gender, age, disability, religion or belief, sexual orientation, race, ethnicity, nationality, political beliefs, union membership, or type of employment, among others. Diversity management also applies to Supervisory and Management Boards members and key managers. Management and supervisory personnel are people of different genders, ages, and experiences.

6.2. Shareholder information

Shareholders holding directly or indirectly significant stakes in Eurocash and changes in shareholding structure.

As of December 31, 2023, the Company's shareholder structure is shown in the table below.

Table 22: Company's shareholder structure as of December 31, 2023, and November 9, 2023.

	31.12.2023				9.11.2023			
Shareholder	Number of shares	Share in share capital (%)	Number of votes	Share in the total number of votes	Number of shares	Share in share capital (%)	Number of votes	Share in the total number of votes
Luis Amaral (directly and indirectly*)	61 287 778	44,04%	61 287 778	44,04%	61 287 778	44,04%	61 287 778	44,04%
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%
Total	139 163 286	100,00%	139 163 286	100,00%	139 163 286	100,00%	139 163 286	100,00%

Luis Amaral holds a total of 44.04% of Eurocash S.A. shares. directly and indirectly through:

- Politra B.V. S.A.R.L. based in Luxembourg, whose sole shareholder holding 100% of shares is Amaral e Filhas Limited based in London, United Kingdom (formerly Portuguese Private Investments Limited), whose sole shareholder is Luis Amaral,
- Western Gate Private Investments Ltd., with its registered office in Great Britain, whose sole shareholder is Amaral e Filhas Limited, with its registered office in London, Great Britain (formerly known as Portuguese Private Investments Limited), whose sole shareholder is Luis Amaral.

Luis Amaral, through Politra B.V. s.a.r.l. (as the legal successor of Politra B.V.), a company controlled by him, under § 13 sec. 2 of the Statute of Eurocash S.A., has the right to appoint 3 out of 5 members of the Supervisory Board of Eurocash S.A., i.e., appoints the majority of its composition. In turn, the Supervisory Board of Eurocash S.A. appoints and dismisses (all) Members of the Management Board of Eurocash S.A. (§ 15 section 1 point (iv) of the Eurocash Statute) - thus Luis Amaral (through the company Politra B.V. s.a r.l. he controls), has influence over the appointment of members of the Management Board of Eurocash S.A., and thus exercises control over Eurocash S.A. The above right to appoint 3 out of 5 members of the Supervisory Board of Eurocash S.A. is vested in Politra as long as it holds at least 30% of shares in the share capital of Eurocash S.A.

**by Politra B.V. S.à.r.l. oraz Western Gate Private Investments Ltd.*

*** in accordance with notifications received by the Company about changes in ownership,*

6.2. Shareholder information

Number of shares of PTE Allianz Polska S.A. and Generali PTE S.A. was indicated in accordance with the content of notifications received by the Company about changes in ownership, as a result of which a given entity became the owner of shares giving more than 5% of the total number of votes to the Company in 2023

- PTE Allianz Polska S.A. - notification about which the Company informed in current report No. 1 /2023 and
- Generali PTE S.A. - notification of which the Company announced in current report No. 14/2023),

as at the date of submission of the relevant notification.

Number of Eurocash S.A. shares held by supervising and managing persons

The balance of the Company's shares held by the Company's managers and supervisors, as of December 31, 2023, was as follows:

Table 23: Ownership of shares and subscription rights to the Company's shares by management personnel

	Eurocash shares		Rights to shares	
Management Board	**31.12.2023**	**31.12.2022**	**31.12.2023**	**31.12.2022**
Paweł Surówka	0	0	0	0
Katarzyna Kopaczewska	330 000	330 000	0	0
Pedro Martinho*	1 055 803	1 055 803	0	0
Jacek Owczarek**	73 694	73 694	0	0
Przemysław Ciaś	10 850	10 850	0	0
Tomasz Polański	49 743	49 743	0	0
Dariusz Stolarczyk	17 176	17 176	0	0
Szymon Mitoraj	0	0	0	0

** As of December 31, 2023, Mr. Pedro Martinho ceased to be a Member of the Company's Management Board*
*** indirectly through closely related persons*

6.2. Shareholder information

Table 24: Ownership of shares and subscription rights to the Company's shares by supervisors

	Eurocash shares		Rights to shares	
Supervisory Board	**31.12.2023**	**31.12.2022**	**31.12.2023**	**31.12.2022**
Luis Amaral (directly and indirectly)*.	61 287 778	61 287 778	0	0
Jorge Mora	121 500	121 500	0	0
Hans-Joachim Körber	0	0	0	0
Francisco José Valente Hipólito dos Santos	0	0	0	0
Przemysław Budkowski	0	0	0	0

Holders of securities with special control rights

The Company has no securities that confer special control rights and no shares of the Company with any preference attached to them. However, the Company's Articles of Association grant a personal right to one of the Company's shareholders following Section 13(2) of the Company's Articles of Association if Politra B.V., organized and operating under Dutch law, or any of its legal successors remains a shareholder holding 30% or more of the shares in the Company's share capital, has the right to appoint and remove 3 (three) Members of the Supervisory Board of Eurocash.

6.2. Shareholder information

Restrictions on the exercise of voting rights

Each Eurocash share entitles the holder to one vote at the General Meeting. The Company's Articles of Association do not provide for restrictions on the exercise of voting rights on Eurocash shares, such as restrictions on the exercise of voting rights by holders of a particular portion or number of votes, time restrictions on the exercise of voting rights, or provisions under which, with the Company's cooperation, capital rights related to securities are separated from the holding of securities.

On the other hand, the prohibition on a shareholder's exercise of voting rights may result from Article 89 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies of July 29, 2005 (from now on the "Act on Offering"), if the shareholder violates specific provisions contained in Chapter 4 of the Act on Offering. In turn, under Article 6 § 1 of the Companies Act, if a parent company fails to notify a subsidiary capital company of the creation of a dominant relationship within two weeks from the date of the creation of that relationship, the exercise of voting rights from shares in the parent company representing more than 33% of the subsidiary's share capital is suspended.

Restrictions on transfer of ownership of securities

The Company's Articles of Association do not provide for restrictions on the transfer of ownership of the Issuer's securities. Instead, they result from legal regulations, including Chapter 4 of the Act on Offering referred to above, Articles 11 and 19 of the Act on Trading in Financial Instruments of July 29, 2005, the Act on Competition and Consumer Protection of February 16, 2007, Council Regulation (EC) No. 139/2004 of January 20, 2004. on the control of concentrations of undertakings, and Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

Agreements that could result in future changes in the size of shareholdings

The Management Board of Eurocash is not aware of any agreements that could result in a change in the proportions of shares held by shareholders in the future.

6.3. Diversity in the workplace

In Eurocash Group, anyone can take up a job regardless of age, gender, national and ethnic origin, race, religion, disability, sexual orientation, or political views. No actions or behavior that appears to discriminate against another employee, contractor, or third party are tolerated.

6.4. Authorities and bodies of the Company

Management Board

The governing body of Eurocash S.A. is the Management Board, consisting of 8 (eight) members in 2023. The composition of the Management Board as of December 31, 2023 is presented below:

Table 25: Composition of the Company's Management Board at year-end 2023

Person	Function
Paweł Surówka	CEO
Katarzyna Kopaczewska	Board Member HR Director
Jacek Owczarek	Board Member Chief Financial Officer
Przemysław Ciaś	Board Member
Dariusz Stolarczyk	Board Member
Tomasz Polański	Board Member
Szymon Mitoraj	Board Member
Pedro Martinho*	Board Member

** As of December 31, 2023, Mr. Pedro Martinho ceased to be a Member of the Company's Management Board*

6.4. Authorities and bodies of the Company

Powers of the Board

The Management Board conducts the Company's affairs and represents the Company. Two members of the Management Board or one member of the Management Board, together with a proxy, are required to make declarations of intent and sign documents on behalf of the Company.

The President of the Board heads the work of the Board.

As a body, the Company's Management Board collaborates, and resolutions of the Management Board are the basis for conducting the Company's affairs jointly by a multi-member Management Board. Resolutions of the Board are required in particular on the following matters:

- determining the long- and medium-term development strategy and the main objectives of the Company's operations and the growth of its shareholder value, submitting them to the Supervisory Board and evaluating the achievement of these objectives and modifying them, if necessary,
- defining the Company's financial goals,
- implementation and execution of the Company's long- and medium-term development strategy, as well as its principal operational and financial goals,
- analysis of significant investment projects and ways to finance them,
- establishment of human resources and payroll policies, including:
- criteria for filling essential management positions in the Company,
- determination of hiring, compensation and personnel policies and periodic analysis of the Company's personnel situation,
- Issuing opinions on determining and changing the remuneration or terms of employment of Board members,
- creation and modification of any stock option program or incentive plan of a similar nature for the benefit of executives and employees
- determining the organizational structure of the Company and the Group, including assessing the distribution of competencies among Board Members
- adoption of the Company's annual and/or multi-year budget,
- internal division of work and responsibilities of Board Members,
- proposal for distribution of profit or coverage of loss,
- decision to pay dividend advances,
- granting of a proxy,
- deciding on the implementation of projects with other entities,
- deciding on mergers with other entities and the acquisition of different entities or enterprises,
- incurring liabilities with a value exceeding PLN 100,000,000 and encumbering the Company's assets with a value exceeding PLN 150,000,000, if not provided for in the annual budget,
- sale, lease, or transfer of the Company's assets with a value exceeding the amount of EUR 15,000,000 or its equivalent in zlotys, if not provided for in the annual budget,
- Creation, issuance/issuance, acquisition, or disposal of shares in another subsidiary,
- conclusion by the Company of a material agreement with a related party within the meaning of the regulations on the provision of current and periodic information by issuers whose shares are listed on the Warsaw Stock Exchange, except for typical transactions concluded on an arm's length basis as part of the Company's operating activities with a subsidiary in which the Company holds a majority equity stake,

6.4. Authorities and bodies of the Company

Powers of the Board

- Establishing regulations and other internal normative acts of the Company, unless otherwise provided by law or the Articles of Association,
- matters of extraordinary importance, as well as issues and transactions that, in the reasonable opinion of the Board Member, may pose a significant risk to the Company,
- requesting the Supervisory Board's opinion on draft resolutions to be presented to Shareholders at the General Meeting,
- any other activities exceeding the scope of ordinary management of the Company.

Otherwise, individual members of the Management Board are responsible for the independent management of the Company's affairs arising from the internal division of duties and functions as determined by the Management Board’s decision.

The Management Board may adopt resolutions in writing or using means of direct communication at a distance, either at or outside of a meeting. Resolutions are adopted by a simple majority of the votes cast by the members of the Management Board and are minuted. Proper notice of the meeting to all Board members is required for the validity of Board resolutions adopted at a Board meeting.

The detailed procedures of the Management Board are outlined in the Regulations of the Management Board, which were adopted and approved by the Management Board. The content of the current Regulations of the Management Board is available at https://grupaeurocash.pl/.

Salaries, rewards and terms of employment contracts

Information on the remuneration paid for 2023 to Members of the Company's Management Board was provided in the part of the report containing the annual separate financial statements in note No. 31 and the part of the report containing the annual consolidated financial statements in Note No. 30, as well as in the report on the remuneration of Members of the Management Board and the Supervisory Board. Eurocash S.A. for 2023.

6.4. Authorities and bodies of the Company

Supervisory Board

The Supervisory Board consists of five members, with the right to appoint and dismiss three members of the Supervisory Board vested in Politra B.V. (or its legal successors), while two members of the Supervisory Board are appointed and dismissed by the General Meeting. The dismissal of a member of the Supervisory Board is effective only if a new member is appointed simultaneously with the dismissal.

The composition of the Supervisory Board from 01.01.2023 to 31.12.2023 is shown in the table below.

Table 26: Composition of the Company's Supervisory Board in 2022, together with the functions held by its members

Person	Function	Period of office
Luis Manuel Conceicao Pais do Amaral	Chairman of the Supervisory Board	01.01.2023 – 31.12.2023
Hans Joachim Körber	Member of the Supervisory Board	01.01.2023 – 31.12.2023
Francisco José Valente Hipólito dos Santos	Member of the Supervisory Board	01.01.2023 – 31.12.2023
Jorge Mora	Member of the Supervisory Board	01.01.2023 – 31.12.2023
Przemysław Budkowski	Member of the Supervisory Board	01.01.2023 – 31.12.2023

The status of independent members of the Supervisory Board was held by:

- Mr. Hans Joachim Körber and Mr Przemysław Budkowski, members of the Supervisory Board appointed by the Company's General Meeting.
- Mr. Jorge Mora was appointed by shareholder Politra B.V.s.a.r.l, who submitted a declaration that they meet the criteria for an independent member of the Supervisory Board.

Therefore, 3 out of 5 Company's Supervisory Board members were independent.

The Board elects the Chairman from among its members. The Supervisory Board may also dismiss the Chairman. The Supervisory Board exercises constant supervision over the Company's activities in all areas of operation.

6.4. Authorities and bodies of the Company

Powers of the Supervisory Board

Under § 14(2) of the Issuer's Articles of Association, the powers of the Supervisory Board include, in particular:

- evaluation of the Management Board's report on the Company's activities and the Company's financial statements, in terms of their compliance with the books and documents, as well as with the facts,
- evaluation of the Management Board's proposals for distribution of profit or coverage of loss,
- submitting an annual written report to the General Assembly on the results of the evaluations referred to above,
- appointment and dismissal, as well as suspension for essential reasons, of members of the Board,
- issuing opinions on planned amendments to the Statute,
- approval - no later than by November 30 of each calendar year - of the annual budgets and amendments to them prepared by the Board,
- issuing opinions on granting loans or financial assistance or entering into agreements outside the scope of the Company's ordinary activities with members of the Management Board,
- selection of an auditor for the audit of the Company's financial statements,
- adoption of the consolidated text of the Company's Articles of Association,
- other matters that, under applicable laws or other provisions of the Company's Articles of Association, require a resolution of the Supervisory Board.

In addition, the approval of the Supervisory Board expressed in the form of a resolution requires that the Board perform the following actions:

- deciding on the implementation of projects with other entities;
- deciding on mergers with other entities and the acquisition of different entities or enterprises;
- incurring liabilities with a value exceeding the amount of PLN 100,000,000 and encumbering the Company's assets with a value exceeding the amount of PLN 150,000,000, if not provided for in the annual budget;
- sale, lease, or transfer of the Company's assets with a value exceeding the amount of EUR 1,000,000 or its equivalent in PLN, if not provided for in the annual budget;
- Issuing opinions on determining and changing the remuneration or terms of employment of Board members;
- Creation, issuance/issuance, acquisition, or disposal of shares in another subsidiary;
- creation and modification of any stock option program or incentive plan of a similar nature for the benefit of executives and employees;
- conclusion by the Company of a material agreement with a related party within the meaning of the regulations on the provision of current and periodic information by issuers whose shares are listed on the Warsaw Stock Exchange, except for typical transactions concluded on an arm's length basis as part of the Company's operating activities with a subsidiary in which the Company holds a majority equity stake.

The Supervisory Board performs its duties collectively. However, it may delegate individual Members to perform specific supervisory activities individually using a resolution adopted by a simple majority of votes.

6.4. Authorities and bodies of the Company

Powers of the Supervisory Board

Members of the Supervisory Board perform their duties in person but may participate in the adoption of resolutions of the Supervisory Board by casting their vote in writing through another member. The Supervisory Board may adopt resolutions at a meeting, in writing, or through direct remote communication. Resolutions of the Supervisory Board are adopted by a simple majority of votes in the presence of at least three members. In case of an equal number of votes cast "for" and "against" a resolution, the vote of the Chairman of the Supervisory Board shall be decisive.

In addition, the approval of a majority of independent members of the Supervisory Board is required for the Supervisory Board to adopt resolutions on:

- benefits of any kind by the Company and any affiliates of the Company to members of the Management Board;
- selection of an auditor for the audit of the Company's financial statements;
- issuing an opinion on the granting of loans or financial assistance or entering into agreements outside the scope of the Company's ordinary activities with members of the Management Board;
- approval of the exclusion of the Company's shareholders' pre-emptive right to purchase shares (subscription right) concerning shares issued by the Management Board within the limits of authorized capital.

The detailed procedure of the Supervisory Board is outlined in the Regulations. The current Regulations are available at https://grupaeurocash.pl/.

Salaries, rewards and terms of employment contracts

Information on the remuneration paid for 2023 to Members of the company's Supervisory Board was provided in the part of the report containing the annual separate financial statements in Note No. 31 and in the part of the report containing the annual consolidated financial statements in Note No. 30, as well as in the report on the remuneration of Members of the Management Board and the Supervisory Board of Eurocash S.A. for 2023.

6.4. Authorities and bodies of the Company

Established committees

The Supervisory Board has the following internal committees:
- Audit Committee,
- Remuneration Committee,
- Nominating Committee.

Members of each of the committees above are elected by the Supervisory Board, with the Compensation Committee and the Nominating Committee to include at least one independent member of the Supervisory Board. The Audit Committee should consist of at least two independent Supervisory Board members and one financial specialist member, i.e., a person with relevant experience in financial management and accounting in public companies or other companies of comparable size.

Audit Committee

The Audit Committee's responsibilities include:
- monitoring of:
  - the financial reporting process
  - the effectiveness of internal control and risk management systems and internal audits, including financial reporting
  - the performance of financial auditing activities, in particular, the audit firm's performance of the audit, taking into account any conclusions and findings of the Audit Oversight Committee arising from the audit conducted at the audit firm
- overseeing the Company's reporting of financial information in periodic reports, forecasts, etc.,
- making a recommendation to the Supervisory Board on the selection of an audit firm, following the adopted policy and selection procedure, whereby the audit firm may not provide services for more than five years, controlling and monitoring the independence of the auditor and the audit firm, in particular when services other than auditing are supplied to the public interest entity by the audit firm
- overseeing the relationship with the Company's external auditor, in particular:
  - assessment of the auditor's independence, remuneration, and non-audit work performed for the Company;
  - approval for the auditor to provide permitted services that are not an audit of the annual financial statements
  - deciding on the involvement of the external auditor in matters concerning the content and promulgation of financial reports,
- informing the Supervisory Board of the results of the audit of the Company's annual financial statements and explaining how the audit contributed to the integrity of the Company’s financial reporting, as well as what role the Audit Committee played in the audit process
- annual evaluation of the functioning of the internal control system and the system for managing risks relevant to the Company's affairs and assessment of its functioning in the form of an annual report on the issues that have been discussed and studied and on the relationship with the Company's external auditor (in particular, its independence), which report forms part of the annual report of the Supervisory Board presented at the Annual General Meeting
- determining the procedure for the selection of an audit firm by a public interest entity;
- developing a policy for selecting an audit firm to audit the Company's annual separate and consolidated financial statements;

6.4. Authorities and bodies of the Company

Established committees

- developing a policy for the provision of permitted non-audit services by the audit firm, by affiliates of the audit firm and by a member of the audit firm's network
- submitting recommendations to ensure the integrity of the Company's financial reporting process.

In the period 01.01.2023 – 31.12.2023, the Audit Committee consisted of Mr. Jorge Mora (Chairman of the Audit Committee), Mr. Francisco José Valente Hipólito dos Santos (Member of the Audit Committee), and Mr. Hans Joachim Körber (Member of the Audit Committee).

Remuneration Committee

The Remuneration Committee's responsibilities include:

- assuring the Supervisory Board of the existence of a remuneration policy for the Management Board, about which the Remuneration Committee has sufficiently detailed information, including that it is aware of (a) the remuneration structure; (b) the amount of fixed remuneration, (c) shares and/or stock options, and/or other variable remuneration components and any other forms of remuneration, as well as the criteria that members of the Management Board should meet with a description of their application,
- annually proposing to the Supervisory Board the adoption of an opinion on the compliance of the Management Board's remuneration policy and its implementation with the desired corporate governance standards,
- ensuring disclosure to the Supervisory Board of the amount of the Management Board's remuneration resulting from the implementation of the Management Board's remuneration policy,
- its performance is evaluated annually in the form of an annual activity report, which is part of the Supervisory Board's annual report presented at the Annual General Meeting.

The Remuneration Committee consisted of the following during the period 01.01.2022 - 30.06.2022: Mr. Renato Arie (Chairman of the Remuneration Committee), Mr. Przemysław Budkowski (Member of the Remuneration Committee) and Mr. Francisco José Valente Hipólito dos Santos (Member of the Remuneration Committee). In connection with the termination of Mr. Renato Arie as a Member of the Supervisory Board, there was a change in the composition of the Remuneration Committee on 30.06.2022. The Remuneration Committee consisted of the following during the period 30.06.2022 - 31.12.2022: Mr. Przemysław Budkowski (Chairman of the Remuneration Committee), Mr. Francisco José Valente Hipólito dos Santos (Member of the Remuneration Committee) and Mr. Jorge Mora (Member of the Remuneration Committee).

Nominating Committee

The powers of the Nominating Committee include:

- determining and recommending, for approval by the Supervisory Board, candidates for members of the Supervisory Board to be appointed by the General Meeting in connection with filling emerging or anticipated vacancies on the Supervisory Board (including in connection with the expiration of the term of office of the Supervisory Board),
- issuing opinions on candidates for members of the Supervisory Board appointed by the General Meeting, submitted by the Company's shareholder(s),
- determining and recommending candidates for members of the Management Board and the President of the Management Board, the selection of which is made by the Supervisory Board in connection with the filling of emerging or expected vacancies on the Management Board (including in connection with the expiration of the term of office of a Member or President of the Management Board);
- its performance is evaluated annually in the form of an annual activity report, which is part of the Supervisory Board's annual report presented at the Annual General Meeting.

6.4. Authorities and bodies of the Company

Established committees

In the period 01.01.2023 – 31.12.2023, the Nomination Committee consisted of Mr. Hans Joachim Körber (Chairman of the Nomination Committee), Mr. Jorge Mora (Member of the Nomination Committee), and Mr. Luis Amaral (Member of the Nomination Committee).

These committees' rules are detailed in Division VII of the Council Regulations.
Supervisory Board (Supervisory Board Committees) is available at https://grupaeurocash.pl/.

General Assembly

The manner of operation of the General Meeting of Shareholders and its essential powers are derived directly from legal regulations, which have been partially incorporated into the Company's Articles of Association and Regulations of the General Meeting of Shareholders. The Articles of Association and the Regulations of the General Meeting are available on the Company's website.

As of August 3, 2009, following Paragraph 15(3) of the Articles of Association and under Paragraph 1(3) of the Company's General Meeting Regulations, the General Meeting is convened through an announcement containing all the elements referred to in Article 4022 of the CCC made no later than 26 days before the date of the General Meeting on the Company's website and in the manner prescribed for the transmission of current information following the Act on Offering.

At each Meeting, Supervisory and Management Board members should be present to provide substantive answers to questions asked at the General Meeting. The auditor should be present at the ordinary (annual) General Meeting and the Extraordinary General Meeting if the Company's financial affairs are discussed. The members of the Supervisory Board, the Management Board, and the auditor should, within the limits of their competence and to the extent necessary for the resolution of the matters discussed by the Meeting, provide the participants of the Meeting with explanations and information concerning the Company.

Members of the Management Board and Supervisory Board, the auditor if the subject of the meeting is the Company's financial affairs, experts invited by the body convening the General Meeting, the notary who prepares the minutes of the General Meeting, representatives of the media are entitled to participate in the General Meeting. Other persons may participate in the General Meeting with the consent of the Chairman of the General Meeting.

According to the Company's Articles of Association, the powers of the General Meeting include, in particular:
- reviewing and approving the Management Board's report on the Company's activities and financial statements for the past fiscal year and discharging the members of the Company's bodies for the performance of their duties;
- deciding on claims for compensation for damage caused in the formation of the Company or connection with the Board's activities;
- disposal and lease of an enterprise or an organized part thereof and the establishment of a limited right in rem thereon;
- create capital in the Company and decide on its allocation.

6.4. Authorities and bodies of the Company

Established committees

- adoption of resolutions on the distribution of profit and coverage of losses;
- amendment of the Company's Articles of Association;
- increasing and decreasing the Company's share capital;
- dissolution or liquidation of the Company;
- authorization for the Company to enter into an investment underwriting or service underwriting agreement;
- making decisions on other matters which, following the provisions of the Commercial Companies Code and other laws and with the provisions of these Articles of Association, are within the exclusive competence of the General Meeting.

6.5. Rules for amending the Articles of Association of the Company

A resolution of the General Meeting of Shareholders to amend the provisions of the Company's Articles of Association requires the prior opinion of the Company's Supervisory Board.

An amendment to the provisions of the Company's Articles of Association involving a significant change in the Company's objects without repurchasing the shares of those shareholders who do not agree to the change shall require a resolution of the General Meeting adopted by a majority of ¾ of the votes cast in the presence of shareholders representing at least 50% of the Company's share capital.

An amendment to the Company's Articles of Association to reduce the Company's share capital requires a resolution of the General Meeting adopted by a ¾ majority.

Amendments to the provisions of the Company's Articles of Association in other respects shall require a resolution of the General Meeting adopted, unless the requirements of the CCC or the Act on Offering provide otherwise, by an absolute majority of votes.

6.6. Rules regarding the appointment and dismissal of managers and their powers, in particular, the right to decide on the issuance or repurchase of shares

Under Paragraphs 9 (1) and (2) of the Company's Articles of Association, the Management Board consists of two to ten persons appointed by the Supervisory Board for independent terms of three years. The Supervisory Board determines the number of members of the Management Board. The Supervisory Board also appoints by resolution one of the members of the Management Board as President of the Management Board. A member of the Management Board may be dismissed from their position by a resolution adopted by the Supervisory Board or the Company's General Meeting of Shareholders.

The scope of activities of the Management Board includes all matters of the Company not reserved for the competence of the General Meeting and the Supervisory Board. The competencies of the General Meeting and the Supervisory Board are described in Section 6.4 of the Report.

The Management Board may buy back shares in cases and under conditions specified by generally applicable laws. The Management Board manages the Company's affairs and represents the Company externally. The detailed rules of the Management Board are described in Section 6.4 of the Report.

6.7. Employee share control system

The company does not hold employee shares.

6.8. Incentive and Bonus Program for 2022 Employees

On June 30, 2022, the Company's Ordinary General Meeting of Shareholders, by Resolution No. 25, established the 2022 Employee Incentive and Bonus Program (from now on "the Program") for certain key employees of the Company and companies directly or indirectly affiliated with the Company by capital (from now on "Eurocash Group"). The Program is a continuation of the incentive programs addressed to managers, executives, and employees of primary importance to the business conducted by the Eurocash Group, enabling outstanding individuals to acquire shares in the Company as a bonus.

In connection with the Program, the Company will issue 278,326 (two hundred and seventy-eight thousand three hundred and twenty-six) registered Series P Bonds, each with a par value of 1 (one) penny, each of which will entitle the holder to subscribe for and acquire 25 (twenty-five) Series N Shares with priority over the Company's shareholders. The Series P Bonds will be redeemed by the Company on July 3, 2028, by paying a cash amount equal to the par value of the Series P Bonds. Persons eligible under the Program to purchase all or part of the Series P Bonds shall be only the management, officers and persons of primary importance to the business of the Eurocash Group, employed and performing their duties for three years starting from January 1, 2022.

The program will be implemented only if (i) the consolidated operating profit (EBIT) of the Company's Group in 2025 is at least PLN 600,000,000 or (ii) the average price of the Company's shares on the Warsaw Stock Exchange (calculated as the average of the closing prices on each trading day) during the six months between July 1, 2024, and December 31, 2025, is at least PLN 30.

The list of persons initially eligible under the Program was adopted in the Resolution above No. 25 of the Company's Annual General Meeting of June 30, 2022, and subsequently, following the regulation of the General Meeting's above resolution, in a resolution of the Company's Supervisory Board.

6.9. Main features of internal control and risk management systems concerning the process of preparing financial statements

The Management Board of Eurocash is responsible for the internal control system in the Company and its effectiveness in preparing individual financial statements and periodic reports prepared and published following the Regulation of March 29, 2018, on current and periodic information provided by issuers of securities and the conditions for recognizing it as equivalent to the information required by the law of a non-Member State.

Eurocash's management board is responsible for setting and fulfilling the risk management policy. To fulfill these tasks, the Board has established a risk management team whose responsibilities include building and monitoring the policy. The team regularly reports on its work to the Board.

A risk management team has been established to identify and analyze the risks associated with the Company's operations, set appropriate risk limits and controls, and monitor deviations from these limits. The policy and risk management system are regularly reviewed to respond to current market conditions and the Company's operations. By improving qualifications and adopting standards and procedures, the Company strives for a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

6.9. Main features of internal control and risk management systems concerning the process of preparing financial statements

The preparation of the Company's stand-alone financial statements and periodic reports is the responsibility of Eurocash's financial department, headed by the Chief Financial Officer. The financial data underlying the consolidated financial statements are derived from the financial and management reporting used by the Group companies. The middle and senior management of the Group's companies jointly analyze the companies' financial performance against budget assumptions after the close of each calendar month of accounting.

One of the essential elements of control in preparing separate financial statements is their review by an independent auditor. The auditor's task is, in particular, to review the semiannual separate financial statements and the preliminary and fundamental audit of the annual separate financial statements. The Company's Supervisory Board selects the independent auditor. The financial statements after the auditor completes the audit are sent to the members of the Supervisory Board, which evaluates the Company's financial statements.

The internal control exercised by Eurocash's internal audit department is an essential element of risk management in preparing separate financial statements. Among the assigned tasks, the department also controls the implementation of risk management policies and procedures. The Risk Management and Sustainable Department performs planned audits and ad hoc checking procedures in this regard.

The annual program of scheduled internal audits is created based on a risk assessment of business processes conducted by the Director of the Risk Management and Sustainability Department with Eurocash's Management Board. In addition to scheduled audits, non-scheduled audits are carried out at the request of Eurocash's Management Board, and verification audits are conducted against recommendations from previous audits—the internal audit work results in suggestions for improving the Company's control mechanisms.

Eurocash's strategy and business plans are reviewed annually. The middle and senior management of the Eurocash member companies support the budgeting process. The budget and business plan prepared for the following year are adopted by Eurocash's Management Board and approved by its Supervisory Board. During the year, Eurocash's Management Board analyzes the financial results with the adopted budget based on the Company's accounting policy.

Eurocash's Management Board systematically evaluates the quality of internal control and risk management systems concerning the financial reporting process. Based on the assessment, the Board concludes that as of December 31, 2023, no circumstances could materially affect the effectiveness of internal control over financial reporting.

6.10. Information on the Audit Committee

- In the period 01.01.2023 – 31.12.2023, the Audit Committee consisted of Mr. Jorge Mora (Chairman of the Audit Committee), Mr. Francisco José Valente Hipólito dos Santos (Member of the Audit Committee), and Mr. Hans Joachim Körber (Member of the Audit Committee).

- The following members of the Audit Committee met the statutory independence criteria:
  - Mr. Jorge Mora (Chairman of the Audit Committee),
  - Mr. Hans Joachim Körber (Member of the Audit Committee).

- The following Audit Committee Members had/have knowledge and skills in accounting or auditing:
  - Mr. Francisco José Valente Hipólito dos Santos has a university degree specializing in Business Management. He graduated from the Portuguese Catholic University of Lisbon (Universidade Católica Portuguesa) in 1984. From 1999 to 2003, he served as a member of the Management Board at Barclays Bank Portugal. From 2003 to 2006, he headed the Marketing Department at Banco Espirito Santo, S.A. from 2007 to 2011 and was the bank's Savings Department director. From 2011 - 2012, he served as Managing Director at Banco BEST S.A. From the beginning of 2013, he took on the position of Non-Managing Director at this bank, as well as the position of Board Advisor for International Affairs at Banco Espirito Santo S.A. until August 2014, when he took on the position of Compliance Officer at Novo Banco, which he held until June 2017. Subsequently, he held management positions in various sectors of companies, including real estate, tourism, and FMCG. Mr. Francisco José Valente Hipólito dos Santos has been a member of the Eurocash Supervisory Board since 2013.
  - Mr. Jorge Mora graduated from the University of Miami with a degree in 1989 and from the Wharton School with an MBA in 1993. He has over 25 years of experience in international corporate consulting and private equity investments. His most recent position was Vice Chairman and Senior Managing Director at Macquarie Capital in the US. He was previously Head of Financial Sponsorship at Lazard and, before that, Managing Director at UBS. He is currently active on several non-profit boards and in Venture Capital investments.
  - Mr. Hans Joachim Körber holds a degree in brewing and a PhD from the Technical University of Berlin. He gained business experience in management positions, including the RA Oetker Group and the German and international structures of the Metro SB-Großmärkte group of companies. After establishing Metro AG in 1996, he joined the company's Management Board, which he led from 1999 to 2007, serving as board chairman. He is currently a member of the supervisory boards of several international companies.

