



**Quarterly Report of the Dino  
Polska S.A. Group for Q1 2018**

**Dino Polska Spółka Akcyjna** ("Dino", "Company", "parent company")

Joint stock company with its registered office Krotoszyn at ul. Ostrowska 122, 63-700 Krotoszyn, entered in the register of businesses of the National Court Register under file number 0000408273. NIP no. 6211766191, REGON no. 300820828. The Company's share capital as at 31 March 2018 was PLN 9,804,000.00 and consisted of 98,040,000 shares with a nominal value of PLN 0.10 each.

This document ("Q1 2018 Report", "Report") comprises the condensed quarterly consolidated financial statements (unaudited) of the Dino Polska S.A. Group ("Group", "Dino Group") for Q1 2018 ("Financial statements"), the Company's condensed financial information and additional information required by the provisions of law.

Unless specified otherwise, the data in this Report comes from the Dino Polska. This document was prepared on 15 May 2018 ("Report Date").

## TABLE OF CONTENTS

|        |  |    |
|--------|--|----|
| 1.     | Dino Group's financial highlights .....  | 4  |
| 2.     | Activity Report of the Dino Polska Group .....   | 5  |
| 2.1.   | Operations of the Dino Polska Group.....   | 5  |
| 2.1.1. | Business profile .....   | 5  |
| 2.1.2. | Recap of the Dino Group's operations in Q1 2018 .....  | 6  |
| 2.1.3. | Factors impacting Dino's operations and results.....   | 11 |
| 2.2.   | Shareholders of the Company and shares held by management board and supervisory board members..... | 12 |
| 2.3.   | Operating Segments .....   | 12 |
| 3.     | Condensed consolidated financial statements of the Dino Polska S.A. Group.....                     | 14 |
| 3.1.   | Condensed consolidated profit and loss account .....   | 14 |
| 3.2.   | Condensed consolidated statement of comprehensive income.....                                      | 14 |
| 3.3.   | Condensed consolidated statement of financial position.....  | 15 |
| 3.4.   | Condensed consolidated statement of cash flows.....  | 16 |
| 3.5.   | Condensed consolidated statement of changes in equity .....  | 17 |
| 4.     | Condensed standalone financial statements of Dino Polska S.A. ....                                 | 18 |
| 4.1.   | Selected standalone financial data.....  | 18 |
| 4.2.   | Condensed standalone profit and loss account .....   | 19 |
| 4.3.   | Condensed standalone balance sheet.....  | 20 |
| 4.4.   | Condensed standalone statement of cash flows.....  | 21 |
| 4.5.   | Condensed standalone statement of changes in equity .....  | 22 |
| 5.     | Notes to the financial statements.....   | 23 |
| 5.1.   | General rules adopted for the preparation of the interim quarterly statements.....                 | 23 |
| 5.2.   | Group Overview.....  | 23 |
| 5.3.   | Seasonality and business cycles .....  | 24 |
| 5.4.   | Other information .....  | 24 |
| 6.     | Other information .....  | 28 |

## 1. DINO GROUP'S FINANCIAL HIGHLIGHTS

|  | <i>PLN 000s</i>                             |   | <i>EUR 000s*</i>                            |   |
|--|---|---|---|---|
|  | <i>from 1 January 2018 to 31 March 2018</i> | <i>from 1 January 2017 to 31 March 2017</i> | <i>from 1 January 2018 to 31 March 2018</i> | <i>from 1 January 2017 to 31 March 2017</i> |
| Sales revenues                                 | 1,285,584                                   | 910,335                                     | 307,674                                     | 212,244                                     |
| Operating profit                               | 79,266                                      | 46,322                                      | 18,970                                      | 10,800                                      |
| Profit before tax                              | 69,289                                      | 38,005                                      | 16,583                                      | 8,861                                       |
| Net profit                                     | 55,948                                      | 30,455                                      | 13,390                                      | 7,101                                       |
| Number of shares                               | 98,040,000                                  | 98,040,000                                  | 98,040,000                                  | 98,040,000                                  |
| Basic / diluted earnings per share in PLN, EUR | 0.57  | 0.31  | 0.14  | 0.07  |
| Cash flow from operating activities            | 43,515                                      | 31,046                                      | 10,414                                      | 7,238                                       |
| Cash flow from investing activities            | (118,310)                                   | (82,878)                                    | (28,315)                                    | (19,323)                                    |
| Cash flow from financing activities            | 50,196                                      | 21,829                                      | 12,013                                      | 5,089                                       |
| Net change in cash and cash equivalents        | (24,599)                                    | (30,003)                                    | (5,887)                                     | (6,995)                                     |

\* In the case of data in EUR, the arithmetic mean of the EUR/PLN exchange rates published by the National Bank of Poland on the last day of every month in a given reporting period were used:

average NBP exchange rate for Q1 2018: 4.1784 PLN / EUR

average NBP exchange rate for Q1 2017: 4.2891 PLN / EUR

|  | <i>PLN 000s</i>            |                               | <i>EUR 000s*</i>           |                               |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
|  | <i>as at 31 March 2018</i> | <i>as at 31 December 2017</i> | <i>as at 31 March 2018</i> | <i>as at 31 December 2017</i> |
| Total assets                               | 2,489,780                  | 2,451,329                     | 591,607                    | 587,722                       |
| Total non-current assets                   | 1,895,107                  | 1,807,964                     | 450,305                    | 433,471                       |
| Total current assets                       | 594,673                    | 643,365                       | 141,303                    | 154,251                       |
| Equity                                     | 960,441                    | 904,493                       | 228,215                    | 216,858                       |
| Share capital                              | 9,804                      | 9,804                         | 2,330                      | 2,351                         |
| Liabilities and provisions for liabilities | 1,529,339                  | 1,546,836                     | 363,393                    | 370,864                       |
| Non-current liabilities                    | 611,594                    | 575,883                       | 145,324                    | 138,072                       |
| Current liabilities                        | 917,745                    | 970,953                       | 218,069                    | 232,792                       |

\* In the case of data in EUR, the average EUR/PLN exchange rates in the period, as published by the National Bank of Poland, were used:

average NBP exchange rate as at 31 March 2018 4.2085 PLN / EUR

average NBP exchange rate as at 31 December 2017 4.1709 PLN / EUR

## 2. ACTIVITY REPORT OF THE DINO POLSKA GROUP

### 2.1. Operations of the Dino Polska Group

#### 2.1.1. Business profile

Dino Polska is one of the fastest growing networks (measured by the number of stores and revenues) in the overall retail grocery market in Poland. Dino's business model combines the advantages of the format provided to customers by medium-sized stores in convenient locations, in most cases close to their places of residence or featuring much more traffic, with the ability to open new stores quickly and an attractive product range, comprising primarily branded and fresh products at competitive prices.

As at 31 March 2018, Dino's network consisted of 800 stores located predominantly in western Poland with a total selling area of 305,359 square meters. The Dino Group has many years of experience and a proven capacity to open new stores, enabling it to grow its number of stores by 390 in the period from the beginning of 2015 to 31 March 2018. Its network expansion has been accompanied by significant like for like (LFL) revenue growth in its existing store network, which in Q1v2018 stood at 20.3% compared to the corresponding period of last year. For comparison, in Q1 2017 this figure stood at 12.6%. The Dino Group continues to develop its network, consistently looking for new sites for its stores. In accordance with the Dino Group's strategy, the Company's Management Board plans to exceed 1,200 stores by the end of 2020.

Dino stores have a uniform format. Most stores have a selling area of roughly 400 square meters and are located chiefly in small communities, small and medium cities and in the peripheries of large cities. Dino's operating strategy is based on a standard store design, equipped with parking places for its customers and supplied with fresh products every day of the week (except for Sundays).

Each store offers its customers approx. 5,000 stock keeping units (SKUs), mostly well-known branded products with emphasis placed on its fresh product offering. Every store has a staffed meat counter. The Dino Group offers products at competitive prices.

