30 September 2019

Responsibility statement of responsible persons

Hereby we confirm that, to the best of our knowledge and belief, the interim condensed consolidated financial statements of MAXIMA GRUPĖ, UAB (hereinafter "the Company") and its subsidiaries (hereinafter together "the Group") for the six months period ended 30 June 2019 prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union, give a true and fair view of the consolidated financial position of the Group as of 30 June 2019 and its consolidated financial performance and cash flows for the six months period then ended.

Jolanta Bivainytė

Chief Executive Officer

Vitalij Rakovski

Chief Financial Officer

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VAT payer number LT100003598012
Bank accounts
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MAXIMA GRUPĖ, UAB

Interim condensed consolidated financial statements for the six months ended 30 June 2019

CONTENTS

(All tabular amounts are in EUR thousands unless otherwise stated)

Interim condensed consolidated statement of financial position

	Notes	At 30 June 2019	At 31 December 2018 *(restated)**
ASSETS			
Non-current assets			
Property, plant and equipment	5	644,831	626,535
Right-of-use assets	14	672,711	-
Investment properties		16,300	13,796
Intangible assets (except for goodwill)		89,231	94,039
Goodwill		213,040	212,098
Non-current receivables and prepayments	14	14,165	9,045
Deferred tax assets		7,150	5,319
		1,657,428	**960,832**
Current assets			
Inventories	6	303,961	311,232
Trade and other receivables, prepayments and other short-term financial assets		74,800	69,287
Cash and cash equivalents		174,018	222,067
		552,779	**602,586**
TOTAL ASSETS		**2,210,207**	**1,563,418**
EQUITY AND LIABILITIES			
Equity			
Share capital		1,019,263	1,019,263
Share premium		41,352	41,352
Legal reserve		36,163	30,720
Reverse acquisition reserve		(1,430,271)	(1,430,271)
Other reserves		(110)	382
Foreign currency translation reserve		(9,719)	(12,936)
Retained earnings		595,806	643,914
Total equity		**252,484**	**292,424**
Non-current liabilities			
Borrowings (except for lease liabilities)	7	511,504	514,134
Lease liabilities	14	592,458	1,232
Deferred tax liabilities		21,999	24,531
Other non-current liabilities		3,631	3,946
		1,129,592	**543,843**
Current liabilities			
Borrowings (except for lease liabilities)	7	103,203	57,200
Lease liabilities	14	90,764	722
Current income tax liabilities		3,287	421
Trade and other payables		630,877	668,807
		828,131	**727,151**
Total liabilities		**1,957,723**	**1,270,994**
TOTAL EQUITY AND LIABILITIES		**2,210,207**	**1,563,418**

**See Note 11 for details about restatement for completed accounting for business combination*

Jolanta Bivainytė
Chief Executive Officer

Vitalij Rakovski
Chief Financial Officer

Interim condensed consolidated financial statements have been approved and signed on 30 September 2019.
The accompanying notes are an integral part of these interim condensed consolidated financial statements.

(All tabular amounts are in EUR thousands unless otherwise stated)

Interim condensed consolidated statement of comprehensive income

	Notes	Six months ended 30 June 2019	2018
Revenue	4, 8	1,925,909	1,554,478
Cost of sales		(1,775,096)	(1,422,380)
Operating expenses		(88,449)	(65,800)
Other gains (losses)		(768)	(541)
Profit from operations		**61,596**	**65,757**
Finance income		243	740
Finance costs		(14,882)	(2,940)
Finance costs, net		(14,639)	(2,200)
Profit before tax		**46,957**	**63,557**
Income tax expense		(7,622)	(11,428)
Net profit	4	**39,335**	**52,129**
Net profit attributable to:			
Equity holders of the parent		39,335	52,129
		39,335	**52,129**
Other comprehensive income:			
Items that will not be subsequently reclassified to profit or loss		-	-
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		3,217	(15,272)
Net gain (loss) on cash flow hedges		(492)	1,381
Other comprehensive income		**2,725**	**(13,891)**
Total comprehensive income		**42,060**	**38,238**
Total comprehensive income attributable to:			
Equity holders of the parent		42,060	38,238
		42,060	**38,238**
Earnings per share for profit attributable to ordinary equity holders of the parent (EUR)			
Basic/diluted	9	0.011	0.015