- A member of the Audit Committee with knowledge and skills in the industry in which the Company operates:
  - Mr. Hans Joachim Körber has many years of experience in management and company board positions in the wholesale and retail business of major German and international corporations.

6.10. Information on the Audit Committee

- Main principles of the audit firm selection policy

  The auditor is selected based on the following criteria:

  - understanding of the business, trends affecting the Company - FMCG industry (wholesale and retail), current issues affecting the Company in terms of competitiveness, reporting, and legal and tax solutions
  - experience in audit and non-audit services for FMCG companies;
  - experience in auditing companies listed on the Warsaw Stock Exchange (WIG20 preferred), knowledge of corporate governance and reporting standards of listed companies;
  - people - members of the auditor's teams should be experts in their field, have access to technical knowledge, and be familiar with the latest accounting standards;
  - Organization – the bidder must be able to meet the needs of the Company – and have adequate reach and resources to carry out the study (offices in Poland, preparation for cooperation with the international Management Board and Supervisory Board);
  - independence - the bidder should provide a detailed description of orders completed for the Company and FMCG companies;
  - opportunity for the Company to access the auditor's specialized industry teams and benefit from the knowledge of experts in the industry;
  - salary

The auditor, Grant Thornton Polska Prosta Spółka Akcyjna (KRS: 0001002477), based in Poznań, audited the Company's reports for 2023 following the selection made by the Supervisory Board of Eurocash S.A. under § 14 point 2 of the Company's statute, on June 27, 2022. The auditor meets the conditions and selection criteria. In the opinion of the Audit Committee, the Company's auditor can perform his functions independently because he has no other business connections with the Company.

- The Audit Committee held five meetings in 2023: on January 18, February 28, March 27, August 28, and December 18.

EU Taxonomy Regulation (EU) 2020/852 of the European Parliament and of the Council (Article 8(1) of the Taxonomy) imposes on entities subject to the provisions of the NFRD Directive (i.e. entities defined in Article 49b of the Act) the obligation to disclose whether and to what extent their business activities is consistent with the assumptions of the Taxonomy. In 2023, in the Eurocash Group, the percentage of turnover qualifying for the taxonomy is approximately 0.04% and approximately 90.53% in the case of operating expenses (OpEx) and approximately 19.59% in the case of capital expenditure (CapEx). Due to the Group's incomplete application of minimum guarantee and due diligence requirements, all activities qualifying for the Taxonomy were found to be inconsistent with the taxonomy. Detailed information on the Taxonomy can be found in the Eurocash Group Sustainable Development Report.

8.1. Selection of the entity authorized to audit the financial statements

The Supervisory Board of Eurocash S.A., following § 14 item 2 of the Company's Articles of Association, on June 27, 2022, as a result of a tender procedure, selected Grant Thornton Polska sp. z o.o. sp. k. with its registered office in Poznań ((currently under the business name: Grant Thornton Polska Prosta Spółka Akcyjna (KRS: 0001002477)) ("Grant Thornton")), registered in the list of entities authorized to audit financial statements under No. 4055, as the external auditor for the audit of the Company's financial statements for 2022 and 2023.

The members of the Management Board of Eurocash S.A. declare that Grant Thornton - is the entity authorized to audit financial statements, auditing the annual separate financial statements of Eurocash S.A. and auditing the annual consolidated financial statements of Eurocash S.A. Capital Group., was selected following the provisions of law, and the entity and the auditors auditing the statements met the conditions for expressing an unbiased and independent opinion on the audited annual separate financial statements, following applicable regulations and professional standards.

Gross sales profitability: The ratio of gross sales margin to sales revenue.

EBITDA profitability: The ratio of EBITDA (operating profit plus depreciation and amortization) to sales revenue.

Operating profitability: The ratio of operating profit to sales revenue.

Net sales profitability: The ratio of net profit to sales revenue.

Inventory turnover cycle: The ratio of inventory at the end of a period to the value of sales revenue during the period multiplied by the number of days in the period.

Receivables turnover cycle: The ratio of trade receivables at the end of the period to the value of sales revenues in the period multiplied by the number of days in the period.

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 inventory turnover and accounts receivable turnover cycles.

Cash conversion cycle: The difference between the operating cycle and the accounts payable cycle.

Position	Name	Date	Signature
CEO	Paweł Surówka	April 18, 2024	
Board Member Chief Financial Officer	Jacek Owczarek	April 18, 2024	
Board Member Human Resources Director	Katarzyna Kopaczewska	April 18, 2024	
Board Member	Przemysław Ciaś	April 18, 2024	
Board Member	Tomasz Polański	April 18, 2024	
Board Member	Dariusz Stolarczyk	April 18, 2024	
Board Member	Szymon Mitoraj	April 18, 2024	

Part C

Selected consolidated financial data

KOMORNIKI, 18th of April 2024

SELECTED CONSOLIDATED FINANCIAL DATA

	for the period from 01.01.2023 to 31.12.2023 PLN	for the period from 01.01.2022 to 31.12.2022 PLN	for the period from 01.01.2023 to 31.12.2023 EUR	for the period from 01.01.2022 to 31.12.2022 EUR
Sales	32 451 962 545	30 857 664 974	7 143 289 136	6 583 811 256
Operating profit (loss)	435 994 202	403 731 468	95 970 549	86 140 406
Profit (loss) before income tax	194 996 311	182 587 668	42 922 366	38 957 022
Profit (loss) for the on continued operations	144 722 043	89 230 467	31 856 052	19 038 270
Profit (loss) for the period	144 722 043	89 230 467	31 856 052	19 038 270
Net cash from operating activities	1 138 703 961	888 516 096	250 650 223	189 574 366
Net cash used in investing activities	(175 266 895)	(190 107 462)	(38 579 550)	(40 561 450)
Net cash used in financing activities	(867 477 469)	(641 205 936)	(190 948 155)	(136 808 111)
Net change in cash and cash equivalents	95 959 597	57 202 698	21 122 517	12 204 804
Weighted average number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Weighted average diluted number of shares	139 758 006	139 163 286	139 758 006	139 163 286
EPS (in PLN / EUR)	0,71	0,48	0,16	0,10
Diluted EPS (in PLN / EUR)	0,71	0,48	0,16	0,10
Average PLN / EUR rate*			4,5430	4,6869

	as at 31.12.2023 PLN	as at 31.12.2022 PLN	as at 31.12.2023 EUR	as at 31.12.2022 EUR
Assets	9 056 279 053	8 669 822 691	2 082 860 868	1 848 615 683
Non-current liabilities	2 147 171 379	2 057 724 333	493 829 664	438 756 548
Current liabilities	5 989 644 233	5 813 195 500	1 377 563 071	1 239 513 742
Equity	919 463 441	798 902 858	211 468 133	170 345 393
Share capital	139 163 286	139 163 286	32 006 276	29 672 975
Number of shares	139 163 286	139 163 286	139 163 286	139 163 286
Diluted number of shares	139 758 006	139 163 286	139 758 006	139 163 286
Book value per share (in PLN / EUR)	5,75	5,10	1,32	1,09
Diluted book value per share (in PLN / EUR)	5,72	5,10	1,32	1,09
Dividends paid (in PLN / EUR)	61 678 363	10 869 783	14 185 456	2 317 700
Dividends paid per share (in PLN / EUR)	0,44	0,08	0,10	0,02
PLN / EUR rate at the end of the period**			4,3480	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 4Q 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.

Part D

Independent Auditor’s Report

KOMORNIKI, 18th of April 2024

Grant Thornton

Independent Auditor's Report on Annual Financial Statements

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For the Shareholders of Eurocash S.A.

Report on the Annual Financial Statements

Opinion

We have audited the annual financial statements of Eurocash S.A. (the Company) with its registered office in Komorniki at 11 Wiśniowa Street, which comprise the general information, separate income statement for the period from 1 January to 31 December 2023, separate statement of comprehensive income for the period from 1 January 2022 to 31 December 2023, separate statement of financial position as at 31 December 2023, separate statement of cash flows for the period from 1 January 2023 to 31 December 2023, separate statement of changes in equity for the period from 1 January 2023 to 31 December 2023 and notes to the separate statement financial statements prepared for the period from 1 January 2023 to 31 December 2023, comprising material accounting policy information and other explanatory notes.

In our opinion, the accompanying annual financial statements:

- give a true and fair view of the financial position of the Company as of December 31, 2023 and of its financial performance and of its cash flows for the financial year then ended in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of European Commission regulations and adopted accounting principles (policy),
- were prepared on the basis of properly maintained books of account,
- comply with the laws affecting the content and form of the annual financial statements and the provisions of the Company's articles of association.

The audit opinion is consistent with the additional report to the Audit Committee submitted on the same day as this audit report.

Basis for Opinion

We conducted our audit in accordance with:

- the Act of May 11, 2017 on statutory auditors, audit firms, and public supervision (the Act on Statutory Auditors),
- National Standards on Auditing in the wording of International Standards on Auditing adopted by resolutions of the National Council of Statutory Auditors and the Council of Polish Agency for Audit Oversight (NSA) and
- Regulation (EU) No. 537/2014 of the European Parliament and of the Council of April,16 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the Regulation 537/2014).

Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Financial Statements* section of our report.
We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including *International Independence Standards*) (IESBA Code) adopted by the National Council of Statutory Auditors' resolution together with the ethical requirements that are relevant to our audit of the financial statements in Poland. In particular, in conducting the audit the Key Audit Partner and the Audit Firm remained independent of the Company in accordance with the provisions of the Act on Statutory Auditors and the Regulation 537/2014. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the annual financial statements of the current period. They include the most significant assessed risks of material misstatement, including assessed risk of material misstatement due to fraud. These matters were addressed in the context of the audit of the annual financial statements as a whole, and in forming the auditor's opinion thereon. Below, we provided a summary of our response to those risks and where relevant, key observations arising with those risks. We do not provide a separate opinion on these matters.

Sales revenues, recognition of bonuses, discounts and related receivables

Description

The sales revenues of Eurocash S.A. in 2023 amounted to PLN 18,676 mln.

The revenue measurement determinants such as estimation of volume-based discounts, incentives and rebates, as well as assessment of potential returns, transfer of risks and rewards and determination whether the Company act as an agent or principal - are considered to be complex.

The Company's disclosures regarding the recognition of revenue are set out in sections 2.1.5. "Judgments, estimates and assumptions" of general information, 2.2.18 "Trade receivables and other short-term receivables", 2.2.27 "Revenue from sales" of accounting policies and in notes No 12 "Trade receivables and other receivables" and 24 "Sales revenues generated during the reporting period" in the financial statements.

Grant Thornton

Auditor’s response

Audit procedures performed in this area included, among others:

- Obtaining an understanding and review of the Company’s accounting policy in relation to the recognition of revenues and revenue related estimates and assessing compliance of those policies with applicable accounting standards,
- Obtaining an understanding of the Company’s internal controls over identification and measurement of contractually agreed obligations,
- Tests of controls of bonuses and discounts system,
- Verification of the Management's estimates concerning liabilities for rebates and returns,
- Reconciliation between General Ledger and reporting system (Oracle) performed using Computer Assisted Audit Techniques,
- Analytical procedures on expected credit loss of receivables.

Going concern assumption – liquidity risk analysis

Description

Financial statements were prepared on the assumption that the Company would continue as a going concern in the foreseeable future, for a period of at least 12 months from the end of the reporting period.

Given the importance of liquidity and going concern basis and the fact that Management’s assessment of going concern involves making judgements, plans and forward-looking assumptions, we considered this to be a key audit matter.

The Company's disclosures regarding the going concern are set out in sections 2.1.7. "Going concern" of general information and in note No 35 "Financial risk management" in the financial statements.

Auditor’s response

Audit procedures performed in this area included, among others:

- Obtaining an understanding of the analysis carried out by the Management Board; inquiring the Management Board about assumptions used,
- Obtaining of an understanding, verifying and discussing with the Management Board the liquidity model prepared by the Board with assistance of an external advisor. Our procedures were performed with the support of Grant Thornton’s internal specialists,
- Reading terms of loan agreements and of agreements for open credit and factoring lines; verifying the amounts of financing available to the Company,
- Considering whether the assessment made by the Management Board takes into account all material information that we have obtained as a result of the audit until the date of our audit opinion,
- Discussing with the Management Board possible subsequent events that could materially affect and modify the going concern assumption and obtaining relevant written statements,
- Assessing the adequacy of disclosures related to the liquidity of the Company and the going concern basis included in the consolidated financial statements.

Goodwill

Description

The goodwill recognised in the financial statements is PLN 1,204 mln.

The risk in this area is a potential impairment of goodwill caused by the failure to achieve expected financial results by the cash-generating unit to which goodwill has been allocated. The Management Board of the Company carried out annual impairment tests of goodwill. The tests showed no impairment.

We consider the assessment of impairment to be a key audit matter due to the significant element of judgment, in particular regarding the assumptions made in the discounted cash flow model. These assumptions significantly affect the estimation of cash-generating units' value in use.

The Company's disclosures regarding recognition and measurement of goodwill are set out in sections 2.1.5. "Judgments, estimates and assumptions" of general information, 2.2.5 "Intangible assets", 2.2.21 "Impairment" of accounting policies and in notes No 1 "Goodwill and intangible assets" and 4 "Analysis of indication of potential impairment of assets" in the financial statements.

Auditor's response

Audit procedures performed in this area included, among others:

- Obtaining an understanding and analysis of the processes in the Company regarding the recognition of goodwill, as well as accounting policy concerning goodwill recognition and testing for impairment,
- Obtaining an understanding and analysis of the process of identification by the Management Board of the indicators of impairment of goodwill,
- Analysis of the methodology and arithmetic correctness of the model used for 2023 financial statements to determine the value in use of cash flow generating units,
- Verifying the Management Board's assumptions regarding financial forecasts used in financial models,
- Analysis of the economic performance in 2023 in comparison with the forecast values in 2022 test for impairment,
- Analysis of discount rates changes,
- Analysis of the sensitivity of the impairment test to the discount rates and growth rates volatility.

Tax risk – Uncertain tax positions

Description

Company takes part in multiple transactions which may be subject to audit by tax authorities. These include related-party transactions, such as purchase/ sale of trade goods, restructuring within the Eurocash Group, purchase of shares and intangible assets such as goodwill and trademarks.

Interpretation of settlements between related parties by external bodies (including tax authorities) may differ from the interpretation adopted by the Management Board.

The Company's disclosures regarding the uncertain tax positions are set out in sections 2.1.5. "Judgments, estimates and assumptions" of general information, 2.2.32 "Uncertain tax treatment" of accounting policies and in note No 22 "Income tax" in the financial statements.

Auditor's response

Audit procedures performed in this area included, among others:

- Obtaining an understanding of current status of disputes with tax authorities concerning prior periods (including CIT and VAT),
- Using our tax specialist to assist us in the evaluation of the Management's judgments in light of the tax law as well as current practice and legal interpretations,
- Analysis of the Company's external advisors' opinions concerning abovementioned cases,
- Testing of the measurement of provisions concerning the tax cases,

- Inquiring of the key management about the areas identified as the most exposed to the risk and about the safety measures implemented in these areas,
- Assessing the adequacy of disclosures related to the uncertain tax positions included in the financial statements.

Compliance risk & legal matters

Description

The Company conducts multiple activities and is qualified as “large entity” in legal terms which makes it subject to numerous regulatory requirements.

Taking this into account, the interpretation of the Company’s legal obligations made by external authorities (including tax authorities), may differ from interpretation adopted by Management Board.
In 2021, antimonopoly office conducted an investigation, after which it issued a decision of November 30, 2021 on the Company's violation of the provisions of the Act on counteracting the unfair use of contractual advantage in trading in agricultural and food products and imposed a fine on the Company. The company appealed the decision on December 30, 2021. On February 19, 2024, the Court of antimonopoly office pronounced the sentence reversing the appealed decision. The sentence is not final and may be appealed by the President of antimonopoly office.

The Company's disclosures regarding the Company’s compliance with law and regulations are set out in section 2.1.5. "Judgments, estimates and assumptions" of general information and in note No 33 "Data concerning items not included in the statements of financial position" in the financial statements.

Auditor’s response

Audit procedures performed in this area included, among others:

- Obtaining an understanding of current status of disputes with antimonopoly office,
- Analysing the Company’s external advisors’ opinions concerning abovementioned case,
- Testing of the measurement of provisions,
- Assessing the adequacy of disclosures related to the legal matters included in the consolidated financial statements.

Leasing - International Financial Reporting Standard 16

Description

The carrying amount of right-of-use assets presented in the financial statements is PLN 699 mln.

Recognition of leases in accordance with IFRS 16 requires an analysis of contracts, a number of judgments and estimates related to determining whether a contract is within the scope of IFRS 16 and how it should be recognised in accordance with the Standard.

The Company's disclosures regarding the recognition of leases are set out in sections 2.1.5. "Judgments, estimates and assumptions" of general information, 2.2.7 "Lease", 2.2.8 "Right-of-use assets" of accounting policies and in notes No 3 "Right-of-use assets" and 21 "Lease liabilities" in the financial statements.

Auditor's response

Audit procedures performed in this area included, among others:

- Obtaining an understanding and assessment of the policy adopted by the Management Board in the area of identifying lease contracts according to IFRS 16,
- Obtaining an understanding of the data collection system and contract records that had been implemented by the Company to ensure appropriate lease recognition,
- Obtaining an understanding of the lease contract calculation tool (MyLease),
- Test of details based on data from MyLease tool,
- Comparison of the amounts entered in the financial statements with the calculations provided in the MyLease tool.

Responsibilities of Management Board and Supervisory Board for the Annual Financial Statements

The Management Board of the Company is responsible for the preparation, on the basis of properly maintained books of account, of these annual financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of European Commission regulations, adopted accounting principles (policy), legal regulations, and the Company's articles of association. The Management Board of the Company is also responsible for such internal control as the Management Board determines is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the annual financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease the operations, or has no realistic alternative but to do so.

In accordance with the Accounting Act of September 29, 1994 (the Accounting Act), the Management Board and the Supervisory Board of the Company are obliged to assure compliance of the annual financial statements with the requirements of the Accounting Act. The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

The scope of the audit does not include assurance on the future viability of the Company or on the efficiency or effectiveness with which the Management Board has conducted or will conduct the affairs of the Company.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Information including the Report on the Company's operations

The other information comprises the Report on the Company's operations for the financial year ended December 31, 2023, the Corporate Governance Statement which is a separate part of the Report on the Company's operations and the separate Statement on non-financial information specified in Article 49b clause 1 of the Accounting Act and the Annual Report for the year ended December 31, 2023 (but does not include the financial statements and our auditor's report thereon)

Responsibilities of the Management Board and the Supervisory Board

The Management Board of the Company is responsible for the preparation of the other information in accordance with the Accounting Act and other legal regulations. The Management Board and the Supervisory Board of the Company are obliged to assure compliance of the Report on the Company's operations with the requirements of the Accounting Act.

Responsibilities of the Auditor

Our opinion on the annual financial statements does not cover the other information and we do not express any form of assurance conclusion thereon that results from NSAs. In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether it is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. Additionally, according to the Act on Statutory Auditors, our responsibility is to express an opinion on whether the Report on the Company's operations (excluding the statement specified in Article 49b of the Accounting Act) has been prepared in accordance with legal regulations and whether information included therein is consistent with the accompanying annual financial statements. Moreover, we are obliged to report on whether the Company prepared the Statement on non-financial information and to express an opinion on whether the Company included the required information in the Corporate Governance Statement. We obtained the Report on the Company's operations and the separate Statement on non-financial information prior to the date of this auditor's report, while the remaining parts of the Annual Report will be delivered later. If we conclude that there is a material misstatement in the Annual Report, we are required to communicate the matter to the Supervisory Board.

Opinion on the Report on the Company's operations

In our opinion, the Report on the Company's operations has been prepared in accordance with the applicable legal regulations, i.e. Article 49 of the Accounting Act and Paragraph 70 of the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information disclosed by issuers of securities and the conditions for recognition as equivalent of the information required by law of a non-member state (the Regulation on current and periodic information), and information included therein is consistent with the accompanying annual financial statements. Moreover, taking into account our knowledge of the Company and its environment obtained during the audit of the annual financial statements, we state that we have not identified any material misstatements in the Report on the Company's operations.

Opinion on the Corporate Governance Statement

In our opinion, the Corporate Governance Statement includes the information required by Paragraph 70 clause 6 point 5 of the Regulation on current and periodic information. The information specified in Paragraph 70 clause 6 point 5 letters c-f, h and i of the Regulation on current and periodic information included in the Corporate Governance Statement complies with applicable regulations and is consistent with the information included in the annual financial statements.

Information on the preparation of the separate Statement on non-financial information

As required by the Act on Statutory Auditors, we report that the Company informed in its Report on the Company's operations that it prepared the separate Statement on non-financial information specified in Article 49b clause 9 of the Accounting Act, and that the Company prepared such a separate statement.

Report on Other Legal and Regulatory Requirements

Statement on non-audit services

To the best of our knowledge and belief we confirm that we have not provided non-audit services prohibited in accordance with the provisions of Article 136 of the Act on Statutory Auditors and Article 5 clause 1 of the Regulation 537/2014.

Appointment of the Audit Firm

We were appointed to audit the annual financial statements of the Company for the years 2022 and 2023 by the Supervisory Board's resolution of June 27, 2022. We have been auditors of the Company since the financial year ended December 31, 2022, i.e. for 2 consecutive financial years.

Jan Letkiewicz

Statutory Auditor No. 9530
Key Audit Partner performing the audit on behalf of
Grant Thornton Polska Prosta spółka akcyjna,
Poznań, ul. Abpa Antoniego Baraniaka 88 E, Audit Firm No. 4055

Poznań, April 18, 2024.

THIS IS TRANSLATION ONLY. The Polish language version of the report is the only valid and legally binding version. This translation into English is provided to facilitate understanding of the report.

Independent Auditor's Report on Annual Consolidated Financial Statements

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For the Shareholders of Eurocash S.A.

Report on the Annual Consolidated Financial Statements

Opinion

We have audited the annual consolidated financial statements of the Group (the Group), in which the parent entity is Eurocash S.A. (the Parent) with its registered office in Komorniki at 11 Wiśniowa Street, which comprise the general information, consolidated income statement for the period from 1 January to 31 December 2023, consolidated statement of comprehensive income for the period from 1 January 2023 to 31 December 2023, consolidated statement of financial position as at 31 December 2023, consolidated statement of cash flows for the period from 1 January 2023 to 31 December 2023, consolidated statement of changes in equity for the period from 1 January 2023 to 31 December 2023 and notes to the consolidated statement financial statements prepared for the period from 1 January 2023 to 31 December 2023, comprising material accounting policy information and other explanatory notes.

In our opinion, the accompanying annual consolidated financial statements:

- give a true and fair view of the financial position of the Group as of December 31, 2023 and of its financial performance and of its cash flows for the financial year then ended in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of European Commission regulations and adopted accounting principles (policy),
- comply with the laws affecting the content and form of the annual consolidated financial statements and the provisions of the Parent's articles of association.

Grant Thornton Polska Prosta spółka akcyjna. Audit Firm No. 4055.
Management Board: Tomasz Wróblewski – President of the Board, Dariusz Bednarski – Vice-President of the Board, Jan Letkiewicz – Vice-President of the Board.
Registered office address: ul. Abpa Antoniego Baraniaka 88 E, 61-131 Poznań, Poland. Tax identification number NIP: 782-25-45-999. REGON: 302021882. Bank account: 31 1090 1476 0000 0001 3554 7340. District Court Poznań – Nowe Miasto i Wilda in Poznań, 8th Commercial Division of the National Court Register, KRS No. 0001002477.

The audit opinion is consistent with the additional report to the Audit Committee submitted on the same day as this audit report.

Basis for Opinion

We conducted our audit in accordance with:

- the Act of May 11, 2017 on statutory auditors, audit firms, and public supervision (the Act on Statutory Auditors),
- National Standards on Auditing in the wording of International Standards on Auditing adopted by resolutions of the National Council of Statutory Auditors and the Council of Polish Agency for Audit Oversight (NSA) and
- Regulation (EU) No. 537/2014 of the European Parliament and of the Council of April,16 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the Regulation 537/2014).

Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Consolidated Financial Statements* section of our report.
We are independent of the entities comprising the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including *International Independence Standards*) (IESBA Code) adopted by the National Council of Statutory Auditors' resolution together with the ethical requirements that are relevant to our audit of the financial statements in Poland. In particular, in conducting the audit the Key Audit Partner and the Audit Firm remained independent of the entities comprising the Group in accordance with the provisions of the Act on Statutory Auditors and the Regulation 537/2014. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the annual consolidated financial statements of the current period. They include the most significant assessed risks of material misstatement, including assessed risk of material misstatement due to fraud. These matters were addressed in the context of the audit of the annual consolidated financial statements as a whole, and in forming the auditor's opinion thereon. Below, we provided a summary of our response to those risks and where relevant, key observations arising with those risks. We do not provide a separate opinion on these matters.

Sales revenues, recognition of bonuses, discounts and related receivables

Description

The sales revenues of the Group in 2023 amounted to PLN 32,452 mln.

The revenue measurement determinants such as estimation of volume-based discounts, incentives and rebates, as well as assessment of potential returns, transfer of risks and rewards and determination whether the particular Company from the Group acts as an agent or principal - are considered to be complex.

The Group's disclosures regarding the recognition of revenue are set out in sections 2.1.5. "Judgments, estimates and assumptions" of general information, 2.2.19 "Trade receivables and other short-term receivables", 2.2.28 "Revenue from sales" of accounting policies and in notes No 12 "Trade receivables and other receivables" and 24 "Sales revenues generated during the reporting period" in the financial statements.

Auditor's response

Audit procedures performed in this area included, among others:

- Obtaining an understanding and review of the Group's accounting policy in relation to the recognition of revenues and revenue related estimates and assessing compliance of those policies with applicable accounting standards,
- Obtaining an understanding of the Group's internal controls over identification and measurement of contractually agreed obligations,
- Tests of controls in retail segment,
- Tests of controls of bonuses and discounts system,
- Verification of the Management's estimates concerning liabilities for rebates and returns,
- Reconciliation between General Ledger and reporting system (Oracle) performed using Computer Assisted Audit Techniques,
- Analytical procedures on expected credit loss of receivables.

Going concern basis – liquidity risk analysis

Description

Consolidated financial statements were prepared on the assumption that the Parent Company and the Group companies would continue as going concern in the foreseeable future, for a period of at least 12 months from the end of the reporting period.

Given the importance of liquidity and going concern basis and the fact that management's assessment of going concern involves making judgements, plans and forward-looking assumptions, we considered this to be a key audit matter.

The Group's disclosures regarding the going concern are set out in sections 2.1.8. "Going concern" of general information and in note No 33 " Financial risk management" in the financial statements.

Auditor's response

Audit procedures performed in this area included, among others:

- Obtaining an understanding of the analysis carried out by the Management Board; inquiring the Management Board about assumptions used,
- Obtaining of an understanding, verifying and discussing with the Management Board of the Parent Company the liquidity model prepared by the Board with assistance of an external advisor. Our procedures were performed with the support of Grant Thornton's internal specialists,
- Reading terms of loan agreements and of agreements for open credit and factoring lines; verifying the amounts of financing available to the Group,
- Considering whether the assessment made by the Management Board of the Parent Company takes into account all material information that we have obtained as a result of the audit until the date of our audit opinion,
- Discussing with the Management Board of the Parent Company possible subsequent events that could materially affect and modify the going concern assumption and obtaining relevant written statements,
- Assessing the adequacy of disclosures related to the liquidity of the Group and the going concern basis included in the consolidated financial statements.

Goodwill

Description

The goodwill recognised in the consolidated financial statements is PLN 2,138 mln.

The risk in this area is a potential impairment of goodwill caused by the failure to achieve expected financial results by the cash-generating unit to which goodwill has been allocated. The Management Board of the Parent Company carried out annual impairment tests of goodwill. The tests showed no impairment.

We consider the assessment of impairment to be a key audit matter due to the significant element of judgment, in particular regarding the assumptions made in the discounted cash flow model. These assumptions significantly affect the estimation of cash-generating units' value in use.

The Group's disclosures regarding recognition and measurement of goodwill are set out in sections 2.1.5. "Judgments, estimates and assumptions" of general information, 2.2.6 "Intangible assets", 2.2.22 "Impairment" of accounting policies and in notes No 2 "Goodwill and intangible assets" and 5 "Analysis of indication of potential impairment of assets" in the financial statements.

Auditor's response

Audit procedures performed in this area included, among others:

- Obtaining an understanding and analysis of the processes in the Group regarding the recognition of goodwill, as well as accounting policy concerning goodwill recognition and testing for impairment,
- Obtaining an understanding and analysis of the process of identification by the Management Board of the indicators of impairment of goodwill,
- Analysis of the methodology and arithmetic correctness of the model used for 2023 financial statements to determine the value in use of cash flow generating units,
- Verifying the Management Board's assumptions regarding financial forecasts used in financial models,
- Analysis of the economic performance in 2023 in comparison with the forecast values in 2022 test for impairment,
- Analysis of discount rates changes,
- Analysis of the sensitivity of the impairment test to the discount rates and growth rates volatility.

Tax risk – Uncertain tax positions

Description

Companies of Eurocash Group take part in multiple transactions which may be subject to audit by tax authorities. These include related-party transactions, such as purchase/ sale of trade goods, restructuring within the Eurocash Group, purchase of shares and intangible assets such as goodwill and trademarks.

Interpretation of settlements between related parties by external bodies (including tax authorities) may differ from the interpretation adopted by the Management Board.

The Group's disclosures regarding the uncertain tax positions are set out in sections 2.1.5. "Judgments, estimates and assumptions" of general information, 2.2.33 "Uncertain tax treatment" of accounting policies and in note No 22 "Income tax" in the financial statements.

Auditor's response

Audit procedures performed in this area included, among others:

- Obtaining an understanding of current status of disputes with tax authorities concerning prior periods (including CIT and VAT),
- Using our tax specialist to assist us in the evaluation of the Management's judgments in light of the tax law as well as current practice and legal interpretations,
- Analysis of the Group's external advisors' opinions concerning abovementioned cases,
- Testing of the measurement of provisions concerning the tax cases,
- Inquiring of the key management about the areas identified as the most exposed to the risk and about the safety measures implemented in these areas,
- Assessing the adequacy of disclosures related to the uncertain tax positions included in the consolidated financial statements.

Compliance risk & legal matters

Description

The companies of the Group conduct multiple activities and are qualified as "large entities" in legal terms which makes them subject to numerous regulatory requirements.

Taking this into account, the interpretation of the Group's legal obligations made by external authorities (including tax authorities), may differ from interpretation adopted by Management Board. In 2021, antimonopoly office conducted an investigation, after which it issued a decision of November 30, 2021 on the Group's violation of the provisions of the Act on counteracting the unfair use of contractual advantage in trading in agricultural and food products and imposed a fine on the Parent Company. The Parent Company appealed the decision on December 30, 2021. On February 19, 2024, the Court of antimonopoly office pronounced the sentence reversing the appealed decision. The sentence is not final and may be appealed by the President of antimonopoly office.

The Group's disclosures regarding the Group's compliance with law and regulations are set out in section 2.1.5. "Judgments, estimates and assumptions" of general information and in note No 31 "Data concerning items not included in the statements of financial position" in the consolidated financial statements.

Auditor's response

Audit procedures performed in this area included, among others:

- Obtaining an understanding of current status of disputes with antimonopoly office,
- Analysing the Parent Company's external advisors' opinions concerning abovementioned case,
- Testing of the measurement of provisions,
- Assessing the adequacy of disclosures related to the legal matters included in the consolidated financial statements.

Leasing - International Financial Reporting Standard 16

Description

The carrying amount of right-of-use assets presented in the consolidated financial statements is PLN 1,921 mln.

Recognition of leases in accordance with IFRS 16 requires an analysis of contracts, a number of judgments and estimates related to determining whether a contract is within the scope of IFRS 16 and how it should be recognised in accordance with the Standard.

The Group's disclosures regarding the recognition of leases are set out in sections 2.1.5. "Judgments, estimates and assumptions" of general information, 2.2.8 "Lease", 2.2.9 "Right-of-use assets" of accounting policies and in notes No 4 "Right-of-use assets" and 21 "Lease liabilities" in the consolidated financial statements.

Auditor's response

Audit procedures performed in this area included, among others:

- Obtaining an understanding and assessment of the policy adopted by the Management Board in the area of identifying lease contracts according to IFRS 16,
- Obtaining an understanding of the data collection system and contract records that had been implemented by the Group to ensure appropriate lease recognition,
- Obtaining an understanding of the lease contract calculation tool (MyLease),
- Test of details based on data from MyLease tool,
- Comparison of the amounts entered in the consolidated financial statements with the calculations provided in the MyLease tool.