Dino Group's business model is scalable to a large extent. It comprises centralized management supported by suitable IT systems, a logistics network based on 3 distribution centers and the transportation network managed by Dino. Dino sources most products directly from producers or their main representatives. The large and constantly growing volumes of orders we place with suppliers accrue benefits in the form of economies of scale. They enable Dino to make purchases on favorable terms that should improve steadily as the sales network continues to expand. These drivers consistently enhance the Dino Group's profitability.

The Dino Group strategy assumes further growth through focus on three key areas:

- continuation of rapid organic growth in the number of stores – Dino plans to exceed the number of 1,200 stores in operation by the end of 2020. The Dino Group intends to take advantage of opportunities to grow the network organically in its existing form through: (i) increasing store penetration in existing areas, and (ii) gradual expansion in the northern and eastern parts of Poland.
- continuing to grow LFL sales revenues in the existing store network – to continue growing LFL sales revenues in the existing store network the Dino Group will take actions to augment customer traffic in Dino stores and the basket value per customer.
- consistent improvement of profitability – in 2014-2017 the Dino Group generated sustainable growth of the gross margin on sales and EBITDA margin. The aim is to continue to improve profitability thanks to increasing scale of operations, favorable business model and strategic initiatives undertaken by the Dino Group.

### 2.1.2. Recap of the Dino Group's operations in Q1 2018

In Q1 2018 the Dino Group's revenues were PLN 1,285.6 million, meaning they were up by PLN 375.2 million, i.e. 41.2% higher than in Q1 2017. At the same time, the cost of sales increased 40.8% to PLN 988.1 million, as a result of which the gross margin was 23.1%, i.e. 0.2 percentage points above Q1 2017. EBITDA<sup>1</sup> rose 52.5% year on year to PLN 104.4 million. The EBITDA margin was 8.1%, up 0.6 percentage points from Q1 2017.

*The following table presents selected consolidated profit and loss account line items<sup>2</sup>*

| (PLN 000s)                           | Q1 2018          | Q1 2017        | change       |
|--------------------------------------|------------------|----------------|--------------|
| <b>Sales revenues</b> .....          | <b>1,285,584</b> | <b>910,335</b> | <b>41.2%</b> |
| Cost of sales.....                   | (988,119)        | (701,744)      | 40.8%        |
| <b>Gross profit on sales</b> .....   | <b>297,465</b>   | <b>208,591</b> | <b>42.6%</b> |
| Other operating income.....          | 1,394            | 476            | 192.9%       |
| Sales and marketing expenses.....    | (206,280)        | (149,746)      | 37.8%        |
| General administration expenses..... | (12,921)         | (12,903)       | 0.1%         |
| Other operating expenses.....        | (392)            | (96)           | 308.3%       |
| <b>Operating profit</b> .....        | <b>79,266</b>    | <b>46,322</b>  | <b>71.1%</b> |
| Financial income.....                | 162              | 98             | 65.3%        |
| Financial costs.....                 | (10,139)         | (8,415)        | 20.5%        |
| <b>Profit before tax</b> .....       | <b>69,289</b>    | <b>38,005</b>  | <b>82.3%</b> |
| Income tax.....                      | (13,341)         | (7,550)        | 76.7%        |
| <b>Net profit</b> .....              | <b>55,948</b>    | <b>30,455</b>  | <b>83.7%</b> |

#### Sales revenues

Significant top line improvement is the outcome of Dino's store network roll-out to open new stores and growing revenues in the existing network (like for like, LfL)<sup>3</sup>. LfL sales growth in Q1 2018 was 20.3%, compared to the corresponding period of 2017, while in Q1 2017 it was 12.6%. The greater amount of shopping related to Easter was a material factor contributing to the high level of LfL sales in Q1 2018. In 2017 this effect was visible in Q2.

*The following table presents a comparison of the inflation trends in Poland and top line LfL growth in Dino's existing store network.*

| %                          | Q1 2018     | Q1 2017     | 2017        | 2016        | 2015       |
|----------------------------|-------------|-------------|-------------|-------------|------------|
| Inflation (deflation)..... | 1.5         | 2.0         | 2.0         | (0.6)       | (0.9)      |
| Food price inflation.....  | 3.9         | 3.4         | 4.6         | 0.8         | (1.7)      |
| <b>Dino's LfL</b> .....    | <b>20.3</b> | <b>12.6</b> | <b>16.2</b> | <b>11.3</b> | <b>5.1</b> |

Fresh products, including meat, cold cuts and poultry, accounted for 38.3% of the Group's sales in Q1 2018, thereby signifying an increase of 1 percentage points in comparison with the corresponding period of 2017.

*The table below shows the structure of sales revenues by product in individual periods.*

| %  | Q1 2018 | Q1 2017 |
|--|---------|---------|
| Fresh products.....  | 38.3    | 37.3    |
| Dry grocery products, beverages, alcohol and cigarettes..... | 49.1    | 50.0    |
| Non-grocery products.....                                    | 12.6    | 12.7    |

<sup>1</sup> EBITDA for Q1 2017 adjusted for non-recurring costs associated with the IPO of PLN 2,961 thousand;

<sup>2</sup> The data have not been adjusted for one-offs related to the public offering totaling PLN 2,961 thousand in Q1 2017

<sup>3</sup> stores are included in the calculation of LfL revenues starting from the 13th full month of their existence

### *Dino's store network roll-out*

In Q1 2018, 25 new Dino stores were launched, 14 more than last year. As at 31 March 2018, the Dino network consisted of 800 stores with a total selling area of 305.4 thousand square meters – 25.8% more than last year.

*The following table presents information on the Dino Group's number of stores as at specified dates.*

|   | Number of stores as at<br>31 March |         | Number of stores as at 31<br>December |         |         |
|---|------------------------------------|---------|---------------------------------------|---------|---------|
|   | 2018                               | 2017    | 2017                                  | 2016    | 2015    |
| Number of new store openings in the quarter / year... | 25                                 | 11      | 147                                   | 123     | 101     |
| Total number of stores .....                          | 800                                | 639     | 775                                   | 628     | 511     |
| Total sales area (square meters) .....                | 305,359                            | 242,698 | 295,226                               | 238,416 | 191,579 |

### *Cost of sales*

The cost of sales was 76.9% and 77.1% of revenue, respectively in Q1 2018 and Q1 2017. The cost of sales rose PLN 286.4 million, i.e. by 40.8% to PLN 988.1 million in Q1 2018 compared to PLN 701.7 million in Q1 2017, with a 41.2% increase of sales revenues. This growth was caused mainly by the Dino Group's growing business size in connection with the expansion of the Dino Group's store network and rising sales in the existing store network (LFL).

### *Sales and marketing expenses*

Sales and marketing expenses grew by PLN 56.5 million, i.e. 37.8% to PLN 206.3 million in Q1 2018 compared to PLN 149.7 million in Q1 2017. This growth was mainly driven by the Dino Group's growing business size and the related expansion of the Dino Group's store network and rising LFL sales, thereby necessitating higher costs associated with store upkeep, storage of merchandise and marketing. The ratio of sales and marketing expenses to sales revenues in Q1 2018 was 16.0%, down 0.4% from the corresponding period of 2017.

### *General administration expenses*

General administration expenses rose PLN 3.0 million (after adjusting for the non-recurring costs related to running Dino's IPO of PLN 2,961 million in Q1 2017), or 30.0%, to PLN 12.9 million in Q1 2018 compared to PLN 9.9 million in Q1 2017. This was caused mainly by the expansion of the Dino Group's store network (some administrative functions expanded in line with the Dino Group's store network's rollout). The ratio of general administration expenses to sales revenues in Q1 2018 was 1.0%, whereas in the corresponding period of 2017 it was 1.1%.

