

# CONSOLIDATED REPORT AND ACCOUNTS

FIRST NINE MONTHS  
2019

**Jerónimo  
Martins**

Unaudited

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When applying, from the 1<sup>st</sup> of January 2019, the new accounting standard on leases - IFRS16 – the Group decided to adopt the modified retrospective method, according to which there is no restatement of historical data. As the adoption of the new standard also does not change the way Jerónimo Martins manages and measures the operating performance of its businesses, the below analysis does not consider the application of IFRS16. The impact of this accounting standard on the Group financial statements is presented in the Appendix of this Management Report.

## I - CONSOLIDATED MANAGEMENT REPORT

### Message from the Chairman and CEO

Pedro Soares dos Santos

'These results highlight our banners' remarkable ability to grow consistently faster than the markets in which they operate.

Our consumer centric approach and the primacy given to sales, while preserving the efficiency of the business models, are the common drivers of our Companies' performance.

In Colombia, a more assertive strategy in terms of assortment and price produced stronger sales growth and provided further validation of the commercial potential of our store network.

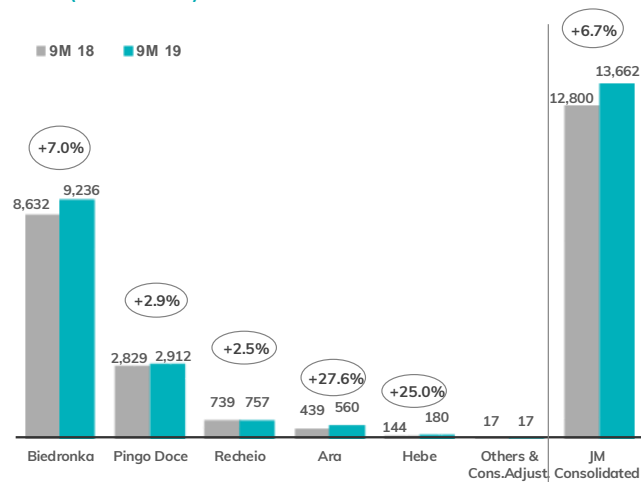
Our banners are well prepared for the last and most important quarter of the year. We feel confident that we will deliver another good year both in terms of growth and profitability.'

### 1. Sales Analysis

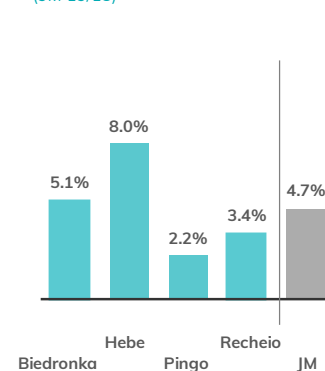
(Million Euro)	9M 19		9M 18		Δ %		Q3 19		Q3 18		Δ %	
	% total		% total		excl. FX	Euro	% total		% total		excl. FX	Euro
Biedronka	9,236	67.6%	8,632	67.4%	8.3%	7.0%	3,172	66.7%	2,871	65.6%	10.9%	10.5%
Pingo Doce	2,912	21.3%	2,829	22.1%		2.9%	1,019	21.4%	1,011	23.1%		0.8%
Recheio	757	5.5%	739	5.8%		2.5%	291	6.1%	281	6.4%		3.4%
Ara	560	4.1%	439	3.4%	34.8%	27.6%	204	4.3%	156	3.6%	40.7%	30.6%
Hebe	180	1.3%	144	1.1%	26.6%	25.0%	63	1.3%	50	1.1%	26.9%	26.4%
Others & Cons. Adjustments	17	0.1%	17	0.1%		-1.9%	6	0.1%	6	0.1%		-3.2%
<b>Total JM</b>	<b>13,662</b>	<b>100%</b>	<b>12,800</b>	<b>100%</b>	<b>7.9%</b>	<b>6.7%</b>	<b>4,754</b>	<b>100%</b>	<b>4,374</b>	<b>100%</b>	<b>9.3%</b>	<b>8.7%</b>

In the first nine months of the year, Group's net sales grew by 6.7% to €13.7 bn. At constant exchange rates, sales grew by 7.9%, with a like for like (LFL) of 4.7%. In third quarter, sales increased 8.7% (+9.3% at constant exchange rates) and achieved LFL performance of 6.2%.

Sales (Million Euro)



LFL Growth  
(9M 19/18)



\* Excl. Fuel LFL: 2.4%

**In Poland**, consumer demand continued to grow, driven by rising household's disposable income.

Food inflation increased until August and then declined slightly in September. In third quarter food inflation was 6.7%, averaging 4.4% in the nine months.

Biedronka maintained its strategic focus on sales performance without losing sight of the efficiency of its business model. This efficiency is particularly important since the Company continues to face cost's inflation.

Sales reached €9.2 bn, an increase of 8.3% in local currency (+7.0% in euros), and the banner strengthened its market share. LFL growth was 5.1% despite the loss of 10 trading days due to the Sunday trading ban regulation.

In third quarter, sales in local currency grew 10.9% to €3.2bn, (+10.5% in euros). The LFL growth of 7.8%, reflects in part the rising food inflation. In some seasonal products, we have recently seen a moderation in price's rises that is likely to lead to lower basket inflation in fourth quarter.

Biedronka opened 46 new stores and closed 14, resulting in 32 net additions in the first nine months, ending the period with a total network of 2,932 stores.

In the nine months, Hebe posted sales of €180 mn, a 26.6% increase in local currency (+25.0% in euros). Despite the impact of 10 additional Sunday closures, LFL was 8.0%.

In third quarter, sales reached €63 mn, an increase of 26.9% in local currency (+26.4% in euros), with a LFL of 8.1%.

Over the first nine months period, Hebe opened 26 stores, ending September with a total network of 255 locations, including 29 standalone pharmacies.

**In Portugal**, food inflation has remained low, falling in the last months of the period, largely due to lower fruits and vegetables inflation. Food inflation was 0.3% in the first nine months and -0.1% in third quarter, which contrasts with the sharp price increase experienced in these products in third quarter of 2018.

Pingo Doce posted sales growth of 2.9% to €2.9 bn euros. LFL growth (excluding fuel) was 2.4%.

In third quarter, sales increased 0.8% to €1 bn. LFL growth (excluding fuel) was 0.6%, reflecting food deflation in the basket over the quarter.

In the first nine months of the year, the banner opened 5 new stores.

Recheio grew sales by 2.5% to €757 mn. On a LFL basis, sales grew by 3.4%. In third quarter, sales amounted to €291 mn, up 3.4% from third quarter of 2018, with LFL of 3.4%.

**In Colombia**, consumer demand remained more favourable than in 2018. The food retail sector continued to be very competitive and dynamic.

Ara's sales grew 34.8% in local currency (+27.6% in euros) to €560 mn.

In third quarter, the Company maintained, with good results, its price investment strategy to stimulate sales. This strategy increased sales by 40.7% (+30.6% in euros) to €204 mn, producing a LFL growth of c.20%.

In the first nine months of the year, Ara opened 46 new locations, ending the period with 578 stores.