Responsibilities of Management Board and Supervisory Board of the Parent for the Annual Consolidated Financial Statements

The Management Board of the Parent is responsible for the preparation of these annual consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Group in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of European Commission regulations, adopted accounting principles (policy), legal regulations, and the Parent's articles of association. The Management Board of the Parent is also responsible for such internal control as the Management Board determines is necessary to enable the preparation of annual consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the annual consolidated financial statements, the Management Board of the Parent is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board of the Parent either intends to liquidate the Group or to cease the operations, or has no realistic alternative but to do so.

In accordance with the Accounting Act of September 29, 1994 (the Accounting Act), the Management Board and the Supervisory Board of the Parent are obliged to assure compliance of the annual consolidated financial statements with the requirements of the Accounting Act. The Supervisory Board of the Parent is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Annual Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual consolidated financial statements.

The scope of the audit does not include assurance on the future viability of the Group or on the efficiency or effectiveness with which the Management Board of the Parent has conducted or will conduct the affairs of the Group.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board of the Parent.
- Conclude on the appropriateness of the Management Board of the Parent's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual consolidated financial statements, including the disclosures, and whether the annual consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the annual consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Supervisory Board of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Supervisory Board of the Parent with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From matters communicated with the Supervisory Board of the Parent, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Information including the Report on the Group's operations

The other information comprises the Report on the Group's operations for the financial year ended December 31, 2023, the Corporate Governance Statement which is a separate part of the Report on the Group's operations and the separate Statement on non-financial information specified in Article 55 clause 2b of the Accounting Act which are a separate parts of the Report on the Group's operations and the Annual Report for the year ended December 31, 2023 (but does not include the consolidated financial statements and our auditor's report thereon).

Responsibilities of the Management Board and the Supervisory Board of the Parent

The Management Board of the Parent is responsible for the preparation of the other information in accordance with the Accounting Act and other legal regulations. The Management Board and the Supervisory Board of the Parent are obliged to assure compliance of the Report on the Group's operations with the requirements of the Accounting Act.

Responsibilities of the Auditor

Our opinion on the annual consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon that results from NSAs. In connection with our audit of the annual consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether it is materially inconsistent with the annual consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. Additionally, according to the Act on Statutory Auditors, our responsibility is to express an opinion on whether the Report on the Group's operations (excluding the statement specified in Article 49b of the Accounting Act) has been prepared in accordance with legal regulations and whether information included therein is consistent with the accompanying annual consolidated financial statements. Moreover, we are obliged to report on whether the Parent prepared the Statement on non-financial information and to express an opinion on whether the Parent included the required information in the Corporate Governance Statement We obtained the Report on the Group's operations and the separate Statement on non-financial information prior to the date of this auditor's report, while the remaining parts of the Annual Report will be delivered later. If we conclude that there is a material misstatement in the Annual Report, we are required to communicate the matter to the Supervisory Board of the Parent.

Opinion on the Report on the Group's operations

In our opinion, the Report on the Group's operations has been prepared in accordance with the applicable legal regulations, i.e. Article 55 clause 2a of the Accounting Act and Paragraph 71 of the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information disclosed by issuers of securities and the conditions for recognition as equivalent of the information required by law of a non-member state (the Regulation on current and periodic information), and information included therein is consistent with the accompanying annual consolidated financial statements. Moreover, taking into account our knowledge of the Group and its environment obtained during the audit of the annual consolidated financial statements, we state that we have not identified any material misstatements in the Report on the Group's operations.

Opinion on the Corporate Governance Statement

In our opinion, the Corporate Governance Statement includes the information required by Paragraph 70 clause 6 point 5 of the Regulation on current and periodic information. The information specified in Paragraph 70 clause 6 point 5 letters c-f, h and i of the Regulation on current and periodic information included in the Corporate Governance Statement complies with applicable regulations and is consistent with the information included in the annual consolidated financial statements.

Information on the preparation of the separate Statement on non-financial information

As required by the Act on Statutory Auditors, we report that the Parent informed in its Report on the Group's operations that it prepared the separate Statement on non-financial information specified in Article 55 clause 2c of the Accounting Act, and that the Parent prepared such a separate statement.

Report on Other Legal and Regulatory Requirements

Opinion on the compliance of marking up of the consolidated financial statements prepared in a single electronic reporting format with the requirements of the regulation on technical standards on the specification of a single electronic reporting format

In connection with the audit of the annual consolidated financial statements, we have been engaged to perform a reasonable assurance engagement to express an opinion on whether the annual consolidated financial statements of the Group as at and for the year ended December 31, 2023, prepared in a single electronic reporting format contained in the file named *Eurocash-2023-12-31-pl.zip* (consolidated financial statements in the ESEF format) have been marked up in accordance with the requirements set out in the Commission Delegated Regulation (EU) 2019/815 of December 17, 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF Regulation).

Identification of the criteria and description of the subject matter of the engagement

The consolidated financial statements in the ESEF format were prepared by the Management Board of the Parent in order to meet the marking requirements and technical requirements for the specification of a single electronic reporting format, as set out in the ESEF Regulation.
The subject matter of our assurance engagement is to verify the compliance of marking up of the consolidated financial statements in the ESEF format with the requirements of the ESEF Regulation, and we believe that the requirements set out in the regulations form appropriate criteria for expressing our opinion.

Responsibility of the Parent's Management Board and Supervisory Board

The preparation of consolidated financial statements in the ESEF format in accordance with the marking requirements and technical requirements for the specification of a single electronic reporting format, as set out in the ESEF Regulation, is the responsibility of the Parent's Management Board. The responsibility includes the selection and application of appropriate XBRL markups with the use of the taxonomy defined in those regulations.
The responsibility of the Parent's Management Board also includes the design, implementation and maintenance of an internal control system to ensure the preparation of consolidated financial statements in the ESEF format free from material non-conformities with the requirements of the ESEF Regulation.
Members of the Parent's Supervisory Board are responsible for overseeing the financial reporting process, including the preparation of financial statements in accordance with the format resulting from applicable laws.

Auditor's Responsibility

Our objective was to express an opinion, on the basis of a reasonable assurance engagement, whether the consolidated financial statements in the ESEF format have been marked up in accordance with the requirements of the ESEF Regulation.
We performed the engagement in accordance with National Standard for Assurance Engagements other than Audits or Reviews 3001PL *Audit of Financial Statements Prepared in a Single Electronic Reporting Format*, which was adopted by resolution of the National Council of Statutory Auditors (NSAE 3001PL) and, where relevant, in accordance with National Standard for Assurance Engagements other than Audits or Reviews 3000 (R) in the wording of International Standard on Assurance Engagements (ISAE) 3000 (revised) *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, which was adopted by resolution of the National Council of Statutory Auditors (NSAE 3000 (R)).
The standard imposes on a statutory auditor an obligation to plan and perform procedures in such a manner as to obtain reasonable assurance that consolidated financial statements in the ESEF format have been prepared in accordance with the specified criteria. Reasonable assurance means a high level of assurance, but it does not guarantee that an engagement performed in accordance with NSAE 3001PL and, where relevant, in accordance with NSAE 3000 (R), would always detect an existing material misstatement.

The selection of the procedure depends on the statutory auditor's judgement, including their estimation of the risks of material misstatement, whether due to fraud or error. When assessing the risk, the statutory auditor considers internal control associated with the preparation of consolidated financial statements in the ESEF format in order to plan the relevant procedures which are to provide the auditor with sufficient and appropriate evidence. The assessment of the functioning of the internal control system was not conducted for the purpose of expressing an opinion on the effectiveness of its functioning.

Summary of the work performed

The procedures planned and performed by us included, among others:

- obtaining an understanding of the process of preparation of consolidated financial statements in the ESEF format, covering the process of the Parent's Management Board's selection and application of XBRL markups and ensuring compliance with the ESEF Regulation, including understanding of the internal control system mechanisms related to the process;
- reconciliation of the marked up information contained in the consolidated financial statements in the ESEF format with the audited annual consolidated financial statements;
- assessment of compliance with technical standards on the specification of a single electronic reporting format, including the application of the XHTML format, using specialist IT tools;
- assessment of the completeness of marking of information in the consolidated financial statements in the ESEF format with XBRL markups;
- assessment whether the XBRL markups from the taxonomy defined in the ESEF Regulation have been properly applied and whether extension taxonomies have been used in situations where the core taxonomy specified in the ESEF Regulation has not identified the relevant elements;
- assessment whether the applied extension taxonomies have been properly anchored in the core taxonomy defined in the ESEF Regulation.

We believe that the evidence we have obtained provides sufficient and appropriate basis for us to express an opinion on the compliance of marking up with the requirements of ESEF Regulation.

Ethical requirements, including independence

In performing the engagement, the statutory auditor and the audit firm complied with the independence requirements and other ethical requirements set out in the IESBA Code. The IESBA Code is based on fundamental principles relating to integrity, objectivity, professional competencies and due diligence, confidentiality and professional conduct. We also complied with other independence and ethics requirements that apply to this assurance engagement in Poland.

Quality management requirements

The audit firm applies national quality control standards in the wording adopted by resolution of the Council of the Polish Audit Oversight Agency, which requires the audit firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Opinion on the compliance with the requirements of ESEF Regulation

The statutory auditor's opinion is based on the matters described above, therefore, the opinion should be read in consideration of these matters.
In our opinion, the consolidated financial statements in the ESEF format have been marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

Statement on non-audit services

To the best of our knowledge and belief we confirm that we have not provided non-audit services prohibited in accordance with the provisions of Article 136 of the Act on Statutory Auditors and Article 5 clause 1 of the Regulation 537/2014.

Appointment of the Audit Firm

We were appointed to audit the annual consolidated financial statements of the Group for the years 2022 and 2023 by the Parent's Supervisory Board's resolution of June 27, 2022. We have been auditors of the Company since the financial year ended December 31, 2022, i.e. for 2 consecutive financial years.

Jan Letkiewicz

Statutory Auditor No. 9530
Key Audit Partner performing the audit on behalf of
Grant Thornton Polska Prosta spółka akcyjna,
Poznań, ul. Abpa Antoniego Baraniaka 88 E, Audit Firm No. 4055

Poznań, April 18, 2024.

THIS IS TRANSLATION ONLY. The Polish language version of the report is the only valid and legally binding version. This translation into English is provided to facilitate understanding of the report.

Part E

Consolidated financial statements

KOMORNIKI, 18th of April 2024

EUROCASH S.A. GROUP

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2023 TO 31 DECEMBER 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.

KOMORNIKI, 18th April 2024

Table of contents:

1. GENERAL INFORMATION

1.1. INFORMATION ABOUT THE PARENT ENTITY

1.1.1. NAME

EUROCASH Spółka Akcyjna (Parent Entity)

There were no changes in the Group related to the name of the reporting unit and other identification data.

1.1.2. ADDRESS

ul. Wiśniowa 11, 62-052 Komorniki, Poland

1.1.3. REGISTERED OFFICE

ul. Wiśniowa 11, 62-052 Komorniki

1.1.4. CORE BUSINESS

Non-specialized wholesale trade (PKD 4690Z)

1.1.5. TERRITORY OF ACTIVITY

Poland

1.1.6. REGISTRATION COURT

District Court Poznań - Nowe Miasto and Wilda in Poznań, VIII Commercial Department of the National Court Register, KRS 0000213765, Poland

1.1.7. PERIOD FOR WHICH THE GROUP WAS ESTABLISHED

The duration of the parent company and entities comprising the Capital Group is indefinite.

1.1.8. PERIOD COVERED BY THE FINANCIAL STATEMENTS

The reporting period started 1 January 2023 and ended 31 December 2023 and comparative period is the period from 1 January 2022 to 31 December 2022.

Consolidated statement of financial position has been prepared as at 31 December 2023, and the comparative figures are presented as at 31 December 2022.

The Company prepared the consolidated financial statements for the year ended 31 December 2023, which included the amendment to be published on 18 April 2024

1.2. BOARD OF THE PARENT ENTITY

1.2.1. MANAGEMENT BOARD OF THE PARENT ENTITY

As at 31 December 2023 the Eurocash S.A. Management Board consisted of the following members:

Paweł Surówka – President 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,
Szymon Mitoraj – Member of the Management Board.

1.2.2. SUPERVISORY BOARDS

As at 31 December 2023 the Eurocash S.A. 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.

1.2.3. CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARD

On 28 June 2023, the Supervisory Board of Eurocash 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 of Eurocash with effect from 30 September 2023.

On 19 December 2023, the Company received a notification from Mr. Pedro Martinho of his resignation from the position of Member of the Management Board of Eurocash with effect from 31 December 2023.

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 01.01 TO 31.12.2023

	Note	for the period from 01.01.2023 to 31.12.2023	for the period from 01.01.2022 to 31.12.2022
Sales		**32 451 962 545,0**	**30 857 664 974,0**
Sales of goods	24	32 331 090 075,0	30 723 669 008,0
Sales of services	24	117 176 036,0	127 934 424,0
Sales of materials	24	3 696 434,0	6 061 542,0
Costs of sales		**(28 042 725 920,0)**	**(26 624 888 589,0)**
Costs of goods sold		(28 039 542 815,0)	(26 619 317 318,0)
Costs of materials sold		(3 183 105,0)	(5 571 271,0)
Gross profit (loss)		**4 409 236 625,0**	**4 232 776 385,0**
Selling expenses	25	(3 481 090 455,0)	(3 348 035 321,0)
General and administrative expenses	25	(527 222 232,0)	(508 481 417,0)
Profit (loss) on sales		**400 923 938,0**	**376 259 647,0**
Other operating income	26	64 876 502,0	77 959 506,0
Other operating expenses	26	(29 806 238,0)	(50 487 685,0)
Operating profit (loss)		**435 994 202,0**	**403 731 468,0**
Financial income	27	67 121 368,0	58 727 320,0
Financial costs	27	(308 196 275,0)	(280 083 452,0)
Share in profits (losses) of equity accounted investees		77 016,0	212 332,0
Profit (loss) before tax		**194 996 311,0**	**182 587 668,0**
Income tax expense	22	(50 274 268,0)	(93 357 201,0)
Profit (loss) for the period		**144 722 043,0**	**89 230 467,0**
Attributable to:			
Owners of the Company		99 202 121,0	67 109 778,0
Non-controlling interests		45 519 922,0	22 120 689,0

EARNINGS PER SHARE

	Note	PLN / share	PLN / share
Profit (loss) attributable to Owners of the Company		99 202 121,0	67 109 778,0
Weighted average number of shares	28	139 163 286	139 163 286
Weighted average diluted number of shares	28	139 758 006	139 163 286
Basic earnings loss per share		0,71	0,48
- continuing operation		0,71	0,48
- discontinued operations		0	0
Diluted earnings loss per share		0,71	0,48
- continuing operation		0,71	0,48
- discontinued operations		0	0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 01.01 TO 31.12.2023

	for the period from 01.01.2023 to 31.12.2023	for the period from 01.01.2022 to 31.12.2022
Profit (loss) for the period	**144 722 043,0**	**89 230 467,0**
Other comprehensive income for the period	(5 188 710,0)	(13 682 826,0)
Items that may be subsequently reclassified to profit or loss:	**(5 188 710,0)**	**(13 682 826,0)**
- The result on hedge accounting with the tax effect:	(5 188 710,0)	(13 682 826,0)
Total comprehensive income for the period	**139 533 333,0**	**75 547 641,0**
Total Income		
Owners of the Company	94 013 411,0	53 426 952,0
Non-controlling interests	45 519 922,0	22 120 689,0
Total comprehensive income for the period	**139 533 333,0**	**75 547 641,0**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31.12.2023

Assets	*Note*	as at 31.12.2023	as at 31.12.2022
Non-current assets		**5 147 859 470,0**	**5 185 870 289,0**
Goodwill	2	2 138 258 889,0	2 138 258 890,0
Intangible assets	2	301 323 081,0	322 077 303,0
Property, plant and equipment	3	662 300 022,0	673 284 851,0
Right of use assets	4	1 920 854 287,0	1 904 671 757,0
Investment property	6	694 264,0	150 110,0
Investments in equity accounted investees	7	13 663 103,0	13 586 088,0
Other long-term investments	8	1 319 956,0	1 746 897,0
Long-term receivables	9	17 457 469,0	14 995 719,0
Deferred tax assets	23	81 688 143,0	107 333 820,0
Other long-term prepayments	10	10 300 256,0	9 764 854,0
Current assets		**3 908 419 583,0**	**3 483 952 402,0**
Inventories	11	1 998 757 721,0	1 636 113 684,0
Trade receivables	12	1 331 906 355,0	1 446 398 829,0
Current tax receivables	12	7 236 336,0	32 592 660,0
Other short-term receivables	12	252 957 970,0	143 164 414,0
Other short-term financial assets	13	110 250,0	6 404 073,0
Short-term prepayments	14	43 697 944,0	41 485 331,0
Cash and cash equivalents	15	273 753 007,0	177 793 411,0
Total assets		**9 056 279 053,0**	**8 669 822 691,0**

Equity and liabilities	Note	as at 31.12.2023	as at 31.12.2022
			0
Equity		**919 463 441,0**	**798 902 858,0**
Equity attributable to Owners of the Company		**799 682 710,0**	**710 224 316,0**
Share capital	16	139 163 286,0	139 163 286,0
Reserve capital		592 594 902,0	584 886 410,0
Valuation equity of hedging transactions		(8 256 604,0)	(3 067 894,0)
Option for purchase/selling the shares		(104 480 658,0)	(147 085 648,0)
Retained earnings		180 661 784,0	136 328 162,0
Accumulated profit / loss from previous years		81 459 663,0	69 218 384,0
Profit (loss) for the period		99 202 121,0	67 109 778,0
Non-controlling interests		119 780 731,0	88 678 542,0
Liabilities		**8 136 815 612,0**	**7 870 919 833,0**
Non-current liabilities		**2 147 171 379,0**	**2 057 724 333,0**
Long-term loans and borrowings	19	361 872 000,0	168 656 000,0
Other long-term financial liabilities	20	125 278 658,0	131 074 826,0
Long-term lease liabilities	21	1 628 359 114,0	1 657 858 563,0
Other long-term liabilities	18	21 794 051,0	89 342 861,0
Employee benefits	17	9 509 525,0	9 161 029,0
Provisions	17	358 031,0	1 631 054,0
Current liabilities		**5 989 644 233,0**	**5 813 195 500,0**
Loans and borrowings	19	90 047 037,0	503 666 864,0
Other short-term financial liabilities	20	16 271 028,0	15 041 726,0
Short-term lease liabilities	21	474 990 572,0	427 369 305,0
Trade payables	18	4 654 723 282,0	4 114 406 061,0
Current tax liabilities	18	27 520 619,0	30 932 775,0
Other short-term payables	18	260 664 357,0	226 855 355,0
Current employee benefits	17	159 376 025,0	188 370 484,0
Provisions	17	306 051 313,0	306 552 930,0
Total equity and liabilities		**9 056 279 053,0**	**8 669 822 691,0**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 01.01 TO 31.12.2023

	for the period from 01.01.2023 to 31.12.2023	for the period from 01.01.2022 to 31.12.2022
Cash flow from operating activities		
Profit (loss) before tax	**194 996 311,0**	**182 587 668,0**
Adjustments for:	**899 971 084,0**	**848 133 491,0**
Depreciation and amortization	629 535 004,0	596 570 230,0
Share in profits (losses) of equity accounted investees	(77 016,0)	(212 331,0)
Valuation of motivational programm	7 708 492,0	3 854 246,0
Gain (loss) on sale of property, plant and equipment	7 295 646,0	10 375 115,0
Profit (loss) on exchange rates	(25 774 058,0)	8 393 477,0
Dividends received	(201 772,0)	(258 612,0)
Interest expenses	291 901 109,0	271 279 247,0
Interest received	(10 416 321,0)	(41 867 881,0)
Operating cash before changes in working capital	**1 094 967 395,0**	**1 030 721 159,0**
Changes in inventory	(362 644 037,0)	(100 467 194,0)
Changes in receivables	12 977 054,0	(87 697 619,0)
Changes in payables	553 522 721,0	278 822 496,0
Changes in provisions and employee benefits	(31 125 481,0)	(27 910 318,0)
Other adjustments	(354 150,0)	(1 767 398,0)
Operating cash	**1 267 343 502,0**	**1 091 701 126,0**
Interest received	7 058 401,0	5 048 729,0
Interest paid	(120 189 878,0)	(106 115 897,0)
Income tax paid	(15 508 064,0)	(102 117 862,0)
Net cash from operating activities	**1 138 703 961,0**	**888 516 096,0**
Cash flow from investing activities		
Aquisition of intangible assets	(48 418 463,0)	(50 500 051,0)
Proceeds from sale of intangible assets, property, plant and equipment	1 878 876,0	194 677,0
Aquisition of property, plant and equipment tangible fixed assets	(136 839 681,0)	(166 855 400,0)
Proceeds from sale of property, plant and equipment	3 778 591,0	21 069 858,0
Income/expenses from sale of investment property	396 136,0	0
Expenditures on financial assets	(110 250,0)	0
Dividends received	201 771,0	258 611,0
Aquisition of subsidiaries, net of cash aquired	0	(1 408 456,0)
Interest received	3 846 125,0	7 133 299,0
Net cash used in investing activities	**(175 266 895,0)**	**(190 107 462,0)**
Cash flow from financing activities		
Income/expenses for other financial liabilities	(3 954 815,0)	(1 722 047,0)
Proceeds from loans and borrowings	85 340 989,0	0
Repayment of borrowings	(305 744 816,0)	(132 548 012,0)
Expenses for liabilities from leasing	(407 229 519,0)	(373 425 420,0)
Interest on finance lease	(87 616 782,0)	(71 132 281,0)
Other interests	(15 204 927,0)	14 571 880,0
Interests on loans and borrowings	(71 389 236,0)	(66 080 273,0)
Dividends paid	(61 678 363,0)	(10 869 783,0)
Net cash used in financing activities	**(867 477 469,0)**	**(641 205 936,0)**
Net change in cash and cash equivalents	**95 959 597,0**	**57 202 698,0**
Cash and cash equivalents at the beginning of the period	177 793 411,0	120 590 711,0
Cash and cash equivalents at the end of the period	**273 753 007,0**	**177 793 411,0**

CONSOLIDATED STATEMENT ON CHANGES IN EQUITY FOR THE PERIOD FROM 01.01 TO 31.12.2023

Changes in equity in the period from 01.01 to 31.12.2022	Share capital	Reserve capital	Option for purchase/selling the shares	Hedge reserve	Retained earnings	Equity attributable to Owners of the Company	Non-controlling interests	Total
Balance as at 01.01.2022	**139 163 286,0**	**581 032 164,0**	**(115 838 349,0)**	**10 614 932,0**	**84 149 061,0**	**699 121 094,0**	**87 475 083,0**	**786 596 177,0**
Owners of the Company	0	0	0	0	67 109 778,0	**67 109 778,0**	0	**67 109 778,0**
Non-controlling interests	0	0	0	0	0	0	22 120 689,0	**22 120 689,0**
Profit/Loss	0	0	0	0	67 109 778,0	67 109 778,0	22 120 689,0	89 230 467,0
Other comprehensive income	0	0	0	(13 682 826,0)	0	(13 682 826,0)	0	**(13 682 826,0)**
Total comprehensive income for the period from 01.01. to 31.12.2022	0	0	0	**(13 682 826,0)**	**67 109 778,0**	**53 426 952,0**	**22 120 689,0**	**75 547 641,0**
Dividends paid	0	0	0	0	0	0	(13 419 485,0)	**(13 419 485,0)**
Equity-settled share-based payment transactions	0	3 854 246,0	0	0	0	3 854 246,0	0	**3 854 246,0**
Acquisition of the company	0	0	0	0	0	0	(7 497 745,0)	**(7 497 745,0)**
Option for purchase/selling the shares	0	0	(31 247 299,0)	0	0	(31 247 299,0)	0	**(31 247 299,0)**
Other	0	0	0	0	(14 930 677,0)	(14 930 677,0)	0	**(14 930 677,0)**
Total contributions by and distributions to Owners of the Company	0	3 854 246,0	**(31 247 299,0)**	0	**(14 930 677,0)**	**(42 323 730,0)**	**(20 917 230,0)**	**(63 240 960,0)**
Changes in equity	0	3 854 246,0	**(31 247 299,0)**	**(13 682 826,0)**	**52 179 101,0**	**11 103 222,0**	**1 203 459,0**	**12 306 681,0**
Balance as at 31.12.2022	**139 163 286,0**	**584 886 410,0**	**(147 085 648,0)**	**(3 067 894,0)**	**136 328 162,0**	**710 224 316,0**	**88 678 542,0**	**798 902 858,0**

Changes in equity in the period from 01.01 to 31.12.2023

	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
Balance as at 01.01.2023	**139 163 286,0**	**584 886 410,0**	**(147 085 648,0)**	**(3 067 894,0)**	**136 328 162,0**	**710 224 316,0**	**88 678 542,0**	**798 902 858,0**
Owners of the Company	0	0	0	0	99 202 121,0	**99 202 121,0**	0	**99 202 121,0**
Non-controlling interests	0	0	0	0	0	0	45 519 922,0	**45 519 922,0**
Profit/Loss	0	0	0	0	99 202 121,0	99 202 121,0	45 519 922,0	144 722 043,0
Other comprehensive income	0	0	0	(5 188 710,0)	0	(5 188 710,0)	0	**(5 188 710,0)**
Total comprehensive income for the period from 01.01. to 31.12.2023	0	0	0	**(5 188 710,0)**	**99 202 121,0**	**94 013 411,0**	**45 519 922,0**	**139 533 333,0**
Dividends paid	0	0	0	0	(50 000 000,0)	(50 000 000,0)	(14 417 733,0)	**(64 417 733,0)**
Valuation of motivational program for employees*	0	7 708 492,0	0	0	0	7 708 492,0	0	**7 708 492,0**
Option for purchase/selling the shares	0	0	42 604 990,0	0	0	42 604 990,0	0	**42 604 990,0**
Other	0	0	0	0	(4 868 499,0)	(4 868 499,0)	0	**(4 868 499,0)**
Total contributions by and distributions to Owners of the Company	0	7 708 492,0	**42 604 990,0**	0	**(54 868 499,0)**	**(4 555 017,0)**	**(14 417 733,0)**	**(18 972 750,0)**
Changes in equity	0	7 708 492,0	**42 604 990,0**	**(5 188 710,0)**	**44 333 622,0**	**89 458 394,0**	**31 102 189,0**	**120 560 583,0**
Balance as at 31.12.2023	**139 163 286,0**	**592 594 902,0**	**(104 480 658,0)**	**(8 256 604,0)**	**180 661 784,0**	**799 682 710,0**	**119 780 731,0**	**919 463 441,0**

*note 16

2. SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01 TO 31.12.2023

2.1. GENERAL INFORMATION

2.1.1. ISSUE OF THE CONSOLIDATED FINANCIAL STATEMENTS

By the resolution of the Management Board of 18 April 2024, the consolidated financial statements of Eurocash S.A. ("Group", "Grupa Kapitałowa", "Eurocash Group", "Eurocash Capital Group") for the period from 1 January 2023 to 31 December 2023 has been approved for publication.

According to the information included in the report no. 1/2024 dated 31 January 2024 sent to the Polish Financial Supervision Authority, Eurocash S.A. issues its consolidated financial statements on 19 April 2024.

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

2.1.2. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union ("EU IFRSs"). As at the date of approval of this report for publication, taking into account the ongoing process of introducing IFRS in the European Union, the IFRS applicable to this financial statement do not differ from EU IFRSs.

2.1.3. IMPACT OF NEW STANDARDS AND INTERPRETATIONS ON THE FINANCIAL STATEMENTS OF THE GROUP

The accounting principles (policies) used to prepare the consolidated financial statements are consistent with those used to prepare the annual consolidated financial statements of the Group for the year ended 31 December 2022, with the exception of the application of new or amended standards and interpretations applicable to annual periods beginning on 1 January 2023 and later.

The amended standards and interpretations, which apply for the first time in 2023, do not have a significant impact on the Group's annual financial statements.

– New IFRS 17 "Insurance Contracts"

A new standard regulating the recognition, measurement, presentation and disclosure of insurance and reinsurance contracts. The standard replaced the existing IFRS 4. The standard is effective for annual periods beginning on or after 1 January 2023.

– Amendment to IFRS 17 "Insurance Contracts"

The Board established transitional provisions on comparative data for entities that implement IFRS 17 and IFRS 9 simultaneously to reduce potential accounting mismatches arising from differences between these standards. The change is effective for annual periods starting on 1 January 2023 or later.

– Amendment to IAS 1 "Presentation of financial statements"

The IAS Council clarified which information regarding the accounting policy applied by the entity is significant and requires disclosure in the financial statements. The principles focus on tailoring disclosures to an individual's circumstances. The Council warns against the use of standardized provisions copied from IFRS and expects that the basis for the valuation of financial instruments will be considered material information. The change is effective for annual periods beginning on or after 1 January 2023.

- Amendment to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Correction of Errors"

The Council introduced the definition of an accounting estimate into the standard: Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. The change is effective for annual periods beginning on or after 1 January 2023.

- Amendment to IAS 12 "Income Taxes"

The Council introduced the principle that if a transaction results in both positive and negative temporary differences in the same amount, assets and a provision for deferred income tax should be recognized even if the transaction does not result from the merger or has no impact on the accounting or tax result. This means the need to recognize assets and deferred tax provisions, e.g. when temporary differences in equal amounts occur in the case of leasing (a separate temporary difference from the liability and from the right to use) or in the case of reclamation liabilities. The rule that deferred tax assets and liabilities are offset if current tax assets and liabilities are subject to offsetting has not been changed. The change is effective for annual periods beginning on or after 1 January 2023.

- Amendment to IAS 12 "Income Taxes"

The change introduces a temporary exemption from recognizing deferred tax resulting from the implementation of international tax reform (Pillar II) and the obligation to introduce additional related disclosures. The change is effective for annual periods beginning on or after 1 January 2023.
The provisions of EU Council Directive 2022/2523 of 15 December 2023 on ensuring a global minimum level of taxation of international enterprise groups and large domestic groups in the Union (the so-called Pillar II) have not been implemented into the national legal order in 2023 in Poland. For this reason, the Company had no basis to recognize deferred tax in connection with the so-called global minimum tax in Poland in the financial statements for 2023.

The Company has not decided to early apply any standard, interpretation or change that has been published but has not yet entered into force in the light of European Union regulations.

The following standards and interpretations have been published by the International Accounting Standards Board, but have not yet entered into force:

- Amendment to IAS 1 "Presentation of financial statements"

The IAS Council clarified the rules for classifying liabilities as long- or short-term primarily in two aspects:

- it was clarified that the classification depends on the rights the entity has as at the balance sheet date,
- management's intentions to accelerate or delay payment of the obligation are not taken into account.

The changes are effective for annual periods beginning on or after 1 January 2024.

- Amendment to IAS 1 "Presentation of financial statements"

The change clarifies that as at the balance sheet date, the entity does not take into account covenants that will have to be met in the future when considering the classification of liabilities as long- or short-term. However, the entity should disclose information about these covenants in the explanatory notes to the financial statements. The change is effective for annual periods beginning on or after 1 January 2024.

- Amendment to IFRS 16 "Leases"

The amendment clarifies the requirements for the valuation of leasing liabilities arising from sale and leaseback transactions. It is intended to prevent incorrect recognition of the result on the transaction in the part relating to the retained right of use when leasing payments are variable and do not depend on the index or rate. The change is effective for annual periods beginning on or after 1 January 2024.

- Amendments to IAS 7 "Cash Flow Statement" and IFRS 7 "Financial Instruments – Disclosures"

The changes clarify the features of contracts for financing liabilities to suppliers (so-called reverse factoring contracts) and introduce the obligation to disclose information on contracts concluded with suppliers, including their terms, amounts of these liabilities, payment dates and information on liquidity risk. The changes are effective for annual periods beginning on or after 1 January 2024.

- Amendment to IAS 21 "The effects of changes in foreign exchange rates"

The amendment clarifies how an entity should assess whether a currency is convertible and how it should determine the exchange rate if it is not convertible, and requires disclosure of information that will enable users of financial statements to understand the impact of the lack of convertibility of a currency. The change is effective for annual periods beginning on or after 1 January 2025.

The effective dates are the dates resulting from the content of the standards announced by the International Financial Reporting Council. The dates of application of standards in the European Union may differ from the dates of application resulting from the content of the standards and are announced at the time of approval for use by the European Union.

The Group intends to implement the provisions of the standards for the first time when they enter into force, provided that they are significant for the Group.

2.1.4.FUNCTIONAL AND PRESENTATION CURRENCY, ROUNDINGS

These consolidated 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).

