

POLISH FINANCIAL SUPERVISION AUTHORITY

Current report no. 4/2018

Date of the document: **20-02-2018**

Abbreviated name of the issuer: **INTERSPORT**

Subject: **Estimated results for 2017**

Legal basis:

Article 17(1) MAR - confidential information.

Scope of the report:

The Management Board of INTERSPORT Polska S.A. with the seat in Cholerzyn, having analyzed the preliminary data, underneath presents the financial estimates for the year 2017 with comments.

The year 2017 was a breakthrough year for INTERSPORT Polska S.A. chain. The Company got an independent INTERSPORT license and started to implement a new business model, which includes, among the others, launching the process of ordering high-margin own brands directly from manufacturers.

During the transition period, i.e. from the first to the third year quarters, due to necessary change of suppliers of a part of goods, stocking in the stores was low which had a negative impact on the Company's financial results. After the three quarters of 2017 the INTERSPORT Polska S.A. chain recorded a net loss of PLN 6,072 k. The 16.0% loss in the net revenue on sales, lower value margin and the one-time costs of closing unprofitable stores incurred by the Company (PLN 1,530 k) contributed to the scale of the loss.

In the fourth quarter of 2017 the situation improved significantly. The Company stocked the stores with the new autumn-winter collection and evened the stock levels y/y, in this way receiving an impulse to reverse a negative sales trend. In the last quarter of last year, the Company recorded large increases in sales in all stores and in all sports categories –on LFL basis (on comparable stores), and a 20% increase in y/y growth. It was a positive result of the introduced changes, which, additionally, will become fully visible (as increased profit margin) in the spring of 2018, when the supplies of INTERSPORT own brands will be executed only based on new terms (details: current report No. 25 of 22/03/2017 on the "New business model").

Due to a long, over six-month period of ordering goods from manufacturers, a significant part of the autumn-winter collection 2017 was imported "on previous terms". Therefore, the LFL margin (based on comparable stores) increased in the fourth quarter of 2017 only by 8%, which in the last months of last year improved the net result by 59% (fourth quarter of 2016: net loss of PLN 7,197 k; fourth quarter of 2017: net loss: PLN 2,927 k.) . However, the recorded improvement was not sufficient to have a fully positive impact on the Company's annual financial results.

In connection with the above, in 2017 the total net revenue on sales of INTERSPORT Polska SA chain amount of PLN 183,934 k, and was 10% lower compared to the same period of the previous year (PLN 205,201 k), while on LFL basis (on comparable stores) the annual turnover was lower by 3%. In 2017, the net loss was at PLN 8,999 k while in 2016, the net loss amounted to PLN 8,573 k.

In 2017 operating expenses amounted to PLN 193,545 k and were lower by 8%, compared to 2016.

Further, in 2017 the amount of PLN 368.7 k was classified as deferred income from contractual penalties being the result of the infringement of the provisions of the rental agreement. One can expect this amount to show up in 2018 in the revenues section of the income and loss statement.

As at December 31, 2017, the Company recorded year-on-year increases:

1. equity of PLN 7,188 k (among the others due to the issuance of new shares);
2. balance sheet total by the amount of PLN 992 k.

Detailed financial report for 2017 will be announced on April 10, 2018 after all the data has been verified by a chartered auditor.

Intersport Polska Spółka Akcyjna	
(full name of the issuer)	
INTERSPORT S.A.	Trade (tra)
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SIGNATURES OF COMPANY'S REPRESENTATIVES:

Date	Full name	Position / Function	Signature
20/02/2018	Artur Mikołajko	President of the Management Board	
20/02/2018	Sławomir Gil	Vice-President of the Management Board	