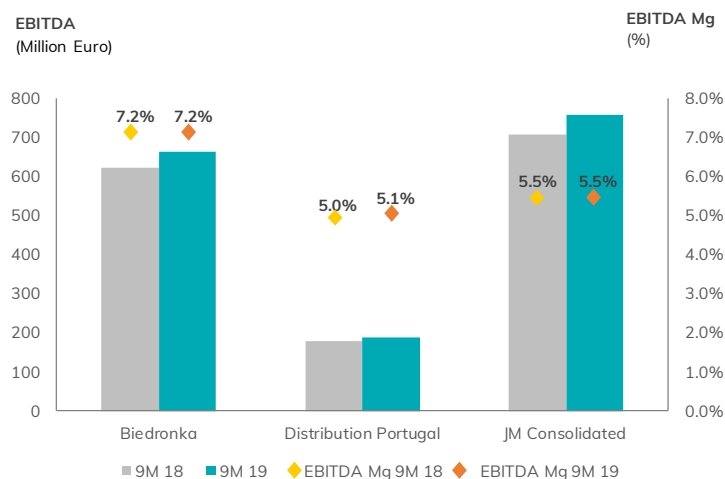
## 2. Results Analysis

(Million Euro)	9M 19			9M 18			Δ	Q3 19			Q3 18			Δ
Net Sales and Services	13,662			12,800			6.7%	4,754			4,374			8.7%
Gross Profit	2,991	21.9%		2,769	21.6%		8.0%	1,058	22.3%		958	21.9%		10.5%
Operating Costs	-2,234	-16.4%		-2,060	-16.1%		8.5%	-773	-16.3%		-695	-15.9%		11.2%
EBITDA	757	5.5%		709	5.5%		6.7%	285	6.0%		263	6.0%		8.6%
Depreciation	-294	-2.2%		-269	-2.1%		9.1%	-99	-2.1%		-91	-2.1%		8.9%
EBIT	463	3.4%		440	3.4%		5.2%	187	3.9%		172	3.9%		8.4%
Net Financial Costs	-24	-0.2%		-19	-0.2%		21.4%	-8	-0.2%		-6	-0.1%		30.2%
Gains in Joint Ventures and Associates	0	0.0%		0	0.0%		n.a.	0	0.0%		0	0.0%		n.a.
Other Profits/Losses	-6	0.0%		-7	-0.1%		n.a.	-2	0.0%		-2	-0.1%		n.a.
EBT	434	3.2%		414	3.2%		4.9%	177	3.7%		164	3.7%		8.0%
Income Tax	-106	-0.8%		-102	-0.8%		4.0%	-43	-0.9%		-40	-0.9%		8.6%
Net Profit	328	2.4%		311	2.4%		5.2%	134	2.8%		124	2.8%		7.8%
Non-Controlling Interests	-25	-0.2%		-19	-0.1%		31.6%	-13	-0.3%		-12	-0.3%		5.7%
Net Profit Attributable to JM	302	2.2%		292	2.3%		3.5%	121	2.6%		112	2.6%		8.0%
EPS (€)	0.48			0.46			3.5%	0.19			0.18			8.0%
EPS without Other Profits/Losses (€)	0.49			0.47			3.4%	0.19			0.18			7.9%

## Operating Profit (EBITDA)

The Group's EBITDA reached €757 mn, 6.7% above the value obtained a year ago. At constant exchange rates, EBITDA grew 7.4%, broadly in line with sales growth reflecting the focus of the businesses on preserving their efficiency.

### EBITDA & EBITDA Margin



Biedronka recorded EBITDA of €665 mn, a growth of 8.3% in zloty (+7.0% in euros). The EBITDA margin was 7.2%, which is in line with the margin obtained in the same period of last year.

The focus on sales growth and sales mix, together with our efforts to increase operational efficiency, allowed us to maintain our commercial intensity while posting a stable EBITDA margin.

Distribution in Portugal generated EBITDA of €189 mn, with the respective margin at 5.1%, above the 5.0% recorded in the same period of 2018.

Ara and Hebe generated EBITDA losses of €56 mn, of which 91% are attributable to Ara. In the first nine months of 2018 EBITDA losses were €65 mn.

## Financial Results

Net financial costs were €-24 mn, higher than the €-19 mn recorded in the first nine months of 2018, due to the increase in the amount of debt denominated in Colombian pesos.

## Net Results

Group net profit was €302 mn, 3.5% above 9M 18.

## 3. Balance Sheet

(Million Euro)	9M 19	2018	9M 18
Net Goodwill	632	637	639
Net Fixed Assets	3,906	3,842	3,797
Total Working Capital	-2,567	-2,454	-2,355
Others	78	70	74
<b>Invested Capital</b>	<b>2,049</b>	<b>2,096</b>	<b>2,155</b>
Total Borrowings	654	624	604
Financial Leases	17	15	15
Accrued Interest	-1	2	3
Marketable Securities and Bank Deposits	-730	-562	-373
<b>Net Debt</b>	<b>-60</b>	<b>80</b>	<b>250</b>
Non-Controlling Interests	248	238	229
Share Capital	629	629	629
Reserves and Retained Earnings	1,231	1,149	1,047
<b>Shareholders Funds</b>	<b>2,108</b>	<b>2,016</b>	<b>1,905</b>
Gearing	-2.8%	3.9%	13.1%

Net cash position, excluding capitalized operating leases, was €60 mn.

## Free Cash Flow

(Million Euro)	9M 19	9M 18
EBITDA	757	709
Interest Payment	-22	-17
Other Financial Items	0	0
Income Tax	-116	-122
<b>Funds From Operations</b>	<b>619</b>	<b>570</b>
Capex Payment	-399	-528
Change in Working Capital	141	-53
Others	-5	-5
<b>Free Cash Flow</b>	<b>356</b>	<b>-16</b>

Free cash flow generated in the period was €356 mn reflecting a good operating performance as well as a favourable seasonal behaviour of our working capital.

## Investment

(Million Euro)	9M 19	Weight	9M 18	Weight
Biedronka	221	55%	283	59%
Distribution Portugal	109	27%	80	17%
Ara	57	14%	75	16%
Others	18	4%	38	8%
<b>Total CAPEX</b>	<b>405</b>	<b>100%</b>	<b>476</b>	<b>100%</b>

Group capex (excluding usage rights acquired under IFRS16) was €405 mn, of which 55% was allocated to Biedronka.

## 4. Outlook for 2019

The first nine months of the year reflect the competitive strength of all our banners and their ability to conquer market share.

The guidance announced on 27 February\* remains therefore valid except for an adjustment in the capex plan.

During the year, we have prioritized the acceleration of Ara's LFL growth as key to increasing sales density and critical to achieving profitability. The performance of these last quarters confirms the rightness of the strategy we are following and, in order to focus on validating store sales' potential, the Company reviewed its calendar of openings, which this year should represent c.110 new locations.

As a result, the capex for 2019 is now estimated at c.€650 mn, a reduction from the €700-750 mn previously forecasted.

[\\*https://www.jeronimomartins.com/wp-content/uploads/com/2019/Results2018.pdf](https://www.jeronimomartins.com/wp-content/uploads/com/2019/Results2018.pdf)

Lisbon, 22 October 2019

## The Board of Directors

## II – CONSOLIDATED MANAGEMENT REPORT APPENDIX

### 1. The impact of IFRS 16 on Financial Statements

#### Income Statement by Functions

(Million Euro)	9M 19 IFRS16	9M 19 Excl. IFRS16	9M 18
<b>Net Sales and Services</b>	<b>13,662</b>	<b>13,662</b>	<b>12,800</b>
Cost of Sales	-10,671	-10,671	-10,031
<b>Gross Profit</b>	<b>2,991</b>	<b>2,991</b>	<b>2,769</b>
Distribution Costs	-2,239	-2,296	-2,127
Administrative Costs	-231	-232	-202
Other Operating Profits/Losses	-8	-8	-7
<b>Operating Profit</b>	<b>513</b>	<b>455</b>	<b>433</b>
Net Financial Costs	-127	-24	-19
Gains/Losses in Other Investments	2	2	0
Gains in Joint Ventures and Associates	0	0	0
<b>Profit Before Taxes</b>	<b>389</b>	<b>434</b>	<b>414</b>
Income Tax	-99	-106	-102
<b>Profit Before Non Controlling Interests</b>	<b>289</b>	<b>328</b>	<b>311</b>
Non-Controlling Interests	-23	-25	-19
<b>Net Profit Attributable to JM</b>	<b>267</b>	<b>302</b>	<b>292</b>

#### Income Statement (Management View)

(Million Euro)	9M 19 IFRS16	9M 19 Excl. IFRS16	9M 18	Q3 19 IFRS16	Q3 19 Excl. IFRS16	Q3 18
<b>Net Sales and Services</b>	<b>13,662</b>	<b>13,662</b>	<b>12,800</b>	<b>4,754</b>	<b>4,754</b>	<b>4,374</b>
Gross Profit	2,991	2,991	2,769	1,058	1,058	958
Operating Costs	-1,941	-2,234	-2,060	-676	-773	-695
<b>EBITDA</b>	<b>1,049</b>	<b>757</b>	<b>709</b>	<b>382</b>	<b>285</b>	<b>263</b>
Depreciation	-528	-294	-269	-177	-99	-91
<b>EBIT</b>	<b>521</b>	<b>463</b>	<b>440</b>	<b>206</b>	<b>187</b>	<b>172</b>
Net Financial Costs	-127	-24	-19	-49	-8	-6
Gains in Joint Ventures and Associates	0	0	0	0	0	0
Other Profits/Losses	-6	-6	-7	-2	-2	-2
<b>EBT</b>	<b>389</b>	<b>434</b>	<b>414</b>	<b>155</b>	<b>177</b>	<b>164</b>
Income Tax	-99	-106	-102	-39	-43	-40
<b>Net Profit</b>	<b>289</b>	<b>328</b>	<b>311</b>	<b>115</b>	<b>134</b>	<b>124</b>
Non-Controlling Interests	-23	-25	-19	-12	-13	-12
<b>Net Profit Attributable to JM</b>	<b>267</b>	<b>302</b>	<b>292</b>	<b>103</b>	<b>121</b>	<b>112</b>
EPS (€)	0.42	0.48	0.46	0.16	0.19	0.18
EPS without Other Profits/Losses (€)	0.43	0.49	0.47	0.17	0.19	0.18