2.1.5.USE OF ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with UE IFRSs requires management 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 are made based on historical experience and other factors accepted as reasonable in given circumstances, and the results of estimates and judgements are a basis for the determination of the carrying value of assets and liabilities not resulting directly from other sources. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Impairment of assets

Judgment is required to analyze the premises for impairment and conduct tests. In this context, in particular, the feasibility of budgets and the impact of the Covid-19 pandemic on the Group's operations were analyzed. As a consequence of these premises, the Group conducted tests for the loss of goodwill and other assets. This required estimating the recoverable value in use of the cash-generating units to which the goodwill and trademarks are allocated. Estimating the value in use consists in determining the future cash flows generated by the cash-generating unit and requires determining the discount rate to be applied in order to calculate the present value of these flows. The assumptions made for that purpose are presented in Note 5.

Impairment of trade receivables

In the current period, estimates of expected credit losses were updated. Details are included in note 33.

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. Details in pt. 2.2.28. 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.

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.
For contracts concluded for an indefinite period, the Management Board of the Company makes a judgment to determine with sufficient certainty the duration of the contract based on budget assumptions. The Group has the option, 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.

Generally, suppliers of alcohol, tobacco and other products with long-term shelf life participate in factoring programs. Only approximately 5% of the turnover realized with the help of factoring programs concerns suppliers of fresh and perishable products. Security granted to factors takes the form of: bills of exchange, powers of attorney to bank accounts, declarations of submission to enforcement and sureties of Group companies. The security measures are comparable to those provided to suppliers.

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.

Split payment

According to the Management Board's judgment, restrictions on the use of cash on VAT accounts resulting from the 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.

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

The Group assumes the expected option exercise amount as the basis for the valuation of the liability. The exercise amount of the option is determined based on the current and future results of the Companies covered by the option using the multipliers specified in the agreement.

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.

2.1.6. COMPARABILITY OF FINANCIAL STATEMENTS

The accounting principles and calculation methods used in the preparation of these annual consolidated financial statements have not changed compared to those used in the last annual consolidated financial statements for the financial year ending 31 December 2022, except for the application of new or amended standards and interpretations applicable to annual periods beginning on 1 January 2023 and later.

2.1.7. INFORMATION ABOUT THE PARENT ENTITY, THE CAPITAL GROUP, THE ASSOCIATES AND JOINT VENTURE

Eurocash S.A. is a Parent Entity, registered in the District Court Poznań - Nowe Miasto and Wilda in Poznań, VIII Commercial Department of the National Court Register; registration number: 00000213765; located in Komorniki, ul. Wiśniowa 11.

The main business activity of the Parent Entity is non-specialized wholesale trade (PKD 4690Z).

Shares of Eurocash S.A. are traded on Warsaw Stock Exchange.

Below is a list of companies in which the Group does not hold 100% of shares

As at 31 December 2023

No.	Entity name	Registered office	% of shares
1	Eurocash Serwis Sp. z o.o.	ul .Wiśniowa 11 62-052 Komorniki	75%
2	Lewiatan Holding S.A.	ul. Kilińskiego 10 87-800 Włocławek	67%
3	Inmedio Sp. z o.o.	ul. Al.Jerozolimskie 174 02-486 Warszawa	51%
4	Firma Rogala Sp. z o.o.	ul. Grunwaldzka 59 38-350 Bobowa	50%*
5	Delikatesy Rogala Obszar II Sp. z o.o.	ul. Grunwaldzka 59 38-350 Bobowa	50% (through the shares in Firma Rogala sp. z o.o.)
6	Delikatesy Rogala Obszar III Sp. z o.o.	ul. Grunwaldzka 59 38-350 Bobowa	50% (through the shares in Firma Rogala sp. z o.o.)
7	Delikatesy Rogala Obszar IV Sp. z o.o.	ul. Grunwaldzka 59 38-350 Bobowa	50% (through the shares in Firma Rogala sp. z o.o.)
8	Delikatesy Rogala Obszar V Sp. z o.o.	ul. Grunwaldzka 59 38-350 Bobowa	50% (through the shares in Firma Rogala sp. z o.o.)
9	Arhelan Sp. z o.o.	Al. Józefa Piłsudskiego 45 17-100 Bielsk Podlaski	50%*
10	Stormer sp. z o.o.	Al. Józefa Piłsudskiego 45 17-100 Bielsk Podlaski	50% (through the shares in Arhelan sp. z o.o.)
11	Partnerski Serwis Detaliczny S.A.	Ul. Grażyny 15 02-548 Warszawa	50%

As at 31 December 2022

No.	Entity name	Registered office	% of shares
1	Eurocash Serwis Sp. z o.o.	ul .Wiśniowa 11 62-052 Komorniki	75%
2	Lewiatan Holding S.A.	ul. Kilińskiego 10 87-800 Włocławek	67%
3	Inmedio Sp. z o.o.	ul. Al.Jerozolimskie 174 02-486 Warszawa	51%
4	Firma Rogala Sp. z o.o.	ul. Grunwaldzka 59 38-350 Bobowa	50%*
5	Delikatesy Rogala Obszar I Sp. z o.o.	ul. Grunwaldzka 59 38-350 Bobowa	50% (through the shares in Firma Rogala sp. z o.o.)
6	Delikatesy Rogala Obszar II Sp. z o.o.	ul. Grunwaldzka 59 38-350 Bobowa	50% (through the shares in Firma Rogala sp. z o.o.)
7	Delikatesy Rogala Obszar III Sp. z o.o.	ul. Grunwaldzka 59 38-350 Bobowa	50% (through the shares in Firma Rogala sp. z o.o.)
8	Delikatesy Rogala Obszar IV Sp. z o.o.	ul. Grunwaldzka 59 38-350 Bobowa	50% (through the shares in Firma Rogala sp. z o.o.)
9	Delikatesy Rogala Obszar V Sp. z o.o.	ul. Grunwaldzka 59 38-350 Bobowa	50% (through the shares in Firma Rogala sp. z o.o.)
10	Arhelan Sp. z o.o.	Al. Józefa Piłsudskiego 45 17-100 Bielsk Podlaski	50%*
11	Stormer sp. z o.o.	Al. Józefa Piłsudskiego 45 17-100 Bielsk Podlaski	50% (through the shares in Arhelan sp. z o.o.)
12	Partnerski Serwis Detaliczny S.A.	Ul. Grażyny 15 02-548 Warszawa	50%

On 1 September 2023, Firma Rogala Sp. was. z o. o. (acquiring company) was merged with Delikatesy Rogala Obszar I Sp. z o. o. (acquired company).

On 1 December 2023, FHC-2 Sp.. z o. o. (acquiring company) was merged with Madas Sp. z o. o. (acquired company).

* As indicated above, the Group holds 50% of shares in Arhelan Sp. z o. o. and Firma Rogala Sp. z o. o.

According to IFRS 10, in order for control over a subsidiary to be considered, all three elements of the definition of control must be met, i.e.:

1. Management

a) Both companies concluded a franchise agreement with Eurocash's subsidiary Eurocash Franczyza, according to which they are obliged to purchase loyalty towards the Eurocash franchise group - which is a key factor enabling the Eurocash Group to influence their financial results

b) Eurocash has a real influence on adopting resolutions on all matters assigned to the shareholders' competences

c) All activities related to representing the Company and conducting its affairs (especially those exceeding the scope of ordinary management) require the action of a Member of the Management Board appointed by Eurocash

d) Company Agreements and Investment Agreements provide for restrictions on the sale of their shares, the purpose of which is to first sell their shares to the other shareholder (pre-emptive right)

2. Exposure to volatility of financial results

a) Eurocash, as a partner, is entitled to participate in the companies' profits (dividends)

b) Pursuant to the terms of the franchise agreement, Eurocash Franczyza receives a monthly fee for participation in the store network.

3. The ability to use the power exercised to influence the return on investment.

a) The main areas of activity of both companies affecting the return on Eurocash's investment focus on the purchasing process and logistics within the Eurocash Group, which creates a synergy effect and has the ability to influence the return on investment.

The above analysis confirms that the Group exercises control over the above-mentioned companies and therefore consolidates them using the full method.

2.1.8. 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 group operates in the FMCG industry, which is characterized by a surplus of current liabilities over current assets in the balance sheet structure. It results from the fact that a significant part of sales to retail customers is made on cash terms, inventories are minimized and suppliers provide deferred payment terms. FMCG companies finance working capital using financial instruments commonly available on the capital market, such as: bank loans, corporate bonds, reverse factoring, receivables factoring, and leasing.

In 2023, the Group recorded a positive trend of sales growth and EBIT and EBITDA results 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 December 2023, compared to the same period of the previous year, the Eurocash Group achieved a 5% increase in sales of goods by PLN 1.6 billion and an increase in EBITDA by PLN 65.2 million (i.e. 6%). In the period from January to December 2023, a sales profit of approximately PLN 401 million was recorded and was higher by PLN 24.7 million compared to the same period of the previous year.

In the period from January to December 2023, the Group generated cash from operating activities in the amount of PLN 1.1 billion, PLN 250 million more than in the same period in 2022.

As at 31 December 2023, the Group recorded a surplus of current liabilities over current assets in the amount of PLN 2.1 billion. As at 31 December 2022, the surplus of current liabilities over current assets amounted to PLN 2.3 billion. The Group's net working capital (including inventories, trade receivables and trade payables) was negative and amounted to minus PLN 1.3 billion as at 31 December 2023, compared to minus PLN 1.0 billion as at 31 December 2022.

The persistent negative working capital typical of the FMCG industry requires the Group's Management Board to constantly ensure that instruments for financing current and investment activities are adequate, sufficient and optimal in terms of maturity. To ensure financial liquidity, the Group uses various types of working capital financing instruments available on the market.

The key factor for the Group in the perspective of obtaining a long-term and stable source of financing is the Senior Facilities Agreement launched in July 2023 with a consortium of 8 banks for a total amount of PLN 1.001 billion. This agreement concerns 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 debt amount by PLN 199 million (the so-called Incremental Facility) 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. The conclusion of the above agreement completed the refinancing process of the Group's debt structure, which had been ongoing since the third quarter of 2022, and enabled a positive change in the ratio of long-term debt to short-term debt. As at the balance sheet date, long-term debt amounted to PLN 361.9 million vs. PLN 168.7 million as of December 31, 2022, and short-term debt amounted to PLN 79.8 million vs. PLN 493.9 million as of December 31, 2022. Year on year, the Group's debt balance decreased by PLN 221 million, or 33%, which had a positive impact on the net debt to EBITDA ratio, which amounted to 2.24 as of December 31, 2023 compared to 2.67 as of December 31, 2022 .

In addition to the agreements mentioned above, the Group companies also have concluded separate bilateral agreements with financing institutions. In the third and fourth quarter of 2023, the Group renewed all bilateral loans for the next 12 months. The maturities of all the Group's credit lines are presented in Note No. 33.

In order to secure financial liquidity, in December 2020, the Group issued the first series of bonds maturing in December 2025. Details of the issue program are included in Note No. 20.

In addition to bank loans and bonds, the Group also actively uses reverse factoring to finance working capital. In the Management Board's opinion, the combination of business financing instruments, including bank loans and factoring products, meets the needs of companies operating in the FMCG industry. The maturity dates of all reverse factoring lines of the Group are presented in Note No. 33. In the third and fourth quarter of 2023, the Group renewed all reverse factoring agreements for the next 12 or 24 months.

When managing working capital, the Group also uses receivables factoring and bank guarantees. The list of these instruments is provided in Note No. 12 and Note No. 31, respectively.

Details regarding the limits and use of the above financial instruments in the Group over the last 3 years are included in the table below:

Limits	31.12.2023	31.12.2022	31.12.2021
Bonds (program)	1 000	1 000	1 000
Bank credits	1 138	1 214	1 359
Bank guarantees	287	263	281
Receivables factoring	600	525	325
Reveerse factoring	1 528	1 523	1 915

Use	31.12.2023	31.12.2022	31.12.2021
Bonds (issue)	125	125	125
Bank credits	442	663	796
Bank guarantees	221	215	216
Receivables factoring	352	344	209
Reveerse factoring	1 405	1 156	1 780

% Use	31.12.2023	31.12.2022	31.12.2021
Bonds	13%	13%	13%
Bank credits	39%	55%	59%
Bank guarantees	77%	82%	77%
Receivables factoring	59%	66%	64%
Reveerse factoring	92%	76%	93%

As at the balance sheet date, the Group had both free credit lines (PLN 696 million) and free factoring lines (PLN 371 million), which could be immediately used in the event of a possible liquidity gap. All covenants included in the above financial agreements are monitored on an ongoing basis and as at the balance sheet date of 31December 2023, no terms of the financing agreements were violated. In the opinion of the Management Board, there is no risk of termination of these agreements within 12 months from the balance sheet date.

The tool supporting the Management Board's decisions regarding the selection of the size and structure of financial instruments is the Group's liquidity model prepared by the Group with the participation of an independent external advisor for the next 12 months from the balance sheet date. This model was also used to assess the possibility of continuing as a going concern and to assess liquidity risk when preparing this report. The liquidity model assumes maintaining the availability of trade credit limits from suppliers and limits in financing instruments made available by the financial 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) the level of sales, (2) the availability of credit limits, (3) the availability of reverse factoring limits and (4) the level of interest rates.

For the purposes of assessing the scope of continuing operations, the Company also took into account the ongoing court and tax proceedings described in Note No. 33 and Note No. 22. As indicated in Note No. 33, in accordance with the judgment of the Court of Competition and Consumer Protection of 19 February 2024, the decision issued by the President The Office of Competition and Consumer Protection was repealed. In turn, with respect to tax proceedings, the Company - also based on the external legal and tax opinions received - is based on the assumption that the risk of effective and legally valid maintenance of the tax audit findings regarding the amounts of the Company's potential VAT arrears is not high, and in the event that such a risk if it came true, it would not result in a loss of the Group's financial liquidity.

Based on the analysis performed and the facts listed above, the Management Board concluded that the Group has sufficient sources of financing for a period of at least 12 months from the balance sheet date and that there is no uncertainty as to the continuation of its operations in the next 12 months.

2.2. SIGNIFICANT ACCOUNTING POLICIES

2.2.1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with the historical cost concept, except for derivative financial instruments and put options measured at fair value.

The most important accounting principles applied by the Capital Group are presented in points 2.2.2 – 2.2.36.

2.2.2. REPORTING PERIOD

The Group’s reporting period is a calendar year.

2.2.3. FORMAT AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

In particular, the consolidated financial statements are comprised of:

- General information
- Consolidated income statement
- Consolidated statement of comprehensive income
- Consolidated statement of financial position
- Consolidated statement of cash flows
- Consolidated statement of changes in equity

– Supplementary information to the consolidated financial statements, including information on significant accounting principles and other explanatory information..

2.2.4. BASIS OF CONSOLIDATION

Subsidiaries

Due to IFRS 10, subsidiaries are entities controlled by the Group.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity and the Group has no control or joint control over these entities.

Investments in associates are measured in the consolidated financial statements using the equity method, and at the time of initial recognition are recognized at purchase price. The Group's investments include goodwill recognized at the time of acquisition, less accumulated impairment losses. The consolidated financial statements include the Group's share in profits and losses and changes in the equity of associates accounted for using the equity method (after harmonization of the accounting principles), from the moment of obtaining significant influence until its expiry. If the Group's share of losses exceeds the value of shares in an associate, the carrying amount (taking into account long-term investments) is reduced to zero. Then, the recognition of any additional losses is discontinued, except for losses arising from the Group assuming legal or constructive obligations or from making payments on behalf of an associatee.

Jointly controlled companies

Jointly controlled companies are presented according to IFRS 11 and recognized as joint operations or joint ventures, according to the actual rights and obligations of joint controllers.

A joint operation is a joint contractual arrangement in which the parties exercising joint control over the arrangement have rights to assets and obligations concerning liabilities related to the arrangement. These parties are referred to as joint operators.

A joint venture is a joint contractual arrangement in which the parties exercising joint control over the arrangement have rights to net assets arising out of the arrangement. These parties are referred to as joint venturers. A joint venturer presents their share in a joint venture as an investment, and such investment is accounted for according to the equity method, as per IAS 28.

Costs of business acquisition

The value of the payment transferred includes the fair value of the transferred assets, liabilities incurred by the Company towards the previous owners of the acquiree and shares issued by the Company. The value of the consideration transferred also includes the fair value of the part of the contingent consideration, as well as the fair value of the acquiree's share-based awards transferred by the acquirer, which are mandatorily replaced in business combinations. If the business combination results in the expiry of prior obligations between the Company and the acquiree, then the value of the consideration is reduced by the lower of: the contractual price for the expiry of the obligation or the value of the non-market element and is recognized as residual cost.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisition date

The acquisition date is the date on which the Group actually takes control of the subsidiary. If this is done through a single exchange transaction, the date of exchange coincides with the date of purchase. In a situation where the acquisition of business units involves more than one exchange transaction, the previously acquired shares are measured at fair value at the time of acquisition of control.

Sale of subsidiaries

The result on the sale of subsidiaries is presented by the Group in the income statement in operating activity and in the cash flow statement in investment activitiy.

Consolidation adjustments

As of the acquisition date the carrying value of the Group's investments in subsidiaries is eliminated on consolidation with that part of the subsidiaries' equity which corresponds with the Group's held interest equity.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Allocation of transferred payment in exchange for the acquiree

As at the acquisition date, the Parent Entity attributes the consideration transferred in exchange for the acquiree, including identifiable assets, liabilities and contingent liabilities of the acquiree, according to their fair value as at this day, with the exception to non-current assets (or the group of assets to be abandoned) classified as "held for sale", which are measured at their fair value less costs to sale.

The Parent Entity recognises separately identifiable assets, liabilities and contingent liabilities at the acquisition date only if they meet the following criteria at that date:

- when an asset is not an intangible asset, an inflow of all future economic benefits related to that asset is probable and its fair value can be reliably measured;
- when a liability is not a contingent liability, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and its fair value can be reliably measured;
- fair value of an intangible asset or a contingent liability can be reliably measured.

Goodwill

As at the acquisition date, the Group recognizes the goodwill acquired as part of the acquisition of business entities as an asset, and it is initially measured at its purchase price.

After initial recognition, the Group measures the goodwill acquired as part of the acquisition of business entities at the purchase price less the total impairment losses to date..

If the Group's interest in net fair value of identifiable assets, liabilities and contingent liabilities exceeds the acquisition cost, the Group:

– reassess all of the assets acquired, all of the liabilities assumed and the consideration transferred,
  and then:
– recognizes the remaining gain in the profit or loss.

The Group may adjust the provisional amounts recognized at the acquisition date during the 12 months period.

2.2.5. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the functional currency of Group entities (PLN) at exchange rates at the dates of the transactions.
Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the average exchange rate of the National Polish Bank at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the average exchange rate of the National Polish Bank at the end of the reporting period.

The rates below have been adopted for the balance sheet valuation:

	31.12.2023	31.12.2022
EUR	4,3480	4,6899

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at average exchange rate of the National Polish Bank at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

2.2.6. INTANGIBLE ASSETS

Definition
Intangible assets include property rights acquired by the Group, with an anticipated economic useful life exceeding one year, intended to be used by the Group itself. A component of intangible assets is recognized when it is probable that the company will achieve future economic benefits which can be assigned to a given component and when the purchase price or the cost of manufacturing a given asset can be reliably determined. In particular:

– Goodwill,

- Software licences,
- Copyrights,
- Concessions, patents, utility and decorative designs and trademarks,
- Know-how,
- Customer relations,
- Other intangible assets.

Initial measurement of intangible assets

The initial value of intangible assets is the acquisition cost, which includes the purchase price and other expenditure directly attributable to acquiring the intangible assets.

Subsequent expenditure

Expenses incurred thereafter are capitalized if they give rise to a new asset that meets the criteria in IAS 38. Expenditures incurred thereafter are capitalized if they give rise to a new asset that meets the criteria of IAS 38. Other expenditure, including internally generated expenditure: trademarks, goodwill and brand are recognized as profit or loss of the current period as incurred.

Amortization

Amortization of intangible assets is calculated for all intangible assets, excluding goodwill and intangible assets with an indefinite useful life. While determining the useful life, the period of generating economic benefits in taken into consideration. If it is hard to determine the reasonable economic useful time or there is no certainty of any expected measurable benefits, the Group recognize the intangible assets in profit or loss for the period.

The following amortization rates are adopted for intangible assets:

○ licenses – software	33,3%
○ copyrights	10% - 20%
○ trademarks	5% - 10%
○ know-how	10%
○ relations with customers	5%
○ other intangible assets	20%

Review of amortization rates and possible impairment

The depreciation rates applied to intangible assets are verified no later than at the end of the financial year. If there is a need to correct the applied depreciation rates - the adjustment is made in the following year and in subsequent financial years.

Not later than at the end of the financial year, intangible assets are also verified in terms of the existence of premises for impairment and the need to make revaluation write-offs due to impairment. These write-offs are charged to other operating costs not later than on the reporting date, ie in the period in which impairment was identified.

For the value of intangible assets with an indefinite useful life and goodwill, the Group performs an annual impairment test by comparing the carrying amount of a given component with its recoverable amount, regardless of whether there are any indications that such impairment may have occurred..

Measurement of intangible assets at the reporting date

At the reporting date the Group measures the intangible assets at the acquisition cost less accumulated amortization and any accumulated impairment losses.

2.2.7.PROPERTY, PLANT AND EQUIPMENT

Definition

Property, plant and equipment include tangible assets held by the Group for economical use (useful and intended to be used by the Group), the expected useful lives of which exceed one year.

Property, plant and equipment shall include in particular:

- Land,
- Buildings and constructions,
- Technical equipment and machinery,
- Vehicles,
- Other tangible fixed assets (furniture etc.),
- Fixed assets under construction.

The initial measurement of tangible fixed assets

The initial value of tangible fixed assets is the purchase price or production cost.

The initial value of fixed assets includes their purchase price increased by all costs directly related to the purchase and adaptation of the asset to a usable condition. The cost also includes the cost of replacing components of machines and devices when incurred, if the recognition criteria are met. Costs incurred after the date of putting the fixed asset into service, such as maintenance and repair costs, are charged to profit or loss when incurred.

The purchase price or the cost of manufacturing an item of property, plant and equipment include:

a) the purchase price, including import duties and non-deductible purchase taxes, less trade discounts and rebates;

b) all other directly identifiable costs incurred to bring the asset to a location and condition in which it can function as intended by management;

c) the estimated costs of dismantling and removing the asset, and the site renovation costs, to which the entity is obligated to acquire an item of property, plant and equipment or use an item of property, plant and equipment during the period for purposes other than manufacturing.

Subsequent expenditure

Subsequent expenditures on replacing parts of an item of property, plant and equipment are capitalized and increase the initially recognized cost of an asset. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the removed parts of assets is derecognized. Expenditures on the day-to-day maintenance of property, plant and equipment are recognized as a gain or loss for the period in which they were incurred.

Each component of property, plant and equipment items whose acquisition price is material in comparison with the purchase price of the entire item is depreciated separately

Depreciation

Depreciation write-offs are made in relation to the value subject to depreciation, which is the purchase price or the cost of production of a given asset, less its residual value.

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value. Tangible fixed assets, excluding lands and fixed assets under construction, are depreciated monthly for the period of economic useful life, using a straight-line method and following depreciation rates:

○ buildings and constructions	2,5% - 4,5%
○ investments in third parties' property, plant and equipment (dependent on the duration of the agreement)	from 7,7%
○ technical equipment and machinery	10% - 60%
○ vehicles	14% - 20%
○ other tangible fixed assets	20%

Depreciation of tangible fixed assets is carried out using the straight-line method, from the month of acceptance for use. Depreciation is charged monthly.

In the event that a specific item of property, plant and equipment consists of separate and significant parts with different useful lives, these parts are treated as separate assets.

Profits or losses on the sale, liquidation or cessation of use of tangible fixed assets are defined as the difference between the sales revenue and the net value of these tangible fixed assets and are recognized in the profit and loss account..

Review of depreciation rates and possible impairment

The depreciation rates and methods applied to property, plant and equipment are subject to verification no later than at the end of the financial year. If it is found necessary to make adjustments to the applied rates and depreciation methods - the adjustment is made in the following year and subsequent financial years.

No later than at the end of the financial year, tangible fixed assets are also verified in terms of the existence of premises for impairment and the possible need to write downs.

The element indicating the need to make an impairment loss is the recognition that an asset is highly probable that the asset will not bring the expected economic benefits in a significant part or in full in the future. Impairment occurs, for example, in the event of a decommissioning or recall of a component.

Revaluation write-offs should be made no later than on the reporting date (i.e. for the period in which impairment was found), and charged to other operating costs.

Measurement of property, plant and equipment at the reporting date

Tangible fixed assets are measured at the reporting date at cost i.e. either at acquisition price or construction cost less accumulated depreciation and any accumulated impairment losses.

Tangible fixed assets under construction are presented in the financial statements at cost of manufacturing less impairment losses. The cost of manufacturing includes charges and borrowing costs activated in accordance with accounting policy, specified in the point 2.2.10.

The stocktaking of tangible fixed assets

The stocktaking of tangible fixed assets is performed every four years.

2.2.8. LEASE

At the time of entering into a contract, the Company assesses whether the contract is or includes a lease. A contract is a lease or contains a lease if it transfers the right to control the use of an identified asset for a given period in return for consideration.
The Company applies a uniform approach to the recognition and measurement of all leases, except for short-term leases and low-value asset leases. At the commencement date of the lease, the Company recognizes the right-of-use asset and liability from leasing.

2.2.9. ASSETS DUE TO RIGHT OF USE

The Group recognizes assets due to the right of use on the date of beginning of the lease (the day when the asset is available for use). Assets due to the right to use are valued at cost, minus total depreciation and impairment losses, adjusted for any revaluation of lease liabilities. The cost of assets due to the right to use includes the amount of lease liabilities recognized, initial direct costs incurred and any lease payments paid on or before the start date, minus any leasing incentives received. Unless the Group has sufficient certainty that at the end of the lease period it will obtain the ownership title to the leased asset, recognized assets under the right to use are amortized using the straight-line method over the shorter of the two periods: estimated useful life or lease period. Assets due to the right to use are subject to impairment tests.

2.2.10. BORROWING COSTS

The costs of external financing, directly related to the purchase or production of adapted assets, are added to the production costs of such tangible fixed assets until the tangible fixed assets are put into use. These costs are reduced by the revenues obtained from the temporary investment of funds obtained for the production of a given asset.
Borrowing costs include interest and other costs incurred by the Group in connection with borrowing funds.
All other borrowing costs are charged directly to the profit and loss account in the period in which they were incurred.

2.2.11. INVESTMENT PROPERTY

Investment property comprises property held in order to earn rentals or derive economic benefits resulting from capital appreciation.
Investment property is initially measured at its manufacturing or acquisition costs after taking into account transaction costs. At the reporting date investment property is measured at acquisition or manufacturing cost less accumulated depreciation and any accumulated impairment losses in accordance with accounting policies applied for tangible fixed assets.

2.2.12. SHARES IN ASSOCIATES AND ENTITIES UNDER COMMON CONTROL

Shares are valued at the equity method. In the case of impairment, no later than at the end of the reporting period, the value of shares is decreased by a write-off expressing the impairment.

When determining the useful value, the Group takes into account the cash flows generated by the respective assets and liabilities held by associates and entities under common control.

2.2.13. LONG-TERM RECEIVABLES

Long-term receivables include receivables whose repayment date will be longer than one year from the end of the reporting period.

This part of long-term receivables that is to be repaid within one year from the end of the reporting period is presented in short-term receivables.

Long-term receivables consist mainly of pre-paid deposits, which relate to long-term lease agreements for locations, and security of bank guarantees and security for the purchase of non-current assets.

2.2.14. LONG-TERM PREPAYMENTS

Long-term accruals include the long-term part of, among others, the following items:

- prepaid subscription, insurance,
- alcohol permits,
- prepaid other services (eg commissions, insurance).

At each reporting date the analysis is made of long-term prepayments.

The assessment is made by the Group, taking into consideration the rational factors and the knowledge of the individual components of the prepayments.

2.2.15. NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The Group classifies a non-current asset or disposal group comprising assets and liabilities as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through its continuing use.

This situation takes place if following conditions are fulfilled:

- the asset is available for immediate sale in its present condition and its sale is highly probable,
- there must be commitment to a plan to sell by an appropriate level of management,
- that plan must have been initiated,
- the assets (or disposal group) must be actively marketed at a reasonable price that is reasonable in relation to the asset's fair value,
- there must be an expectation that the sale will be completed within one year of the classification of assets or a disposal group as held for sale, and activities required to fulfil the plan indicate that it is unlikely to provide significant changes to the plan or that the plan will be obsolete.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

2.2.16. INVENTORIES

Inventories are assets:

– held for sale in the ordinary course of business,
– materials or supplies purchased to be consumed for own use.

Initial measurement
The Group uses the same method of calculating the acquisition price in case of all the positions.
The purchase price comprises all purchase costs and other costs incurred in bringing the inventories to their present location and condition.
Inventory purchase costs include the purchase price, import duties and other taxes (other than those recoverable later by the Group from tax offices) as well as costs of transport, loading and unloading and other costs directly attributable to the goods.
When determining the purchase costs, discounts, trade rebates (bonuses from suppliers calculated from the turnover) and other similar items are deducted.
Outflows are determined using the weighted average method. Under the weighted average method, the cost of each item is calculated on the basis of the weighted average cost or cost of similar inventory items at the beginning of the period and the cost or cost of similar inventory items purchased or produced during the period. The weighted average is converted when goods are received in the warehouse.

Measurement of inventories at the reporting date
Inventories are measured at the lower of cost and net realisable value. Acquisition or construction cost is determined using the the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and sale.

The Group identifies following circumstances that lead to write-down of the inventories, to the level of net realisable value:
– decline of net realisable value (damage, expired etc.)
– the level of inventories exceeding the demand and selling possibilities,
– low rotation of inventories,
– selling prices of inventories are below their carrying amounts.

If the acquisition cost is higher than the net selling price at the reporting date, the inventories are written down to the value of their selling prices.
The amount of any write-down of inventories is recognised in costs of goods sold.

2.2.17. NON DERIVATIVE FINANCIAL INSTRUMENTS

Classification of financial assets
Financial assets are classified into the following valuation categories:
– measured at amortized cost,
– measured at fair value through profit or loss,
– measured at fair value through other comprehensive income.

Valuation at the moment of initial recognition
At the time of initial recognition, financial assets are measured at fair value, increased, in the case of investments not classified as measured at fair value through profit or loss, transaction costs that can be directly attributed to the acquisition of these financial assets.

Discontinuation of recognition

The Group ceases to recognize a financial asset in the statement of financial position in the event of the expiry of the right to receive economic benefits and incur related risks or transfer them to third parties.

Valuation after initial recognition

For the purpose of valuation after initial recognition, financial assets are classified in one of four categories:

- Debt instruments measured at amortized cost,
- Debt instruments measured at fair value through other comprehensive income,
- Equity instruments measured at fair value through other comprehensive income,
- Financial assets at fair value through profit or loss.

Debt instruments - financial assets at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met:

a) the financial asset is held in accordance with the business model, the purpose of which is to maintain financial assets for obtaining cash flows arising from the contract, and
b) the contractual terms relating to a financial asset cause cash flows to occur at specified times, which are only repayment of the principal and interest on the principal outstanding.

In the category of financial assets measured at amortized cost, the Group classifies:

- trade receivables,
- loans held to obtain cash flows,
- cash and cash equivalents.

Interest income is calculated using the effective interest rate method and is shown in the profit and loss account under the item Financial income.

Debt instruments - financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

a) the financial asset is maintained in accordance with the business model, which is aimed both at receiving cash flows resulting from the agreement and the sale of financial assets; and
b) the contractual terms relating to a financial asset cause cash flows to occur at specified times, which are only repayment of the principal and interest on the principal outstanding.

Interest income, foreign exchange differences and impairment gains and losses are recognized in profit or loss and calculated in the same way as financial assets measured at amortized cost. Other changes in fair value are recognized in other comprehensive income. Upon cessation of the recognition of a financial asset, the total profit or loss previously recognized in other comprehensive income is reclassified from equity to the financial result.

Interest income is calculated using the effective interest rate method and is shown in the profit and loss account under the item Financial income.

In the category of debt instruments measured at fair value through other comprehensive income, the Group qualifies loans that arise from financing needs in the Group.

Capital instruments - financial assets at fair value through other comprehensive income

At the moment of initial recognition, the Group may make an irrevocable choice regarding the recognition in other comprehensive income of subsequent changes in the fair value of investments in an equity instrument that is not intended for trading or is a conditional consideration recognized by the acquirer in the merger of entities to which IFRS 3 applies This choice is made separately for each equity instrument.

Accumulated profits or losses previously recognized in other comprehensive income are not reclassified to profit or loss. Dividends are recognized in the profit and loss account when the entity's right to receive dividends is established, unless these dividends clearly represent the recovery of part of the investment costs.
In the category of equity instruments measured at fair value through other comprehensive income, the Group qualifies shares in other entities, purchased options, warrants.