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Chief Executive Officer

Vitalij Rakovski
Chief Financial Officer

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(All tabular amounts are in EUR thousands unless otherwise stated)

Interim condensed consolidated statement of changes in equity

	Notes	Share capital	Share premium	Legal reserve	Reverse acquisition reserve	Other reserves	Foreign currency translation reserve	Retained earnings	Total equity
At 31 December 2017		**1,019,263**	**41,352**	**25,749**	**(1,430,271)**	**61**	**(2,243)**	**622,571**	**276,482**
Profit for the period		-	-	-	-	-	-	52,129	52,129
Other comprehensive income		-	-	-	-	1,381	(15,272)	-	(13,891)
Total comprehensive income for the period		-	-	-	-	1,381	(15,272)	52,129	38,238
Transfer to legal reserve		-	-	4,971	-	-	-	(4,971)	-
Dividends	10	-	-	-	-	-	-	(90,000)	(90,000)
At 30 June 2018		**1,019,263**	**41,352**	**30,720**	**(1,430,271)**	**1,442**	**(17,515)**	**579,729**	**224,720**
At 31 December 2018 *(restated)****		**1,019,263**	**41,352**	**30,720**	**(1,430,271)**	**382**	**(12,936)**	**643,914**	**292,424**
Profit for the period		-	-	-	-	-	-	39,335	39,335
Other comprehensive income		-	-	-	-	(492)	3,217	-	2,725
Total comprehensive income for the period		-	-	-	-	(492)	3,217	39,335	42,060
Transfer to legal reserve		-	-	5,443	-	-	-	(5,443)	-
Dividends	10	-	-	-	-	-	-	(82,000)	(82,000)
At 30 June 2019		**1,019,263**	**41,352**	**36,163**	**(1,430,271)**	**(110)**	**(9,719)**	**595,806**	**252,484**

**See Note 11 for details about restatement for completed accounting for business combination*

Jolanta Bivainytė
Chief Executive Officer

Vitalij Rakovski
Chief Financial Officer

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(All tabular amounts are in EUR thousands unless otherwise stated)

Interim condensed consolidated statement of cash flows

	Notes	Six months ended 30 June 2019	2018
OPERATING ACTIVITIES			
Net profit		39,335	52,129
Adjustments for:			
Depreciation		73,515	27,437
Amortisation		7,631	4,987
Property, plant & equipment and intangible assets write-offs		203	125
Property, plant & equipment impairment charge (reversal)		(761)	(2,208)
Loss / (profit) on disposal of property, plant and equipment		768	541
Income tax expense		7,622	11,428
Interest expenses		14,288	2,845
Interest income		(57)	(59)
Fair value (gains) losses on derivative financial instruments		(492)	1,381
Changes in working capital			
- trade and other receivables		(2,274)	(5,000)
- inventories		6,977	22,478
- trade and other payables		(41,790)	(58,759)
Cash generated from operations		**104,965**	**57,325**
Income tax paid		(10,605)	(11,390)
Net cash generated from operating activities		**94,360**	**45,935**
INVESTING ACTIVITIES			
Purchases of property, plant and equipment, intangible assets and investment properties		(49,053)	(33,659)
Proceeds from disposal of property, plant and equipment		431	-
Acquisition of subsidiaries, net of cash acquired		-	(69,255)
Loans granted		(140)	(16)
Proceeds from repayment of loans granted		197	64
Interest received		57	59
Finance sublease receivable collected		1,304	-
Net cash (used in) investing activities		**(47,204)**	**(102,807)**
FINANCING ACTIVITIES			
Proceeds from borrowings		20,309	346,651
Repayment of borrowings		(27,484)	(175,936)
Payment of principal and interest on leases		(48,723)	(326)
Dividends paid	10	(82,000)	(90,000)
Interest paid		(2,514)	(2,886)
Net cash generated from (used in) financing activities		**(140,412)**	**77,503**
Net increase (decrease) in cash and cash equivalents		**(93,256)**	**20,631**
CASH AND CASH EQUIVALENTS, LESS OVERDRAFTS, AT THE BEGINNING OF THE PERIOD	7	**222,067**	**146,220**
CASH AND CASH EQUIVALENTS, LESS OVERDRAFTS, AT THE END OF THE PERIOD	7	**128,811**	**166,851**