### Costs by nature

The following table presents costs by nature<sup>4</sup>.

| (PLN 000s)  | Q1 2018          | Q1 2017        | change       |
|---|------------------|----------------|--------------|
| Depreciation and amortization .....                   | 25,106           | 19,176         | 30.9%        |
| Consumption of materials and energy .....             | 112,827          | 90,054         | 25.3%        |
| External services .....                               | 51,978           | 36,039         | 44.2%        |
| Taxes and fees .....                                  | 7,530            | 5,673          | 32.7%        |
| Provisions for employee benefits .....                | 142,142          | 100,519        | 41.4%        |
| Other costs by nature.....                            | 3,386            | 3,242          | 4.4%         |
| Cost of goods and materials sold.....                 | 864,236          | 609,459        | 41.8%        |
| <b>Total costs by nature, including: .....</b>        | <b>1,207,205</b> | <b>864,162</b> | <b>39.7%</b> |
| Items captured in cost of sales.....                  | 988,119          | 701,744        | 40.8%        |
| Items captured in sales and marketing expenses.....   | 206,280          | 149,746        | 37.8%        |
| Items captured in general administration expenses.... | 12,921           | 9,942          | 30.0%        |
| Movement in products.....                             | (115)            | 2,730          | -            |

Total costs by nature (adjusted for the IPO-related non-recurring expenses incurred in Q1 2017) rose PLN 343.0 million, or 39.7%, to PLN 1,207.2 million in Q1 2018, compared to PLN 864.2 million in Q1 2017, mainly as a result of higher: (i) costs of merchandise and materials sold (up PLN 254.8 million), (ii) costs of employee benefits (up PLN 41.6 million), (iii) consumption of materials and energy (up PLN 22.8 million) and (iv) external services (up PLN 15.9 million). This growth was caused mainly by the expansion of the Dino Group's store network and rising sales in the existing network (LFL).

The costs of employee benefits after adjustment for the non-recurring IPO-related expenses (PLN 1,948 thousand in Q1 2017) rose PLN 41.6 million, i.e. 41.4% to PLN 142.1 million in Q1 2018 compared to PLN 100.5 million in Q1 2017). This growth resulted primarily from the higher number of Dino Group employees from 10,681 as at 31 March 2017 to 13,696 as at 31 March 2018 in connection with the Dino Group's expanding business size and the related expansion of the Dino Group's store network and rising LFL sales in the existing network and from the higher average salary in the Dino Group.

Consumption of materials and energy increased by PLN 22.8 million, or 25.3%, to PLN 112.8 million in Q1 2018 compared to PLN 90.1 million in Q1 2017. This growth was caused mainly by higher consumption of materials and raw materials in connection with the Dino Group's expanding business size and the expansion of the Dino Group's store network and rising LFL sales in the existing network.

External services, which comprised in particular transportation services, lease and tenancy services, and maintenance services, increased by PLN 15.9 million, or 44.2%, to PLN 52.0 million in Q1 2018 compared to PLN 36.0 million in Q1 2017. This growth was caused mainly by the Dino Group's growing business size and the related expansion of the Dino Group's store network and rising LFL sales in the existing network.

### Financial costs

The Dino Group's financial expenses rose PLN 1.7 million, or 20.5%, to PLN 10.1 million in Q1 2018 compared to PLN 8.4 million in Q1 2017. This growth was caused mainly by the higher amount of interest on loans and borrowings as a result of the Group's growing business and the related expansion of the Dino Group's store network and rising LFL sales in the existing network.

<sup>4</sup> the Q1 2017 data have been adjusted for one-offs related to the public offering, i.e. PLN 998 thousand included in third party services, PLN 15 thousand posted to other costs by nature and PLN 1,948 thousand captured in costs of employee benefits



### Balance sheet – assets

The table below presents selected line items of the consolidated statement of financial position.

| (PLN 000s)                           | 31.03.2018       | 31.12.2017       | 31.03.2017       | Change vs.<br>31 Dec.<br>2017 | Change vs.<br>31 Mar.<br>2017 |
|--------------------------------------|------------------|------------------|------------------|-------------------------------|-------------------------------|
| Property, plant and equipment.....   | 1,787,708        | 1,697,600        | 1,386,389        | 5.3%                          | 28.9%                         |
| Intangible assets .....              | 92,771           | 92,774           | 92,510           | 0.0%                          | 0.3%                          |
| Deferred tax assets.....             | 14,600           | 17,560           | 21,919           | -16.9%                        | -33.4%                        |
| <b>Total non-current assets.....</b> | <b>1,895,107</b> | <b>1,807,964</b> | <b>1,500,818</b> | <b>4.8%</b>                   | <b>26.3%</b>                  |
| Inventories.....                     | 351,510          | 368,262          | 290,707          | -4.5%                         | 20.9%                         |
| Trade and other receivables .....    | 20,677           | 37,991           | 19,155           | -45.6%                        | 7.9%                          |
| Income tax receivables .....         | 96               | 77               | 603              | 24.7%                         | -84.1%                        |
| Other non-financial assets .....     | 44,363           | 34,409           | 32,395           | 28.9%                         | 36.9%                         |
| Cash and cash equivalents.....       | 178,027          | 202,626          | 36,425           | -12.1%                        | 388.7%                        |
| <b>Total current assets.....</b>     | <b>594,673</b>   | <b>643,365</b>   | <b>379,285</b>   | <b>-7.6%</b>                  | <b>56.8%</b>                  |
| <b>TOTAL ASSETS.....</b>             | <b>2,489,780</b> | <b>2,451,329</b> | <b>1,880,103</b> | <b>1.6%</b>                   | <b>32.4%</b>                  |

Total assets increased by PLN 38.5 million, i.e. 1.6%, from PLN 2,451.3 million as at 31 December 2017 to PLN 2,489.8 million as at 31 March 2018. Compared to 31 March 2017, total assets rose by PLN 609.7 million, or 32.4%.

As at 31 March 2018, the main components of total assets were: (i) property, plant and equipment (constituting 71.8%), (ii) inventories (constituting 14.1%), (iii) cash and cash equivalents (constituting 7.2%) and (iv) intangible assets (constituting 3.7%).

Non-current assets rose by PLN 87.1 million, i.e. 4.8%, from PLN 1,808.0 million as at 31 December 2017 to PLN 1,895.1 million as at 31 March 2018. Compared to 31 March 2017, non-current assets rose by PLN 394.3 million, or 26.3%. In both cases this growth was caused mainly by higher property, plant and equipment which, in turn, was caused primarily by the Dino Group's network rollout (new Dino stores) and capital expenditures.

Current assets fell by PLN 48.7 million, or 7.6%, from PLN 643.4 million as at 31 December 2017 to PLN 594.7 million as at 31 March 2018. This decline was caused by the balance of cash and cash equivalents being down PLN 24.6 million, the decline in trade receivables and other receivables by PLN 17.3 million and the decline in inventories by PLN 16.8 million (linked to the calendar effect and the seasonality of sales), which was partially offset by the growth in other non-financial assets (PLN 10.0 million).

Compared to 31 March 2017, current assets rose by PLN 215.4 million, i.e. 56.8%, primarily as a result of higher: (i) cash and cash equivalents (PLN 141.6 million) linked to the Dino Group's expanding business size and the calendar effect, (ii) inventories (PLN 60.8 million), which was mainly caused by the Dino Group's expanding business size driven by new stores and (iii) other non-financial assets (up PLN 12.0 million).