## Balance Sheet

(Million Euro)	9M 19 IFRS16	9M 19 Excl. IFRS16	2018	9M 18
Net Goodwill	632	632	637	639
Net Fixed Assets	3,906	3,906	3,842	3,797
Net Rights of Use (RoU)	2,209	-	-	-
Total Working Capital	-2,572	-2,567	-2,454	-2,355
Others	85	78	70	74
<b>Invested Capital</b>	<b>4,260</b>	<b>2,049</b>	<b>2,096</b>	<b>2,155</b>
Total Borrowings	654	654	624	604
Financial Leases	17	17	15	15
Capitalised Operating Leases	2,249	-	-	-
Accrued Interest	-1	-1	2	3
Marketable Securities and Bank Deposits	-730	-730	-562	-373
<b>Net Debt</b>	<b>2,189</b>	<b>-60</b>	<b>80</b>	<b>250</b>
Non-Controlling Interests	246	248	238	229
Share Capital	629	629	629	629
Reserves and Retained Earnings	1,196	1,231	1,149	1,047
<b>Shareholders Funds</b>	<b>2,071</b>	<b>2,108</b>	<b>2,016</b>	<b>1,905</b>

## Free Cash Flow

(Million Euro)	9M 19 IFRS16	9M 19 Excl. IFRS16	9M 18
EBITDA	1,049	757	709
Capitalised Operating Leases Payment	-194	-	-
Interest Payment	-120	-22	-17
Other Financial Items	0	0	0
Income Tax	-116	-116	-122
<b>Funds From Operations</b>	<b>619</b>	<b>619</b>	<b>570</b>
Capex Payment	-399	-399	-528
Change in Working Capital	140	141	-53
Others	-5	-5	-5
<b>Free Cash Flow</b>	<b>356</b>	<b>356</b>	<b>-16</b>

## EBITDA and EBITDA Margin Breakdown

(Million Euro)	9M 19 IFRS16	Mg	9M 19 Excl. IFRS16	Mg	9M 18	Mg
Biedronka	864	9.4%	665	7.2%	622	7.2%
Distribution Portugal	242	6.6%	189	5.1%	178	5.0%
Others & Cons. Adjustments	-56	n.a.	-97	n.a.	-90	n.a.
<b>JM Consolidated</b>	<b>1,049</b>	<b>7.7%</b>	<b>757</b>	<b>5.5%</b>	<b>709</b>	<b>5.5%</b>

## Financial Costs Breakdown

(Million Euro)	9M 19 IFRS16	9M 19 Excl. IFRS16	9M 18
Net Interest	-18	-18	-15
Interests on Capitalised Operating Leases	-98	-	-
Exchange Differences	-8	-2	-1
Others	-3	-3	-4
<b>Financial Results</b>	<b>-127</b>	<b>-24</b>	<b>-19</b>



## 2. Sales Evolution

	Total Sales Growth					LFL Sales Growth				
	Q1 19	Q2 19	H1 19	Q3 19	9M 19	Q1 19	Q2 19	H1 19	Q3 19	9M 19
Biedronka										
Euro	-0.8%	11.5%	5.2%	10.5%	7.0%					
PLN	2.0%	12.1%	7.0%	10.9%	8.3%	-1.1%	8.6%	3.7%	7.8%	5.1%
Hebe										
Euro	19.8%	28.7%	24.3%	26.4%	25.0%					
PLN	23.3%	29.4%	26.4%	26.9%	26.6%	5.4%	10.3%	8.0%	8.1%	8.0%
Pingo Doce	2.6%	5.6%	4.1%	0.8%	2.9%	1.7%	4.9%	3.3%	0.3%	2.2%
Excl. Fuel	2.5%	5.8%	4.2%	1.1%	3.1%	1.6%	5.1%	3.4%	0.6%	2.4%
Recheio	1.9%	2.1%	2.0%	3.4%	2.5%	3.7%	3.2%	3.4%	3.4%	3.4%

## 3. Stores Network

Number of Stores	2018	Openings			Closings	9M 19	9M 18
		Q1 19	Q2 19	Q3 19	9M 19		
Biedronka	2,900	8	19	19	14	2,932	2,850
Hebe *	230	8	9	9	1	255	207
Pingo Doce	432	2	2	1	0	437	430
Recheio	42	0	0	0	0	42	42
Ara	532	9	16	21	0	578	475

\* 9M 19: 255 stores: 29 pharmacies and 226 drugstores (21 of which include a pharmacy)

Sales Area (sqm)	2018	Openings			Closings/ Remodellings	9M 19	9M 18
		Q1 19	Q2 19	Q3 19	9M 19		
Biedronka	1,933,104	5,783	14,182	13,651	1,198	1,965,522	1,888,800
Hebe	55,035	2,000	2,791	2,282	56	62,052	49,431
Pingo Doce	506,754	1,458	1,681	107	-142	510,142	507,117
Recheio	133,826	0	0	0	0	133,826	133,826
Ara	182,005	2,503	4,808	6,190	0	195,506	163,827

## 4. Definitions

**Like for like (LFL) sales:** sales made by stores that operated under the same conditions in the two periods. Excludes stores opened or closed in one of the two periods. Sales of stores that underwent profound remodelling are excluded for the remodelling period (store closure).

**Gearing:** Net Debt / Shareholders' Funds.

## 5. Income Statement – Reconciliation Note

(Following ESMA guidelines on Alternative Performance Measures from October 2015)

Income Statement (page 7)	Income Statement by Functions in the Consolidated Report & Accounts – The First Nine Months 2019 Results
Net Sales and Services	Net sales and services
Gross Profit	Gross profit
Operating Costs	Includes headings of Distribution costs; Administrative costs; Other operating costs and excludes Depreciations of €-528.4 mn
<b>EBITDA</b>	
Depreciation	Value reflected in the note - Operating costs by nature
<b>EBIT</b>	
Net Financial Costs	Net financial costs
Gains in Joint Ventures and Associates	Gains (Losses) in joint ventures and associates
Other Profits/Losses	Includes headings of Other operating profits/losses; Gains in disposal of business (when applicable) and Gains/Losses in other investments (when applicable)
<b>EBT</b>	
Income Tax	Income tax
<b>Net Profit</b>	
Non-Controlling Interests	Non-Controlling interests
<b>Net Profit Attributable to JM</b>	

## 6. Balance Sheet - Reconciliation Note

(Following ESMA guidelines on Alternative Performance Measures from October 2015)

Balance Sheet (page 8)	Balance Sheet in the Consolidated Report & Accounts - The First Nine Months 2019 Results
Net Goodwill	Included in the heading of Intangible assets
Net Fixed Assets	Includes the headings Tangible and Intangible assets excluding the Net goodwill (€632.1 mn) and Financial leases (€17.5 mn)
Net Right-of-Use Assets (RoU)	Includes the heading of Right-of-use assets excluding the Financial leases (€17.5 mn)
Total Working Capital	Includes the headings Current trade debtors, accrued income and deferred costs; Inventories; Biological assets; Trade creditors, accrued costs and deferred income; Employee benefits; the value of €3.9 mn Cash and cash equivalents (note - Cash and cash equivalents) and the value of €-13.1 mn related to 'Others' due to its operational nature. Excludes the value of €-1.3 mn related to Interest accruals and deferrals (note - Net financial debt)
Others	Includes the headings Investment property; Investments in joint ventures and associates; Other financial investments; Non-Current trade debtors, accrued income and deferred costs; Deferred tax assets and liabilities; Income tax receivable and payable; and Provisions for risks and contingencies.  Excludes the value of €19.4 mn related to collateral Deposits associated to Financial debt (note - Trade debtors, accrued income and deferred costs); and also the value of €-13.1 mn related to Others due to its operational nature
<b>Invested Capital</b>	
Total Borrowings	Includes the heading Borrowings current and non-current
Financial Leases	Value reflected in the headings of Lease liabilities current and non-current
Capitalised Operating Leases	Value reflected in the headings of Lease liabilities current and non-current excluding Financial leases liabilities (€17.3 mn)
Accrued Interest	Includes the heading Derivative financial instruments and the value of €-1.3 mn related to Interest accruals and deferrals (value reflected in note - Net financial debt)
Marketable Securities and Bank Deposits	Includes the heading Cash and cash equivalents and the value of €19.4 mn related to collateral deposits associated to Financial debt (reflected in note - Trade debtors) and excludes the value of €3.9 mn in Cash and cash equivalents (reflected in note - Cash and cash equivalents)
<b>Net Debt</b>	
Non-Controlling Interests	Non-Controlling interests
Share Capital	Share capital
Reserves and Retained Earnings	Includes the heading Share premium, Own shares, Other reserves and Retained earnings
<b>Shareholders' Funds</b>	

## 7. Free Cash Flow - Reconciliation Note

(Following ESMA guidelines on Alternative Performance Measures from October 2015)

Free Cash Flow (page 8)	Cash Flow in the Consolidated Report & Accounts - The First Nine Months 2019 Results
EBITDA	Included in the heading of Cash generated from operations
Capitalised Operating Leases Payment	Included in the heading Leases paid
Interest Payment	Includes the headings of Loans interest paid, Leases interest paid and Interest received
Income Tax	Income tax paid
<b>Funds from Operations</b>	
Capex Payment	Includes the headings Disposal of tangible assets; Disposal of intangible assets; Disposal of financial and investment property; Acquisition of tangible fixed assets; Acquisition of intangible assets; Acquisition of financial investments and investment property. It also includes acquisitions of tangible assets classified as finance leases under previous regulations (€6.7 mn)
Change in Working Capital	Included in the heading of Cash generated from operations
Others	Includes the headings disposal of business (when applicable), being the remaining amount included in the heading Cash generated from operations
<b>Free Cash Flow</b>	

## 8. Information Regarding Individual Financial Statements

In accordance with number 5 of article 10 of the Regulation number 5/2008 of the Portuguese Securities Market Commission (CMVM), the Quarter Individual Financial Statements of Jerónimo Martins SGPS, S.A. are not disclosed as they do not include additional relevant information, compared to the one presented in this report.