Financial assets at fair value through profit or loss
A financial asset that does not meet the measurement criteria at amortized cost or at fair value through other comprehensive income is measured at fair value through profit or loss.
The gain or loss on the valuation of debt investments at fair value is recognized in profit or loss.
Dividends are recognized in the profit and loss account when the entity's right to receive dividends arises.
In the category of equity instruments measured at fair value through the financial result, the Group qualifies shares of other entities.

Financial liabilities
Subsequent to initial recognition financial liabilities are measured at amortised cost using the effective interest method, excluding:
(a) financial liabilities designated as at fair value through profit or loss,
(b) financial liabilities recognized as a result of reclassification of financial assets that are not qualified to be derecognized,
(c) financial guarantees contracts,
(d) obligations to grant low-interest or interest-free loans,
(e) contingent payment recognized by the acquirer in a business merger to which IFRS applies.

Offsetting financial assets and financial liabilities
In a situation where the Group:
- has a valid legal title to offset the amounts included and
- it intends to settle on a net basis or at the same time realize an asset and perform an obligation

the financial asset and financial liability are compensated and disclosed in the statement of financial position at the net amount.

2.2.18. DERIVATIVES

The Group uses derivative financial instruments to hedge against interest rate risk.
Derivative financial instruments are initially recognized at fair value; the related transaction costs are recognized in the profit and loss account when incurred. After initial recognition, the Group measures derivative financial instruments at fair value, gains and losses resulting from changes in fair value are recognized as follows.

Hedge accounting
Hedge accounting is used to reflect the risk hedging principles applied by the Group in accounting, and in particular to symmetrically recognize in the income statement compensating changes in the cash flows of the hedging instrument and the hedged item.

For the purposes of hedge accounting, the Group designates hedging instruments so that the change in their cash flows fully or partially covers the change in future cash flows of the hedged item.
The Group applies hedge accounting if all of the following conditions specified in IFRS 9 are met:

a) the hedging relationship includes only eligible hedging instruments and eligible hedged items;
b) at the inception of the hedging relationship, the hedging relationship has been formally designated and documented, as well as the risk management objective and hedging strategy;
c) the hedging relationship meets all of the following hedge effectiveness requirements:
    1. there is an economic relationship between the hedged item and the hedging instrument;
    2. the credit risk does not have a predominant effect on the changes in value due to the economic relationship mentioned; and
    3. the hedge ratio of a hedging relationship is the same as that resulting from the amount of the hedged item that the entity actually hedges and the amount of the hedging instrument that the entity actually uses to hedge that amount of the hedged item.

As part of hedge accounting, the Group uses cash flow hedge accounting.

Cash flow hedge accounting

A cash flow hedge is a hedge of exposure to cash flow volatility that is attributable to a particular type of risk associated with the entire recognized asset or liability, or all or components of an unrecognized firm commitment (such as all or part of future interest payments on floating-rate debt) or with a highly probable planned transaction that could affect the financial result.
The cash flow hedge is recognized in the books as follows:

a. the separate component of equity related to the hedged item (cash flow hedge reserve) is adjusted for the lower of the following amounts (in absolute terms):
    – the gains or losses on the hedging instrument accumulated since the inception of the hedge; and
    – the cumulative change in the fair value (present value) of the hedged item (ie the present value of the cumulative change in the hedged expected future cash flows) since the inception of the hedge;

b) the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge (ie the portion that is offset against the change in the cash flow hedge reserve calculated in (a)) is recognized in other comprehensive income;
c) any remaining gain or loss on the hedging instrument (or any gain or loss required to offset the change in the cash flow hedge reserve calculated in (a)) is a hedge ineffectiveness that is recognized in profit or loss.

The effective part of the hedge is transferred to the financial result as an adjustment resulting from reclassification in the period or periods when the hedged expected future cash flows affect the financial result.

Discontinuation of the use of hedge accounting

The Group discontinues hedge accounting only when the hedging relationship (or part of the hedging relationship) no longer meets the qualifying criteria (taking into account, if applicable, rebalancing of the hedging relationship). This includes cases where the hedging instrument expires or is sold, terminated or exercised, as well as when the risk management objective changes to the risk management objective set out in the documentation of the hedging relationship.
If cash flow hedge accounting is discontinued and the hedged future cash flows are still expected to occur, the amount accumulated in the cash flow hedge reserve remains in equity until the future cash

flows occur or until the cash flow hedge reserve is there will be no cumulative loss if the Group expects all or part of that loss not to be recovered in at least one future period. When future cash flows occur, the amount is transferred to profit or loss as a reclassification adjustment in the period or periods when the hedged expected future cash flows affect profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not held for trading and is not designated as a hedging instrument, all changes in its fair value are recognized immediately as profit or loss of the current period.

2.2.19. TRADE RECEIVABLES AND OTHER SHORT-TERM RECEIVABLES

Trade receivables

Trade receivables comprise receivables resulting from realized supplies or rendered services due within 12 months and more than 12 months of the reporting date.

Other short-term receivables

Other short-term receivables comprise receivables due within 12 months of the reporting date excluding trade receivables.

Valuation of trade receivables and other short-term receivables at the end of the reporting period

In the case of trade receivables, the Group applies a simplified approach and measures the allowance for expected credit losses in an amount equal to lifetime expected credit losses using a provision matrix. The Group uses its historical data on credit losses, adjusted where applicable for the impact of forward-looking information.

The Group assesses the degree of probability of payment of receivables by contractors from the beginning of their creation. If receivables are disclosed whose repayment by the buyers is at risk or the enforcement of which may pose difficulties, they are updated by making a revaluation write-down in the profit and loss account

Write-offs updating the value of receivables

The Group applies the expected credit loss model.

When assessing impairment, the Company uses historical trends to estimate the probability of arrears and the timing of payment as well as the value of losses incurred, adjusted for the estimates of the Management Board assessing whether the current economic and credit conditions indicate that the actual level of losses should be significantly different from the level of losses resulting from historical assessments trends. Details are provided in point 2.2.22.

Write-downs revaluing receivables are created for:

- receivables from debtors in bankruptcy or liquidation - up to the amount of receivables not covered by a guarantee or other security,
- debts from debtors in the event of dismissal of the bankruptcy petition, when the debtor's assets are insufficient to cover the costs of bankruptcy proceedings - up to the full amount,
- receivables questioned by debtors - up to the amount not covered by the security,
- overdue or not yet overdue receivables, but with a high degree of probability that these receivables will become past due - in the amount reliably estimated by the Group (based on past experience, reliably conducted analyzes, forecasts, etc.),

– receivables brought to court - in the amount of 100% of the value of the receivable.

Write-downs of receivables include not only the events that occurred up to the reporting date, but also those disclosed later, until the date of approval of the financial statements by the Management Board for publication, if these events relate to a receivable recognized in the books as at the reporting date. The Group also creates provisions for expected credit losses due to granted loan guarantees.
Write-downs of the value of receivables are charged to other operating costs, and if they concern interest - to financial costs.

Valuation of trade receivables and other receivables at the reporting date
In the case of trade receivables, the Group applies a simplified approach and measures the write-down for expected credit losses in the amount equal to expected credit losses over the whole life using the reserve matrix. The Group uses its historical data on credit losses, adjusted, where applicable, for the impact of future information.
The Group assesses the probability of payment of receivables by counterparties from the beginning of their creation. If receivables whose repayment by buyers is threatened or whose enforcement may cause difficulties are disclosed, they are updated by making a write-down in the profit and loss account.

Valuation of receivables denominated in foreign currency at the reporting date
Receivables denominated in foreign currencies are valued at least as at the reporting date using the exchange rate of the National Bank of Poland as at the balance sheet date.
Exchange differences related to receivables denominated in foreign currencies, arising as at the date of their valuation, are recognized as financial income or expense, respectively.

2.2.20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at hand and in bank accounts as well as bank deposits payable on demand, other safe short-term investments with an original maturity of up to three months from the date of their establishment, receipt, acquisition or issue and high liquidity. Cash and cash equivalents also include interest on cash equivalents.

2.2.21. SHORT-TERM PREPAYMENTS

Short-term prepayments include the short-term part of the following main items:

- prepaid electricity and central heating,
- prepaid subscriptions, insurance,
- alcohol permissions,
- property tax,
- prepayments for other services (e.g. telecommunications).

Short-term prepayments are analyzed at each reporting date.
The assessment is made by the Group based on reasonable criteria and knowledge about each prepayment.

2.2.22. IMPAIRMENT

Financial assets (including receivables)

The Group assesses the expected credit losses related to debt instruments carried at amortized cost and fair value through other comprehensive income, irrespective of whether there is any indication of impairment.

The factors determining the impairment of financial assets (including equity instruments) are included:

- default or delinquency by a debtor, whereas the Group regularly monitors the debtors ability to repay their debts,
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise,
- indications that a debtor or issuer will enter bankruptcy,
- the disappearance of an active market for a security,
- for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

When assessing the impairment for groups of assets, the Group uses historical trends to estimate the probability of occurrence of arrears and the date of payment and the value of losses incurred, adjusted by the Management Board's estimates assessing whether current economic and credit conditions indicate that the actual level of losses would significantly differ from the level of losses resulting from from the assessment of historical trends.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. The recoverable value of assets or cash-generating units is estimated at the end of financial year.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Group assesses goodwill impairment by grouping cash-generating units so that the level of the organization, not higher than the separate operating segment on which this assessment is carried out, reflects the lowest level of the organization at which the Group monitors goodwill for internal purposes.

For the purposes of impairment tests, goodwill acquired in the process of business combination is allocated to those cash-generating units for which the synergy effects from the combination are expected to be obtained.

Joint assets do not generate separate cash inflows. If there is an indication of impairment of joint assets, then the recoverable amount is determined for those cash generating units to which joint assets belong.

An impairment loss is recognized when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the profit and loss account. Impairment of a cash-generating unit is first recognized as a decrease in the goodwill assigned to that unit (group of units), and then as a reduction in the carrying amount of the remaining assets of this unit (group of units) on a pro rata basis..

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

2.2.23. EQUITY

Ordinary shares

Ordinary shares are classified as equity.

Repurchase of treasury shares

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. At the time of sale or re-issue, the amounts received are recognized as an increase in capital, and the resulting surplus or shortfall in relation to this transaction is recognized as capital from the issue of shares above their nominal value (reserve capital).
The amount reserved for repurchase of share capital, based on the Shareholders' Meeting's resolution, is presented in equity as separate capital reserves.

Distribution of financial result

Distribution of the financial results of subsidiaries is reflected in the consolidated financial statements in accordance with Resolutions of the subsidiaries without making any additional consolidation eliminations.

2.2.24. LONG-TERM LIABILITIES

Long-term liabilities comprise liabilities due to be settled after 12 months from the end of the reporting period.

Long-term liabilities include mainly:

- loans and borrowings,

– lease liabilities,
– deposits from subtenants of wholesale surface,
– liabilities due to emission of bonds.

Measurement of the long-term liabilities
At as the reporting date long-term liabilities are measured at amortized cost using the effective interest method, except for obligations to acquire non-controlling interests.

Measurement of long-term liabilities denominated in foreign currency
Foreign currency liabilities are measured at least at the reporting date using the spot exchange rate.
Foreign currency gains and losses from valuation of long-term liabilities are recognized in finance income or costs accordingly.

Liabilities due to acquire non-controlling shares
The valuation of the put option of non-controlling shareholders, the execution of which implies the obligation to purchase non-controlling interests for Eurocash, is recognized as a remaining liability in connection with the option to purchase/sell shares. Liabilities to acquire non-controlling shares are recognized in the amount of the most probable redemption price for these shares based on the ratios contained in investment contracts, the individual values of which come from the financial plans of the companies. The liability value calculated in this way is discounted to the present value.
At each subsequent balance sheet date, the liability is measured based on the current values of financial ratios.
Changes resulting from the current valuation are presented in equity.

2.2.25. SHORT-TERM LIABILITIES

Short-term liabilities comprise liabilities due to be settled within 12 months from the end of reporting period (excluding trade liabilities).

Short-term liabilities include mainly:
– loans and borrowings,
– finance liabilities due to lease,
– trade payables,
– taxation, social security and other benefits payables,
– payroll payables,
– liabilities due to financing of franchisees.

As part of trade payables, the Group presents liabilities covered by reverse leasing.

Valuation as at the reporting date of short-term liabilities denominated in a foreign currency
Liabilities denominated in foreign currencies are valued at least at the end of the reporting period using the spot exchange rate.
Exchange differences related to short-term liabilities denominated in foreign currencies, arising as at the date of their valuation, should be included in financial income or expenses, respectively.

2.2.26. LOANS

The Group initially recognizes bank and other loans and debt securities at fair value of cash received decreased by any directly attributable transaction costs.
Subsequent to initial recognition loans and debt securities are measured at amortized cost using the effective interest method.

2.2.27. PROVISIONS

Provisions are recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.
Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.
Using the provisions may be made according to the time flow or benefit size. Time and method of settlement should be adequate to the character of expenses, according to the prudence method.
Provisions lower the expenses for the period, in which it was affirmed that the liabilities would not arise.

2.2.28. SALES REVENUES

The Group applies IFRS 15 Revenue from contracts with clients to all contracts with clients, with the exception of leasing agreements covered by the scope of IFRS 16 Leases, financial instruments and other contractual rights and obligations falling within the scope of IFRS 9 Financial Instruments, IFRS 1 Consolidated Financial Statements, IFRS 11 Joint Findings contractual, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures.
The basic principle of IFRS 15 is the recognition of revenues at the moment of the transfer of goods and services to the client, in a value reflecting the price expected by the entity, in exchange for the transfer of goods and services.
These rules are applied using the five-step model:

- a contract with the client has been identified,
- commitments to perform the service under the contract with the client have been identified,
- the transaction price was determined,
- the transaction price was allocated to individual liabilities and performance of the service,
- revenues are recognized when the contractual obligation is fulfilled.

Identification of the contract with the client
The Group recognizes the contract with the client only if all of the following criteria are met:

- the parties to the contract have entered into a contract (in writing, or in accordance with other usual commercial practices) and are required to perform their duties,
- the Group is able to identify the rights of each party regarding the goods or services to be transferred,
- the Group is able to identify the payment terms for goods or services to be transferred,
- the contract has economic content (i.e. it can be expected that the contract will change the risk, the time schedule or the amount of future cash flows of the entity),
- it is probable that the Group will receive a remuneration which it will be entitled to in exchange for goods or services that will be transferred to the client.

When assessing whether the receipt of the amount of remuneration is probable, the Group only considers the ability and intention to pay the amount of remuneration by the client in a timely manner.

The amount of remuneration that will be due to the Group may be lower than the price specified in the contract if the remuneration is variable, because the entity may offer the customer a price concession.

Determining the transaction price

In order to determine the transaction price, the Group takes into account the terms of the contract and the usual commercial practices. The transaction price is the amount of remuneration which, in line with the Group's expectations, will be payable in exchange for the transfer of promised goods or services to the client, with the exception of amounts collected on behalf of third parties (eg certain sales taxes). The remuneration specified in the contract with the client may include fixed amounts, variable amounts or both types of amounts.

Variable remuneration

If the remuneration specified in the contract includes a variable amount, the Group estimates the amount of remuneration to which it will be entitled in exchange for the transfer of the promised goods or services to the client. The Group estimates the amount of variable remuneration using one of the following methods, depending on the type of contract:

- expected value - the sum of the products of the possible remuneration amounts and the corresponding probabilities of occurrence. The expected value may be an appropriate estimate of the amount of variable remuneration if the Group has a large number of similar contracts,
- the most probable value - it is the single most probable amount from the range of possible remuneration amounts (ie the single most probable outcome of the contract). The most likely value may be an appropriate estimate of the amount of variable remuneration if the contract has only two possible outcomes (eg the Group either earns a performance bonus or not).

Assigning the transaction price to the obligations to perform the service

The Group assigns a transaction price to each obligation to provide the service (or a separate good or separate service) in an amount that reflects the amount of remuneration which, as expected by the Group, is due in exchange for the transfer of promised days and services to the client.

Fulfilling obligations to perform the service

The Group recognizes revenue when it meets (or in the course of fulfilling) the obligation to perform the service by transferring the promised good or services to the client.

Remuneration of the principal and remuneration of the intermediary

If another entity is involved in providing goods or services to the customer, the Group determines whether the nature of the Group's promise is an obligation to provide certain goods or services (in this case the Group is the principal) or on behalf of another entity to provide these goods or services (in this case the Group is an intermediary).

The group is the principal if it exercises control over the promised good or service prior to their commandment to the client. However, an entity does not have to act as principal if it obtains a legal title to the product only temporarily before it is transferred to the customer. An entity appearing in the contract as the principal may itself fulfill the obligation to perform the service or may entrust the fulfillment of this obligation or part thereof to another entity (eg subcontractor) on its behalf. In this situation, the Group recognizes revenue in the gross amount of remuneration to which it is expected to be entitled in exchange for goods or services transferred.

The Group acts as an intermediary if its obligation to perform the service consists in ensuring delivery of goods or services by another entity. In such a case, the Group recognizes revenue in the amount of any fee or commission to which it is expected to be entitled in exchange for ensuring delivery of goods or services by another entity.

2.2.29. FINANCE INCOME AND COSTS

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, profit on sale of financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognized in the income statement.

Interest income

Interest income is recognized as it accrues in profit or loss on accrual basis, using the effective interest method.

Dividend income

Dividend income is recognized when the shareholders' right to receive it is established.

Financial costs include interest costs related to external financing, reversal of discounts on recognized provisions, changes in the fair value of financial instruments measured through profit or loss, impairment losses on financial assets and losses on hedging instruments recognized in the profit and loss account. Borrowing costs that are not directly attributable to the acquisition, production, construction or production of specific assets are recognized in the profit and loss account using the effective interest rate method. Foreign exchange gains and losses are recognized on a net basis as financial income or expense, depending on their total net position..

2.2.30. GOVERNMENT GRANTS

If there is reasonable certainty that the subsidy will be obtained and that all related conditions will be met, then government subsidies are recognized at their fair value.

If the subsidy concerns a given cost item, then it is recognized as a reduction of costs which the subsidy is intended to compensate. If the subsidy relates to an asset, then its fair value is recognized as a decrease in the value of the relevant fixed asset, and then gradually, by equal annual write-offs, is recognized in profit or loss over the estimated useful life of the related asset.

2.2.31. EMPLOYEE BENEFITS

Long-term employee benefits

The Group recognizes expenses regarding pension plans and other employee benefits for the post-employment period by defining benefit pension obligation.

The calculation of Employee benefits reserves is performed using the projected unit credit method. The calculation is performed by a qualified actuary. The liability is recognized on an accrual basis and measured in the discounted present value of benefits, that employees have earned as at the reporting date, adjusted by personnel and demographic movements indexes.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

The Group recognizes liability for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

The Group has the costs associated with the operation of Employee Capital Plans ("PPK") by making contributions to the pension fund. They are the post-employment benefits in the form of a defined contribution plan. The Group recognizes the costs of payments for PPK in the same cost item in which it recognizes the remuneration costs from which they are calculated. PPK liabilities are presented as part of Current employee benefits.

Payments in the form of stock options

Payment programs in the form of option instruments convertible into the Company's shares enable employees to take up the Company’s shares. Fair value of granted options for shares is recognized as a separate position in general and administrative expenses, with a corresponding increase in equity (reserve capital). Fair value is measured as at the grant date and recognized over the period that the 3employees become unconditionally entitled to realize the options. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be fulfilled.

Fair value of employee share options is measured using the Black-Scholes formula. Measurement inputs include the share price as at the measurement date, exercise price of the instrument, expected volatility (based on the weighted average historical volatility adjusted for changes expected due to publicly available information), expected weighted average life of the instruments (based on historical experience and general option holders’ behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

2.2.32. INCOME TAX

Income tax covers the current and deferred part. Current and deferred income tax is recognized as profit or loss of the current period, except when it concerns a business combination and items recognized directly in equity or as other comprehensive income.

Current tax is the expected amount of liabilities or receivables due to tax on taxable income for a given reporting period, calculated on the basis of the tax result (tax base) of a given reporting period and adjusted by adjustments of tax liability regarding previous reporting periods. Tax income differs from gross book profit (loss) due to the exclusion of certain categories of balance sheet revenues as not subject to taxation and balance sheet expense, not constituting tax deductible costs and items of costs and revenues that will never be subject to taxation or reduce the tax base in subsequent years . Tax burdens are calculated based on tax rates applicable in a given reporting period.

Deferred tax is calculated using the balance sheet method as a tax to be paid or returned in the future on temporary differences between the balance sheet values of assets and liabilities and the corresponding tax values used to calculate the tax base.

Deferred tax provision is created from all positive temporary differences

- except when the provision for deferred tax arises as a result of the initial recognition of goodwill or initial recognition of an asset or liability when a transaction is not a business combination and does not affect gross profit or loss or taxable income or tax loss, and
- in the case of positive temporary differences arising from investments in subsidiaries or affiliates and interests in joint ventures - except when the dates of reversal of temporary differences are subject to investor control and when it is probable that the temporary differences will not be reversed in the foreseeable future.
- Deferred tax assets are recognized for all deductible temporary differences as well as unused tax credits and unused tax losses carried forward to the following years, in the amount in which it is probable that taxable income will be achieved, which will allow to use the abovementioned taxable profit. differences, assets and losses
- except when deferred tax assets related to deductible temporary differences arise as a result of the initial recognition of an asset or liability when a transaction is not a business combination and have no effect on gross profit or loss or taxable income tax loss, and
- in case of negative temporary differences due to investments in subsidiaries or affiliates and shares in joint ventures, the deferred tax asset is recognized in the balance sheet only in the amount in which it is probable that in the foreseeable future the above-mentioned temporary differences will be reversed and taxable income will be achieved, which will allow deduction of negative temporary differences,
- assets and provisions are created in relation to leasing assets and liabilities arising at the same time.

The value of deferred tax assets is analyzed at the end of each reporting period, and if the expected future tax profits are not sufficient to realize an asset or its part, it is recognized to the realizable value.

Deferred tax assets and deferred tax provisions are valued using tax rates that are expected to apply in the period when the asset is realized or the provision is released, based on tax rates (and tax regulations) in force as at the balance sheet date or those whose validity is certain in the future as at the balance sheet date.
Income tax relating to items recognized outside profit or loss is recognized outside profit or loss: in other comprehensive income, for items recognized in other comprehensive income or directly in equity for items recognized directly in equity.

Deferred income tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to offset current tax liabilities and assets and provided that the deferred income tax assets and reserves relate to income tax imposed by the same tax authority for the same taxpayer.

2.2.33. UNCERTAIN TAX TREATMENT

If according to the Group's assessment it is probable that the tax authorities will accept an uncertain tax treatment or a group of uncertain tax treatments, the Group determines taxable income (tax loss), tax base, unused tax losses and unused tax credits and tax rates, after considering in its tax return the applied or planned approach to taxation.
If the Group ascertains that it is not probable that the tax authorities will accept an uncertain tax treatment or a group of uncertain tax treatments, the Group reflects the impact of this uncertainty in determining taxable income (tax loss), unused tax losses, unused tax credits or tax rates. The Group accounts for this effect using the following methods:

- determining the most probable amount – it is a single amount from among possible results,
- providing the expected amount – it is the sum total of the amounts weighted by probability from among possible results.

When assessing the uncertainty, the requirements of IAS12, IFRIC23 are taken into account, the Group creates tax liabilities / provisions, respectively.

2.2.34. DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is represented as if the operation had been discontinued from the start of the comparative period.

2.2.35. EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

2.2.36. OPERATING SEGMENTS

An operating segment is a component of the Group:

a) which engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses that relate to transactions with any of the Group's other components);
b) which results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance;
c) for which discrete financial information is available.

Segment results that are reported to the Management Board include items that can be directly attributed to a given segment and indirect items that can be reasonably assigned to it, items not allocated to segments include mainly assets related to the general management of the Group (essentially the Parent Entity headquarters), administrative costs of the office , income tax assets and liabilities.
Capital expenditures in a given segment include expenditures incurred for the purchase of property, plant and equipment and intangible assets other than goodwill..

2.3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01 TO 31.12.2023

NOTE 1.

OPERATING SEGMENTS

The Group distinguishes the following segments, which adequately demonstrate the diverse nature of its activities
In connection with the integration of partner networks (systems; soft franchising) - i.e. ABC, Groszek and Eurosklep - into 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 the company Innowacyjna Platforma Handlu Sp. z o. o. in the Wholesale segment. Innovative Trade Platform Sp. z o. o. is a platform providing integration solutions for the above-mentioned. partner networks cooperating with the Eurocash Group. Data for 2022 have been restated for comparative purposes.

The Group distinguishes the following segments, which adequately demonstrate the diverse nature of its activities:

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 franchise stores and non-associated stores. The segment includes wholesale operations carried out by the following distribution formats and companies: Eurocash Cash & Carry, Eurocash Alkohole, Eurocash Serwis Sp. z o.o., Eurocash Trade 1 Sp. z o.o. and Polska Dystrybucja Alkoholi Sp. z o.o. as well as sales transacted by those distribution formats whose clients have long-term agreements with Eurocash Group, e.g. franchise systems Groszek, Lewiatan, Gama, Eurosklep, Abc or clients from the HoReCa segment, as well as operations of such a franchise systems as: Lewiatan, Groszek and Euro Sklep. The segment involves the operations of the following companies: Eurocash S.A., Eurocash Sieci Partnerskie Sp. z o.o., Euro Sklep S.A., Lewiatan Śląsk Sp. z o.o., Lewiatan Podlasie Sp. z o.o., Lewiatan Holding S.A., Lewiatan Zachód Sp. z o.o., Lewiatan Wielkopolska Sp. z o.o., Lewiatan Kujawy sp. z o.o., Lewiatan Opole Sp. z o.o., Lewiatan Orbita Sp. z o.o., Lewiatan Północ Sp. z o.o., Lewiatan Podkarpacie Sp. z o.o. Moreover, this segment includes sales transacted by the Eurocash Gastronomia format, as well as sales realized by Eurocash Dystrybucja under entity Eurocash S.A. and sales realized by Cerville Investments Sp. z o.o., Ambra Sp. z o.o., 4vapers Sp. z o.o. and Innowacyjna Platforma Handlu Sp. z o.o.
- *Retail* - is the activity of the Eurocash Group regarding the result on B2B sales to the Delikatesy Centrum franchise network and B2C sales carried out by its own stores Delikatesy Centrum, Arhelan, Lewiatan (part of Partner Sp. z o. o.) and Inmedio. Retail sales of Eurocash Group companies conducted within the following companies: Inmedio Sp. z o. o., Rogala Sp. z o. o., FHC-2 Sp. z o. o., Partner Sp. z o. o., Podlaskie Delikatesy Centrum Sp. z o. o., Arhelan Sp. z o. o., Delikatesy Centrum Sp. z o. o., as well as within the "Delikatesy Centrum" franchise

network organized by Eurocash Franczyza Sp. z o. o. as part of sales to customers of this franchise system by Eurocash S.A., and the fresh products distribution project conducted by the Eurocash Group. The Retail segment also includes the activities of non-operating companies of EKO Holding S.A. w ikwidacji, subsidiaries 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* – covers the activities of service and non-operating companies including 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.

Basic information regarding each reportable segment is presented below:

REVENUES AND PROFITS BY BUSINESS SEGMENTS IN THE PERIOD FROM 01 JANUARY 2023 TO 31 DECEMBER 2023

	Wholesale	Retail	Projects	Other	Exclusions	Total
Sales	**26 096 751 205**	**10 647 503 419**	**947 353 672**	**4 729 153**	**(5 244 374 905)**	**32 451 962 545**
External sales of goods	23 411 312 711	7 995 148 385	924 628 979	0	0	32 331 090 075
Other external sales	36 834 182	82 604 777	1 433 511	0	0	120 872 470
Inter-segmental sales	2 648 604 313	2 569 750 257	21 291 183	4 729 153	(5 244 374 905)	0
Operating profit	**574 721 673**	**118 740 428**	**(94 717 734)**	**(162 750 166)**	**0**	**435 994 202**
Finance income						67 121 368
Finance costs						(308 196 275)
Share in losses of companies consolidated with the equity method						77 016
Profit before income tax						**194 996 311**
Income tax						(50 274 268)
Net profit (loss)						**144 722 043**

REVENUES AND PROFITS BY BUSINESS SEGMENTS IN THE PERIOD FROM 01 JANUARY 2022 TO 31 DECEMBER 2022 *

	Wholesale	Retail	Projects	Other	Exclusions	Total
Sales	**24 769 249 172**	**10 238 085 233**	**784 908 033**	**6 108 168**	**(4 940 685 632)**	**30 857 664 974**
External sales of goods	22 290 628 147	7 671 639 731	761 401 129	0	0	30 723 669 008
Other external sales	58 759 294	66 055 174	9 093 769	87 730	0	133 995 966
Inter-segmental sales	2 419 861 731	2 500 390 328	14 413 135	6 020 438	(4 940 685 632)	0
Operating profit	**563 427 128**	**102 117 410**	**(104 102 733)**	**(157 710 338)**	**0**	**403 731 468**
Finance income						58 727 320
Finance costs						(280 083 452)
Share in losses of companies consolidated with the equity method						212 332
Profit before income tax						**182 587 668**
Income tax						(93 357 201)
Net profit (loss)						**89 230 467**

** Restated*

NOTE 2.

GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets are presented in table below.

GOODWILL AND INTANGIBLE FIXED ASSETS IN THE PERIOD FROM 01.01 TO 31.12.2023	Goodwill	Patents and licences	Trademarks	Customer relations	Other intangible assets	**Total**
Carrying amount as at 01.01.2022	**2 130 015 214**	**91 442 049**	**77 247 840**	**127 739 984**	**46 336 786**	**2 472 781 873**
Acquisition through business combination	8 243 677	0	0	0	0	**8 243 677**
Other acquisitions	0	24 537 144	3 780	0	27 201 664	**51 742 588**
Transfer of fixed assets under construction	0	17 510 341	0	0	(20 814 062)	**(3 303 721)**
Disposals	0	(384 389)	0	0	(339 475)	**(723 864)**
Increase or decrease due to revaluation	0	0	0	0	(47 874)	**(47 874)**
Liquidations	0	(380 320)	0	0	(2 534 827)	**(2 915 148)**
Amortisation	0	(50 027 170)	(1 315 136)	(12 500 000)	(849 755)	**(64 692 062)**
Other changes	0	4 433 158	0	0	(5 182 434)	**(749 276)**
Carrying amount as at 31.12.2022	**2 138 258 890**	**87 130 813**	**75 936 484**	**115 239 984**	**43 770 022**	**2 460 336 193**
Carrying amount as at 01.01.2023	**2 138 258 890**	**87 130 813**	**75 936 484**	**115 239 984**	**43 770 022**	**2 460 336 193**
Other acquisitions	0	27 413 078	0	0	22 147 220	**49 560 297**
Transfer of fixed assets under construction	0	16 743 142	0	0	(15 823 348)	**919 795**
Disposals	0	(1 796 486)	0	0	(129 347)	**(1 925 833)**
Liquidations	0	(463)	0	0	(179 611)	**(180 074)**
Amortisation	0	(52 916 667)	(87 551)	(12 500 000)	(5 023 202)	**(70 527 420)**
Other changes	0		0	0	1 399 014	**1 399 014**
Carrying amount as at 31.12.2023	**2 138 258 890**	**76 573 417**	**75 848 933**	**102 739 984**	**46 160 747**	**2 439 581 971**

GOODWILL AND INTANGIBLE FIXED ASSETS IN THE PERIOD FROM 01.01 TO 31.12.2023 (continued)

	Goodwill	Patents and licences	Trademarks	Customer relations	Other intangible assets	**Total**
As at 31.12.2022						
Gross carrying amount	2 138 258 890	408 486 313	138 873 370	315 673 264	150 536 360	3 151 828 198
Accumulated amortisation	0	(321 355 500)	(62 936 885)	(200 433 280)	(106 766 340)	(691 492 005)
Carrying amount	**2 138 258 890**	**87 130 813**	**75 936 485**	**115 239 984**	**43 770 021**	**2 460 336 193**
As at 31.12.2023						
Gross carrying amount	2 138 258 890	452 720 383	138 873 370	315 673 264	156 075 488	3 201 601 395
Accumulated amortisation	0	(374 272 167)	(63 024 436)	(212 933 280)	(111 789 542)	(762 019 424)
Carrying amount	**2 138 258 890**	**78 448 216**	**75 848 933**	**102 739 984**	**44 285 948**	**2 439 581 971**

Goodwill presented in the consolidated statement of financial position consists of the following items (chronological):

a) goodwill on acquisition of an organized part of "Carment, M. Stodółka i Wspólnicy Spółka Jawna" enterprise in the amount of PLN 11.565.477; (included in Retail segment impairment test),

b) goodwill on acquisition of "KDWT S.A" in the amount of PLN 22.103.227; (included in Wholesale segment impairment test)

c) goodwill on acquisition of "Eurocash Dystrybucja Sp. z o.o." (former “McLane Polska Sp. z o.o.”) in the amount of PLN 56.868.456; (included in Wholesale segment impairment test),

d) goodwill on acquisition of "Nasze Sklepy Sp. z o.o." in the amount of PLN 2.596.627; (included in Retail segment impairment test),

e) goodwill on acquisition of "Przedsiębiorstwo Handlowe Batna Sp. z o.o." in the amount of PLN 29.180.412; (included in Wholesale segment impairment test),

f) goodwill on acquisition of Premium Distributors Group in the amount of PLN 226.352.528; (included in Wholesale segment impairment test),

g) goodwill on acquisition of PolCater Group in the amount of PLN 11.428.359; (included in Wholesale segment impairment test),

h) goodwill on acquisition of Tradis Group in the amount of PLN 684.865.254, (included in Wholesale segment impairment test),

i) goodwill on acquisition of Dziembor i Spółka Sp. z o.o in the amount of PLN 5.253.762, (included in Wholesale segment impairment test),

j) goodwill on acquisition of Przedsiębiorstwo Handlowo- Usługowe Noban sp. z o.o in the amount of PLN 991.988, (included in Wholesale segment impairment test),

k) goodwill on acquisition by Eurocash S.A. of FMCG Service sp. z o.o., in the amount of PLN 60.349.278, (included in Wholesale segment impairment test),

l) goodwill on acquisition by Eurocash S.A. of Inmedio sp. z o.o., in the amount of PLN 55.021.256. (included in Retail segment impairment test)

m) goodwill on acquisition by Eurocash S.A. of Firma Rogala Sp. z o.o. in the amount of PLN 37.315.064,31, (included in Retail segment impairment test)

n) goodwill on acquisition by Eurocash S.A. of FHC-2 Sp. z o.o. i Madas Sp. z o.o. in the amount of PLN 29.594.628,35, (included in Retail segment impairment test)

o) goodwill on acquisition by Eurocash S.A. of Polska Dystrybucja Alkoholi Sp. z o.o. in the amount of PLN 17.484.368,84, (included in Wholesale segment impairment test),

p) goodwill on acquisition by Eurocash S.A. of EKO Holding S.A. in the amount of PLN 144.583.970, (included in Retail segment impairment test),

q) goodwill on acquisition by Eurocash S.A. of Domelius Limited (Mila stores) in the amount of PLN 388.031.705, (included in Retail segment impairment test)

r) goodwill on acquisition by Partner Sp. z o.o.in the amount of PLN 64.223.250 PLN, (included in Retail segment impairment test)

s) goodwill on acquisition by MD Projekt Sp. z o.o. in the amount of PLN 3.365.937 PLN, (included in Retail segment impairment test)

t) goodwill on acquisition by Frisco S.A. in the amount of PLN 195.033.111 PLN, (included in Projects segment impairment test).

u) goodwill on acquisition by Eurocash S.A. of Arhelan Sp. z o.o. in the amount PLN 93 225 085. (included in Retail segment impairment test)

Customer relations has been identified through the acquisition of:

a) Premium Distributors Group companies in the amount of PLN 49.000.000 (amortization period 10 years);

b) Tradis Group in the amount of PLN 250.000.000 (amortization period 20 years),

c) Group Service FMCG in the amount of PLN 14.473.264 (amortization period 5 years).