Jolanta Bivainytė
Chief Executive Officer

Vitalij Rakovski
Chief Financial Officer

Interim condensed consolidated financial statements have been approved and signed on 30 September 2019.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

(All tabular amounts are in EUR thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

1. General information

MAXIMA GRUPĖ, UAB (entity code 301066547) (hereinafter "the Company") was incorporated and commenced its operations on 23 August 2007. The Company's registered address is Savanoriu av. 247, Vilnius, Lithuania. The Company's legal status - private limited liability company.

The sole shareholder of the Company is Uždaroji Akcinė Bendrovė Vilniaus Prekyba incorporated in Lithuania. The ultimate shareholder is METODIKA B.V., incorporated in the Netherlands.

The consolidated group is comprised of the Company and its subsidiary undertakings (hereinafter collectively referred to as "the Group"). During the six months ended 30 June 2019 there were no changes in the Group's structure.

The Group's principal business activity is retail in food and consumables.

The Group's bonds are traded at Euronext Dublin (Ireland) and Nasdaq Vilnius (Lithuania) stock exchanges.

The Company's management authorized these interim condensed consolidated financial statements on 30 September 2019.

2. Basis of preparation and adoption of new and revised standards and interpretations

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.1. Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the notes required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

All amounts in these interim condensed consolidated financial statements are presented in euros, the functional and presentation currency of the Group, and they have been rounded to the nearest thousand (in thousand EUR), unless otherwise stated. Due to rounding the numbers in these interim condensed consolidated financial statements may not sum up.

2.2. Adoption of new and/or revised IFRSs and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC)

New standards, amendments and interpretations adopted by the Group

IFRS 16 *Leases*
IFRS 16 replaces IAS 17 *Leases* and specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting is substantially unchanged. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor, except for subleases treated as finance leases under IFRS 16.

The Group adopted IFRS 16 using the modified retrospective transition method with the date of initial application being 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained earnings. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* at the date of initial application.

The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("short-term leases"), and lease contracts for which the underlying asset is of low value ("low-value assets"). Also the Group elected to apply a single discount rate to a portfolio of leases with reasonably similar characteristics and used a hindsight in determining the lease term where the lease contract contained options to extend or terminate the lease.

The effect of adoption of IFRS 16 as of 1 January 2019 is disclosed in Note 14. New accounting policies upon adoption of IFRS 16 are set out below in Note 2.3.

IFRS 9: *Prepayment features with negative compensation (Amendments)*
Amendments allow financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be "negative compensation"), to be measured at amortised cost or at fair value through other comprehensive income. These amendments had no impact on the interim condensed consolidated financial statements of the Group.

IAS 19: *Plan Amendment, Curtailment or Settlement (Amendments)*
The Amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. These amendments had no impact on the interim condensed consolidated financial statements of the Group.

IFRIC Interpretation 23: *Uncertainty over Income Tax Treatments*
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 *Income taxes*. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions. The Group determined, based on its tax compliance, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the interim condensed consolidated financial statements of the Group.

2.3. Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from 1 January 2019.