## III – CONSOLIDATED FINANCIAL STATEMENTS

The Group adopted for the first time on 1 January 2019 the new standard IFRS 16 Leases, with no restatement of the comparative Financial Statements. The comparative information for the year 2018 is not restated (See note 2.1.1.).

### CONSOLIDATED INCOME STATEMENT BY FUNCTIONS FOR THE QUARTERS ENDED AT 30 SEPTEMBER 2019 AND 2018

					Euro thousand	
	Notes	September 2019	September 2018		3rd Quarter 2019	3rd Quarter 2018
Sales and services rendered	3	13,662,242	12,799,933		4,753,908	4,374,245
Cost of sales	4	(10,671,275)	(10,030,836)		(3,695,435)	(3,416,247)
<b>Gross profit</b>		<b>2,990,967</b>	<b>2,769,097</b>		<b>1,058,473</b>	<b>957,998</b>
Distribution costs	4	(2,239,150)	(2,127,224)		(771,868)	(716,865)
Administrative costs	4	(230,726)	(201,946)		(80,988)	(69,000)
Other operating profits/losses	4.1	(7,993)	(7,076)		(3,920)	(2,219)
<b>Operating profit</b>		<b>513,098</b>	<b>432,851</b>		<b>201,697</b>	<b>169,914</b>
Net financial costs	5	(127,074)	(19,452)		(49,363)	(6,104)
Gains (losses) in joint ventures and associates		167	133		28	134
Gains (losses) in other investments		2,322	-		2,276	-
<b>Profit before taxes</b>		<b>388,513</b>	<b>413,532</b>		<b>154,638</b>	<b>163,944</b>
Income tax	6	(99,043)	(102,258)		(39,306)	(39,536)
<b>Profit before non-controlling interests</b>		<b>289,470</b>	<b>311,274</b>		<b>115,332</b>	<b>124,408</b>
Attributable to:						
Non-controlling interests		22,908	19,174		11,883	12,049
<b>Jerónimo Martins Shareholders</b>		<b>266,562</b>	<b>292,100</b>		<b>103,449</b>	<b>112,359</b>
Basic and diluted earnings per share - Euros	13	0.4242	0.4648		0.1646	0.1788

To be read with the attached notes to the consolidated financial statements.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTERS ENDED AT 30 SEPTEMBER 2019 AND 2018

					Euro thousand	
	Notes	September 2019	September 2018		3rd Quarter 2019	3rd Quarter 2018
<b>Net profit</b>		<b>289,470</b>	<b>311,274</b>		<b>115,332</b>	<b>124,408</b>
<b>Other comprehensive income:</b>						
<b>Items that will not be reclassified to profit or loss</b>		<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>
Currency translation differences		(14,931)	(21,954)		(28,523)	18,635
Change in fair value of cash flow hedges	8	406	(199)		620	(4)
Change in fair value of hedging instruments on foreign operations	8	(423)	3,691		2,081	-
Related tax		(363)	238		(490)	(178)
<b>Items that may be reclassified to profit or loss</b>		<b>(15,311)</b>	<b>(18,224)</b>		<b>(26,312)</b>	<b>18,453</b>
<b>Other comprehensive income, net of income tax</b>		<b>(15,311)</b>	<b>(18,224)</b>		<b>(26,312)</b>	<b>18,453</b>
<b>Total comprehensive income</b>		<b>274,159</b>	<b>293,050</b>		<b>89,020</b>	<b>142,861</b>
Attributable to:						
Non-controlling interests		22,908	19,174		11,883	12,049
<b>Jerónimo Martins Shareholders</b>		<b>251,251</b>	<b>273,876</b>		<b>77,137</b>	<b>130,812</b>
<b>Total comprehensive income</b>		<b>274,159</b>	<b>293,050</b>		<b>89,020</b>	<b>142,861</b>

To be read with the attached notes to the consolidated financial statements.

## CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER AND 31 DECEMBER 2018

		Euro thousand	
	Notes	September 2019	December 2018
<b>Assets</b>			
Tangible assets	7	3,737,898	3,687,053
Intangible assets	7	782,207	792,514
Investment property	7	7,452	11,676
Right-of-use assets	7	2,226,790	-
Biological assets		3,226	3,398
Investments in joint ventures and associates		5,362	3,245
Other financial investments		1,321	1,321
Trade debtors, accrued income and deferred costs	9	86,216	84,713
Deferred tax assets		123,410	114,840
<b>Total non-current assets</b>		<b>6,973,882</b>	<b>4,698,760</b>
Inventories		897,114	970,653
Biological assets		5,498	3,790
Income tax receivable		7,136	5,035
Trade debtors, accrued income and deferred costs	9	361,424	435,642
Derivative financial instruments	8	1,965	59
Cash and cash equivalents	10	714,958	545,988
<b>Total current assets</b>		<b>1,988,095</b>	<b>1,961,167</b>
<b>Total assets</b>		<b>8,961,977</b>	<b>6,659,927</b>
<b>Shareholders' equity and liabilities</b>			
Share capital		629,293	629,293
Share premium		22,452	22,452
Own shares		(6,060)	(6,060)
Other reserves		(92,357)	(77,046)
Retained earnings	12	1,271,580	1,209,259
		<b>1,824,908</b>	<b>1,777,898</b>
<b>Non-controlling interests</b>		<b>246,004</b>	<b>238,356</b>
<b>Total Shareholders' equity</b>		<b>2,070,912</b>	<b>2,016,254</b>
Borrowings	14	234,382	288,390
Lease liabilities	15	1,900,313	-
Trade creditors, accrued costs and deferred income	18	768	774
Derivative financial instruments	8	-	62
Employee benefits	17	71,135	65,069
Provisions for risks and contingencies	17	27,843	26,565
Deferred tax liabilities		60,289	75,627
<b>Total non-current liabilities</b>		<b>2,294,730</b>	<b>456,487</b>
Borrowings	14	419,672	350,814
Lease liabilities	15	365,691	-
Trade creditors, accrued costs and deferred income	18	3,759,761	3,794,411
Derivative financial instruments	8	37	159
Income tax payable		51,174	41,802
<b>Total current liabilities</b>		<b>4,596,335</b>	<b>4,187,186</b>
<b>Total Shareholders' equity and liabilities</b>		<b>8,961,977</b>	<b>6,659,927</b>

To be read with the attached notes to the consolidated financial statements

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS ENDED AT 30 SEPTEMBER 2019 AND 2018

Euro thousand

	Shareholders' equity attributable to Shareholders of Jerónimo Martins, SGPS, S.A.							Non-controlling interests	Shareholders' equity
	Share capital	Share premium	Own shares	Other reserves		Retained earnings	Total		
				Cash flow hedge	Currency translation reserves				
Balance Sheet as at 1 January 2018	629,293	22,452	(6,060)	184	(51,293)	1,193,319	1,787,895	225,298	2,013,193
Equity changes in 2018									
Currency translation differences				(4)	(21,750)		(21,754)		(21,754)
Change in fair value of cash flow hedging				(161)			(161)		(161)
Change in fair value of hedging instruments on foreign operations					3,691		3,691		3,691
Other comprehensive income	-	-	-	(165)	(18,059)	-	(18,224)	-	(18,224)
Net profit						292,100	292,100	19,174	311,274
Total comprehensive income	-	-	-	(165)	(18,059)	292,100	273,876	19,174	293,050
Dividends						(385,230)	(385,230)	(15,806)	(401,036)
Balance Sheet as at 30 September 2018	629,293	22,452	(6,060)	19	(69,352)	1,100,189	1,676,541	228,666	1,905,207
Balance Sheet as at 1 January 2019									
Balance Sheet as at 1 January 2019	629,293	22,452	(6,060)	(50)	(76,996)	1,209,259	1,777,898	238,356	2,016,254
Equity changes in 2019									
Currency translation differences				(6)	(15,211)		(15,217)		(15,217)
Change in fair value of cash flow hedging				329			329		329
Change in fair value of hedging instruments on foreign operations					(423)		(423)		(423)
Other comprehensive income	-	-	-	323	(15,634)	-	(15,311)	-	(15,311)
Net profit						266,562	266,562	22,908	289,470
Total comprehensive income	-	-	-	323	(15,634)	266,562	251,251	22,908	274,159
Dividends (note 12)						(204,241)	(204,241)	(15,260)	(219,501)
Balance Sheet as at 30 September 2019	629,293	22,452	(6,060)	273	(92,630)	1,271,580	1,824,908	246,004	2,070,912