The Group has the following intangible assets that have key importance, therefore they have an indefinite useful life:

a) "Eurocash" trademark with a carrying amount of PLN 27.387.672,

b) "abc" trademark with a carrying amount of PLN 17.216.759,

After analysis in accordance with IFRS 38 point 90, the Group concludes that there is no foreseeable limit to the period over which the asset can be expected to generate net cash inflows for the group.

Amortization of intangible assets is recognized as selling expenses.

The Group did not make any goodwill impairment write-offs in 2023 and 2022.

The Group did not recognize any impairment losses in relation to intangible assets, what is expanded in Note 5.

NOTE 3.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are presented below.

PROPERTY, PLANT AND EQUIPMENT IN THE PERIOD FROM 01.01 TO 31.12.2023	Land and buildings	Plant and equipment	Vehicles	Other fixed assets	Fixed assets under construction	**Total**
Carrying amount as at 01.01.2022	**347 136 272**	**202 113 078**	**7 249 672**	**114 459 443**	**25 453 007**	**696 411 472**
Other acquisitions	22 203 219	59 716 763	5 947 421	62 949 677	27 921 465	**178 738 545**
Changes due to the transfer of fixed assets under construction	4 921 910	8 395 438	31 442	5 794 018	(16 249 777)	**2 893 030**
Disposals	(3 214 028)	(8 148 261)	(1 629 965)	(6 251 964)	(2 077 532)	**(21 321 750)**
Liquidations	(2 125 543)	(2 257 384)	(230 697)	(5 480 378)	(2 953 178)	**(13 047 180)**
Impairment loss	(825 617)	0	0	0	0	**(825 617)**
Write-off reversal	588	791 873	137 333	433 440	760	**1 363 994**
Depreciation	(39 564 511)	(65 109 201)	(9 329 959)	(50 011 420)	0	**(164 015 091)**
Other changes	1 827 850	579 707	717 518	(263 898)	(9 773 730)	**(6 912 552)**
Carrying amount as at 31.12.2022	**330 360 141**	**196 082 013**	**2 892 764**	**121 628 919**	**22 321 015**	**673 284 851**
Carrying amount as at 01.01.2023	**330 360 141**	**196 082 013**	**2 892 764**	**121 628 919**	**22 321 015**	**673 284 851**
Other acquisitions	19 260 981	41 635 426	4 237 448	35 616 785	55 572 540	**156 323 181**
Changes due to the transfer of fixed assets under construction	6 493 390	13 024 784	45 090	3 839 040	(25 405 468)	**(2 003 164)**
Disposals	(180 098)	(2 013 329)	(450 203)	(704 742)	(287 340)	**(3 635 711)**
Liquidations	(416 500)	(1 442 087)	(104 540)	(883 433)	(216 037)	**(3 062 597)**
Depreciation	(31 622 669)	(68 022 160)	(7 414 081)	(45 212 027)	0	**(152 270 937)**
Other changes	(3 996 799)	99 897	384 538	2 096 448	(4 919 684)	**(6 335 601)**
Carrying amount as at 31.12.2023	**319 898 446**	**179 364 544**	**(408 985)**	**116 380 990**	**47 065 026**	**662 300 022**

PROPERTY, PLANT AND EQUIPMENT IN THE PERIOD FROM 01.01 TO 31.12.2023 (continued)

	Land and buildings	Plant and equipment	Vehicles	Other fixed assets	Fixed assets under construction	**Total**
As at 31.12.2022						
Gross carrying amount	743 912 472	685 786 152	160 792 515	632 374 462	22 786 832	2 245 652 432
Accumulated amortisation	(413 552 331)	(489 704 139)	(157 899 750)	(510 745 543)	(465 817)	(1 572 367 581)
Carrying amount	**330 360 141**	**196 082 012**	**2 892 764**	**121 628 919**	**22 321 015**	**673 284 851**
As at 31.12.2023						
Gross carrying amount	765 073 446	737 035 812	165 835 082	671 577 689	47 416 511	2 386 938 540
Accumulated amortisation	(445 175 000)	(557 726 300)	(165 313 831)	(555 957 570)	(465 817)	(1 724 638 518)
Carrying amount	**319 898 446**	**179 309 512**	**521 250**	**115 620 119**	**46 950 694**	**662 300 022**

NOTE 4.

RIGHT OF USE

RIGHT OF USE IN THE PERIOD FROM 01.01 TO 31.12.2023	Land and buildings	Plant and equipment	Vehicles	Other fixed assets	**Total**
Carrying amount as at 01.01.2022	**1 679 849 418**	**30 956 830**	**192 887 765**	**38 351 712**	**1 942 045 725**
Increases due to the new agreements	129 591 576	2 638 237	75 538 196	0	**207 768 010**
Changes in conditions of contracts*	180 349 420	(7 610 048)	8 451 345	(32 999 536)	**148 191 180**
Decrease of contracts scope	(11 135 216)	0	(6 320 470)	0	**(17 455 685)**
Depreciation	(294 391 908)	(91 598)	(73 363 998)	0	**(367 847 504)**
Other changes	(8 029 971)	0	0	0	**(8 029 971)**
Carrying amount as at 31.12.2022	**1 676 233 319**	**25 893 421**	**197 192 839**	**5 352 177**	**1 904 671 756**
Carrying amount as at 01.01.2023	**1 676 233 319**	**25 893 421**	**197 192 839**	**5 352 177**	**1 904 671 756**
Increases due to the new agreements	91 471 565	0	31 485 038	0	**122 956 603**
Changes in conditions of contracts*	293 044 674	15 612	30 099 041	0	**323 159 327**
Decrease of contracts scope	(14 198 120)	0	(1 243 847)	0	**(15 441 968)**
Depreciation	(328 140 767)	(178 016)	(78 417 864)	0	**(406 736 647)**
Other changes	(7 754 784)	0	0	0	**(7 754 784)**
Carrying amount as at 31.12.2023	**1 710 655 887**	**25 731 018**	**179 115 206**	**5 352 177**	**1 920 854 287**

As at 31.12.2022					
Cost	2 875 680 495	34 442 868	482 134 752	10 889 747	3 403 147 862
Accumulated amortisation	(1 199 447 175)	(8 549 447)	(284 941 913)	(5 537 569)	(1 498 476 105)
Carrying amount	**1 676 233 319**	**25 893 421**	**197 192 839**	**5 352 177**	**1 904 671 756**
As at 31.12.2023					
Cost	3 245 998 613	34 458 481	542 474 983	10 889 747	3 833 821 824
Accumulated amortisation and write-down	(1 535 342 726)	(8 727 463)	(363 359 777)	(5 537 569)	(1 912 967 536)
Carrying amount	**1 710 655 887**	**25 731 018**	**179 115 206**	**5 352 177**	**1 920 854 287**

** Changes to contract terms include changes in estimates with respect to changes in the period or exercise of options*

The total cash outflow from leasing in 2023 amounted to PLN 483,969,542 (in 2022 PLN 444,656,647). The value of interest paid on contracts covered by IFRS 16 amounted to PLN 87,616,781 in 2023 (PLN 71,132,281 in 2022).
Excluded from recognition on the balance sheet are short-term and low-value leasing contracts, the total amount of which in 2023 amounted to approximately PLN 7.5 million (in 2022: approximately PLN 8.6 million). In this category, the Group includes the lease of, among others: cars, trolleys, containers.

NOTE 5.

IMPAIRMENT TESTS OF ASSETS

The Group performed impairment tests with regard to assets allocated to individual operating segments to which goodwill and intangible assets with an indefinite useful life are allocated. The tests were carried out for the following segments: Wholesale, Retail and Projects.
As at 31 December 2023, the Group performed impairment tests with respect to individual goodwill disclosed in the financial statements and determined the recoverable amounts of the cash-generating units to which these goodwill and trademarks are assigned.
The recoverable amount of individual units was compared with the carrying amount defined as the sum of assets (including current assets) of a given cash-generating unit, less short-term liabilities constituting part of working capital. For each impairment test, the recoverable amount was determined as the value of the tested cash-generating unit based on financial projections for 2024-2028 and the residual value after the detailed forecast period. Historical data for 2023 and plans for 2024-2028 approved by the Management Board of Eurocash S.A. were used to determine selected projection parameters.

Retail segment impairment test

The value in use of assets in the Retail segment was determined based on cash flow projections (discounted cash flow method), which were developed, among others, by under the following assumptions:
- a model for determining the recoverable amount prepared on the basis of the existing infrastructure and sales network (value in use), including central distribution of goods and sales to own and franchise stores,
- a 5-year detailed forecast period was adopted,
- the calculation of the cash flow projection takes into account the recognition of lease agreements in accordance with IFRS 16,
- the cash flow forecast takes into account the lack of deterioration of the epidemiological situation compared to the situation as at the date of approval of these financial statements,
- replacement capital expenditures in subsequent years were agreed to the approved investment budgets, including, among others, planned outlays on remodeling stores,
- in the residual period it was assumed to maintain a constant level of fixed assets
- in the period covered by the detailed analysis, an average annual increase in sales revenue of 7.0% was assumed (where in 2024 the assumed sales dynamics is higher than in the following years of the

forecast) based on the development activities undertaken and plans of the Management Board, inflation assumptions and external analyzes of market development retail sales, while in the residual period a growth rate of 2.5% was assumed. The Management Board prepared sales growth plans and the results of the current structure of the retail network based on sales development plans in the currently existing locations, both in own stores and franchise outlets, based on forecasts related to, among others, with the planned activities aimed at optimizing the results of this sales channel.

- in the horizon of the detailed forecast, an increase in the level of gross margin by 0.6 p.p. was assumed. compared to the level achieved in 2023, except that the planned increase in the level of gross margin is achieved gradually throughout the forecast period,

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

The discount rate used in the cash flows is consistent with the weighted average cost of capital (WACC), calculated based on the risk-free rate. Other elements used in the calculation, such as market risk premium, beta factor and capital structure are based on market data, adequate for the industry in which Eurocash operates. A specific risk premium appropriate for the Eurocash Group was also adopted. The weighted average cost of capital - WACC of 10.90% (2022: 10,23%) was adopted as the discount rate. For the Retail segment, the deviation of the discount rate by +/- 0.25 p.p. would result in a decrease/increase in the surplus over the tested value by approximately PLN 85-90 million. Increasing/decreasing the discount rate by 0.25 percentage points. as well as reducing/increasing the margin by 0.25 p.p. does not lead to an impairment of the cash-generating unit to which goodwill is assigned.

Reducing the gross margin in the forecast horizon by 1.1% in relation to the assumed margin values in individual years of the forecast, with other parameters of the model unchanged, would equal the book value of assets of the center generating cash flows with the recoverable value.

In the case of the discount rate, there is no rational change to it. would equate the book value of assets of the cash-generating unit with the recoverable value.

The Management Board also prepared sales growth plans and the results of the current structure of the retail network based on sales development plans in the existing locations, both in own stores and franchise outlets, based on forecasts related to, among others, with the planned activities aimed at optimizing the results of this sales channel. The estimation of the value of the sum of discounted cash flows indicated a surplus over the book value of the assets.

Wholesale segment impairment test

The recoverable amount estimation model includes 5-year detailed cash flow projections, based on long-term plans to develop and increase sales within the existing distribution networks, in which period it was assumed, among others, an average annual increase in sales by 5.9% and a constant level of margin from 2026. The test assumed stabilization of cash flows, the discount rate used in the cash flows is consistent with the weighted average cost of capital (WACC), calculated on the basis of the risk-free rate.

Other elements used in the calculation, such as market risk premium, beta factor and capital structure are based on market data, adequate for the industry in which Eurocash operates - in relation to wholesale operations.

The weighted average cost of capital was adopted as the discount rate - WACC 8.60% (in 2022: WACC 7.27%).

The assumed growth rate in the residual period was 2.5%.

The tested value of assets (adjusted for trade liabilities) of PLN 1,035 million includes goodwill of PLN 1,114 million and right-of-use assets of PLN 619 million

In the Group's opinion, any rational change in the key assumptions adopted for the measurement of the recoverable amount of individual cash-generating units will not cause the carrying amounts of these units to exceed their recoverable amounts.

Trademark impairment tests

The Company also conducted separate impairment tests for trademarks with an indefinite useful life related to wholesale operations:

a) impairment test for the "Eurocash" trademark worth PLN 27 million as at 31 December 2023.

b) impairment test for the “abc” trademark worth PLN 17 million as at December 2023.

For the purposes of the test, the recoverable amount of the trademark was set at fair value less costs to sell using the royalty method.

The method of valuing a trademark based on market licensing fees consists in determining the present value of future economic benefits resulting from the possession of rights to the trademark. This method is based on the assumption that the benefits of owning a trademark are equal to the costs that a given entity would have to incur if it did not have the rights to the trademark, but only used it under a license agreement at the rates applicable on the market. The fair value was classified to level 3 of the hierarchy.

The way to determine the market level of the license fee is to forecast the sales of products marked with the trademark being valued and to determine the rate of the license fee for the use of this trademark.

The license fee rate is determined on the basis of an analysis of trademark lease agreements between unrelated parties within a comparable market segment.

The tests were carried out based on financial projections for 2024-2028. Historical data for 2023 and approved by the Management Board of Eurocash S.A. were used to determine selected projection parameters. plans for 2024-2028. In order to determine the total sales level, increases in sales of locations existing as at the date of the test were forecast.

The weighted average cost of capital - WACC (from 9.60%) was adopted as the discount rate (in 2022: WACC from 8.27%).

As a result of the analysis, it was confirmed that there is no need to make individual write-downs on these assets.

Impairment tests of assets (including goodwill) in the Projects and other segment

For cash-generating units at the level of individual companies in this segment, the impairment indicators of assets were analyzed and appropriate estimates of the recoverable amount were made in the event of impairment indicators and for the units to which goodwill was allocated.

Kontigo

As a result of the impairment tests performed on Kontigo's assets as at 31 December 2023, the recoverable value of fixed assets was estimated based on the estimated fair value less disposal costs, and no need to create additional write-offs was identified as at 31 December 2023. The fair value determined in this way was classified to level 3 of the fair value hierarchy in accordance with IFRS 13.

Duży Ben

For the cash-generating unit Duży Ben, no evidence of impairment of assets was identified. Duży Ben, as a company operating in the Eurocash Group, acts as a limited distributor and generates a profit at the operational level. The limited distributor model has been in operation since 2021.

The value in use was estimated based on the level of profitability achieved by mature stores, which is observed for stores positioned on the market in previous years. As a result of the analysis, no impairment of the above-mentioned items was found. assets. No reasonable change in the assumptions used for the test will result in recognizing an impairment of the tested assets.

Provisions for expected credit losses under the financial guarantee granted are immaterial according to the estimates made.

Frisco

For the Frisco cash-generating unit, impairment tests were carried out with respect to goodwill in the amount of PLN 195 million.

Based on analyzes of comparative transactions and market valuations with the support of independent specialists, the Management Board determined the fair value less costs of disposal of investments in assets shown in the balance sheet, which was recognized as recoverable value.

The fair value was determined using multiplier methods based on the EV/Sales ratio and including market multiples and transaction multiples. In the first case, the median of the EV/S ratio of comparable companies in Europe was determined, which was used to determine the recoverable amount based on the realized sales revenue in 2022, taking into account such elements as liquidity discount, control premium and costs of sale and liabilities leasing. Valuation using the EV/S transaction multiples method was based on comparable transactions, while the application of bonuses and discounts depended on the size of the stake covered by the comparable transaction and whether such comparable transaction included shares in a public or private company; on this basis, the median fair value was used to calculate the recoverable amount of assets, taking into account the sales revenues indicated above and the costs to sell.

As a result of the test, no impairment was identified as at 31 December 2023.

NOTE 6.

INVESTMENT PROPERTIES
Investment properties are presented below.

INVESTMENT PROPERTY AS AT 31.12.2023	as at 31.12.2023	as at 31.12.2022
Opening balance	**150 110**	**913 684**
Disposal	(189 570)	0
Depreciation	(14 276)	(15 574)
Other changes	748 000	(748 000)
Closing balance	**694 264**	**150 110**

NOTE 7.

INVESTMENTS IN COMPANIES VALUED USING THE EQUITY METHOD
Investments in companies valued using the equity method are presented below.

INVESTMENTS IN EQUITY ACCOUNTED INVESTEES AS AT 31.12.2023	as at 31.12.2023	as at 31.12.2022
Opening balance	**13 586 088**	**13 373 757**
Increase in reporting period:	**77 015**	**212 331**
Interest in profit	77 015	212 331
Closing balance	**13 663 103**	**13 586 088**

Entity Partnerski Serwis Detaliczny S.A. is valued using the equity method.

NOTE 8.

OTHER LONG-TERM INVESTMENTS

Other investments are presented below.

OTHER LONG-TERM INVESTMENTS AS AT 31.12.2023	as at 31.12.2023	as at 31.12.2022
Shares in other entities	436 480	436 480
Receivables due to security instruments (IRS)	883 476	1 310 416
Total other long-term financial assets	**1 319 956**	**1 746 896**

NOTE 9.

LONG-TERM RECEIVABLES

Long-term receivables are presented below.

LONG-TERM RECEIVABLES AS AT 31.12.2023	as at 31.12.2023	as at 31.12.2022
Security deposits on rental agreements	17 450 484	14 667 607
Other long-term receivables	6 986	328 112
Total long-term receivables	**17 457 469**	**14 995 719**

NOTE 10.

OTHER LONG-TERM PREPAYMENTS

Other long-term prepayments are presented below.

OTHER LONG-TERM PREPAYMENTS AS AT 31.12.2023	as at 31.12.2023	as at 31.12.2022
Services accounted over time	3 421 784	1 966 767
Alcohol licences	0	5 764 807
IT licences	35 596	17 639
Rental of premises - premium	476 622	622 710
Insurance	0	100 000
Comissions	6 149 463	155 761
Other prepayments	216 791	1 137 171
Total other long-term prepayments	**10 300 256**	**9 764 855**

NOTE 11.

INVENTORIES

Inventories are presented below.

INVENTORIES AS AT 31.12.2023	as at 31.12.2023	as at 31.12.2022 * Restated
Merchandise	1 998 757 721	1 636 113 685
Total inventories, including:	**1 998 757 721**	**1 636 113 685**
- nominal value of inventory deposits securing payments of liabilities	144 060 300	296 000 000

* Presentation of Goods and Materials and advance payments jointly due to immateriality

ALLOWANCE FOR INVENTORIES IN THE PERIOD FROM 01.01. TO 31.12.2023	for the period from 01.01.2023 to 31.12.2023	for the period from 01.01.2022 to 31.12.2022
Opening balance	**53 787 346**	**54 783 455**
- increase in the allowance during the period *	3 939 634	0
- write-offs during the period *	0	(996 109)
Closing balance	**57 726 981**	**53 787 346**

** net value*

NOTE 12.

TRADE AND OTHER RECEIVABLES

Trade receivables and other receivables are presented below.

TRADE RECEIVABLES AND OTHER RECEIVABLES AS AT 31.12.2023	as at 31.12.2023	as at 31.12.2022
Trade receivables	**1 331 906 355**	**1 446 398 828**
Receivables from clients	673 757 115	793 613 599
Receivables from suppliers	652 046 973	635 777 961
Receivables from franchisees *	11 086 912	15 041 727
Other trade receivables	1 428 283	16 218 194
Allowance for trade receivables	(27 641 033)	(35 668 629)
Franchise fees	21 228 105	21 415 976
Current tax assets	**7 236 337**	**32 592 659**
Other receivables	**252 957 970**	**143 164 415**
VAT settlements	187 123 203	82 581 395
Receivables from employees	621 193	578 064
Insurance claims receivables	524 895	883 498
Receivables from sales fixed assets	558 050	1 582 448
Receivables subject to legal proceedings	59 977 177	71 326 959
Receivables from sales of terminals	3 298 988	0
Other receivables (irrelevant individually)	19 686 727	21 708 836
Allowance for other bad debts **	(59 155 673)	(72 478 547)
Receivables due to payments by card	40 323 409	36 981 761
Total receivables, including:	**1 592 100 662**	**1 622 155 902**
- long-term	0	0
- short-term	1 592 100 662	1 622 155 902

** receivables from franchisees transferred for financing relate to receivables for supplies and services from franchisees, which have been covered by factoring agreements with recourse*

*** mainly due to court cases receivables*

As at 31 December 2023 (values as at 31 December 2022 are given in brackets), receivables covered by factoring reduce the total amount of trade receivables in the amount of: "program 1" - PLN 11.1 (15.0) million, "program 2” - PLN 145.1 (115.1) million, "program 3" - PLN 48,7 (65.3) million and "program 4" - PLN 97,4 (148,7) million and “program 5”, which was launched in June 2023 - PLN 50.0 (0.0) million. The amounts reducing receivables were transferred to the Group's bank accounts and were recognized in the cash item. The receivables factoring programs used by the Group are characterized by different conditions due to their specific features: "program 1" - used to extend financing for the Group's franchisees, who receive funds in the full amount of the receivable on the due date, "program 2" and "program 4" and "program 5" - allows the Group to receive cash in connection with the assignment of receivables from a selected debt portfolio, "program 3" - discounts all invoices of selected two clients of the Group at 100% of their value. Only in "program 2", "program 4" and "program 5" the cash in the account is lower than the value of receivables submitted for assignment to the factor, the value of which as at 31 December 2023 amounted to PLN 206.3 million (231, PLN 0 million) in the case of "program 2", in the case of "program 4" - PLN 231.5 million (PLN 252.7 million) and in the case of "program 5" - PLN 79.2 million (PLN 0.0 million) . In accordance with the Group's judgment, the Group neither transfers nor retains substantially all the risks and rewards associated with ownership of the transferred asset and retains control (taking into account the impracticability of selling the insured receivables by the factor) over the transferred asset and therefore recognizes transferred asset to the extent that it maintains involvement in it, i.e. in the amount of the difference between the value of the assigned portfolio and the amount paid by the factor.

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

NOTE 13.

SHORT-TERM INVESTMENTS

OTHER SHORT-TERM INVESTMENTS AS AT 31.12.2023	as at 31.12.2023	as at 31.12.2022
Receivables due to security instruments (IRS)	0	6 404 073
Other short-term investments	110 250	0
Total other short-term investments	**110 250**	**6 404 073**

NOTE 14.

SHORT-TERM PREPAYMENTS
Short-term prepayments are presented below.

SHORT-TERM PREPAYMENTS AS AT 31.12.2023	as at 31.12.2023	as at 31.12.2022
IT services	5 979 497	4 164 173
Alcohol licences	6 410 432	7 671 942
Rentals	5 724 209	2 927 060
Media	202 472	185 650
Advertising folders	0	1 750
Insurances	6 101 876	6 306 876
Lease of commercial premises	683 639	0
Annual fees, subscriptions	279 352	525 861
Expenses related to future transactions	300 603	446 824
Commissions	4 505 417	2 793 651
Time-based services	4 015 702	3 800 664
Other short-term prepayments	9 494 745	12 660 882
Total other short-term prepayments	**43 697 944**	**41 485 332**

NOTE 15.

CASH AND CASH EQUIVALENS
Cash and cash equivalents are presented below.

CASH AND CASH EQUIVALENTS AS AT 31.12.2023	as at 31.12.2023	as at 31.12.2022 **restated*
Cash at bank	117 592 492	44 956 942
Cash on hand	6 085 608	5 385 096
Cash in transit	99 798 304	98 034 383
Cash on short-term deposits	25 602 645	10 480 900
Cash restricted to use	17 497 755	3 645 869
Others	0	5 000
Cash on VAT accounts	7 176 204	15 285 220
Total cash	**273 753 008**	**177 793 410**

Restrictions on the disposal of cash in VAT accounts do not affect the classification as "cash and equivalents”.

NOTE 16.

SHARE CAPITAL

Information on the share capital is presented in the tables below.

As at 31 December 2023, share capital consisted of 139.163.286 ordinary shares, including:
- 127.742.000 A series ordinary shares to the bearer with the nominal value of 1 PLN each
- 3.035.550 B series ordinary shares to the bearer with the nominal value of 1 PLN each
- 2.929.550 C series ordinary shares to the bearer with the nominal value of 1 PLN each
- 830.000 D series ordinary shares to the bearer with the nominal value of 1 PLN each
- 1.414.900 E series ordinary shares to the bearer with the nominal value of 1 PLN each
- 537.636 F series ordinary shares to the bearer with the nominal value of 1 PLN each
- 997.000 G series ordinary shares to the bearer with the nominal value of 1 PLN each
- 1.011.000 H series ordinary shares to the bearer with the nominal value of 1 PLN each
- 183.000 I series ordinary shares to the bearer with the nominal value of 1 PLN each
- 482.650 M series ordinary shares to the bearer with the nominal value of 1 PLN each.

Motivational and Bonus Program for Employees

On 30 June 2022, the General Meeting of the Company, by resolution No. 25, established the Incentive and Bonus Program for Employees from 2022 (hereinafter referred to as the "Program") for certain key employees of the Company and companies directly or indirectly related by capital to the Company (hereinafter referred to as the "Eurocash Group"). The program is a continuation of motivational programs addressed to managers, executives and employees who are fundamental to the activities of the Eurocash Group, enabling outstanding people to take up shares in the Company as a bonus.

In connection with the Program, the Company will issue 278,326 (two hundred and seventy-eight thousand three hundred and twenty-six) registered Series P Bonds, each with a nominal value of PLN 1 (one), each of which will entitle to subscribe and take up 25 (twenty-five) Series N Shares with priority before the Company's shareholders. The Series P Bonds will be redeemed by the Company on 3 July 2028 by paying a cash amount equal to the nominal value of the Series P Bonds. The persons entitled under the Program to purchase all or part of the Series P Bonds will be only managers, members of the management staff and persons of fundamental importance for the activities of the Eurocash Group, employed and performing their duties for a period of 3 years starting from 1 January 2022.

The program will be implemented only if (i) the consolidated operating profit (EBIT) of the Company's Capital Group in 2025 amounts to at least PLN 600,000,000 or (ii) the average price of the Company's shares on the Warsaw Stock Exchange. (calculated as the average of the closing prices on each trading day) in the six-month period between 1 July 2024 and 31 December 2025 will be at least PLN 30.

The list of persons initially eligible for the Program was adopted in the above-mentioned resolution No. 25 of the Ordinary General Meeting of the Company of 30 June 2022, and then - in accordance with the above-mentioned regulation. resolutions of the General Meeting - in a resolution of the Company's Supervisory Board.

The structure of shareholders with more than 5% of the total number of voting rights is presented below:

Shareholding structure above 5%

	31.12.2023				31.12.2022			
Shareholder	Number of shares	Share in share capital (%)	Number of votes	Share in total number of votes (%)	Number of shares	Share in share capital (%)	Number of votes	Share in total number of votes (%)
Luis Amaral (directly and indiriectly by Politra B.V. S.a.r.l and Western Gate Private Investments Ltd.)	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%	0	0,00%	0	0,00%
PTE Allianz Polska S.A	7 110 507	5,11%	7 110 507	5,11%	0	0,00%	0	0,00%

Luis Amaral holds a total of 44.04% of the shares of Eurocash S.A. directly and indirectly through:
- Politra B.V. S.A.R.L. with its registered office in Luxembourg, whose only shareholder holding 100% shares is Portugese Private Investment Ltd. with its registered office in Great Britain, whose only shareholder is Luis Amaral,
- Western Gate Private Investments Ltd. with its registered office in Great Britain, whose only shareholder is Portugese Private Investment Ltd. with its registered office in Great Britain, whose only partner is Luis Amaral.

Luis Amaral, through Politra B.V., a company he controls, s.a.r.l. (as the legal successor of Politra B.V.), pursuant to § 13 sec. 2 of the Statute of Eurocash S.A., has the right to appoint 3 out of 5 members of the Supervisory Board of Eurocash S.A., i.e. appoints the majority of its composition. In turn, the Supervisory Board of Eurocash S.A. appoints and dismisses (all) Members of the Management Board of Eurocash S.A. (§ 15 section 1 point (iv) of the Eurocash Statute) - thus Luis Amaral (through the company Politra B.V. s.a r.l. he controls), has influence over the appointment of members of the Management Board of Eurocash S.A., and thus exercises control over Eurocash S.A. The above right to appoint 3 out of 5 members of the Supervisory Board of Eurocash S.A. is vested in Politra as long as it holds at least 30% of shares in the share capital of Eurocash S.A.

*Number of shares of PTE Allianz Polska S.A. and Generali PTE S.A. was indicated in accordance with the content of notifications received by the Company about changes in ownership, as a result of which a given entity became the owner of shares giving more than 5% of the total number of votes to the Company in 2023 (PTE Allianz Polska S.A. - notification about which the Company informed in current report No. 1 /2023 and Generali PTE S.A. - notification of which the Company announced in current report No. 14/2023), as at the date of submission of the relevant notification.

Changes in the initial capital were as follows.

SHARE CAPITAL IN THE PERIOD FROM 01.01 TO 31.12.2023	for the period from 01.01.2023 to 31.12.2023	for the period from 01.01.2022 to 31.12.2022
Share capital at the beginning of the period	**139 163 286**	**139 163 286**
Increase of share capital in the period	**0**	**0**
Incentive programs for employees	0	0
Share capital at the end of the period	**139 163 286**	**139 163 286**

Capital on valuation of hedging transactions

The capital from the valuation of hedging instruments is related to the applied hedges of *Interest Rate Swap* and amounted to PLN 8.256.604 as at 31 December 2023 and PLN 3.067.894 as at 31 December 2022, taking into account the effect of deferred income tax. The change in the valuation in the reporting period is related to the change in market interest rates and was fully recognized in equity due to the documentation in place establishing the relationship between the hedged item and the hedging instrument and the full effectiveness of the hedge.