As a lessee the Group recognises a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Recognised right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period when they occur.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the variable lease payments that depend on an index or a rate or there is a change in a lease term.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office and other equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Sublease

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the classification of a sublease as a finance lease or an operating lease with reference to the right-of-use asset arising from the head lease. When subleases are classified as finance leases the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and presents the net investment in the sublease under Non-current receivables and prepayments in the statement of financial position. During the term of the sublease the Group recognises finance income on sublease based on pattern reflecting a constant period rate of return on the net investment in the lease.

For subleases classified as operating lease, the Group recognises the lease income on a straight-line basis over the lease term.

3. Critical accounting judgements

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases (buildings) to lease the assets for additional terms of three to ten years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to extend the lease term. It considers all relevant factors that create an economic incentive for it to exercise the renewal (e.g., lease term, geographical location of the store, leasehold improvements, etc). The Group included the renewal period as part of the lease term for leases of buildings leased for retail operations where after considering a number of relevant factors the Group concluded that it is reasonably certain that the Group will exercise an extension option.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

4. Segment information

During the six months ended 30 June 2019 no differences occurred in the basis of the Group's segmentation or in the basis of measurement of segments' net profit (loss).

Segment performance is evaluated based on revenue, EBITDA and net profit. EBITDA is non-IFRS measure. EBITDA is calculated by adjusting net profit by income tax expenses, depreciation and amortisation, finance income and costs, impairment and write-off of property, plant and equipment, investment properties and intangible assets. Accounting policies used for segments are the same as the accounting policies used in the preparation of the consolidated financial statements. Inter-segment transactions are eliminated upon consolidation and are reflected in the Consolidation adjustments column in the segment information below:

(All tabular amounts are in EUR thousands unless otherwise stated)

	Six months ended 30 June 2019							
	Retail							
	Lithuania	Latvia	Estonia	Bulgaria	Poland	E-commerce	Franchise and agency services	Total retail
Revenue	852,816	406,635	242,078	71,500	423,930	6,921	72,808	2,076,688
incl. external customers	*773,728*	*406,447*	*241,823*	*71,500*	*422,696*	*1,142*	*290*	*1,917,626*
incl. inter-segment	*79,088*	*188*	*255*	*-*	*1,234*	*5,779*	*72,518*	*159,062*
EBITDA	59,634	26,901	11,812	1,602	21,372	(1,553)	22,939	142,707
Net profit (loss)	**42,362**	**9,821**	**(2,717)**	**(1,949)**	**(6,746)**	**(2,346)**	**18,786**	**57,211**

	Six months ended 30 June 2019						
	Total retail	Real estate	Other segments	Total reported segments	Other	Consolidation adjustments	Total
Revenue	2,076,688	31,059	13,575	2,121,322	2,237	(197,650)	1,925,909
incl. external customers	*1,917,626*	*2,485*	*5,361*	*1,925,472*	*437*	*-*	*1,925,909*
incl. inter-segment	*159,062*	*28,574*	*8,214*	*195,850*	*1,800*	*(197,650)*	*-*
EBITDA	142,707	28,581	1,662	172,950	(2,744)	(28,022)	142,184
Net profit (loss)	**57,211**	**11,870**	**1,061**	**70,142**	**192,825**	**(223,632)**	**39,335**

	Six months ended 30 June 2018							
	Retail							
	Lithuania	Latvia	Estonia	Bulgaria	Poland	E-commerce	Franchise and agency services	Total retail
Revenue	782,703	375,934	238,797	62,068	130,072	5,131	28,528	1,623,233
incl. external customers	*744,680*	*375,714*	*238,720*	*62,068*	*129,897*	*803*	*36*	*1,551,918*
incl. inter-segment	*38,023*	*220*	*77*	*-*	*175*	*4,328*	*28,492*	*71,315*
EBITDA	36,327	13,787	4,973	(137)	1,794	(1,425)	23,195	78,514
Net profit (loss)	**52,593**	**9,298**	**3,215**	**(1,979)**	**(200)**	**(1,815)**	**18,874**	**79,986**