To be read with the attached notes to the consolidated financial statements

## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIODS ENDED AT 30 SEPTEMBER 2019 AND 2018

		Euro thousand	
	Notes	September 2019	September 2018
<b>Operating Activities</b>			
Cash received from customers		15,396,072	14,427,545
Cash paid to suppliers		(13,048,957)	(12,710,077)
Cash paid to employees		(1,162,980)	(1,067,855)
<b>Cash generated from operations</b>	11	<b>1,184,135</b>	<b>649,613</b>
Loans interest paid		(23,671)	(18,521)
Leases interest paid		(98,231)	-
Income taxes paid		(116,052)	(122,026)
<b>Cash flow from operating activities</b>		<b>946,181</b>	<b>509,066</b>
<b>Investment activities</b>			
Disposals of tangible fixed assets		1,365	1,545
Disposals of other financial investments and investment property		5,000	2,096
Interest received		2,166	1,490
Dividends received		96	46
Acquisition of tangible fixed assets		(388,861)	(522,811)
Acquisition of intangible assets		(7,440)	(7,245)
Acquisition of joint ventures and associates		(2,000)	(1,500)
<b>Cash flow from investment activities</b>		<b>(389,674)</b>	<b>(526,379)</b>
<b>Financing activities</b>			
Net change in loans	14	37,492	84,947
Leases paid	15	(198,487)	-
Dividends paid	12	(219,501)	(400,999)
<b>Cash flow from financing activities</b>		<b>(380,496)</b>	<b>(316,052)</b>
<b>Net changes in cash and cash equivalents</b>		<b>176,011</b>	<b>(333,365)</b>
<b>Cash and cash equivalents changes</b>			
Cash and cash equivalents at the beginning of the year		545,988	681,333
Net changes in cash and cash equivalents		176,011	(333,365)
Effect of currency translation differences		(7,041)	(5,544)
<b>Cash and cash equivalents at the end of 9 Months</b>	10	<b>714,958</b>	<b>342,424</b>

To be read with the attached notes to the consolidated financial statements

## CONSOLIDATED CASH FLOW STATEMENT FOR THE INTERIM PERIOD

	September		Euro thousand	
	2019	2018	3rd Quarter 2019	3rd Quarter 2018
Cash Flow from operating activities	946,181	509,066	435,218	311,499
Cash Flow from investment activities	(389,674)	(526,379)	(135,036)	(191,060)
Cash Flow from financing activities	(380,496)	(316,052)	(68,740)	(3,238)
<b>Cash and cash equivalents changes</b>	<b>176,011</b>	<b>(333,365)</b>	<b>231,442</b>	<b>117,201</b>

The amounts presented for quarters are not audited.



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## 1. Activity

Jerónimo Martins, SGPS, S.A. (JMH), is the parent Company of Jerónimo Martins Group (Group) and has its head office in Lisbon.

The Group operates in the food area, particularly in the distribution and sale of food and other fast-moving consumer goods products. The Group has operations in Portugal, Poland and Colombia.

Head Office: Rua Actor António Silva, n.º 7, 1649-033 Lisboa

Share Capital: 629,293,220 euros

Registered at the Commercial Registry Office of Lisbon and Tax Number: 500 100 144

JMH has been listed on Euronext Lisbon since 1989.

The Board of Directors approved these consolidated financial statements on 22 October 2019.

## 2. Accounting policies

### 2.1. Basis for preparation

All amounts are shown in thousand euros (EUR thousand) unless otherwise stated.

JMH consolidated financial statements were prepared in accordance with the interim financial reporting standard (IAS 34), and all other International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) and with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union (EU).

The consolidated financial statements were prepared in accordance with the same standards and accounting policies adopted by the Group in the preparation of the annual financial statements, except for the adoption of new standards, amendments and interpretations, effective as of 1 January 2019, and including an explanation of the events and relevant changes for the understanding of variations in the financial position and Group performance since the last annual report. Thus, some of the notes from the 2018 annual report are omitted because no changes occurred, or they are not materially relevant for the understanding of the interim financial statements.

As mentioned in the Consolidated Financial Statements chapter of the 2018 Annual Report, point 29 - Financial risks, the Group, as a result of its normal activity, is exposed to several risks which are monitored and mitigated throughout the year. During the first nine months of 2019, there was no material changes in addition to the notes detailed below, that could significantly change the assessment of the risks that the Group is exposed to.

### Change in accounting policies and basis for presentation:

#### 2.1.1. New standards, amendments and interpretations adopted by the Group

Between November 2017 and March 2019, the EU issued the following Regulations, which were adopted by the Group from 1 January 2019:

EU Regulation	IASB Standard or IFRIC Interpretation endorsed by EU	Issued in	Mandatory for financial years beginning on or after
Regulation no. 1986/2017	IFRS 16 Leases (new)	January 2016	1 January 2019
Regulation no. 498/2018	IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation (amendments)	October 2017	1 January 2019
Regulation no. 1595/2018	IFRIC 23 Uncertainty over Income Tax Treatments (new)	June 2017	1 January 2019
Regulation no. 237/2019	IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures (amendments)	October 2017	1 January 2019
Regulation no. 402/2019	IAS 19: Employee Benefits: Plan Amendment, Curtailment or Settlement (amendments)	February 2018	1 January 2019
Regulation no. 412/2019	Annual Improvements to IFRS's 2015–2017 Cycle: IFRS 3 Business Combinations; IFRS 11 Joint Arrangements; IAS 12 Income Taxes and IAS 23 Borrowing Costs (amendments)	December 2017	1 January 2019

The Group adopted the amendments and the new interpretation, with no significant impact on its Consolidated Financial Statements, except for the adoption of the new standard IFRS 16 Leases.

The Group adopted for the first time the new standard IFRS 16 Leases, with no restatement of the comparative Financial Statements. As required by IAS 34, the nature and effect of these changes are disclosed below:

## IFRS 16 Leases

The new standard IFRS 16 eliminated the classification of leases as either operating leases or finance leases for lessees, as it was required by IAS 17 and, instead, introduced a single accounting model, very similar to the previous treatment that was given to finance leases in lessee accounts.

This single accounting model provides for the lessee the recognition of: i. assets and liabilities in the Balance Sheet for all leases with a term of more than 12 months, unless the underlying asset is of low value, regardless of the lease term; and ii. depreciation of lease assets separately from interest on lease liabilities in the Income Statement.

The Group adopted the new standard from 1 January 2019, using the modified retrospective approach in its consolidated accounts, with no restatement of the 2018 comparative accounts and no impact on Group's Shareholder Equity at transition date.

The Group's operating leases relate mostly to store and warehouse rent contracts. In respect to its previous commitments regarding operating leases, in transition, the Group recognised at 1 January 2019 in the consolidated Balance Sheet right-of-use assets in the amount of EUR 2,403,441 thousand, lease liabilities in the amount of EUR 2,398,006 thousand and an adjustment in accruals and deferrals in the amount of EUR 5,435 thousand.

In respect to its previous commitments regarding finance leases, in transition, the carrying amount recognised in lease assets and lease liabilities as at 31 December 2018 (EUR 14,211 thousand and EUR 15,149 thousand, respectively) were considered as right-of-use assets and lease liabilities under IFRS 16 on 1 January 2019.

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is in the range of 2.5% – 8.9%, based on the features of the agreement (underlying asset and guarantees, currency and term).