### Balance sheet – liabilities and equity

The table below presents selected line items of the consolidated statement of financial position.

| (PLN 000s)  | 31.03.2018       | 31.12.2017       | 31.03.2017       | Change vs.<br>31 Dec.<br>2017 | Change vs.<br>31 Mar.<br>2017 |
|---|------------------|------------------|------------------|-------------------------------|-------------------------------|
| <b>Equity</b> .....   | <b>960,441</b>   | <b>904,493</b>   | <b>713,962</b>   | <b>6.2%</b>                   | <b>34.5%</b>                  |
| Share capital .....   | 9,804            | 9,804            | 9,804            | 0.0%                          | 0.0%                          |
| Supplementary capital .....   | 1,111,860        | 1,111,860        | 790,168          | 0.0%                          | 40.7%                         |
| Retained earnings .....   | (168,723)        | (224,671)        | (86,010)         | -24.9%                        | 96.2%                         |
| Other equity .....  | 7,500            | 7,500            | 0                | 0.0%                          | -                             |
| <b>Total equity</b> .....   | <b>960,441</b>   | <b>904,493</b>   | <b>713,962</b>   | <b>6.2%</b>                   | <b>34.5%</b>                  |
| Interest-bearing loans and borrowings and finance lease liabilities .....                 | 502,729          | 470,590          | 487,167          | 6.8%                          | 3.2%                          |
| Other liabilities .....   | 240              | 270              | 270              | -11.1%                        | -11.1%                        |
| Liabilities by virtue of outstanding securities .....                                     | 99,770           | 99,749           | 0                | 0.0%                          | -                             |
| Provisions for employee benefits .....  | 1,230            | 1,231            | 1,115            | -0.1%                         | 10.3%                         |
| Provision for deferred tax liability .....  | 7,138            | 3,495            | 6,206            | 104.2%                        | 15.0%                         |
| Accruals and deferred revenue .....   | 487              | 548              | 81               | -11.1%                        | 501.2%                        |
| <b>Total non-current liabilities</b> .....  | <b>611,594</b>   | <b>575,883</b>   | <b>494,839</b>   | <b>6.2%</b>                   | <b>23.6%</b>                  |
| Trade and other payables .....  | 727,035          | 811,322          | 531,859          | -10.4%                        | 36.7%                         |
| Current part of interest-bearing loans and borrowings and finance lease liabilities ..... | 145,295          | 117,074          | 112,531          | 24.1%                         | 29.1%                         |
| Liabilities by virtue of outstanding securities .....                                     | 637              | 654              | 0                | -2.6%                         | -                             |
| Income tax liabilities .....  | 20,161           | 20,729           | 4,241            | -2.7%                         | 375.4%                        |
| Accruals and deferred revenue .....   | 24,266           | 20,824           | 14,831           | 16.5%                         | 63.6%                         |
| Provisions for employee benefits and other provisions .....                               | 351              | 350              | 7,840            | 0.3%                          | -95.5%                        |
| <b>Total current liabilities</b> .....  | <b>917,745</b>   | <b>970,953</b>   | <b>671,302</b>   | <b>-5.5%</b>                  | <b>36.7%</b>                  |
| <b>Total liabilities</b> .....  | <b>1,529,339</b> | <b>1,546,836</b> | <b>1,166,141</b> | <b>-1.1%</b>                  | <b>31.1%</b>                  |
| <b>TOTAL EQUITY AND LIABILITIES</b> .....   | <b>2,489,780</b> | <b>2,451,329</b> | <b>1,880,103</b> | <b>1.6%</b>                   | <b>32.4%</b>                  |

As at 31 March 2018, the main components of liabilities were: (i) trade and other payables (current part) representing 47.5%; (ii) interest bearing loans, borrowings and liabilities under financial lease agreements (non-current portion) representing 32.9% of total liabilities and (iii) current part of interest-bearing loans and liabilities under financial lease agreements representing 9.5%.

Total liabilities fell by PLN 17.5 million, i.e. 1.1%, from PLN 1,546.8 million as at 31 December 2017 to PLN 1,529.3 million as at 31 March 2018. Total liabilities rose by PLN 363.2 million, i.e. 31.1% from PLN 1,166.1 million as at 31 March 2017 to PLN 1,529.3 million as at 31 March 2018.

Non-current liabilities increased by PLN 35.7 million, or 6.2%, from PLN 575.9 million as at 31 December 2017 to PLN 611.6 million as at 31 March 2018, predominantly as a result of higher interest-bearing loans and borrowings (by PLN 32.1 million) caused by the expansion of the Dino Group's store network.

Compared to 31 March 2017, non-current liabilities rose PLN 116.8 million, or 23.6%, due to the expansion of the Dino Group's store network and capital expenditures for distribution centers and the Agro-Rydzyna meat processing plant.

Current liabilities decreased by PLN 53.2 million, or 5.5%, from PLN 971.0 million as at 31 December 2017 to PLN 917.7 million, primarily as a result of a decrease in trade and other payables.

Compared to 31 March 2017, current liabilities increased by PLN 246.4 million, or 36.7%, driven predominantly by an increase in trade and other payables (by PLN 195.2 million mainly as a result of the expansion of the Dino Group's scale of business).

The Dino Group's net debt<sup>5</sup> stood at PLN 569.8 million as at 31 March 2018, signifying growth of PLN 85.0 million compared to 31 December 2017 and growth of PLN 6.5 million compared to 31 March 2017. The net debt to EBITDA ratio for the last 12 months was 1.3x as at 31 March 2018.

### Cash flows

The table below presents selected line items of the statement of cash flows.

| <i>(PLN 000s)</i>                                     | <b>Q1 2018</b>  | <b>Q1 2017</b>  |
|---|-----------------|-----------------|
| Net cash from operating activities .....              | 43,515          | 31,046          |
| Net cash from investing activities.....               | (118,310)       | (82,878)        |
| Net cash from financing activities .....              | 50,196          | 21,829          |
| <b>Net increase in cash and cash equivalents.....</b> | <b>(24,599)</b> | <b>(30,003)</b> |

The Dino Group generated net operating cash flow in Q1 2018 totaling PLN 43.5 million. In Q1 2017 it was PLN 31.0 million. The increase in net cash from operating activities was driven mainly by the higher magnitude of the Dino Group's business, i.e. predominantly the growing top line following from expansion of the store network and rising LFL sales in the existing store network. Top line growth was higher than the corresponding increase in operating expenses and the related expenditures.

In Q1 2018 the Dino Group's cash flow from operating activities was PLN 43.5 million. This amount includes profit before tax (PLN 69.3 million) and negative cash flow totaling PLN 25.8 million. Cash proceeds of PLN 68.9 million resulted mainly from (i) depreciation and amortization (PLN 25.1 million), (ii) movement in receivables (PLN 16.7 million) and (iii) movement in inventories (PLN 13.4 million). Cash proceeds were partly offset by cash expenditures (totaling PLN 94.6 million) which in Q1 2018 comprised mainly the movement in liabilities except for loans and borrowings (PLN 80.7 million).

Net cash flow from investing activities totaled PLN 118.3 million in Q1 2018 and was up PLN 35.4 million, or by 42.8% compared to investing cash flow in Q1 2017. This was mostly caused by the upswing in the number of new Dino store openings in Q1 2018. (25 compared to 11 in Q1 2017).

### 2.1.3. Factors impacting Dino's operations and results

In the opinion of the Dino Management Board, the following factors will affect the Dino Group's business in the upcoming quarters of 2018:

- pace of new store openings by the Dino Group and the related capital expenditures,
- favorable economic situation in Poland resulting in increasing disposable income and consumption expenditures of customers;
- growth rate of the prices of consumer goods and services, in particular food and soft drinks,
- regulatory environment: government programs translating into incremental consumer disposable income and the gradual deployment of the Sunday trading ban;
- improved efficiency of the Company's operations, benefits resulting from economies of scale and optimization of operating expenses; improved efficiency of logistics services provided to all stores,
- decreasing unemployment and unstable and uncertain situation in the labor market in individual regions.

<sup>5</sup>defined as interest-bearing loans and borrowings and liabilities under financial lease agreements + liabilities by virtue of outstanding securities + current part of interest-bearing loans and borrowings and finance lease liabilities minus cash and cash equivalents.

Due to uncertainty about the future state of the economy, the Management Board's expectations and projections are subject to a high dose of uncertainty.

## 2.2. Shareholders of the Company and shares held by management board and supervisory board members

As at the Report Date, the Company's share capital is PLN 9,804,000 and is divided into 98,040,000 series A ordinary bearer shares with a par value of PLN 0.10 each. There are no shares in the Company with special control powers attached. Nor are there any restrictions on the exercise of voting rights or transferability of legal title to Dino shares.