	Six months ended 30 June 2018						
	Total retail	Real estate	Other segments	Total reported segments	Other	Consolidation adjustments	Total
Revenue	1,623,233	25,300	6,730	1,655,263	1,569	(102,354)	1,554,478
incl. external customers	*1,551,918*	*1,024*	*1,178*	*1,554,120*	*358*	*-*	*1,554,478*
incl. inter-segment	*71,315*	*24,276*	*5,552*	*101,143*	*1,211*	*(102,354)*	*-*
EBITDA	78,514	23,083	359	101,956	(1,519)	(4,340)	96,097
Net profit (loss)	**79,986**	**6,774**	**252**	**87,012**	**178,702**	**(213,585)**	**52,129**

As a result of IFRS 16 adoption, the Group's net profit decreased by EUR 5,230 thousand and EBITDA increased by EUR 47,768 thousand for the six months ended 30 June 2019 as compared to the six months ended 30 June 2018. If the Group had not adopted IFRS 16, its EBITDA for the six months ended 30 June 2019 would have amounted to EUR 94,416 thousand (30 June 2018: EUR 96,097 thousand) and net profit would have amounted to EUR 44,565 thousand (30 June 2018: EUR 52,129 thousand).

(All tabular amounts are in EUR thousands unless otherwise stated)

Seasonality of operations

The seasonality of retail segment's results are mainly affected by the national holidays in the countries where the Group operates. Higher revenue and net profits are usually expected in the second half of the year. Real estate revenue and net profits are evenly spread between the two halves of the year. In the year ended 31 December 2018, 48% of revenue were earned in the first half of the year, with 52% earned in the second half (excluding effect of business combinations occurred during the year).

5. Property, plant and equipment

Acquisitions and disposals

During the six months ended 30 June 2019, the Group acquired property, plant and equipment with a cost of EUR 49,830 thousand (30 June 2018: EUR 29,628 thousand), including property under construction.

At the beginning of 2019 the Group reviewed useful lives of its property, plant and equipment and made amendments in order to better reflect expected usage of assets and physical wear and tear. As a result of change in accounting estimate, the Group's depreciation expenses decreased by EUR 11,594 thousand during the six months period ended 30 June 2019.

6. Inventories

As of 30 June 2019 the allowances for net realisable value of inventories, goods for resale, comprised EUR 15,072 thousand (31 December 2018: EUR 11,986 thousand). During the six months ended 30 June 2019, increase in allowance amounting to EUR 3,086 thousand was included in cost of sales (30 June 2018: EUR 1,050 thousand).

7. Borrowings (except for lease liabilities)

	At 30 June 2019	At 31 December 2018
Non-current		
Bank loans	174,965	178,095
Bonds	295,429	294,930
Loans from related parties (Note 12)	41,000	41,000
Other borrowings	110	109
	511,504	514,134
Current		
Bank loans	50,156	54,226
Bank overdrafts	45,207	-
Bonds	7,784	2,909
Loans from related parties (Note 12)	56	56
Other borrowings	-	8
	103,203	57,200
	614,707	**571,334**

In the statement of cash flows bank overdrafts are included in the Cash and cash equivalents, less overdrafts.

(All tabular amounts are in EUR thousands unless otherwise stated)

8. Revenue

The Group's revenue comprise of the following:

	Six months ended 30 June 2019	2018
Revenue from contracts with customers		
Retail revenue	1,870,576	1,522,345
Commission income	4,912	4,570
Wholesale revenue	25,044	7,173
Other	10,818	7,705
	1,911,350	1,541,793
Other income		
Rental income	14,559	12,685
	14,559	12,685
	1,925,909	**1,554,478**

9. Earnings per share

The Company's basic and diluted earnings per share are equal. Calculation of basic/diluted earnings per share is presented below:

	Six months ended 30 June 2019	2018
Profit attributable to ordinary equity holders of the parent (EUR thousand)	39,335	52,129
Weighted average number of ordinary shares (in thousands)	3,514,699	3,514,699
Basic/diluted earnings per share (EUR/share)	**0.011**	**0.015**

10. Dividends per share

Dividends declared in 2019 and 2018 amounted to EUR 82,000 thousand (EUR 0.02 per share) and EUR 90,000 thousand (EUR 0.03 per share), respectively.