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- i) the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- ii) the accounting for operating leases with a remaining lease term of less than 12 months at transition date as short-term leases;
- iii) the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- iv) the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The reconciliation between the amount of the Group's operating lease commitments as disclosed in the previous year's financial statements and the amount of lease liabilities recognised on the date of initial application is as follows:

<b>Operating lease commitments disclosed as at 31 December 2018</b>	<b>3,063,579</b>
Add: service contracts reassessed as lease contracts	47,865
(Less): short-term leases recognised on a straight-line basis as expense	(7,711)
(Less): low-value leases recognised on a straight-line basis as expense	(97)
Add/(less): adjustments as result of a different treatment of extension and termination options	527,141
Add/(less): other adjustments relating to first time application of IFRS 16	6,372
<b>Undiscounted lease liability recognised as at 1 January 2019</b>	<b>3,637,149</b>
Discounted using the group's incremental borrowing rate (average 5.67%)	(1,239,143)
Add: finance lease liabilities recognised as at 31 December 2018	15,149
<b>Lease liability recognised as at 1 January 2019</b>	<b>2,413,155</b>

The impact of the adoption of the new standard IFRS 16 in the opening balances at 1 January 2019 was as presented:

	Euro thousand		
	Transition Adj.		
	31/12/2018	IFRS 16	01/01/2019
<b>Assets</b>			
Tangible assets	3,687,053	(14,211)	3,672,842
Intangible assets	792,514		792,514
Investment property	11,676		11,676
Right-of-use assets	-	2,417,652	2,417,652
Biological assets	3,398		3,398
Investments in joint ventures and associates	3,245		3,245
Other financial investments	1,321		1,321
Trade debtors, accrued income and deferred costs	84,713		84,713
Deferred tax assets	114,840		114,840
<b>Total non-current assets</b>	<b>4,698,760</b>	<b>2,403,441</b>	<b>7,102,201</b>
Inventories	970,653		970,653
Biological assets	3,790		3,790
Income tax receivable	5,035		5,035
Trade debtors, accrued income and deferred costs	435,642	(5,435)	430,207
Derivative financial instruments	59		59
Cash and cash equivalents	545,988		545,988
<b>Total current assets</b>	<b>1,961,167</b>	<b>(5,435)</b>	<b>1,955,732</b>
<b>Total assets</b>	<b>6,659,927</b>	<b>2,398,006</b>	<b>9,057,933</b>
<b>Shareholders' equity and liabilities</b>			
Share capital	629,293		629,293
Share premium	22,452		22,452
Own shares	(6,060)		(6,060)
Other reserves	(77,046)		(77,046)
Retained earnings	1,209,259		1,209,259
	<b>1,777,898</b>	<b>-</b>	<b>1,777,898</b>
<b>Non-controlling interests</b>	<b>238,356</b>		<b>238,356</b>
<b>Total Shareholders' equity</b>	<b>2,016,254</b>	<b>-</b>	<b>2,016,254</b>
Borrowings	288,390	(10,866)	277,524
Lease liabilities	-	2,042,191	2,042,191
Trade creditors, accrued costs and deferred income	774		774
Derivative financial instruments	62		62
Employee benefits	65,069		65,069
Provisions for risks and contingencies	26,565		26,565
Deferred tax liabilities	75,627		75,627
<b>Total non-current liabilities</b>	<b>456,487</b>	<b>2,031,325</b>	<b>2,487,812</b>
Borrowings	350,814	(4,283)	346,531
Lease liabilities	-	370,964	370,964
Trade creditors, accrued costs and deferred income	3,794,411		3,794,411
Derivative financial instruments	159		159
Income tax payable	41,802		41,802
<b>Total current liabilities</b>	<b>4,187,186</b>	<b>366,681</b>	<b>4,553,867</b>
<b>Total Shareholders' equity and liabilities</b>	<b>6,659,927</b>	<b>2,398,006</b>	<b>9,057,933</b>

## 2.1.2. New standards, amendments and interpretations endorsed by EU but not effective for the financial year beginning 1 January 2019 and not early adopted

During the first nine months of 2019, the EU did not issue any Regulation regarding the endorsement of new standards, amendments or interpretations that have not yet been implemented by the Group.

## 2.1.3. New standards, amendments and interpretations issued by IASB and IFRIC, but not yet endorsed by EU

IASB issued in 2019 the following amendments that are still pending endorsement by the EU:

IASB Standard or IFRIC Interpretation	Issued in	Expected application for financial years beginning on or after
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	September 2019	1 January 2020

Management is evaluating the impact of adopting the amendments and does not expect any significant impact on the Group's Consolidated Financial Statements.

## 2.2. Transactions in foreign currencies

Transactions in foreign currencies are translated into Euros at the exchange rate prevailing on the transaction date.

On the balance sheet date, monetary assets and liabilities expressed in foreign currencies are translated at the exchange rate prevailing on that date and exchange differences arising from this conversion are recognised in the income statement. When qualifying as hedges on investments in foreign subsidiaries the exchange differences are deferred on the Company's equity.

The main exchange rates applied on the balance sheet date are as follows:

Euro foreign exchange reference rates ( x foreign exchange units per 1 euro )	 Polish Zloty (PLN)	 Swiss Franc (CHF)	 Colombian Peso (COP)
<b>Rate at 30 September 2019</b>	4.3782	1.0847	3,769.7800
<b>Average rate for the year</b>	4.3007	-	3,641.7000
<b>Rate at 30 September 2018</b>	4.2774	1.1316	3,460.7400
<b>Average rate for the year</b>	4.2483	-	3,445.4300

## 3. Segments reporting

Segment information is presented in accordance with internal reporting to Management. Based on this report, the Management evaluates the performance of each segment and allocates the available resources.

Management monitors the performance of the business based on a geographical and business perspective. Due to the fact that the business units in the distribution area in Portugal share a set of competences, the Group analyses, on a quarterly basis, its segments in an aggregate performance perspective. In addition, the Group also separates the distribution business unit in Poland. Apart from these there are also other businesses which due to their low materiality, are not reported separately.

Business segments:

- Portugal Distribution: comprises the business unit of JMR (Pingo Doce supermarkets) and the wholesale business unit Recheio;
- Poland Distribution: the business unit which operates under the Biedronka banner;
- Others, eliminations and adjustments: includes i. business units with reduced materiality (Coffee Shops, Chocolate Stores and Agribusiness in Portugal, Health and Beauty Retail in Poland, Retail business in Colombia; ii. the Holding Companies; and iii. Group's consolidation adjustments.

Management evaluates the performance of segments based on the Earnings Before Interest and Taxes (EBIT). This indicator excludes the effects of other operating profits/losses.

## Detailed Information by Business Segments as at September 2019 and 2018

	Portugal Distribution		Poland Distribution		Others, eliminations and adjustments		Total JM Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Net sales and services</b>	<b>3,673,401</b>	<b>3,571,803</b>	<b>9,236,271</b>	<b>8,632,451</b>	<b>752,570</b>	<b>595,679</b>	<b>13,662,242</b>	<b>12,799,933</b>
Inter-segments	996	442	1,212	1,052	(2,208)	(1,494)	-	-
External customers	3,672,405	3,571,361	9,235,059	8,631,399	754,778	597,173	13,662,242	12,799,933
<b>Operational cash flow (EBITDA)</b>	<b>241,626</b>	<b>177,655</b>	<b>863,808</b>	<b>621,565</b>	<b>(55,960)</b>	<b>(89,862)</b>	<b>1,049,474</b>	<b>709,358</b>
Depreciations and amortisations	(127,451)	(84,929)	(338,501)	(160,434)	(62,431)	(24,068)	(528,383)	(269,431)
<b>Earnings before interest and taxes (EBIT)</b>	<b>114,175</b>	<b>92,726</b>	<b>525,307</b>	<b>461,131</b>	<b>(118,391)</b>	<b>(113,930)</b>	<b>521,091</b>	<b>439,927</b>
Other operating profits/losses							(7,993)	(7,076)
<b>Financial results and gains in investments</b>							<b>(124,585)</b>	<b>(19,319)</b>
Income tax							(99,043)	(102,258)
<b>Net result attributable to JM</b>							<b>266,562</b>	<b>292,100</b>
<b>Total assets (1)</b>	<b>2,629,564</b>	<b>2,509,380</b>	<b>5,182,579</b>	<b>3,885,422</b>	<b>1,149,834</b>	<b>265,125</b>	<b>8,961,977</b>	<b>6,659,927</b>
<b>Total liabilities (1)</b>	<b>2,113,251</b>	<b>2,007,743</b>	<b>4,203,790</b>	<b>2,805,321</b>	<b>574,024</b>	<b>(169,391)</b>	<b>6,891,065</b>	<b>4,643,673</b>
<b>Investments in tangible and intangible assets</b>	<b>109,413</b>	<b>80,026</b>	<b>214,356</b>	<b>282,614</b>	<b>72,862</b>	<b>111,615</b>	<b>396,631</b>	<b>474,255</b>

(1) The comparative report is 31th December of 2018

## Reconciliation between EBIT and operational result

	2019	2018
EBIT	521,091	439,927
Other operating profits/losses	(7,993)	(7,076)
<b>Operational result</b>	<b>513,098</b>	<b>432,851</b>

## 4. Operating costs by nature

	Sep 2019	Sep 2018
Cost of goods sold and materials consumed	(10,652,601)	(10,022,112)
Changes in inventories of finished goods and work in progress	2,358	6,884
Net cash discount and interest paid to suppliers	25,357	23,774
Electronic payment commissions	(27,293)	(23,981)
Other supplementary costs	(4,290)	(3,354)
Supplies and services	(507,111)	(464,674)
Advertising costs	(77,657)	(77,155)
Rents	(12,489)	(291,571)
Staff costs	(1,199,568)	(1,085,594)
Depreciation and amortisation of tangibles and intangibles assets	(290,963)	(269,431)
Amortisation of right-of-use assets	(237,420)	-
Profit/loss with tangible and intangible assets	(2,553)	(1,757)
Profit/loss with right-of-use assets	291	-
Transportation costs	(151,231)	(139,129)
Other natures of profit/loss	(13,974)	(18,982)
<b>Total</b>	<b>(13,149,144)</b>	<b>(12,367,082)</b>

### 4.1. Other operating profits/losses

Operating costs by nature include the following other operating losses and gains considered material, which are excluded from the Group's performance indicators, to assure a better comparability between financial periods.