### *Shareholding structure of Dino Polska S.A. as at the Report Date*

|   | <b>Number of shares and<br/>number of votes at the<br/>Shareholder Meeting</b> | <b>Share in the share capital<br/>and in votes at the<br/>Shareholder Meeting</b> |
|---|--|---|
| Tomasz Biernacki with a subsidiary <sup>6</sup> ..... | 50,103,000   | 51.10%  |
| Other shareholders.....                               | 47,937,000   | 48.90%  |

As at the Report Date, to the Company's best knowledge, the only holder of Dino Shares representing, directly or indirectly, at least 5% of the total number of votes at the Shareholder Meeting, is Tomasz Biernacki, Chairman of the Dino Polska Supervisory Board.

At the Report Date, Szymon Piduch, President of the Management Board, held 141,000 shares. Compared to 31 December 2017 and the publication date of the 2017 annual report, the number of shares held by Szymon Piduch has not changed. Michał Krauze, a Management Board Member, held 30,000 Company shares as at the Report Date. Compared to 31 December 2017 and the publication date of the 2017 annual report, the number of shares held by Michał Krauze has not changed.

Among the Supervisory Board members, as at the Report Date Dino the following members held shares: Tomasz Biernacki (Supervisory Board Chairman) – as detailed in the table above and Eryk Bajer (Supervisory Board Member) – 11,132 shares (in connection with purchase transactions executed on the Warsaw Stock Exchange Eryk Bajer increased the number of shares he held by 3,760) and Sławomir Jakszuk (Supervisory Board Members) – 1,600 shares.

On 20 March 2017, in connection with the public offering of shares, Tomasz Biernacki incurred an obligation not to sell the 51% of Dino Polska shares held by him before the public offering until the expiry of the 720-day period after the first listing of shares on the Warsaw Stock Exchange, which happened on 19 April 2017. Furthermore, the Company undertook to refrain from issuing and offering shares until the end of the period of 360 days from the date of the first listing of Dino Shares on the Warsaw Stock Exchange. In accordance with the provisions of the applicable incentive programs, those Members of the Company's Management Board who acquired shares in the performance of their obligation to acquire the shares specified in these programs, are required to refrain from selling those shares for a period of two years after their acquisition. The detailed provisions of the said obligations are described in the Company's prospectus, as approved by KNF on 17 March 2017.

## 2.3. Operating Segments

The Dino Polska S.A. Group runs its operations in one business sector and has one operating and reporting segment in the form of sales in a retail store network.

Its revenues may be broken down by type of product or merchandise or product group. However, the Management Board does not measure detailed operating results generated by any of such categories, which means that it would

<sup>6</sup> BT Kapital Sp. z o.o., a subsidiary of Tomasz Biernacki, holds a total of 103 thousand Company shares

be problematic to ascertain the unambiguous impact of the allocation of resources on each category. As such, information on revenues generated in each category is of a limited decision-making value. Because the smallest area of business for which the Management Board reviews profitability ratios is the level of the Dino Polska S.A. Group as a whole, only one operating segment has been isolated.

| <i>(PLN 000s)</i>                               | <b>Q1 2018</b>   | <b>Q1 2017</b> |
|---|------------------|----------------|
| Revenues on sales of products and services..... | 158,046          | 113,114        |
| Revenues on sales of goods and materials .....  | 1,127,538        | 797,221        |
| <b>Total:</b> .....                             | <b>1,285,584</b> | <b>910,335</b> |

### 3. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE DINO POLSKA S.A. GROUP

#### 3.1. Condensed consolidated profit and loss account

for the period from 1 January 2018 to 31 March 2018 (PLN 000s)

|  | <i>01.01.2018-<br/>31.03.2018</i> | <i>01.01.2017-<br/>31.03.2017</i> |
|--|-----------------------------------|-----------------------------------|
| <b>Continuing operations</b>                 |                                   |                                   |
| <b>Sales revenue</b>                         | <b>1,285,584</b>                  | <b>910,335</b>                    |
| Cost of sales                                | (988,119)                         | (701,744)                         |
| <b>Gross profit on sales</b>                 | <b>297,465</b>                    | <b>208,591</b>                    |
| Other operating income                       | 1,394                             | 476                               |
| Sales and marketing expenses                 | (206,280)                         | (149,746)                         |
| General administration expenses              | (12,921)                          | (12,903)                          |
| Other operating expenses                     | (392)                             | (96)                              |
| <b>Operating profit</b>                      | <b>79,266</b>                     | <b>46,322</b>                     |
| Financial income                             | 162                               | 98                                |
| Financial costs                              | (10,139)                          | (8,415)                           |
| <b>Profit before tax</b>                     | <b>69,289</b>                     | <b>38,005</b>                     |
| Income tax                                   | (13,341)                          | (7,550)                           |
| <b>Net profit from continuing operations</b> | <b>55,948</b>                     | <b>30,455</b>                     |
| <b>Net profit for the financial year</b>     | <b>55,948</b>                     | <b>30,455</b>                     |

#### 3.2. Condensed consolidated statement of comprehensive income

for the period from 1 January 2018 to 31 March 2018 (PLN 000s)

|  | <i>01.01.2018-<br/>31.03.2018</i> | <i>01.01.2017-<br/>31.03.2017</i> |
|--|-----------------------------------|-----------------------------------|
| <b>Net profit for the financial year</b>   | <b>55,948</b>                     | <b>30,455</b>                     |
| Actuarial gains/(losses) on defined benefit plans  | -                                 | 38                                |
| Income tax on other comprehensive income   | -                                 | (7)                               |
| <b>Net other comprehensive income not subject to reclassification to profit/(loss) in subsequent reporting periods</b> | <b>-</b>                          | <b>31</b>                         |
| <b>Net other comprehensive income</b>  | <b>-</b>                          | <b>31</b>                         |
| <b>Comprehensive income in the reporting period</b>  | <b>55,948</b>                     | <b>30,486</b>                     |

## 3.3. Condensed consolidated statement of financial position

as at 31 March 2018 (PLN 000s)

|   | <i>31.03.2018</i> | <i>31.12.2017</i> | <i>31.03.2017</i> |
|---|-------------------|-------------------|-------------------|
| <b>ASSETS</b>   |                   |                   |                   |
| Property, plant and equipment   | 1,787,708         | 1,697,600         | 1,386,389         |
| Intangible assets   | 92,771            | 92,774            | 92,510            |
| Other non-financial assets (non-current)  | 28                | 30                | -                 |
| Deferred tax assets   | 14,600            | 17,560            | 21,919            |
| <b>Total non-current assets</b>   | <b>1,895,107</b>  | <b>1,807,964</b>  | <b>1,500,818</b>  |
| Inventories   | 351,510           | 368,262           | 290,707           |
| Trade and other receivables   | 20,677            | 37,991            | 19,155            |
| Income tax receivables  | 96                | 77                | 603               |
| Other non-financial assets  | 44,363            | 34,409            | 32,395            |
| Cash and cash equivalents   | 178,027           | 202,626           | 36,425            |
| <b>Total current assets</b>   | <b>594,673</b>    | <b>643,365</b>    | <b>379,285</b>    |
| <b>TOTAL ASSETS</b>   | <b>2,489,780</b>  | <b>2,451,329</b>  | <b>1,880,103</b>  |
| <b>EQUITY AND LIABILITIES</b>   |                   |                   |                   |
| <b>Equity (attributable to owners of the parent)</b>                                | <b>960,441</b>    | <b>904,493</b>    | <b>713,962</b>    |
| Share capital   | 9,804             | 9,804             | 9,804             |
| Supplementary capital   | 1,111,860         | 1,111,860         | 790,168           |
| Retained earnings   | (168,723)         | (224,671)         | (86,010)          |
| Other equity  | 7,500             | 7,500             | -                 |
| <b>Non-controlling interests</b>  | <b>-</b>          | <b>-</b>          | <b>-</b>          |
| <b>Total equity</b>   | <b>960,441</b>    | <b>904,493</b>    | <b>713,962</b>    |
| Interest-bearing loans and borrowings and finance lease liabilities                 | 502,729           | 470,590           | 487,167           |
| Liabilities by virtue of outstanding securities                                     | 99,770            | 99,749            | -                 |
| Other liabilities   | 240               | 270               | 270               |
| Provisions for employee benefits  | 1,230             | 1,231             | 1,115             |
| Provision for deferred tax liability  | 7,138             | 3,495             | 6,206             |
| Accruals and deferred revenue   | 487               | 548               | 81                |
| <b>Total non-current liabilities</b>  | <b>611,594</b>    | <b>575,883</b>    | <b>494,839</b>    |
| Trade and other payables  | 727,035           | 811,322           | 531,859           |
| Current part of interest-bearing loans and borrowings and finance lease liabilities | 145,295           | 117,074           | 112,531           |
| Liabilities by virtue of outstanding securities                                     | 637               | 654               | -                 |
| Income tax liabilities  | 20,161            | 20,729            | 4,241             |
| Accruals and deferred revenue   | 24,266            | 20,824            | 14,831            |
| Provisions for employee benefits  | 351               | 350               | 7,840             |
| <b>Total current liabilities</b>  | <b>917,745</b>    | <b>970,953</b>    | <b>671,302</b>    |
| <b>Total liabilities</b>  | <b>1,529,339</b>  | <b>1,546,836</b>  | <b>1,166,141</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <b>2,489,780</b>  | <b>2,451,329</b>  | <b>1,880,103</b>  |