11. Business combinations

Acquisitions in 2019

The Group did not make significant business combinations during the six months ended 30 June 2019.

Completed accounting for business combination made in 2018

Sano Sp.z.o.o.

In December 2018, the Group acquired 100% of shares of Sano Sp.z.o.o., a retail operator in Poland. Shares were acquired from related party for the purchase consideration that was determined by independent valuers. Sano Sp.z.o.o. was acquired in order to further strengthen the Group's operations in Poland.

(All tabular amounts are in EUR thousands unless otherwise stated)

The net assets recognised in 31 December 2018 consolidated financial statements were based on a provisional assessment. The following table summarises provisional amounts recognised in 31 December 2018 consolidated financial statements and final amounts included in these interim condensed consolidated financial statements:

	As per originally presented	Fair value adjustments	Restated
Purchase consideration			
Cash	15,400	-	15,400
Total purchase consideration	**15,400**	**-**	**15,400**
Recognised amounts of identifiable assets acquired and liabilities assumed			
Property, plant and equipment	3,165	835	4,000
Intangible assets (except for goodwill)	32	4,206	4,238
Deferred tax assets	44		44
Inventories	5,584	49	5,633
Non-current receivables and prepayments	171		171
Trade and other receivables, prepayments and other short-term financial assets	682		682
Cash and cash equivalents	467		467
Borrowings	(1,272)		(1,272)
Deferred tax liability	(28)	(967)	(995)
Trade payables and other payables	(7,901)		(7,901)
Total identifiable net assets	**944**	**4,123**	**5,067**
Goodwill	**14,456**	**(4,123)**	**10,333**

12. Related party transactions

Related parties below include the Group's parent Uždaroji Akcinė Bendrovė Vilniaus Prekyba and other related parties that are entities controlled by the Group's ultimate controlling party. The ultimate controlling party of the Group is Mr. N. Numavičius.

a) Sales and purchases of goods and services and property, plant and equipment

The following transactions were carried out with related parties:

	Six months ended 30 June	
	2019	**2018**
Sales of goods and services:		
Sales of goods to other related parties	624	633
Sales of services to other related parties	3,459	4,567
	4,083	**5,200**

Sales of services to related parties include mostly rent services and commission income.

	Six months ended 30 June	
	2019	**2018**
Purchases of goods and services:		
Purchases of goods from other related parties	1,545	1,592
Purchases of services from parent company	478	499
Purchases of services from other related parties	4,255	7,929
	6,278	**10,020**

Purchases of goods and services from related parties include mostly purchased goods for resale, consulting services and utilities services.

(All tabular amounts are in EUR thousands unless otherwise stated)

	Six months ended 30 June 2019	2018
Sales of property, plant and equipment to:		
Other related parties	2,000	-
	2,000	**-**

	Six months ended 30 June 2019	2018
Purchases of property, plant and equipment from:		
Other related parties	411	142
	411	**142**

Cash inflow from sublease of premises to the related parties amounted to EUR 1,304 thousand during the six months period ended 30 June 2019.

b) Period-end balances arising from sales/purchases of goods/services

	At 30 June 2019	At 31 December 2018
Non-current receivables and prepayments:		
Other related parties	9,651	-
	9,651	**-**

Non-current receivables and prepayments include net investment in the lease recognised for the sublease of premises to related parties.