NOTE 17.

PROVISIONS AND ACCRUALS

Provisions and accruals are presented below.

PROVISIONS AND ACCRUALS IN THE PERIOD FROM 01.01 TO 31.12.2023	Employee benefits	Accrual for transport costs	Accrual for advertising costs
Provisions and accruals as at 01.01.2022	**190 346 378**	**16 697 095**	**35 015 811**
Increases*	7 792 150	2 916 684	0
Decreases*	(607 015)	-	(14 309 304)
Provisions and accruals as at 31.12.2022 including:	**197 531 513**	**19 613 779**	**20 706 507**
- short-term	188 370 484	19 613 779	20 706 507
- long-term	9 161 028	-	0
Provisions and accruals as at 01.01.2023	**197 531 513**	**19 613 779**	**20 706 507**
Increases*	348 497		
Decreases*	(28 994 459)	(395 861)	(749 191)
Provisions and accruals as at 31.12.2023 including:	**168 885 550**	**19 217 918**	**19 957 316**
- short-term	159 376 025	19 217 918	19 957 316
- long-term	9 509 525	-	0

** net value*

	Provision for interests	Accrual for media costs	Pozostałe	Total
Provisions and accruals as at 1 January 2022	**8 560 227**	**28 643 604**	**224 426 499**	**503 689 615**
Increases*	7 013 397	17 954 002	0	35 676 234
Decreases*	0	0	(18 734 032)	(33 650 352)
Provisions and accruals as at 31 December 2022 including:	**15 573 624**	**46 597 607**	**205 692 467**	**505 715 497**
- short-term	15 573 624	46 597 607	204 061 413	494 923 414
- long-term	0	0	1 631 054	10 792 083
Provisions and accruals as at 1 January 2023	**15 573 624**	**46 597 607**	**205 692 467**	**505 715 497**
Increases*	11 373 160	10 739 779	0	22 461 436
Decreases*	0	0	(22 742 527)	(52 882 039)
Provisions and accruals as at 31 December 2023 including:	**26 946 784**	**57 337 386**	**182 949 941**	**475 294 894**
- short-term	26 946 784	57 337 386	217 082 819	465 427 338
- long-term	0	0	0	9 867 556

** net value*

PROVISIONS AS AT 31.12.2023	as at 31.12.2023	as at 31.12.2022
		* Restated
Employee benefits	9 509 525	9 161 028
Current employee benefits	159 376 025	188 370 484
Accrual for advertising costs	19 957 316	20 706 507
Accrual for intrests	26 946 784	15 573 624
Accrual for costs of media	57 337 386	46 597 607
Accrual for advisory and audit	3 684 645	7 624 471
Accrual for costs of transport	19 217 918	19 613 779
Accrual for rental costs	26 705 087	27 503 725
Accural for IT modernist works	4 305 571	5 702 018
Accrual for concessions	1 987 419	2 244 886
Court cases, potential disputes and receivables canceled	14 799 708	15 926 274
Other provisions and accruals	131 467 511	146 691 093
PROVISIONS TOTAL	**475 294 894**	**505 715 497**
- long-term	9 867 556	10 792 083
- short-term	465 427 338	494 923 414

Provisions and liabilities for employee benefits

Provisions and liabilities for employee benefits include i.a. provision for retirement, disability and post-mortem severance pays in the amount of PLN 9.996.195 (the remaining part relates mainly to payroll liabilities and holiday leave provisions).

The provision for retirement benefits was calculated with the help of an actuary. In actuarial valuations, min. discount rates 5,2%.

Provision for the costs of advertising and marketing

Provision for advertising and marketing costs include mainly provisions related to the allocation of the marketing services provided by the receivers.

It is expected that these provisions will be realized within 12 months from 31 December 2023.

Provision for interest

Provision applies to the estimated costs associated with unpaid liabilities for which contractual dates passed as at 31 December 2023.

It is expected that the reserve will be completed within 12 months from 31 December 2023.

NOTE 18.

TRADE AND OTHER PAYABLES

Trade and other payables are presented below.

TRADE AND OTHER PAYABLES AS AT 31.12.2023	as at 31.12.2023	as at 31.12.2022
		* Restated
Trade payables	**4 654 723 286**	**4 114 406 060**
Payables due to purchase of goods	4 337 945 229	3 827 210 582
"- including: supplier financing program	*1 405 186 288*	*1 156 225 827*
Payables due to services received	183 281 111	149 354 352
Payables due to reversal of remuneration	133 496 946	137 841 125
Current tax liabilities	**27 520 619**	**30 932 775**
Other payables	**282 458 409**	**316 198 216**
VAT settlements	34 909 649	44 764 604
Liabilities due to purchases of assets	15 668 269	10 992 410
Liabilities due to social securities	70 289 864	66 653 684
Liabilities due to taxes and insurances	13 394 806	13 068 112
Liabilities from deposit	21 794 051	18 007 729
Option for purchase/selling the shares	104 480 658	147 085 647
Other payables	21 921 112	15 626 030
Total payables, including:	**4 964 702 314**	**4 461 537 051**
- long-term	21 794 051	89 342 862
- short-term	4 942 908 262	4 372 194 189

The Group assessed liabilities covered by reverse factoring and, based on this assessment, classified liabilities under the so-called reverse factoring as trade liabilities, because in connection with the transfer of given liabilities to factoring, there were no significant changes in the nature of these liabilities, in particular no significant changes in payment terms. The balance of trade liabilities as at 31 December 2023 included the value of balances covered by the supplier financing program in the amount of PLN 1,405,186,228, while as of 31 December 2022, the corresponding value of balances was PLN 1,156,225,827.

The option to purchase/sell shares in Firma Rogala was included in the short-term part.

NOTE 19.

LOANS AND BORROWINGS

As at 31 December 2023, the Group has credit lines in the total amount of PLN 1.137,92 million, provided by 10 banks (including 8 banks out of syndicate). These limits were used as at the balance sheet date in the amount of PLN 451,92 million. Detailed information on credits and loans is presented in the table below

LOANS AND CREDITS AS AT 31 DECEMBER 2023

Credits	Credit destination	Liability amount	Interest rate
Company 1	Loan for financing current activity	10 218 656	WIBOR + bank's margin
Bank Sindicate	Loan for financing current activity	433 200 000	WIBOR + bank's margin
Bank 1	Overdraft for financing of current activities	244 381	WIBOR + bank's margin
Bank 2	Overdraft for financing of current activities	8 256 000	WIBOR + bank's margin
Total loans and credits		**451 919 037**	
- long-term		361 872 000	
- short-term		90 047 037	

The value of credit cost amounted to PLN 71.389.236 in 2023.

LOANS AND CREDITS AS AT 31 DECEMBER 2022

Credits	Credit destination	Liability amount	Interest rate
Company 1	Loan for financing current activity	9 782 049	WIBOR + bank's margin
Bank1	Loan for financing current activity	48 834 259	WIBOR + bank's margin
Bank 2	Loan for financing current activity	19 246 578	WIBOR + bank's margin
Bank 4	Loan for financing current activity	5 785 135	WIBOR + bank's margin
Bank 5	Loan for financing current activity	5 956 314	WIBOR + bank's margin
Bank 6	Loan for financing current activity	196 020 000	WIBOR + bank's margin
Bank 7	Loan for financing current activity	75 000 000	WIBOR + bank's margin
Bank Sindicate	Loan for financing current activity	300 000 000	WIBOR + bank's margin
Bank 3	Loan for financing current activity	11 698 530	WIBOR + bank's margin
Total loans and credits		**672 322 864**	
- long-term		168 656 000	
- short-term		503 666 864	

The value of credit's cost amounted to PLN 66.080.273 in 2022.

In accordance to the credit agreements, the Group is obligated to maintain certain financial ratios at a defined level and for the activity of indicated in the contracts framework. During the reporting period the Group performed all the terms of loan agreements and there was no case of violation. What is more, according to the credit agreements the Group has issued the securities, details of which are expanded in Note 32.

NOTE 20.

OTHER FINANCIAL LIABILITIES

Other financial liabilities are presented below.

FINANCIAL LIABILITIES AS AT 31.12.2023	as at 31.12.2023	as at 31.12.2022
Liabilities arising from the issue of bonds	125 000 000	125 000 000
Liabilities related to financing of franchisees	11 086 912	15 041 726
Valuation of hedging instruments	5 462 776	6 074 826
FINANCIAL LIABILITIES TOTAL	**141 549 687**	**146 116 552**
- long-term	125 278 659	131 074 826
- short-term	16 271 029	15 041 726

Basic bond issue conditions are presented in the table below.

Title	**Name**
Date of issue	23 December 2020
Maturity date	23 December 2025
Unit nominal value of bonds	1.000 PLN
Number of issued bonds	125.000
Value of the issue	125.000.000
Bond interest rate	WIBOR 6M + 2,25% margin
Interest payment period	semi-annual
Method of offering bonds	Public offer addressed to professional clients
Quotation market	ASO GPW

The fair value of the bonds as at 31 December 2023 is PLN 127.513.379.

NOTE 21.

LEASE LIABILITIES

LEASE AS AT 31.12.2023	as at 31.12.2023	as at 31.12.2023	as at 31.12.2022	as at 31.12.2022
Future minimum lease payments due to lease agreements	minimum fees	present value of minimum lease payments	minimum fees	present value of minimum lease payments
Less than one year	464 776 132	455 205 441	435 708 752	427 369 304
Between one and five years	1 272 839 491	1 133 810 005	1 212 153 410	1 087 360 557
More than five years	720 298 560	514 334 239	786 036 075	570 498 007
Total future minimum lease payments due to llease agreements	**2 457 914 183**	**2 103 349 686**	**2 433 898 238**	**2 085 227 868**
Finance costs	354 564 497	X	348 670 370	X
Present value of minimum lease payments due to lease agreements	**2 103 349 686**	**2 103 349 686**	**2 085 227 868**	**2 085 227 868**

Lease liabilities include all contracts that are covered by or contracted by the lease in accordance with International Financial Reporting Standard 16 Leases ("IFRS 16”).

NOTE 22.

INCOME TAX

Income tax for the reporting period is presented below.

TAX RECONCILIATION FOR THE PERIOD FROM 01.01 TO 31.12.2023	for the period from 01.01.2023 to 31.12.2023	for the period from 01.01.2022 to 31.12.2022
Profit before tax	**194 996 311**	**182 587 668**
Income tax calculated base on 19% income tax rate	(34 065 443)	(35 957 708)
Negative temporary differences, for which the deferred tax asset was recognized in current year	(55 704 222)	(32 471 743)
Adjustment of current tax of previous years	6 277 456	(4 170 384)
The impact of tax on permanent differences between the gross result and the tax base	(16 864 213)	(20 757 366)
Impact of Tax Capital Group	50 082 153	0
Income tax in income statement	**(50 274 268)**	**(93 357 201)**
Effective tax rate	25,78%	51,13%

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. as tax deductible costs. S.K.;

- proceedings for the years 2014, 2015 and 2016 concern the amount of costs of obtaining income from the depreciation of trademarks.

In the case of the proceedings relating to 2011, in the judgment of 30 November 2023, the Provincial Administrative Court in Poznań overturned the decision of the second instance body (DIAS in Poznań). Currently, the Company is waiting for delivery of the written justification of the judgment. 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 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 – limited distributor

Due to the adaptation of the Eurocash Group's business model, starting from 2021, Duży Ben will act as a distributor with limited risks, and Eurocash S.A. function of the central entity. Eurocash S.A. as the central entity is responsible for managing Duży Ben's core activities, such as developing the distribution concept, strategy and pace of network development, selecting suppliers, providing 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 Eurocash S.A. itself), which previously purchases them from producers or other wholesale distributors and then sells the goods on the market to consumers. Additionally, Duży Ben is implementing the strategy formulated by Eurocash S.A. The above action is aimed at ensuring a 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 a prior pricing agreement under the Act of 16 October 2019 on the settlement of disputes regarding double taxation and concluding prior pricing agreements in the above respect, in order to limit tax risk.

Moreover, all risks and liabilities of the Company have been settled and transferred to the financial statements.

NOTE 23.

DEFFERED TAX

Deferred tax is presented below.

DEFERRED TAX IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2023

	Statement of financial position		Income statement		Statement of other comprehensive income	
	as at	as at	for the period	for the period	for the period	for the period
	31.12.2023	31.12.2022	from 01.01.2023 to 31.12.2023	from 01.01.2022 to 31.12.2022	from 01.01.2023 to 31.12.2023	from 01.01.2022 to 31.12.2022
		*restated				
Deferred tax liabilities						
- difference between tax and carrying amount of fixed assets	18 790 387	16 607 302	2 183 085	(8 897 857)	0	0
- not invoiced income	96 009 562	71 507 187	24 502 375	10 557 314	0	0
- revenues from accrued interests	340 862	1 110 603	(769 741)	(1 631 201)	0	0
- lease liabilities	0	638 077	(638 077)	428 741	0	0
- income from contractual penalties unpaid	52 017	1 265 837	(1 213 820)	44 454	0	0
- valuation of hedging instruments	0	62 557	(62 557)	0	(62 557)	(2 652 865)
- recognition of a trademark due to the acquisition of shares	2 888 903	3 501 700	(612 798)	0	0	0
- other	10 685 507	14 991 427	(4 305 920)	18 650 149	0	0
Gross deferred tax liabilities	**128 767 238**	**109 684 690**	**19 082 548**	**19 151 600**	**(62 557)**	**(2 652 865)**

DEFERRED INCOME TAX IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2023 (continued)

	Statement of financial position		Income statement		Statement of other comprehensive income	
	as at	as at	for the period	for the period	for the period from	for the period from
	31.12.2023	31.12.2022	from 01.01.2023 to 31.12.2023	from 01.01.2022 to 31.12.2022	01.01.2023 to 31.12.2023	01.01.2022 to 31.12.2022
Deferred tax assets		*restated				
- bonuses	879 083	10 940 217	10 061 134	(5 447 433)	0	0
- allowance for inventories	4 541 845	5 343 051	801 206	2 291 809	0	0
- allowance for bad debts	14 557 841	18 649 517	4 091 676	1 562 149	0	0
- Impairment loss of fixed assets	0	0	0	0	0	0
- tax losses	31 684 143	11 776 293	(19 907 850)	(2 024 002)	0	0
- holiday accrual	4 641 868	4 281 579	(360 289)	2 232 674	0	0
- accrual for employees' bonuses	5 000 830	9 866 021	4 865 191	(1 429 073)	0	0
- unpaid payroll and social securities	325 731	4 236 089	3 910 358	(168 265)	0	0
- provision for retirement benefits, disability benefits, death benefits	1 493 464	1 261 699	(231 765)	484 950	0	0
- provisions for legal disputes	0	0	0	0	0	0
- accruals	44 780 603	28 373 364	(16 407 239)	13 486 909	0	0
- lease liabilities	0	8 740	8 740	161 357	0	0

DEFERRED INCOME TAX IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2023 (continued)

	Statement of financial position		Income statement		Statement of other comprehensive income	
	as at	as at	for the period	for the period	for the period	for the period
	31.12.2023	31.12.2022	from 01.01.2023 to 31.12.2023	from 01.01.2022 to 31.12.2022	from 01.01.2023 to 31.12.2023	from 01.01.2022 to 31.12.2022
Deferred tax assets		*restated				
- accrued interest on trade payables	492 528	32 246	(460 282)	167 465	0	0
- diference between right of use and lease liabilities	16 220 542	19 410 336	3 189 794	(13 203 594)	0	0
- asset for the cost of intangible services	0	2 957 019	2 957 019	5 587 152	0	0
- writing off an asset to settle remuneration related to a limited distributor	(4 000 000)	0	4 000 000	0	0	0
- asset for future tax benefits	13 117 517	26 235 033	13 117 517	3 840 389	0	0
- other accruals	75 071 379	73 647 306	(1 424 073)	(13 030 134)	0	0
- valuation of hedging instruments	1 718 239	0	(1 718 239)	0	(1 718 239)	0
Gross deferred tax assets	**210 525 612**	**217 018 510**	**6 492 898**	**(5 487 647)**	**(1 718 239)**	**0**
Allowance of deferred tax asset	0	0	0	0	0	0
Deferred tax assets	**210 525 612**	**217 018 510**	**6 492 898**	**(5 487 647)**	**(1 718 239)**	**0**
Deferred income tax effect			**25 575 446**	**13 663 953**	**(1 780 796)**	**(2 652 865)**
Net deferred tax liabilities	**0**	**0**	**X**	**X**	**X**	**X**
Net deferred tax assets	**81 758 374**	**107 333 820**	**X**	**X**	**X**	**X**

NOTE 24.

SALES IN THE REPORTING PERIOD

Sales are presented below.

SALE IN THE PERIOD FROM 01.01 TO 31.12.2023	from 01.01.2023 to 31.12.2023	from 01.01.2022 to 31.12.2022
Sale of goods	32 331 090 075	30 723 669 008
Sale of services	117 176 036	127 934 425
Sales of materials	3 696 434	6 061 542
Total sale	**32 451 962 545**	**30 857 664 974**

The sale of goods is homogeneous.

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

NOTE 25.

COSTS BY TYPE

Costs by type are presented below.

COSTS BY TYPE IN THE PERIOD FROM 01.01 TO 31.12.2023	from 01.01.2023 to 31.12.2023	from 01.01.2022 to 31.12.2022
Depreciation	629 535 004	596 570 230
Materials and energy	376 166 892	375 072 237
External services	1 189 682 707	1 098 632 574
Taxes and charges	91 205 985	84 969 441
Salaries	1 397 646 384	1 371 942 725
Social security and other benefits	268 548 519	259 566 944
Other costs by type	55 527 196	69 762 587
Costs by type	**4 008 312 687**	**3 856 516 737**
including:		
Cost of services sold	0	0
Cost of goods sold	3 481 090 455	3 348 035 321
General and administrative expenses	527 222 232	508 481 417

COSTS OF GOFROMS SOLD FOR THE PERIOD FROM 01.01 TO 31.12.2023 ROKU	from 01.01.2023 to 31.12.2023	from 01.01.2022 to 31.12.2022
Depreciation	564 054 015	533 864 210
Materials and energy	362 703 787	358 771 904
External services	1 041 637 738	957 977 453
Taxes and charges	87 170 150	76 833 053
Salaries	1 163 428 178	1 150 965 417
Social security and other benefits	223 535 836	217 756 209
Other costs by type	38 560 751	51 867 076
Total	**3 481 090 455**	**3 348 035 321**

GENERAL AND ADMINISTRATIVE EXPENSES FOR THE PERIOD FROM 01.01 TO 31.12.2023	from 01.01.2023 to 31.12.2023	from 01.01.2022 to 31.12.2022
Depreciation	65 480 989	62 706 020
Materials and energy	13 463 104	16 300 334
External services	148 044 970	140 655 121
Taxes and charges	4 035 835	8 136 388
Salaries	234 218 205	220 977 308
Social security and other benefits	45 012 683	41 810 735
Other costs by type	16 966 445	17 895 512
Total	**527 222 232**	**508 481 417**

NOTE 26.

OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses are presented below.

OTHER OPERATING INCOME AND EXPENCES 01.01 TO 31.12.2023	from 01.01.2023 to 31.12.2023	from 01.01.2022 to 31.12.2022
Other operating income	**64 876 502**	**77 959 506**
Penalties for suppliers	4 253 427	5 380 524
Other sales	9 931 410	11 213 053
Sub-lease of premises	12 318 512	10 483 931
Profit on sales of fixed assets	1 998 896	1 651 404
Compensation received	4 764 787	7 560 116
Reversal of the inventory write-down	382 269	994 770
Reversal of allowance for bad debts	3 853 758	4 950 706
Expired litigations and payables	3 207 316	130 547
Donation received	875 328	1 745 941
Income related to settlements with employees	6 305 931	7 773 149
PFRON	2 088 006	1 277 384
Reversal of expired logistics reserves	0	3 885 839
Other related to IFRS16	346 196	887 082
Other (irrelevant individually)	14 550 668	20 025 061
Other operating expenses	**(29 806 238)**	**(50 487 685)**
Loss from disposals of property, plant and equipment	0	(3 612 845)
Impairment loss on inventories	(619 151)	(840 523)
Impairment loss on trade receivables	(923 697)	(1 510 524)
Donations	(6 859 682)	(6 616 931)
Expired items, court cases, potential disputes and receivables canceled	(7 485 101)	(11 430 974)
Packaging costs	(3 000 000)	(2 715 675)
Other due to IFRS16	(7 240 517)	(7 629 402)
Other (irrelevant individually)	(3 678 091)	(16 130 811)
Other net operating income / expenses	**35 070 264**	**27 471 821**

NOTE 27.

FINANCE INCOME AND COSTS

Finance income and costs are presented below.

FINANCE INCOME AND COSTS IN THE PERIOD FROM 01.01 TO 31.12.2023	from 01.01.2023 to 31.12.2023	from 01.01.2022 to 31.12.2022
Finance income	**67 121 368**	**58 727 320**
Revenues from discounts	14 685 821	8 409 777
Interest	10 345 360	41 414 942
Foreign exchange gains	2 231 764	0
Foreign exchange gains MSSF 16	25 774 057	0
Dividends	201 772	258 611
Other financial income (irrelevant individually)	13 882 595	8 643 991
Finance costs	**(308 196 275)**	**(280 083 452)**
Interest	(204 204 719)	(178 723 966)
Interest MSSF 16	(87 616 781)	(71 132 281)
Bank fees	(15 513 622)	(16 255 551)
Foreign exchange losses	0	(923 866)
Foreign exchange losses MSSF16	0	(8 393 478)
Other financial expenses (irrelevant individually)	(861 153)	(4 654 311)
Net finance expenses	**(241 074 907)**	**(221 356 132)**

NOTE 28.

EARNINGS PER SHARE

Earnings per share are presented below.

EARNINGS PER SHARE FOR THE PERIOD FROM 01.01 TO 31.12.2023	from 01.01.2023 to 31.12.2023	from 01.01.2022 to 31.12.2022
Earnings		
Profit (loss) for the period attributable to the Owners of the Company	99 202 120	67 109 778
Number of issued shares		
Weighted average number of shares	139 163 286	139 163 286
Dilution efect of potential number of shares:		
Convertible bonds	594 720	0
Weighted average number of shares (to calculate diluted earnings per share)	139 758 006	139 163 286
Earnings per share		
- basic	0,71	0,48
- diluted	0,71	0,48

The dilution was calculated based on the assumptions of the employee incentive program: the total cost of the program that was to be recognized until the end of its duration, the number of shares that may be exercised and their average market value, taking into account the current exchange rate. The number of dilutive shares is 594,720.

NOTE 29.

REMUNERATION AND OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The members of the Management Board and the Supervisory Board are considered key management personnel. The table below presents information on the total value of remuneration, bonuses and awards as well as other benefits paid or due to members of the Management Board and Supervisory Board in the period from 01.01.2023 to 31.12.2023, paid in Eurocash S.A. and subsidiaries.

REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD OF THE PARENT IN THE PERIOD FROM 01.01 TO 31.12.2023	Basic salary	Other benefits	Managerial options*	Total
Remuneration of the Members of the Management Board				
Paweł Surówka	4 080 000	32 471	0	4 112 471
Katarzyna Kopaczewska	2 485 000	51 784	0	2 536 784
Jacek Owczarek	1 947 312	41 487	0	1 988 800
Przemysław Ciaś	1 800 000	45 643	0	1 845 643
Arnaldo Guerreiro (from 01.01 to 30.09.2023)	1 025 000	420 655	0	1 445 655
Pedro Martinho	1 400 000	35 391	0	1 435 391
Dariusz Stolarczyk	2 780 000	31 036	0	2 811 036
Tomasz Polański	3 600 000	52 018	0	3 652 018
Szymon Mitoraj (from 01.10 to 31.12.2023)	220 000	5 984	0	225 984
Total	**19 337 312**	**716 469**	**0**	**20 053 781**

*Costs related to the incentive program allocated to the management board amounted to pln 6,536,801

Remuneration of the Members of the Supervisory Board				
Luis Amaral	237 975	1 000 040	0	1 238 015
Jorge Mora	237 169	0	0	237 169
Francisco José Valente Hipólito dos Santos	237 169	0	0	237 169
Hans Joachim Körber	237 169	0	0	237 169
Przemysław Budkowski	237 169	3 558	0	240 727
Total	**1 186 652**	**1 003 598**	**0**	**2 190 249**

REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD OF THE PARENT IN THE PERIOD FROM 01.01 TO 31.12.2022	Basic salary	Other benefits	Managerial options*	Total
Remuneration of the Members of the Management Board				
Luis Amaral (from 01.01 to 30.06.2022)	18 050	524 820	0	542 870
Paweł Surówka	1 870 000	42 958	0	1 912 958
Rui Amaral (from 01.01 to 31.01.2022)	163 600	18 935	0	182 535
Arnaldo Guerreiro	1 163 500	348 886	0	1 512 386
Pedro Martinho	1 253 500	31 113	0	1 284 613
Katarzyna Kopaczewska	1 183 500	18 076	0	1 201 576
Jacek Owczarek	1 363 500	35 548	0	1 399 048
Przemysław Ciaś	1 126 800	27 929	0	1 154 729
Noel Colett (from 01.01 to 31.01.2022)	2 094 400	400	0	2 094 800
Dariusz Stolarczyk	1 540 000	19 970	0	1 559 970
Tomasz Polański	1 265 000	35 694	0	1 300 694
Total	**13 041 850**	**1 104 329**	**0**	**14 146 179**
Remuneration of the Members of the Supervisory Board				
Luis Amaral (from 01.07 to 31.12.2022)	119 346	515 889	0	635 235
Jorge Mora	237 031	0	0	237 031
Renato Arie (from 01.01 to 30.06.2022)	117 685	0	0	117 685
Francisco José Valente Hipólito dos Santos	237 031	0	0	237 031
Hans Joachim Körber	237 031	0	0	237 031
Przemysław Budkowski	240 587	0	0	240 587
Total	**1 188 712**	**515 889**	**0**	**1 704 601**

*Costs related to the incentive program allocated to the management board amounted to pln 3,268,401.

NOTE 30.

EMPLOYMENT

Number of employees as at 31.12.2023 is presented below.

NUMBER OF EMPLOYEES AS AT 31.12.2023	31.12.2023	31.12.2022
Number of employees	19 023	19 636
Number of full-time jobs	18 785	19 432

Employment structure as at 31.12.2023 is presented below.

EMPLOYMENT STRUCTURE AS AT 31.12.2023	Wholesale discounts and distribution centres	Head office	Total
Number of employees	17 314	1 709	**19 023**
Number of full-time jobs	17 062	1 723	**18 785**

Data concerning employee turnover ratios as at 31.12.2023 is presented below.

EMPLOYEE TURNOVER IN THE PERIOD FROM 01.01 TO 31.12.2023	from 01.01.2023 to 31.12.2023	from 01.01.2022 to 31.12.2022
Number of hired employees	4 244	4 700
Number of dismissed employees	(4 857)	(6 063)
Total	**(613)**	**(1 363)**

NOTE 31.

DATA OF ITEMS NOT INCLUDED IN THE FINANCIAL STATEMENTS

Bank guarantees as at 31.12.2023

	The Issuer	Title	Currency	31.12.2023	31.12.2022
1	Bank	Security of payments to suppliers	PLN	119 704 500	117 471 524
2	Bank	Security of payments to suppliers*	PLN*	23 044 400	26 732 430
3	Bank	Security of rent liabilities	PLN	20 918 087	16 496 070
4	Bank	Security of rent liabilities*	PLN	57 548 051	45 699 758
5	Bank	Security of the liabilities of the promotion lottery	PLN	-	5 375 659
6	Bank	Security of liabilities due to proper realisation of the contract	PLN	-	3 385 021
				221 215 038	**215 160 462**

* - Guarantees in EUR were converted into PLN according to the average NBP exchange rate of 31 December 2023, EUR 1 = PLN 4.3480 and 31 December 2022, EUR 1 = PLN 4.6899

Other administrative proceedings

On 2 October 2020, the Company received the Order of the President of the Office of Competition and Consumer Protection of 28 September 2020 on the initiation of ex officio against Eurocash S.A. proceedings on practices dishonestly using contractual advantage. On 30 November 2021. The President of the Office of Competition and Consumer Protection (UOKiK) issued a decision in which he found that the Company had committed a practice dishonestly using the contractual advantage consisting in requiring suppliers of agricultural and food products to pay fees for services that are not performed on their behalf or are performed, but about their implementation, including costs and the results, the suppliers are not informed and for this reason they imposed a fine on the Company in the amount of PLN 76,019,901.23. The company does not agree with the position of the President of the Office of Competition and Consumer Protection, therefore on 30 December 2021 appealed against the decision of the President of UOKiK to the Court of Competition and Consumer Protection. In connection with the above, the Company has not established a provision on this account. The obligation to pay a fine imposed by the

President of the Office of Competition and Consumer Protection arises only after the decision becomes final, i.e. after the judgment is issued by the Court of Second Instance (Court of Appeal). Under the present conditions, the duration of the proceedings from the issuance of the decision to the issuance of a final judgment by the Court of Appeal is approximately 4-5 years. The Company cooperates with the Office on an ongoing basis, providing timely answers to a number of other inquiries addressed to the Company by the President of UOKiK as part of ongoing explanatory proceedings and FMCG market research.

The damage suffered by the company in the previous year 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 June 22, 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. By further resolutions, the Governor extended the deadline for settling the case again to 20 May 2024.

NOTE 32.

COLLATERALS

Title	Secured property	as at 31.12.2023*	as at 31.12.2022*	as at 31.12.2022
			**restated	
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.	0	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 properities)	1 800 000 000	0	0
Security on the term loan	Mortgage on 6 distribution centers (13 properities)	-	333 750 000	333 750 000
Security on the consolidated loan	Pledge on Eurocash trademarks	1 800 000 000	0	0
Security on the credit line agreement	Pledge on inventories of Arhelan Sp. z o.o.	12 000 000	12 000 000	12 000 000
Security on the term loan	Mortgage on properities Arhelan Sp. z o.o.	17 337 600	17 337 600	17 337 600
Security on the credit line agreement	Pledge on inventories of Arhelan Sp. z o.o.	6 000 000	6 000 000	6 000 000
Financial leasing agreements (due to net value of fixed assets at the balance sheet date)	Ownership of fixed assets in financial leasing	32 177 757	36 696 393	36 696 393

* Nominal value of the minimum
** after transformation according to the maximum value of the collateral, before transformation according to the actual value of the securitysecurity

NOTE 33.

FINANCIAL RISK MANAGEMENT

General information

The activity of the Capital Group is a subject to the following categories of risk related to financial instruments:

a) Credit risk
b) Liquidity risk
c) Market risk (including interest rate risk and currency risk)

In addition, the Group implements a policy regarding:

- Capital management
- Determining fair values

This note contains information about the Group's exposure to each type of risk indicated above and also describes the objectives, policies and procedures related to risk and capital management. Disclosures of numerical data have been included in these consolidated financial statements.

The Management Board of the Parent Entity is responsible for determining and fulfilling the risk management policy, which in order to fulfill these tasks has set up risk management teams, whose responsibilities include building and monitoring individual risk management policy.
The risk management policy is implemented to identify and analyze risks related to the Group's activity and to set appropriate limits, control risk and monitor deviations from these limits. The risk management policy and system are regularly reviewed to ensure that they correspond to current changes in market conditions and the Group's operations. By raising qualifications, adopting standards and procedures, the Group strives for a disciplined and constructive control of the environment in which all employees understand their role and responsibilities.

The Parent Entity also has an internal audit department that controls the implementation of risk management policies and procedures within the scope of the tasks entrusted to it. An internal audit performs both scheduled inspections and ad hoc verification procedures in this regard.

a) Credit risk

Credit risk is the risk of financial losses by the Group as a result of the client or contractor being a party to a financial instrument failing to fulfill its contractual obligations. Credit risk is mainly associated with the Group's receivables from customers and financial investments.
The table below presents the maximum exposure of the Group to credit risk.