### 3.4. Condensed consolidated statement of cash flows

for the period from 1 January 2018 to 31 March 2018 (PLN 000s)

|  | <i>01.01.2018-<br/>31.03.2018</i> | <i>01.01.2017-<br/>31.03.2017</i> |
|--|-----------------------------------|-----------------------------------|
| <b>Cash flow from operating activities</b>                               |                                   |                                   |
| <b>Profit before tax</b>   | <b>69,289</b>                     | <b>38,005</b>                     |
| Adjustments in items:  |                                   |                                   |
| Depreciation and amortization  | (25,774)                          | (6,959)                           |
| (Profit)/loss on investment activity                                     | 25,106                            | 19,176                            |
| Movement in receivables  | 264                               | 21                                |
| Movement in inventories  | 16,674                            | 13,657                            |
| Movement in liabilities, except for loans and borrowings                 | 16,752                            | (14,166)                          |
| Interest revenue   | (80,745)                          | (23,678)                          |
| Interest expense   | (57)                              | (19)                              |
| Movement in prepayments, accruals and deferred revenue                   | 10,074                            | 8,471                             |
| Movement in provisions   | (6,515)                           | (4,489)                           |
| Income tax paid  | -                                 | 1,948                             |
| Other  | (7,327)                           | (7,918)                           |
|  | -                                 | 38                                |
| <b>Net cash from operating activities</b>                                | <b>43,515</b>                     | <b>31,046</b>                     |
| <b>Cash flow from investing activities</b>                               |                                   |                                   |
| Sale of items of property, plant and equipment and intangible assets     | 656                               | 79                                |
| Purchase of items of property, plant and equipment and intangible assets | (119,023)                         | (82,976)                          |
| Interest received  | 57                                | 19                                |
| <b>Net cash from investing activities</b>                                | <b>(118,310)</b>                  | <b>(82,878)</b>                   |
| <b>Cash flow from financing activities</b>                               |                                   |                                   |
| Payment of finance lease liabilities                                     | (11,169)                          | (9,760)                           |
| Proceeds from obtained loans/borrowings                                  | 89,650                            | 57,489                            |
| Repayment of loans/borrowings  | (18,211)                          | (17,430)                          |
| Interest paid  | (10,074)                          | (8,470)                           |
| <b>Net cash from financing activities</b>                                | <b>50,196</b>                     | <b>21,829</b>                     |
| Net increase in cash and cash equivalents                                | (24,599)                          | (30,003)                          |
| <b>Cash at the beginning of the period</b>                               | <b>202,626</b>                    | <b>66,428</b>                     |
| <b>Cash at the end of the period</b>                                     | <b>178,027</b>                    | <b>36,425</b>                     |



## 3.5. Condensed consolidated statement of changes in equity

for the period from 1 January 2018 to 31 March 2018 (PLN 000s)

|   | <i>Attributable to owners of the parent</i> |                              |                          |                     | <i>Total</i>   |
|---|---|------------------------------|--------------------------|---------------------|----------------|
|   | <i>Share capital</i>                        | <i>Supplementary capital</i> | <i>Retained earnings</i> | <i>Other equity</i> |                |
| <b>As at 1 January 2018</b>                   | <b>9,804</b>                                | <b>1,111,860</b>             | <b>(224,671)</b>         | <b>7,500</b>        | <b>904,493</b> |
| Net profit for 2017                           | -   | -                            | 55,948                   | -                   | 55,948         |
| Net other comprehensive income for 2017       | -   | -                            | -                        | -                   | -              |
| <i>Comprehensive income for the year</i>      | -   | -                            | 55,948                   | -                   | 55,948         |
| <b>As at 31 March 2018</b>                    | <b>9,804</b>                                | <b>1,111,860</b>             | <b>(168,723)</b>         | <b>7,500</b>        | <b>960,441</b> |
| <b>As at 1 January 2017</b>                   | <b>9,804</b>                                | <b>510,720</b>               | <b>162,952</b>           | <b>-</b>            | <b>683,476</b> |
| Net profit for 2017                           | -   | -                            | 213,604                  | -                   | 213,604        |
| Net other comprehensive income for 2017       | -   | -                            | (87)                     | -                   | (87)           |
| <i>Comprehensive income for the year</i>      | -   | -                            | 213,517                  | -                   | 213,517        |
| Costs of share-based incentive system         | -   | -                            | -                        | 7,500               | 7,500          |
| Distribution of the financial result for 2016 | -   | 601,140                      | (601,140)                | -                   | -              |
| <b>As at 31 December 2017</b>                 | <b>9,804</b>                                | <b>1,111,860</b>             | <b>(224,671)</b>         | <b>7,500</b>        | <b>904,493</b> |
| <b>As at 1 January 2017</b>                   | <b>9,804</b>                                | <b>510,720</b>               | <b>162,952</b>           | <b>-</b>            | <b>683,476</b> |
| Net profit for 2017                           | -   | -                            | 30,455                   | -                   | 30,455         |
| Net other comprehensive income for 2017       | -   | -                            | 31                       | -                   | 31             |
| <i>Comprehensive income for the year</i>      | -   | -                            | 30,486                   | -                   | 30,486         |
| Distribution of the financial result for 2016 | -   | 279,448                      | (279,448)                | -                   | -              |
| <b>As at 31 March 2017</b>                    | <b>9,804</b>                                | <b>790,168</b>               | <b>(86,010)</b>          | <b>-</b>            | <b>713,962</b> |

## 4. CONDENSED STANDALONE FINANCIAL STATEMENTS OF DINO POLSKA S.A.

### 4.1. Selected standalone financial data

|  | <i>PLN 000s</i>                                     |   | <i>EUR 000s</i>                                     |   |
|--|---|---|---|---|
|  | <i>from 1 January<br/>2018 to 31<br/>March 2018</i> | <i>from 1 January<br/>2017 to 31<br/>March 2017</i> | <i>from 1 January<br/>2018 to 31<br/>March 2018</i> | <i>from 1 January<br/>2017 to 31<br/>March 2017</i> |
| Sales revenues                                 | 1,281,879   | 910,357   | 306,787   | 212,251   |
| Gross profit on sales                          | 35,967  | 19,414  | 8,608   | 4,526   |
| Profit before tax                              | 26,527  | 10,328  | 6,349   | 2,408   |
| Net profit                                     | 19,131  | 8,481   | 4,579   | 1,977   |
| Number of shares                               | 98,040,000  | 98,040,000  | 98,040,000  | 98,040,000  |
| Basic / diluted earnings per share in PLN, EUR | 0.20  | 0.09  | 0.05  | 0.02  |
| Cash flow from operating activities            | 30,123  | 31,296  | 7,209   | 7,297   |
| Cash flow from investing activities            | (103,265)   | (64,140)  | (24,714)  | (14,954)  |
| Cash flow from financing activities            | 46,609  | 6,193   | 11,155  | 1,444   |
| Net increase in cash and cash equivalents      | (26,533)  | (26,651)  | (6,350)   | (6,214)   |