	At 30 June 2019	At 31 December 2018
Trade and other receivables from:		
Other related parties	2,660	859
	2,660	**859**

	At 30 June 2019	At 31 December 2018
Trade and other payables to:		
Parent company	98	139
Other related parties	5,135	4,438
	5,233	**4,577**

c) Borrowings

	At 30 June 2019	At 31 December 2018
Non-current borrowings:		
Loans from other related parties	41,000	41,000
Lease liabilities to other related parties	104,715	-
	145,715	**41,000**

	At 30 June 2019	At 31 December 2018
Current borrowings:		
Loans from other related parties	56	56
Lease liabilities to other related parties	10,800	-
	10,855	**56**

(All tabular amounts are in EUR thousands unless otherwise stated)

	Six months ended 30 June 2019	2018
Interest expenses to:		
Other related parties	965	249
	965	**249**

Lease liabilities and interest expenses to related parties increased as compared to prior reporting period due to the adoption of IFRS 16 as of 1 January 2019 (Note 14).

d) Key management compensation

	Six months ended 30 June 2019	2018
Salaries including related taxes	816	465
Termination benefits	280	-
	1,096	**465**

	30 June 2019	31 December 2018
Other non-current liabilities (long-term employee benefits)	1,155	2,127

13. Contingent liabilities

Below is provided update of the contingent liabilities disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2018. The Group does not have any other material contingent liabilities.

Civil proceedings relating to collapse of store roof in Riga, Latvia

As of the date of the approval of these interim condensed consolidated financial statements, Maxima Latvija SIA remained involved in one legal proceeding relating to the collapse of parts of the roof of the trade centre "Maxima XX" located in Priedaines iela 20, Riga, Latvia, which occurred on 21 November 2013, with a claim amount of EUR 100 thousand (31 December 2018: four legal proceedings with a total aggregate claim amount of EUR 72 million). The case is yet to be heard in the court of first instance. In 2019, up to the date of the approval of these interim condensed consolidated financial statements, Maxima Latvija SIA entered into mutual agreements with claimants in three legal proceedings. Total compensations to claimants amounted to EUR 117 thousand.

Based on the outcome of legal proceedings that have been concluded to date, compensation awards granted in previous comparable cases and settlement agreements that have already been reached or are expected to be reached with claimants, the Group believes that liabilities relating to the above ongoing proceedings would not, individually or in the aggregate, require additional accruals or provisions to be recorded as of 30 June 2019.

Corporate income tax case in Poland

On 25 July 2019, the Supreme Administrative Court overturned the judgment of the First Instance Administrative Court of 17 July 2018. The Supreme Administrative Court ruled that the first instance court had made a mistake ordering the authority to ask the civil court to determine whether the act of compulsory redemption of shares in the Emperia Holding S.A. subsidiary (P1 sp. z o.o.) was of an apparent nature. The Supreme Administrative Court ordered the administrative court of first instance to assess the nature of this redemption of shares itself without the help of a civil court. The case will be reconsidered by the first instance court in Warsaw.

The management continues to believe that the final outcome of the court will be beneficial to the Group, therefore no provision was formed in these interim condensed consolidated financial statements.

Pollution tax

No changes in the status of the claim by Environment Protection Department of Vilnius region ("EPDVR") against Maxima LT, UAB for the payment of pollution tax as a result of issuance of faulty certificates by Metrail UAB.

Mutual agreement procedure between the Latvian and Lithuanian tax authorities

The case between Maxima Latvija SIA (a claimant) and Latvian State Revenue Service (a defendant) on the refusal by Latvian State Revenue Service to refund Maxima Latvija SIA penalty and interest on late payment amounting to EUR 172 thousand is waiting for the court decision of the court of the first instance.

14. Changes in accounting policies

Adoption of IFRS 16 Leases

The Group has adopted IFRS 16 from 1 January 2019 using modified retrospective method. Comparatives for the 2018 reporting period have not been restated, as permitted under the transitional provisions in the standard. As a result, the data presented for 2019 and 2018 is not comparable.

The Group has lease contracts for land, buildings, vehicles and equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased assets were not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent was recognised under Non-current receivables and prepayments.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

<u>Leases previously classified as finance leases</u>

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 January 2019.