CREDIT RISK EXPOSURE	31.12.2023	31.12.2022
Receivable and loans	1 397 748 107	1 507 309 960
Cash and cash equivalents *	267 667 400	172 408 314
Other financia assets	883 476	7 714 490
Total	**1 666 298 983**	**1 687 432 763**

* excluding cash

Trade and other receivables

The Group's credit risk due to receivables differs for individual groups of contractors with whom the Group cooperates:

a) the sale of specific services to suppliers of goods (promotional campaigns of goods, newsletters, advertising folders) is subject to lower credit risk, as receivables in this respect are, as a result of additional arrangements, deducted to a large extent from liabilities to suppliers. The risk in this respect is managed by a team located in the Accounting Division, whose task is to correctly settle and offset receivables with the Group's liabilities under agreements with suppliers. The risk of non-payment is small due to the continuing natural advantage of the value of liabilities over receivables of the Group companies to suppliers. As part of managing the credit risk of this group of contractors, the Group focuses on ensuring the safety of working capital.
b) cash and carry wholesalers and own stores, i.e. Delikatesy Centrum, Kontigo, Duży Ben and ABC on wheels, are characterized by a very high share of sales for cash. For the cash and carry business, this percentage is 95%, for own stores it is close to 100% (at no time less than 95%). The credit risk of this group of contractors is managed by the credit control

and debt collection team of the Treasury Department. This process uses the same methods and computer systems and employs the same staff as the credit sales processes described below to franchise chains and independent customers.

c) sales to franchise chains and to independent customers, taking into account all distributed categories, i.e. food products, alcohol, tobacco products, gastronomic goods, etc., are mostly on credit. The share of credit sales in the entire group is approx. 81%. Overdue payments, although they are an inseparable part of the FMCG business, account for only 6% of the total balance of receivables resulting from the sale of goods to the Group's customers. The level of losses resulting from the failure to receive payment for trade receivables (including provisions for future losses) increased by the costs of insurance and collection of these receivables is at the lowest level in history and amounted to 0.010% of the Group's sales value in 2023. In order to assess the quality of the portfolio, the Group monitors i.a. the level of customer concentration using the Herfindahl-Hirschman Index (HHI), which constantly remains at low levels, reaching the value of 50 in 2023. Credit risk management process including credit analysis, setting limits, blocking sales, insurance of receivables, soft collection and collection of difficult receivables was placed in the credit control and debt collection team.

d) Credit risk in financial instruments - Cash and cash equivalents are deposited and financial hedging transactions are concluded with financial institutions of recognized reputation. The credibility control of these institutions consists in a financial analysis (including capital adequacy) of these entities and monitoring of official ratings assigned by such institutions as S and P, Moodys or Fitch. As at 31 December 2023, no counterparty to the financial transaction is expected to default.

The Group monitors the amount of overdue receivables on an ongoing basis and, in justified cases, makes legal claims.

The Group makes write-downs of receivables in relation to expected credit losses. Expected credit losses result directly from the risk of each client and are calculated on the basis of models taking into account, among others, payment history, type of business, geolocation, evaluation of cooperation and financial data.

The aging of trade receivables is presented in the table below

AGEING OF TRADE RECEIVABLES AND BAD DEBT ALLOWANCES AS AT 31.12.2023	Trade receivables gross as at 31.12.2023	Trade receivables gross as at 31.12.2022
current	1 158 477 628	1 244 362 248
1-30 days	143 740 849	157 606 662
31-90 days	31 090 480	44 587 994
91-180 days	11 094 536	9 571 950
> 180 days	15 143 895	25 938 605
Total	**1 359 547 388**	**1 482 067 458**

ALLOWANCE FOR BAD DEBTS AS AT 31.12.2023	from 01.01.2023 to 31.12.2023	from 01.01.2022 to 31.12.2022
Opening balance	**35 668 629**	**45 205 922**

Increases*	0	0
Decreases*	(8 027 596)	(9 537 293)
Closing balance	**27 641 033**	**35 668 629**

* Net value

b) Liquidity risk

The risk of losing financial liquidity is the risk of the Company being unable to repay its financial liabilities when they become due.
The policy of managing the risk of losing financial liquidity is to provide the funds necessary to meet the Group's financial and investment obligations when they become due, without incurring the risk of loss of reputation and unnecessary losses.

The Group's goal is to maintain a balance between the continuity, flexibility and cost-effectiveness of financing through the use of various sources, such as bank loans (including overdraft facilities), loans, bond issues, leasing contracts or reverse factoring. As part of its liquidity management, the Group uses reverse factoring agreements in relation to its liabilities, under which it submits for factoring invoices relating to purchases from selected suppliers.

The Group minimizes the liquidity risk resulting from the use of reverse factoring agreements by cooperating with several factors and maintaining sufficient factoring limits, which as at 31.12.2023 amounted to PLN 1,527.5 million (as at 31.12.2022: PLN 1,523.0 million)..

FACTORING LINES BY MATURITY DATE AS AT 31.12.2023

As at 31.12.2023 mln PLN	I Q 2024	II Q 2024	III Q 2024	IV Q 2024	2025	Indefinite	Total
Limits	0	75	270	0	575	608	1 528
Use	0	75	270	0	538	522	1 405

FACTORING LINES BY MATURITY DATE AS AT 31.12.2022

As at 31.12.2022 mln PLN	I Q 2023	II Q 2023	III Q 2023	IV Q 2023	2024	Indefinite	Total
Limits	0	0	880	100	75	468	1 523
Use	0	0	643	75	73	365	1 156

The basis for effective liquidity risk management in the Eurocash S.A. is the internal cash flow forecasting model. The Company's liquidity management focuses on detailed analysis, planning and taking appropriate actions in three areas:

I. **area covering investments in non-current assets and other long-term assets (e.g. acquisition of companies)**

The investment horizon taken into account in these analyzes covers from one month to a maximum of 36 months. The Group prepares plans to cover the obligations arising from these plans with appropriate capital or amendments to financing agreements. Investment plans, in particular plans for the development of the retail network, are so low-capital that actions in the field of capital changes or long-term financing agreements do not require adjustments. The Group is prepared for potential changes in the scope and length of loan agreements in the event of a change in investment plans by maintaining balanced relationships on local money and capital markets. In addition, the Group uses a revolving loan in its financial policy, whose long-term nature allows it to be used for potential investments, whether in fixed assets or acquisitions of business entities similar or complementary to the current operations of the Eurocash Group.

II. working capital

As at 31 December 2023, there was a surplus of the Group's current liabilities over its current assets in the amount of PLN 2.1 billion, which is typical for the industry in which the Eurocash Group operates, in which a significant part of sales is made on cash terms, inventories are minimized and overdue receivables (in accordance with the process procedures described in the "credit risk" section above), and suppliers grant deferred payment dates.

- Trade credit is used to finance liabilities to suppliers of goods (approx. 70% of the balance of trade liabilities) and financial instruments (approx. 30% of the balance of trade liabilities). The Group uses financial instruments facilitating capital management for both the Group and the suppliers themselves. In particular, the balance of liabilities under reverse factoring agreements as at 31 December 2023 amounted to PLN 1,405.0 million. Trade liabilities covered by reverse factoring agreements do not significantly change the terms of trade liabilities.

As at 31 December 2023, the Group had active reverse factoring agreements with six factors. The Group used factoring lines in 92% as at the balance sheet date, 31 December 2022, while in the previous year the use was 76%.

The Group also has the ability to discount receivables. The Group maintains receivables factoring programs and their use as at 31 December 2023 is PLN 352.3 million.

III. financial debt

The financial plans prepared by the Management Board, including operating and investment cash flows, indicate that the Group companies have sufficient sources of financing their operations and maintain liquidity. Credit covenants contained in credit agreements are monitored on an ongoing basis. As at the balance sheet date, 31 December 2023, the terms of loan agreements were not breached. Moreover, the Group has unused credit limits. Considering the above, as at the date of approval of these consolidated financial statements, there are no circumstances that would indicate a risk of loss of financial liquidity by the Group's companies.
Financial debt consists primarily of:

- Balance sheet liability resulting from IFRS16 resulting from the valuation of lease agreements for logistics and retail space and other tangible assets, included in the balance sheet item "lease liabilities" in the amount of PLN 2,103 million. These liabilities are usually repaid to entities which, as a rule, are not financial institutions and are usually paid in monthly rent payments.
- Liabilities to repay bank loans, the total value of which is included in the balance sheet item "bank loans and borrowings". The limits granted under the financing agreements concern:

- 5-year amortized term loan worth PLN 456 million - the balance of this loan as at 31 December 2023 was PLN 433.2 million, of which PLN 355.7 million was its long-term part and PLN 77.5 million was its short-term part.
- A 3-year revolving credit facility worth PLN 445 million (with an option to extend it for another two years). As at 31 December 2023, the Company did not use this credit limit. This line constitutes the Group's main financial security in the event of unfavorable financial scenarios and the need to implement recovery plans.
- loans in order to realize the benefits resulting from cash optimization under cash pool programs. The total limit in these programs granted to the Company (2 programs in two local banks) was PLN 161.5 million as of 31 December 2023, while as of 31 December 2022, the limit was PLN 112.3 million. The utilization as of 31 December 2023 is PLN 0.0 million, while as of 31 December 2022, the utilization of this line was PLN 10.5 million.
- lines of credit in current accounts. The total limits in these credit lines as at 31 December 2023 are PLN 75 million, and their utilization is PLN 0.2 million.
- investment loan granted to the Arhelan and used as at 31 December 2023 in the amount of PLN 10.3 million. (and as of 31 December 2022, the amount was PLN 10.3 million) and overdrafts granted to Arhelan with a total limit of PLN 15 million, unused as of 31 December 2023.

liabilities to repay corporate bonds, the total value of which is included in the balance sheet item "Long-term financial liabilities". The issuance program, launched in November 2020, allows for the issuance of up to a maximum total amount of PLN 1,000,000,000. The first issue took place in December 2020. As part of it, the Company issued PLN 125 million for a period of 5 years. The funds from this issue increased the pool of available credit lines, thus significantly reducing the risk of loss of liquidity.

CREDIT LINES BY MATURITY DATE AS AT 31.12.2023

mln PLN	Credit lines by maturity date					TOTAL
	Short-term lines				Long-term lines	
	I Q 2024	II Q 2024	III Q 2024	IV Q 2024		
Limits	11,9	11,9	42,9	164,8	906,9	1138
Use as at 31.12.2023	11,9	11,9	27,9	28,0	362	442

CREDIT LINES BY MATURITY DATE AS AT 31.12.2022

mln PLN	Credit lines by maturity date					TOTAL
	Short-term lines				Long-term lines	
	I Q 2023	II Q 2023	III Q 2023	IV Q 2023		
Limits	45	795,6	55	147,3	170,7	1 214

Use as at 31.12.2022	44	435,8	6,3	5,6	170,7	663

The Management Board of the Group recognizes that the term structure of assets and liabilities of the balance sheet determines the maturity of financing instruments. For this reason, as at 31 December 2023, the Group financed itself only with credits, loans, factoring and leasing. The strategy of matching the maturity of financing sources to the nature of assets allows the Group to maintain flexibility in the selection of financial instruments and ensures cost effectiveness. Thanks to maintaining a relatively low financial leverage, the Group is able to select financing partners both on the local and foreign markets.

Liabilities for financing franchisees are included in the balance sheet item "Other financial liabilities". A component of this group of liabilities is the factoring agreement of Delikatesy Centrum franchisees, where the debt is the amount of the surety granted by the Group to a financial institution. The limit in this agreement is PLN 20 million, while the utilization as at 31 December 2023 - PLN 11.1 million (liability recognized in the statement of financial position).

The tables below present the nominal values broken down by contractual payment periods, without taking into account debt offsetting agreements:

LIQUIDITY RISK

AS AT 31 DECEMBER 2023	Value	< 1 month	1-3 months	3-6 months	6-12 months	1-5 years	over 5 years
Financial lease liabilities	2 457 914 183	40 371 931	80 069 338	117 893 496	226 441 366	1 272 839 491	720 298 560
Other finance liabilities	5 462 776	0	0	0	5 184 117	278 659	
Liabilities due to financing of franchisees	11 086 912	7 034 399	4 052 513	0	0	0	0
Trade and other payables	3 308 920 430	2 535 117 105	751 363 645	0	645 628	21 794 051	0
Option for purchase/selling the shares	104 480 658	0	0	0	104 480 658	0	0
Loans and borrowings	541 999 309	68 611	21 363 404	21 181 198	84 038 049	415 348 046	0
The issuance of debt securities	145 202 432	0	0	5 085 000	5 029 932	135 087 500	0
Supplier financing program	1 411 171 800	1 088 482 222	322 689 579	0	0	0	0
	7 986 238 498	**3 671 074 268**	**1 179 538 479**	**144 159 694**	**425 819 750**	**1 845 347 747**	**720 298 560**

AS AT 31 DECEMBER 2022 *	Value	< 12 months	1-5 years	over 5 years
Finance lease liabilities	2 433 773 400	435 651 730	1 212 085 595	786 036 075
Other finance liabilities	6 074 826	6 074 826	0	0
Liabilities due to financing of franchisees	15 041 727	15 041 727	0	0
Trade and other payables	3 002 806 401	3 000 302 263	2 504 139	0
Option for purchase/selling the shares	147 085 647	75 750 514	71 335 133	0
Short-term loans and credits	672 322 863	503 666 863	168 656 000	0
The issuance of debt securities	125 000 000	0	125 000 000	0
Supplier financing program	1 156 225 827	1 156 225 827	0	0
	7 558 330 692	**5 192 713 750**	**1 579 580 866**	**786 036 075**

** Due to technical issues, 2022 data were not restated.*

The structure of trade payables according to their maturity dates as at the balance sheet dates is presented in the table below.

AGING OF TRADE LIABILITIES AS AT 31.12.2023	Trade liabilities gross as at 31.12.2023	Trade liabilities gross as at 31.12.2022
current	4 635 736 321	4 102 645 390
1-30 days	14 830 386	8 257 671
31-90 days	460 150	787 204
91-180 days	1 590 850	913 703
> 180 days	2 105 578	1 802 093
Total	**4 654 723 285**	**4 114 406 061**

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

c) Market risk

Market risk is associated with changes in demand, supply and prices as well as other factors that will affect the Group's results or the value of assets (such as foreign exchange rates, interest rates, and fuel and energy prices). The goal of market risk management is to maintain exposure to this risk within an acceptable framework while optimizing return on risk. The Group does not hedge the risk of changes in the prices of products, goods and raw materials traded by the Group.

d) Ryzyko walutowe

The currency risk is not a significant threat to the Group's operations, as the vast majority of its settlements are carried out in the domestic currency, and only a small part concerns either the payment in the currency or the payment indexed to the exchange rates. The Group monitors the currency risk and makes decisions on potential collaterals. In order to manage the currency risk, the Group allows the use of derivative instruments. The Group's activities in this area are primarily aimed at minimizing the volatility of financial flows, but it is permissible to use hedge accounting so as to minimize the volatility of profits and losses for the current period.

The currency risk occurs in two purchasing processes. (1) In commercial activities, a small part of purchases of goods such as wines, spirits, meat or fruit and vegetables are most often made directly in foreign currencies. The Group applies the principle of natural hedging due to the full price flexibility of these products. Moreover, the negligible scale of these purchases justifies the omission of these amounts in the risk analyzes. (2) in operating activities, part of the rents for the lease of commercial, logistics and office space is regulated directly in EUR, it is already indexed to it. In this case, the volatility of the EUR / PLN exchange rate affects the level of the Group's costs. The table below presents the value of this exposure in terms of balance sheet (valuation of rental contracts exposed to the risk of exchange rate fluctuations) and in terms of cash flows over the next 12 months.

Liability as at 31.12.2023 in PLN	2 103 349 686
Value PLN	
Agreements in EUR	297 402 227
Agreements in PLN	1 805 947 459
Value in agreemant currency	
Agreements in EUR	68 399 776
Agreements in PLN	1 805 947 459

Liability as at 31.12.2022 in PLN	2 085 227 867
Value PLN	
Agreements in EUR	373 612 926
Agreements in PLN	1 711 614 941
Value in agreemant currency	
Agreements in EUR	79 663 303
Agreements in PLN	1 711 614 941

Cash flow in the period 01.01.-31.12.2023	
Value in agreemant currency	
Agreements in EUR	20 973 280
Agreements in PLN	359 777 621

Cash flow in the period 01.01.-31.12.2022	
Value in agreemant currency	
Agreements in EUR	21 279 116
Agreements in PLN	321 294 624

The table below shows the sensitivity of the above-mentioned exposures to 1% changes in the exchange rate. Positive values indicate a positive effect in the income statement, negative values - a negative one.

sensitivity of the currency exposure	PLN
sensitivity of the balance sheet exposure resulting from the valuation of rent agreements	
1% decrease of PLN currency	(2 974 022)
1% increase of PLN currency	2 974 022
sensitivity of exposure resulting from financial flows over a period of 12 months under rent agreements	
1% decrease of PLN currency	(911 918)
1% increase of PLN currency	911 918

sensitivity of the currency exposure	PLN
sensitivity of the balance sheet exposure resulting from the valuation of rent agreements	
1% decrease of PLN currency	(3 736 129)
1% increase of PLN currency	3 736 129
sensitivity of exposure resulting from financial flows over a period of 12 months under rent agreements	
1% decrease of PLN currency	(997 969)
1% increase of PLN currency	997 969

Due to the negligible impact of currency risk on financial flows and the extremely long-term nature of currency risk in the balance sheet, the Group did not take any hedging actions in 2023. Both in 2023 and 2022, the Group had no open positions in currency derivatives. In 2024, similarly to 2023, we still expect exchange rate fluctuations. However, we believe that the exposure to this risk is so small that even this higher than usual volatility will not significantly affect the Group's profitability and liquidity.

e) Interest rate risk

The interest rate risk may result in increased costs of servicing debt based on a variable interest rate in the event of an increase in interest rates and in a decrease in interest income from investments in financial instruments in the event of a decrease in these rates.

The interest rate risk is associated with loans and advances drawn, as well as with factoring programs and leases. The following table presents the carrying amount of the Group's financial instruments exposed to interest rate risk, broken down by age category.

31 December 2023	< 1 year	2-5 years	> 5 years	Total
Cash and cash equivalents	273 753 007	0	0	**273 753 007**
The issuance of debt securities	0	(125 000 000)	0	**(125 000 000)**
Reverse factoring liabilities	(1 405 186 288)	0	0	**(1 405 186 288)**
Factoring of receivables without recourse	(243 724 935)	0	0	**(243 724 935)**
Credits and loans	(90 047 037)	(361 872 000)	0	**(451 919 037)**

31 December 2022	< 1 year	2-5 years	> 5 years	Total
Cash and cash equivalents	177 793 410	0	0	**177 793 410**
The issuance of debt securities	0	(125 000 000)	0	**(125 000 000)**
Reverse factoring liabilities	(1 156 225 827)	0	0	**(1 156 225 827)**
Factoring of receivables without recourse	(329 147 366)	0	0	**(329 147 366)**
Credits and loans	(503 666 863)	(168 656 000)	0	**(672 322 863)**

The table below presents the Group's vulnerability profile (maximum exposure) to the risk of changes in interest rates by presenting financial instruments divided by variable and fixed interest rates:

VARIABLE AND FIXED INTEREST RATE FINANCIAL INSTRUMENTS	31.12.2023	31.12.2022
Fixed interest rate instruments		
Financial assets	883 476	7 714 490
Financial liabilities	2 457 914 183	2 439 848 226
Variable interest rate instrument		
Financial assets	273 753 007	177 793 410
Financial liabilities	2 177 089 423	2 068 622 741

The financial instruments presented above do not include interest-free trade receivables and liabilities. The Group applied a consistent approach to recognition of these instruments in both reporting periods.

The Group prepared an analysis of the sensitivity of financial instruments with variable interest rates to changes in market interest rates. The table below presents the impact of an increase and decrease of the interest rate by 100 bp on the gross financial result and on equity less the gross financial result. The analysis was conducted assuming that all other variables, such as currency exchange rates, remain unchanged. The analysis was prepared for the current year and for the comparable period, i.e. 2022.

SENSITIVITY ANALYSIS OF FINANCIAL INSTRUMENTS	Income statement		Equity	
	increases 100bp	decreases 100bp	increases 100bp	dereases 100bp
31 December 2023	(19 033 364)	19 033 364	0	0
31 December 2022	(18 908 293)	18 908 293	0	0

The sensitivity analysis covers, respectively:

• the impact of one-percent (up and down) changes in interest rates on debt instruments - in the amount of interest analyzed, assuming the debt value remains unchanged

• the impact of one-percent (up and down) changes in the yield curve on derivative instruments - in the amount equal to the change in the valuation of these instruments

The Group hedges the risk of changes in interest rates in order to reduce the impact of changes in interest rates on the level of financial costs and to eliminate the mismatch resulting from income settlements (regarding prepayment discounts between the Group and suppliers of goods) and costs (resulting from factoring programs).

As at 31 December 2023 the list of swap transactions concluded was.

Transaction date	**Nominal value**	**Status**	**Start**	**End**	**Valuation as at 31.12.2023**
13.10.2023	100 000 000	in progress	31.10.2023	30.06.2026	-441 728
06.10.2022	300 000 000	in progress	31.12.2022	31.12.2024	-5 021 048
02.04.2021	255 319	in progress	02.04.2021	30.08.2024	2 343
02.04.2021	500 327	in progress	02.04.2021	15.10.2024	2 572
02.04.2021	1 674 859	in progress	02.04.2021	20.11.2024	10 144
02.04.2021	278 709	in progress	02.04.2021	31.01.2025	2 162
02.04.2021	17 593 620	in progress	02.04.2021	16.03.2026	496 616
28.09.2020	11 825 800	in progress	30.09.2020	30.09.2025	369 639
					-4 579 300

As at 31 December 2022 the list of transactions concluded was.

Transaction date	Nominal value	Status	Start	End	Valuation as at 31.12.2022
28.02.2020	200 000 000	in progress	07.01.2022	09.01.2023	1 061 547
09.03.2020	100 000 000	in progress	05.03.2021	06.03.2023	1 493 300
03.03.2020	100 000 000	in progress	04.03.2022	06.03.2023	1 441 644
07.04.2021	100 000 000	in progress	17.01.2022	16.01.2023	546 173
06.10.2022	500 000 000	in progress	31.12.2022	31.12.2024	-4 213 416
02.04.2021	255 319	in progress	02.04.2021	30.08.2024	10 186
02.04.2021	500 327	in progress	02.04.2021	15.10.2024	14 992
02.04.2021	1 674 859	in progress	02.04.2021	20.11.2024	53 515
02.04.2021	278 709	in progress	02.04.2021	31.01.2025	9 742
02.04.2021	17 593 620	in progress	02.04.2021	16.03.2026	1 221 981
					1 639 663

The company assumes that 2024 will not bring significant volatility in interest rates.

Capital management

The basic assumption of the Group's policy in the area of capital management is to maintain a strong capital base, which will be the basis of confidence on the part of investors, lenders and the market and which will ensure the future development of the Group. The Group monitors changes in shareholding, return on capital and the level of dividends paid to shareholders. The Group's goal is to achieve a capital return ratio at the level satisfying shareholders and to ensure the annual payment of dividend. In the presented period, no changes were introduced to the objectives, principles and processes in the field of capital management.

Determining fair values

The Group has interest rate risk hedging instruments, IRS, which are measured at fair value. For the aforementioned IRS, fair value has been classified to level 2 of the hierarchy - fair value is determined on the basis of values observed on the market, however, they are not direct market quotations (e.g. they are determined by direct or indirect reference to similar instruments existing on the market). Due to the applied hedge accounting, the valuation effect is recognized in other comprehensive income.

According to the Group's assessment, the fair value of cash, short-term deposits, trade receivables, trade payables, bank loans, loans and other assets and liabilities does not differ from the carrying amounts.

NOTE 34.

CLIMATE CHANGES

Eurocash Group is not exposed to the direct effects of climate change. In the long term, there is a risk of indirect climate change impacts affecting supply chains, customers, financing, insurance, and laws and regulations. However, as at the date of these financial statements, the Group did not show any significant influence on the annual financial statements of the Group.

NOTE 35.

OTHER SUBSEQUENT EVENTS

1. **The war in Ukraine**

The description of the impact of the war in Ukraine on the Company's operations is presented in detail in note No. 38 of the separate financial statements of Eurocash for 2022, published on March 27, 2023. In the audited period, there were no new factors or events related to the Ukrainian market that had a significant impact on the Company's operations. Since the outbreak of the war, the Company has ceased business contacts with contractors from Russia and Belarus.

However, it cannot be ruled out that a possible escalation of military operations in Ukraine by Russian troops will have a negative impact on the Group's market environment, among others. through disruptions in supply chains and the resulting shortages of raw materials at producers, migration movements in Poland or the mood among Polish consumers.

The Group's Management Board monitors the situation on an ongoing basis in order to take actions, if necessary, to minimize the negative impact of the above-mentioned. threats to the Group's operations.

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-Socially Responsible Foundation (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 and fourth 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 - the Put Option. At the same time, as in previous reports, the Company indicates that: (a) submitting the above declaration of withdrawal has no impact on the 50% stake in the share capital of Arhelan Sp. already held by Eurocash. z o. o. 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 other long-term liabilities and capital, respectively, 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.

3. Review of strategic options

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

According to current report no. 18/2022, the process of reviewing strategic options is ongoing. Its aim is to select the best way to achieve the Company's long-term goal, which is to develop the Group and maximize its value for the Company's current and future shareholders.

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

NOTE 36.

IMPORTANT EVENTS AFTER THE PERIOD COVERED BY THE FINANCIAL STATEMENTS

Financing

The existing multi-purpose financing line for a total amount of PLN 120 million, under which the Company used an overdraft facility and ordered the issuance of bank guarantees, was divided into two separate agreements at the beginning of 2024. The first one is an overdraft facility up to PLN 100 million, while the second one is an agreement for a guarantee line up to PLN 80 million. As a result, the value of the financing limit increased by PLN 60 million..

SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

Position	Name and surname	Date	Signature
President of the Management Board	Paweł Surówka	18 April 2024	
Management Board Member, Human Resources Director	Katarzyna Kopaczewska	18 April 2024	
Management Board Member, Financial Director	Jacek Owczarek	18 April 2024	
Management Board Member	Przemysław Ciaś	18 April 2024	
Management Board Member	Dariusz Stolarczyk	18 April 2024	
Management Board Member	Tomasz Polański	18 April 2024	
Management Board Member	Szymon Mitoraj	18 April 2024	

Part F

Valuation of the supervisory board of Eurocash S.A.

KOMORNIKI, 18th of April 2024

Valuation
of the Supervisory Board of Eurocash S.A. with reasoning concerning the consolidated financial statements of the Eurocash Group for 2023, the financial statement of Eurocash S.A. for 2023, the Report of the Management Board on business operations of Eurocash Group and Eurocash S.A. in 2023 as regards their conformity with books, documents and facts

The Supervisory Board of Eurocash S.A. on the basis of:

1) the consolidated financial statement of the Eurocash Group for 2023 and the financial statements of Eurocash S.A. for 2023,
2) the Report of the Management Board on business operations of Eurocash Group and Eurocash S.A. in 2023,
3) the reports from the examination of the separate and consolidated financial statements and the additional report of the auditing company for Audit Committee of the Supervisory Board of Eurocash S.A,
4) meetings with representatives of the audit firm,
5) recommendation of the Audit Committee of the Supervisory Board of Eurocash S.A. regarding the opinion on the audited financial statements,

has made a positive assessment of:

1) the consolidated financial statement of the Eurocash Group for 2023,
2) the financial statement of Eurocash S.A. for 2023,
3) the Report of the Management Board on business operations of Eurocash Group and Eurocash S.A. in 2023

with regard to their conformity with the books, documents and facts.

In the opinion of the independent expert auditor the financial statements of Eurocash S.A. and the consolidated financial statements of Eurocash Group present a diligent and transparent picture of the assets and financial situation of Eurocash S.A. and Eurocash Group as at 31 December 2023 and of the financial result for the financial year from 01 January 2023 to 31 December 2023, in accordance with the International Accounting Standards, the International Financial Reporting Standards and accounting principles (policy), and it is consistent as to form and contents with applicable laws.

In the opinion of the independent expert auditor, the Report of the Management Board on business operations of Eurocash Group and Eurocash S.A. in 2023 was prepared in accordance with the applicable regulations and is consistent with the information contained in the financial statements of Eurocash S.A. and Eurocash Group.

In the opinion of the Supervisory Board of Eurocash S.A. the submitted financial statements for 2023, including the statement of financial position, the standalone profit and loss account and the standalone statement of comprehensive income, the standalone statement of changes in equity and the standalone cash flow statement, reflect correctly and reliably the result of the Company's business activity for the above financial year and the Company's assets and financial situation as at 31 December 2023.

In the opinion of the Supervisory Board, the submitted consolidated financial statement for 2023, including the consolidated statement of financial position, consolidated profit and loss account and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement reflect correctly and reliably the result of the business activity of the Eurocash Group for the above financial year and the assets and financial situation of the Eurocash Group as at 31 December 2023.

In the opinion of the Supervisory Board, the Report of the Management Board on business operations of Eurocash Group and Eurocash S.A. in 2023 was prepared in a reliable and exhaustive manner.

Legal basis:

Art. 382 § 3 of the Commercial Companies Code, § 14.2 (i) of the Statute of Eurocash S.A., § 70 Sec. 1 Item 14 and § 71 Sec. 1 Item 12 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state.

Komorniki, April 18th, 2024

____
Luis Manuel Conceicao Pais do Amaral
Chairman of the Supervisory Board

____
Dr Hans Joachim Körber
Member of the Supervisory Board

____
Jorge Mora
Member of the Supervisory Board

____
Przemysław Budkowski
Member of the Supervisory Board

____
Francisco José Valente Hipólito dos Santos
Member of the Supervisory Board

Statement of the Supervisory Board of Eurocash S.A.
Regarding the Audit Committee of Supervisory Board of Eurocash S.A.

The Supervisory Board of Eurocash S.A. hereby confirms that:

1) Eurocash S.A. complies with the legal requirements regarding the appointment, composition and functioning of the audit committee, including fulfilling the independence criteria of its members, their knowledge and skills on the scope of activities conducted by the Eurocash S.A. and on accounting and reviewing of the financial statements,
2) the Audit Committee of the Supervisory Board of Eurocash S.A. fulfilled and fulfills its legal obligations as required by common binding law.

Legal basis:

§ 70 Sec 1 Item 8 and § 71 Sec. 1 Item 8 of Regulation of the Minister of Finance dated 29 March 2018 on current and periodical information published by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognized as equivalent

Komorniki, April 18th, 2024

Luis Manuel Conceicao Pais do Amaral
Chairman of the Supervisory Board

Dr Hans Joachim Körber
Member of the Supervisory Board

Jorge Mora
Member of the Supervisory Board

Przemysław Budkowski
Member of the Supervisory Board

Francisco José Valente Hipólito dos Santos
Member of the Supervisory Board

Part G

Information of the management board of Eurocash S.A.

KOMORNIKI, 18th of April 2024

STATEMENT OF THE
MANAGEMENT BOARD OF EUROCASH S.A.

Acting pursuant to § 70 Sec. 1 Item 6 and § 71 Sec. 1 Item 6 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state, the Management Board of Eurocash S.A. represents - to its best knowledge - that:

- the annual financial statements of Eurocash S.A. and consolidated annual financial statements of Eurocash Group and comparative data were drawn up in accordance with the applicable accounting principles and reflect in a true, diligent and transparent manner the economic and financial position of Eurocash S.A. and Eurocash Group and of their financial performance for 2023,
- the Report of the Management Board on business operations of Eurocash Group and Eurocash S.A. in 2023 contains a true view of the development, achievements and the position of Eurocash S.A. and Eurocash Group, including the description of main risks and threats.

Komorniki, April 18th, 2024

Paweł Surówka
President of the Management Board

Przemysław Ciaś
Member of the Management Board

Szymon Mitoraj
Member of the Management Board

Katarzyna Kopaczewska
Member of the Management Board

Dariusz Stolarczyk
Member of the Management Board

Jacek Owczarek
Member of the Management Board

Tomasz Polański
Member of the Management Board

INFORMATION OF THE MANAGEMENT BOARD OF EUROCASH S.A

Acting pursuant to § 70 Sec. 1 Item 7 and § 71 Sec. 1 Item 7 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state the Management Board of Eurocash S.A. submits information prepared on the basis of the Supervisory Board's statement that on June 27th, 2022 the Supervisory Board selected an auditing company that audited the annual standalone and consolidated financial statements of Eurocash S.A. and Eurocash Group in accordance with the regulations and procedure for selecting an audit firm, indicating that:

- the audit firm and the members of the audit team met the conditions for drawing up an impartial and independent audit report on the standalone and consolidated annual financial statements in accordance with applicable regulations, professional standards and professional ethics,
- the applicable regulations related to the rotation of the audit firm and the key statutory auditor and mandatory grace periods are observed,
- the Company has a policy regarding the selection of an auditing company and a policy for providing the Company with an auditor, an entity related to the auditing company or a member of its network of additional non-audit services, including conditionally exempt services from the audit company.

Komorniki, April 18th, 2024

Paweł Surówka
President of the Management Board

Przemysław Ciaś
Member of the Management Board

Szymon Mitoraj
Member of the Management Board

Katarzyna Kopaczewska
Member of the Management Board

Dariusz Stolarczyk
Member of the Management Board

Jacek Owczarek
Member of the Management Board

Tomasz Polański
Member of the Management Board