In the case of data in EUR, the arithmetic mean of the EUR/PLN exchange rates published by the National Bank of Poland on the last day of every month in a given reporting period were used:

|  |        |           |
|--|--------|-----------|
| average NBP exchange rate for Q1 2018: | 4.1784 | PLN / EUR |
| average NBP exchange rate for Q1 2017: | 4.2891 | PLN / EUR |

|                          | <i>PLN 000s</i>                |                                   | <i>EUR 000s</i>                |                                   |
|--------------------------|--------------------------------|-----------------------------------|--------------------------------|-----------------------------------|
|                          | <i>as at 31 March<br/>2018</i> | <i>as at 31 December<br/>2017</i> | <i>as at 31 March<br/>2018</i> | <i>as at 31 December<br/>2017</i> |
| Total assets             | 2,270,300                      | 2,251,673                         | 539,456                        | 539,853                           |
| Total non-current assets | 1,620,161                      | 1,540,524                         | 384,974                        | 369,350                           |
| Total current assets     | 650,139                        | 711,149                           | 154,482                        | 170,503                           |
| Equity                   | 677,289                        | 658,158                           | 160,934                        | 157,798                           |
| Share capital            | 9,804                          | 9,804                             | 2,330                          | 2,351                             |
| Non-current liabilities  | 522,000                        | 492,041                           | 124,035                        | 117,970                           |
| Current liabilities      | 1,026,028                      | 1,064,007                         | 243,799                        | 255,102                           |

In the case of data in EUR, the average EUR/PLN exchange rates in the period, as published by the National Bank of Poland, were used:

|  |        |           |
|--|--------|-----------|
| average NBP exchange rate as at 31 March 2018    | 4.2085 | PLN / EUR |
| average NBP exchange rate as at 31 December 2017 | 4.1709 | PLN / EUR |

## 4.2. Condensed standalone profit and loss account

for the period from 1 January 2018 to 31 March 2018 (PLN 000s)

|  | <i>01.01.2018-<br/>31.03.2018</i> | <i>01.01.2017-<br/>31.03.2017</i> |
|--|-----------------------------------|-----------------------------------|
| <b>A. Net revenues on sales and equivalents</b>  | <b>1,281,879</b>                  | <b>910,357</b>                    |
| I. Net revenues on sales of products             | 2,476                             | 1,521                             |
| IV. Net revenues on sales of goods and materials | 1,279,403                         | 908,836                           |
| <b>B. Operating expenses</b>                     | <b>(1,245,912)</b>                | <b>(890,943)</b>                  |
| I. Depreciation and amortization                 | (18,663)                          | (13,378)                          |
| II. Consumption of materials and energy          | (18,892)                          | (14,866)                          |
| III. External services                           | (82,168)                          | (65,627)                          |
| IV. Taxes and fees                               | (5,354)                           | (3,604)                           |
| V. Salaries                                      | (106,706)                         | (76,611)                          |
| VI. Social security and other benefits           | (22,999)                          | (16,299)                          |
| VII. Other costs by nature                       | (4,600)                           | (2,988)                           |
| VIII. Cost of goods and materials sold           | (986,530)                         | (697,570)                         |
| <b>C. Sales profit / (loss)</b>                  | <b>35,967</b>                     | <b>19,414</b>                     |
| D. Other operating income                        | 1,183                             | 225                               |
| E. Other operating expenses                      | (377)                             | (88)                              |
| <b>F. Operating profit / (loss)</b>              | <b>36,773</b>                     | <b>19,551</b>                     |
| G. Financial income                              | 974                               | 494                               |
| H. Financial costs                               | (11,220)                          | (9,717)                           |
| <b>I. Gross profit / (loss)</b>                  | <b>26,527</b>                     | <b>10,328</b>                     |
| <b>J. Income tax</b>                             | <b>(7,396)</b>                    | <b>(1,847)</b>                    |
| <b>L. Net profit (loss)</b>                      | <b>19,131</b>                     | <b>8,481</b>                      |

## 4.3. Condensed standalone balance sheet

as at 31 March 2018 (PLN 000s)

|  | <i>As at</i><br><b>31.03.2018</b> | <i>As at</i><br><b>31.12.2017</b> | <i>As at</i><br><b>31.03.2017</b> |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>A. Non-current assets</b>                 | <b>1,620,161</b>                  | <b>1,540,524</b>                  | <b>1,278,200</b>                  |
| I. Intangible assets                         | 10,327                            | 10,284                            | 9,925                             |
| II. Property, plant and equipment            | 851,734                           | 773,768                           | 504,593                           |
| III. Non-current receivables                 | -                                 | -                                 | -                                 |
| IV. Non-current investments                  | 738,809                           | 738,809                           | 727,151                           |
| V. Non-current prepayments and accruals      | 19,291                            | 17,663                            | 36,531                            |
| <b>B. Current assets</b>                     | <b>650,139</b>                    | <b>711,149</b>                    | <b>457,177</b>                    |
| I. Inventories                               | 340,807                           | 358,573                           | 279,811                           |
| II. Current receivables                      | 46,483                            | 62,821                            | 39,604                            |
| III. Current investments                     | 235,746                           | 257,052                           | 93,004                            |
| IV. Current prepayments and accruals         | 27,103                            | 32,703                            | 44,758                            |
| <b>C. Contributions due to share capital</b> | -                                 | -                                 | -                                 |
| <b>D. Treasury stock</b>                     | -                                 | -                                 | -                                 |
| <b>TOTAL ASSETS</b>                          | <b>2,270,300</b>                  | <b>2,251,673</b>                  | <b>1,735,377</b>                  |

|   | <i>As at</i><br><b>31.03.2018</b> | <i>As at</i><br><b>31.12.2017</b> | <i>As at</i><br><b>31.03.2017</b> |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>A. Equity</b>  | <b>677,289</b>                    | <b>658,158</b>                    | <b>566,635</b>                    |
| I. Share capital  | 9,804                             | 9,804                             | 9,804                             |
| II. Supplementary capital   | 548,350                           | 548,350                           | 548,350                           |
| III. Revaluation reserve  | -                                 | -                                 | -                                 |
| IV. Other reserve capital   | -                                 | -                                 | -                                 |
| V. Profit (loss) brought forward  | 92,504                            | -                                 | -                                 |
| VI. Net profit (loss)   | 19,131                            | 92,504                            | 8,481                             |
| VII. Other items of equity  | 7,500                             | 7,500                             | -                                 |
| VIII. Charges to net profit during the financial year (negative figure) | -                                 | -                                 | -                                 |
| <b>B. Liabilities and provisions for liabilities</b>                    | <b>1,593,011</b>                  | <b>1,593,515</b>                  | <b>1,168,742</b>                  |
| I. Provisions for liabilities   | 24,075                            | 18,219                            | 26,723                            |
| II. Non-current liabilities   | 522,000                           | 492,041                           | 378,948                           |
| III. Current liabilities  | 1,026,028                         | 1,064,007                         | 749,738                           |
| IV. Accruals and deferred revenue                                       | 20,908                            | 19,248                            | 13,333                            |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                     | <b>2,270,300</b>                  | <b>2,251,673</b>                  | <b>1,735,377</b>                  |