	Sep 2019	Sep 2018
Losses from organizational restructuring programmes	(4,759)	(6,330)
Assets write-offs and gains/losses in sale of tangible assets	(1,143)	(746)
Changes to benefit plans and actuarial assumptions	(2,091)	-
<b>Total</b>	<b>(7,993)</b>	<b>(7,076)</b>

## 5. Net financial costs

	Sep 2019	Sep 2018
Banks interest expense	(19,471)	(16,043)
Leasing interest expense	(98,231)	-
Interest received	2,130	1,445
Dividends	-	46
Net foreign exchange	(2,410)	(1,112)
Net foreign exchange on leasing	(5,585)	-
Other financial gains and losses	(3,693)	(3,127)
Fair value of financial investments held for trade:		
Derivative instruments	186	(661)
<b>Total</b>	<b>(127,074)</b>	<b>(19,452)</b>

The interest expense heading includes the interest regarding loans measured at amortised cost, as well as interest on cash flow hedging instruments (note 8).

Other financial costs and gains include costs with debt issued by the Group, booked in results through effective interest method.

## 6. Income tax recognised in the income statement

	Sep 2019	Sep 2018
<b>Current income tax</b>		
Current tax of the year	(127,005)	(93,796)
Adjustment to prior year estimation	2,894	(1,816)
	<b>(124,111)</b>	<b>(95,612)</b>
<b>Deferred tax</b>		
Temporary differences created and reversed	23,220	(13,723)
Change to the recoverable amount of tax losses and temporary differences from previous years	1,049	1,369
	<b>24,269</b>	<b>(12,354)</b>
<b>Other gains/losses related to tax</b>		
Impact of changes in estimates for tax litigations	799	5,708
	<b>799</b>	<b>5,708</b>
<b>Total income tax</b>	<b>(99,043)</b>	<b>(102,258)</b>

Income tax expense is calculated based on the weighted average annual income tax rate expected for the year.

In 2019 the income tax rates for Group companies were the same applied in 2018.

## 7. Tangible assets, intangible assets, investment property and right-of-use assets

	Tangible assets	Intangible assets	Investment property	Right-of-use assets	Total
<b>Net value at 31 December 2018</b>	<b>3,687,053</b>	<b>792,514</b>	<b>11,676</b>	<b>-</b>	<b>4,491,243</b>
Foreign exchange differences	(39,646)	(7,575)	-	(28,930)	(76,151)
Changes in accounting policies	(14,211)	-	-	2,417,653	2,403,442
Increases	389,191	7,440	-	67,486	464,117
Contracts update	-	-	-	43,709	43,709
Disposals and write-offs	(3,895)	(23)	(4,224)	-	(8,142)
Contracts cancellation	-	-	-	(35,458)	(35,458)
Transfers	(32)	282	-	(250)	-
Depreciation, amortisation and impairment losses	(280,532)	(10,431)	-	(237,420)	(528,383)
Transfers from/to investment property	(30)	-	30	-	-
Fair value changes	-	-	(30)	-	(30)
<b>Net value at 30 September 2019</b>	<b>3,737,898</b>	<b>782,207</b>	<b>7,452</b>	<b>2,226,790</b>	<b>6,754,347</b>

Net value of intangible assets at 30 September 2019 include Goodwill amounted EUR 632,098 thousand.

Due to currency translation adjustment of the assets in the Group's businesses reported in foreign currency, the net amount of tangible and intangible assets and right-of-use assets decreased by EUR 76,151 thousand, which includes a decrease of EUR 5,388 thousand related to Goodwill from businesses in Poland.

## 8. Derivative financial instruments

	Notional	Sep 2019				Notional	Dec 2018			
		Assets		Liabilities			Assets		Liabilities	
		Current	Non-current	Current	Non-current		Current	Non-current	Current	Non-current
Derivatives held for trading										
Currency forwards - stock purchase (EUR/USD)	0,1 million USD	-	-	-	-	-	-	-	-	-
Currency forwards - stock purchase (PLN/EUR)		-	-	-	-	68 million EUR	33	-	31	
Currency forwards - stock purchase (PLN/USD)	4 million USD	185	-	-	-		-	-	-	
Cash flow hedging derivatives										
Interest rate swap (PLN)	169 million PLN	-	-	37	-	177 million PLN	-	-	-	62
Currency forwards - stock purchase (PLN/USD)	8 million USD	374	-	-	-		-	-	-	
Foreign operation investments hedging derivatives										
Currency forwards (PLN)	469 million PLN	1,406	-	-	-	567 million PLN	26	-	128	
Total derivatives held for trading		185	-	-	-		33	-	31	
Total hedging derivatives		1,780	-	37	-		26	-	128	62
Total assets/liabilities derivatives		1,965	-	37	-		59	-	159	62

## 9. Trade debtors, accrued income and deferred costs

	Sep 2019	Dec 2018
<b>Non-current</b>		
Other debtors	64,809	63,522
Collateral deposits associated to financial debt	19,367	19,367
Deferred costs	2,040	1,824
<b>Total</b>	<b>86,216</b>	<b>84,713</b>
<b>Current</b>		
Commercial customers	65,318	58,417
Other debtors	108,160	128,523
Other taxes receivable	7,003	7,945
Accrued income and deferred costs	180,943	240,757
<b>Total</b>	<b>361,424</b>	<b>435,642</b>



Non-current debtors are mainly related to additional corporate income tax liquidation as well as pre-paid corporate income tax, which the Group is disputing, and regarding which made a legal claim for reimbursement.

The debtor's amount is registered at the recoverable value. The Group registers adjustments for impairment losses whenever there are signs of uncollectable amounts.

## 10. Cash and cash equivalents

	Sep 2019	Dec 2018
Bank deposits	469,862	394,279
Short-term investments	241,222	147,870
Cash and cash equivalents	3,874	3,839
<b>Total</b>	<b>714,958</b>	<b>545,988</b>

## 11. Cash generated from operations

	Sep 2019	Sep 2018
<b>Net results</b>	<b>266,562</b>	<b>292,100</b>
Adjustments for:		
Non-controlling interests	22,908	19,174
Income tax	99,043	102,258
Depreciations and amortisations	528,383	269,431
Provisions and other operational gains and losses	22,979	18,300
Net financial costs	127,074	19,452
Gains/Losses in associated companies	(167)	(133)
Gains/Losses in other investments	(2,322)	-
Profit/ Losses in tangible, intangible and right-of-use assets	2,262	1,757
	<b>1,066,722</b>	<b>722,339</b>
Changes in working capital:		
Inventories	47,822	(20,599)
Trade debtors, accrued income and deferred costs	(7,219)	(5,492)
Trade creditors, accrued costs and deferred income	76,810	(46,635)
<b>Total</b>	<b>1,184,135</b>	<b>649,613</b>

## 12. Dividends

Dividends distributed in 2019 totalling EUR 219,501 thousand, were paid to JMH shareholders in the amount of EUR 204,241 thousand, and to non-controlling interests in the Group Companies in the amount of EUR 15,260 thousand.

## 13. Basic and diluted earnings per share

	Sep 2019	Sep 2018
Ordinary shares issued at the beginning of the year	629,293,220	629,293,220
Own shares at the beginning of the year	(859,000)	(859,000)
<b>Weighted average number of ordinary shares</b>	<b>628,434,220</b>	<b>628,434,220</b>
Diluted net results of the year attributable to ordinary shares	266,562	292,100
<b>Basic and diluted earnings per share – Euros</b>	<b>0.4242</b>	<b>0.4648</b>

## 14. Borrowings

The Group has negotiated commercial paper programs in the total amount of EUR 335,000 thousand, of which EUR 135,000 thousand are committed. The utilizations under these programs are remunerated at the Euribor rate for the respective issue period, plus variable spreads. Some emissions were carried out during the first months of the year, for short periods of time, to meet specific cash requirements.