<u>Leases previously accounted for as operating leases</u>

The Group recognised right-of-use assets and lease liabilities for all leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid lease payments. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

<u>Subleases</u>

The Group assessed classification of a sublease as a finance lease or an operating lease with reference to the right-of-use asset arising from the head lease. When subleases were classified as finance leases the Group presented net investment in the lease under Non-current receivables and prepayments.

<u>Practical expedients</u>

The Group applied the available practical expedients:
- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(All tabular amounts are in EUR thousands unless otherwise stated)

The effect of adoption of IFRS 16 as of 1 January 2019 (increase/(decrease)) is as follows:

	At 1 January 2019
Assets	
Right-of-use assets	626,161
Property, plant and equipment	(1,629)
Non-current receivables and prepayments	7,009
Total assets	**631,541**
Non-current liabilities	
Borrowings (except for lease liabilities)	(1,232)
Lease liabilities	552,758
	551,526
Current liabilities	
Borrowings (except for lease liabilities)	(722)
Lease liabilities	81,469
Trade and other payables	(732)
	80,015
Total liabilities	**631,541**

As of 1 January 2019:

- Right-of-use assets of EUR 636,026 thousand were recognised and presented separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of EUR 1,629 thousand that were reclassified from Property, plant and equipment.
- Additional lease liabilities of EUR 636,026 thousand were recognised and presented separately under Lease liabilities in the statement of financial position. Liabilities of EUR 1,954 thousand previously recognised under finance leases were reclassified from Borrowings to Lease liabilities in the statement of financial position.
- Prepayments of EUR 3,753 thousand related to previous operating leases were derecognised.
- Right-of-use assets were adjusted by the provision for onerous leases of EUR 732 thousand.
- Righ-of-use assets were derecognised and net investment in the lease of EUR 10,762 thousand was recognised for subleases classified as finance leases (included in Non-current receivables and prepayments).

Completed accounting for business combination

During the six months ended 30 June 2019 the Group completed accounting for business combination with Sano Sp.z.o.o. (Note 11). As a result, comparative numbers in the interim condensed consolidated statement of financial position were adjusted (no effect on the consolidated statement of comprehensive income). The below disclosure shows the adjustments recognised for each individual line item in the interim condensed consolidated statement of financial position. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

(All tabular amounts are in EUR thousands unless otherwise stated)

	31 December 2018 As originally presented	Completed accounting for business combination	31 December 2018 *(restated)*
ASSETS		(Note 11)	
Non-current assets			
Property, plant and equipment	625,777	758	626,535
Intangible assets (except for goodwill)	90,237	3,802	94,039
Goodwill	216,246	(4,148)	212,098
Total non-current assets	**960,422**	**410**	**960,832**
Current assets			
Inventories	311,232	-	311,232
Total current assets	**602,586**	**-**	**602,586**
TOTAL ASSETS	**1,563,008**	**410**	**1,563,418**
EQUITY AND LIABILITIES			
Equity			
Foreign currency translation reserve	(12,900)	(36)	(12,936)
Retained earnings	644,333	(419)	643,914
Total equity	**292,879**	**(455)**	**292,424**
Non-current liabilities			
Deferred tax liabilities	23,665	866	24,531
Total non-current liabilities	**542,977**	**866**	**543,843**
Current liabilities			
Total current liabilities	**727,151**	**-**	**727,151**
Total liabilities	**1,270,128**	**866**	**1,270,994**
TOTAL EQUITY AND LIABILITIES	**1,563,008**	**410**	**1,563,418**

15. Events after the reporting period

In August 2019, in order to crystallize its business activities, the Group disposed of its subsidiary Infinite Sp.z.o.o., provider of IT services in Poland. Total assets of sold subsidiary amounted to EUR 4,972 thousand as of 30 June 2019. During the six months ended 30 June 2019 it contributed EUR 5,265 thousand to the consolidated revenue of the Group.