Last year a Money Market line was contracted in the companies Jerónimo Martins, SGPS, S.A. and JMR, SGPS, S.A., with a limit of EUR 70,000 thousand, and a regular utilization has been made in the first months of the current year.

A new loan was negotiated for the JM Nieruchomości company with a two-year PLN 400,000 m limit, which was partially used to pay the financing of PLN 300,000 that the company already held with the same bank and that matured in April.

The utilization of short-term lines that Jerónimo Martins Colombia SAS holds with local banks were increased by COP 93.000.000 thousand, around EUR 25.000 thousand

### 14.1. Current and non-current loans

Sep 2019	Opening balance	Change acc. policy	Cash flows	Transfers	Foreign exchange difference	Closing balance
<b>Non-current loans</b>						
Bank loans	277,524	-	22,391	(61,620)	(3,913)	234,382
Financial lease liabilities	10,866	(10,866)	-	-	-	-
<b>Total</b>	<b>288,390</b>	<b>(10,866)</b>	<b>22,391</b>	<b>(61,620)</b>	<b>(3,913)</b>	<b>234,382</b>
<b>Current loans</b>						
Bank loans	346,531	-	15,101	61,620	(3,580)	419,672
Financial lease liabilities	4,283	(4,283)	-	-	-	-
<b>Total</b>	<b>350,814</b>	<b>(4,283)</b>	<b>15,101</b>	<b>61,620</b>	<b>(3,580)</b>	<b>419,672</b>

Dec 2018	Opening balance	Change acc. policy	Cash flows	Transfers	Foreign exchange difference	Closing balance
<b>Non-current loans</b>						
Bank loans	231,508	-	133,226	(79,390)	(7,820)	277,524
Financial lease liabilities	6,254	-	10,487	(5,649)	(226)	10,866
<b>Total</b>	<b>237,762</b>	<b>-</b>	<b>143,713</b>	<b>(85,039)</b>	<b>(8,046)</b>	<b>288,390</b>
<b>Current loans</b>						
Bank overdrafts	6	-	(6)	-	-	-
Bank loans	297,526	-	(12,125)	79,390	(18,260)	346,531
Financial lease liabilities	1,973	-	(3,260)	5,649	(79)	4,283
<b>Total</b>	<b>299,505</b>	<b>-</b>	<b>(15,391)</b>	<b>85,039</b>	<b>(18,339)</b>	<b>350,814</b>

## 15. Lease liabilities

Sep 2019	Opening balance	Change acc. policy	New contracts	Cash flows	Transfers	Contracts change/cancel	Foreign exchange difference	Closing balance
Lease liabilities - non-current	-	2,042,191	58,110	(952)	(183,882)	4,703	(19,857)	1,900,313
Lease liabilities - current	-	370,964	9,376	(197,535)	183,882	3,257	(4,253)	365,691
<b>Total</b>	<b>-</b>	<b>2,413,155</b>	<b>67,486</b>	<b>(198,487)</b>	<b>-</b>	<b>7,960</b>	<b>(24,110)</b>	<b>2,266,004</b>

## 16. Financial debt

The net consolidated financial debt at the balance sheet date is as follows:

	Sep 2019	Dec 2018
Non-current loans (note 14.1)	234,382	288,390
Current loans (note 14.1)	419,672	350,814
Financial lease liabilities - non-current (note 15)	1,900,313	-
Financial lease liabilities - current (note 15)	365,691	-
Derivative financial instruments (note 8)	(1,928)	162
Interest on accruals and deferrals	1,253	1,750
Bank deposits (note 10)	(469,862)	(394,279)
Short-term investments (note 10)	(241,222)	(147,870)
Collateral deposits associated to financial debt (note 9)	(19,367)	(19,367)
<b>Total</b>	<b>2,188,932</b>	<b>79,600</b>

## 17. Provisions and employee benefits

	Risks and contingencies	Employee benefits
<b>Balance at 1 January</b>	<b>26,565</b>	<b>65,069</b>
Set up, reinforced and transfers	6,052	8,441
Unused and reversed	(4,429)	-
Foreign exchange difference	(110)	(447)
Used	(235)	(1,928)
<b>Balance at 30 September</b>	<b>27,843</b>	<b>71,135</b>

## 18. Trade creditors, accrued costs and deferred income

	Sep 2019	Dec 2018
<b>Non-current</b>		
Other commercial creditors	50	37
Accrued costs and deferred income	718	737
<b>Total</b>	<b>768</b>	<b>774</b>
<b>Current</b>		
Other commercial creditors	2,966,920	3,039,806
Other non-commercial creditors	251,655	233,232
Other taxes payables	106,827	113,996
Contracts liabilities with customers	3,626	3,722
Refunds liabilities to customers	729	1,041
Accrued costs and deferred income	430,004	402,614
<b>Total</b>	<b>3,759,761</b>	<b>3,794,411</b>

## 19. Contingencies

Following the contingencies mentioned in the 2018 Annual Report, occurred the following changes:

### Contingent liabilities

- b) The Portuguese Tax Authorities carried out some corrections to the CIT amount from Companies included in the perimeter of the Tax group headed by JMR SGPS, which led to additional assessments concerning 2002 to 2015, amounting to EUR 81,304 thousand, of which an amount of EUR 71,200 thousand is still in dispute. In the meantime, the Lisbon Tax Court has ruled partially in favour of the Group regarding the 2002, 2003, 2004, 2005 and 2007 assessments. The Group appealed to a higher court;
- i) The Food and Veterinary Department (Direcção-Geral de Alimentação e Veterinária) claimed from Pingo Doce, Recheio and Hussel an amount of EUR 18,782 thousand, EUR 1,886 thousand and EUR 41 thousand, respectively, in respect of the Food Safety Tax (Taxa de Segurança Alimentar Mais – TSAM) assessed for the years 2012 to 2019. The values at stake have been challenged in Court, since it is understood that this tax is not due, namely on the grounds of the unconstitutional nature of the Statute that approved the TSAM. Despite

the court having decided that the Food Safety Tax is not unconstitutional, the Companies maintain their understanding and presented the respective appeal to the Constitutional Court, which kept the decision. Pingo Doce complained of the decision to the Conference of Judges, and at the same time filed a complaint with the European Commission based on illegal state aid. The disputes are still running their course. The Group regularly assesses the risk and likelihood of its conclusion. However, in order to protect its legitimate interests and not to harm its position in these disputes, it does not disclose the amounts that could be provisioned.

In a lawsuit brought by a former landlord of the subsidiary Jeronimo Martins Polska SA (JMP) the plaintiff claims from the company the amount of PLN 10,360 thousand, as compensation for loss of profit, corresponding to rents that would have been due if the underlying lease agreement had not been terminated by the company. Given that the property has been sold in the meantime, JMP considers that the compensation claimed is not due, at least in the amount claimed since it must be taken into account that the former landlord was able to dispose of the property, which, incidentally, could have alternatively leased to a third party. The case is running its course and the court has referred the parties to mediation, whose first session occurred in August 2019.

## 20. Related parties

56.136% of the Company is owned by the Sociedade Francisco Manuel dos Santos, B.V., and no transactions occurred between this Company and any other company of the Group in the first nine months of 2019, neither were there any amounts payable or receivable between them on 30 September 2019.

Balances and transactions of Group companies with related parties are as follows:

	Joint ventures		Other related parties (*)	
	Sep 2019	Sep 2018	Sep 2019	Sep 2018
Sales and services rendered	-	-	104	171
Interest income	39	-	-	-
Stocks purchased and services supplied	3,277	-	88,459	91,505

	Joint ventures		Other related parties (*)	
	Sep 2019	Dec 2018	Sep 2019	Dec 2018
Trade debtors, accrued income and deferred costs	31	28	13	58
Trade creditors, accrued costs and deferred income	792	518	3,844	2,484

(\*) Other related parties corresponds to Other financial investments, entities participated and/or controlled by the major Shareholder of Jerónimo Martins and entities owned or controlled by members of the Board of Directors.

All the transactions with these related parties were made under normal market conditions, i.e. the transaction value corresponds to prices that would be applicable between non-related parties.

Outstanding balances between Group companies and related parties, being a result of trade agreements, are settled in cash, and are subject to the same payment terms as those applicable to other agreements celebrated between Group companies and their suppliers.

There are no provisions for doubtful debts and no costs were recognised during the year related with bad debts or doubtful debts with these related parties.

## 21. Events after the balance sheet date

At the conclusion of this Report there were no relevant events to highlight that are not disclosed in the Financial Statements.

Lisbon, 22 October 2019

The Certified Accountant

The Board of Directors