## 4.4. Condensed standalone statement of cash flows

for the period from 1 January 2018 to 31 March 2018 (PLN 000s)

|   | <i>01.01.2018-<br/>31.03.2018</i> | <i>01.01.2017-<br/>31.03.2017</i> |
|---|-----------------------------------|-----------------------------------|
| <b>A. Cash flow from operating activities</b>   |                                   |                                   |
| <b>I. Net profit (loss)</b>   | <b>19,131</b>                     | <b>8,481</b>                      |
| <b>II. Total adjustments</b>  | <b>10,992</b>                     | <b>22,815</b>                     |
| 1. Depreciation and amortization  | 18,663                            | 13,378                            |
| 2. Gains (losses) arising from changes in foreign currency exchange rates                                     | -                                 | -                                 |
| 3. Interest and profit sharing (dividends)  | 8,512                             | 8,509                             |
| 4. Profit (loss) on investing activity  | 260                               | 21                                |
| 5. Movement in provisions   | 5,856                             | 7,399                             |
| 6. Movement in inventories  | 17,766                            | (9,014)                           |
| 7. Movement in receivables  | 16,086                            | 13,684                            |
| 8. Movement in current liabilities, except for loans and borrowings   | (61,783)                          | (17,036)                          |
| 9. Movement in prepayments, accruals and deferred revenue   | 5,632                             | 5,874                             |
| 10. Other adjustments   | -                                 | -                                 |
| <b>III. Net cash from operating activities (I±II)</b>   | <b>30,123</b>                     | <b>31,296</b>                     |
| <b>B. Cash flow from investing activities</b>   |                                   |                                   |
| <b>I. Inflows</b>   | <b>2,802</b>                      | <b>11,004</b>                     |
| 1. Sale of intangible assets and property, plant and equipment  | 559                               | 866                               |
| 2. Sale of investments in real property and intangible assets   | -                                 | -                                 |
| 3. From financial assets, of which:   | 2,243                             | 10,138                            |
| a) in related entities  | 2,213                             | 10,137                            |
| b) in other entities  | 30                                | 1                                 |
| - interest  | 30                                | 1                                 |
| <b>II. Outflows</b>   | <b>(106,067)</b>                  | <b>(75,144)</b>                   |
| 1. Purchase of intangible assets and property, plant and equipment  | (99,554)                          | (67,744)                          |
| 2. Investments in real property and intangible assets   | -                                 | -                                 |
| 3. Towards financial assets, of which:  | (6,513)                           | (7,400)                           |
| a) in related entities  | (6,513)                           | (7,400)                           |
| <b>III. Net cash from investing activities (I-II)</b>   | <b>(103,265)</b>                  | <b>(64,140)</b>                   |
| <b>C. Cash flow from financing activities</b>   |                                   |                                   |
| <b>I. Inflows</b>   | <b>83,476</b>                     | <b>40,652</b>                     |
| 1. Net inflows on the delivery of shares (share issue) and other equity instruments and capital contributions | -                                 | -                                 |
| 2. Loans and borrowings   | 83,476                            | 40,652                            |
| <b>II. Outflows</b>   | <b>(36,867)</b>                   | <b>(34,459)</b>                   |
| 1. Purchase of treasury shares  | -                                 | -                                 |
| 2. Dividends and other distributions to owners  | -                                 | -                                 |
| 3. Profit-sharing expenditures other than distributions to owners   | -                                 | -                                 |
| 4. Repayment of loans and borrowings  | (15,709)                          | (16,033)                          |
| 5. Redemption of debt securities  | -                                 | -                                 |
| 6. On account of other financial payables   | -                                 | -                                 |
| 7. Payment of finance lease liabilities   | (10,378)                          | (8,723)                           |
| 8. Interest   | (9,471)                           | (8,193)                           |
| 9. Other financial expenditures   | (1,309)                           | (1,510)                           |
| <b>III. Net cash from financing activities (I-II)</b>   | <b>46,609</b>                     | <b>6,193</b>                      |
| <b>D. Total net cash flow (A.III±B.III±C.III)</b>   | <b>(26,533)</b>                   | <b>(26,651)</b>                   |
| <b>E. Balance sheet movement in cash, including</b>   | <b>(26,533)</b>                   | <b>(26,651)</b>                   |
| - movement in cash arising from changes in foreign currency exchange rates                                    |                                   |                                   |
| <b>F. Cash at the beginning of the period</b>   | <b>185,608</b>                    | <b>54,232</b>                     |
| <b>G. Cash at the end of the period (F±D), including</b>  | <b>159,075</b>                    | <b>27,581</b>                     |
| - restricted cash   | -                                 | -                                 |

## 4.5. Condensed standalone statement of changes in equity

for the period from 1 January 2018 to 31 March 2018 (PLN 000s)

|  | <i>01.01.2018-<br/>31.03.2018</i> | <i>01.01.2017-<br/>31.12.2017</i> | <i>01.01.2017-<br/>31.03.2017</i> |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>I. Equity at the beginning of the period (OB)</b>   | <b>658,158</b>                    | <b>558,154</b>                    | <b>558,154</b>                    |
| <b>I.a. Equity at the beginning of the period (OB), adjusted</b>                               | <b>658,158</b>                    | <b>558,154</b>                    | <b>558,154</b>                    |
| 1. Share capital at the beginning of the period  | 9,804                             | 9,804                             | 9,804                             |
| 1.1. Movement in share capital   | -                                 | -                                 | -                                 |
| <b>1.2. Share capital at the end of the period</b>   | <b>9,804</b>                      | <b>9,804</b>                      | <b>9,804</b>                      |
| 2. Supplementary capital at the beginning of the period  | 548,350                           | 268,902                           | 268,902                           |
| 2.1. Changes to supplementary capital  | -                                 | 279,448                           | 279,448                           |
| (i) increase   | -                                 | 279,448                           | 279,448                           |
| - profit distribution  | -                                 | 279,448                           | 279,448                           |
| b) decrease  | -                                 | -                                 | -                                 |
| <b>2.2. Balance of supplementary capital at the end of the period</b>                          | <b>548,350</b>                    | <b>548,350</b>                    | <b>548,350</b>                    |
| 3. Revaluation reserve at the beginning of the period  | -                                 | -                                 | -                                 |
| 3.1. Changes in the revaluation reserve  | -                                 | -                                 | -                                 |
| 3.2. Revaluation reserve at the end of the period  | -                                 | -                                 | -                                 |
| 4. Other reserve capital at the beginning of the period  | -                                 | -                                 | -                                 |
| 4.1. Change in other reserve capital   | -                                 | -                                 | -                                 |
| <b>4.2. Other reserve capital at the end of the period</b>                                     | <b>-</b>                          | <b>-</b>                          | <b>-</b>                          |
| 5. Profit (loss) brought forward at the beginning of the period                                | 92,504                            | 279,448                           | 279,448                           |
| 5.1. Profit brought forward at the beginning of the period                                     | 92,504                            | 279,448                           | 279,448                           |
| 5.2. Profit carried forward at the beginning of the period, adjusted                           | 92,504                            | 279,448                           | 279,448                           |
| (i) increase   | -                                 | -                                 | -                                 |
| b) decrease  | -                                 | (279,448)                         | (279,448)                         |
| - distribution of profits brought forward  | -                                 | (279,448)                         | (279,448)                         |
| 5.3. Profit brought forward at the end of the period   | 92,504                            | -                                 | -                                 |
| 5.4. Loss brought forward at the beginning of the period                                       | -                                 | -                                 | -                                 |
| 5.5. Loss brought forward at the beginning of the period, adjusted                             | -                                 | -                                 | -                                 |
| 5.6. Losses brought forward at the end of the period   | -                                 | -                                 | -                                 |
| <b>5.7. Profit (loss) brought forward at the end of the period</b>                             | <b>92,504</b>                     | <b>-</b>                          | <b>-</b>                          |
| <b>6. Net result</b>   | <b>19,131</b>                     | <b>92,504</b>                     | <b>8,481</b>                      |
| a) net profit  | 19,131                            | 92,504                            | 8,481                             |
| b) net loss  | -                                 | -                                 | -                                 |
| c) charges to profit   | -                                 | -                                 | -                                 |
| <b>7. Other items of equity</b>  | <b>7,500</b>                      | <b>7,500</b>                      | <b>-</b>                          |
| <b>II. Equity at the end of the period (CB)</b>  | <b>677,289</b>                    | <b>658,158</b>                    | <b>566,635</b>                    |
| <b>III. Equity after considering the proposed distribution of profits (coverage of losses)</b> | <b>677,289</b>                    | <b>658,158</b>                    | <b>566,635</b>                    |

## 5. NOTES TO THE FINANCIAL STATEMENTS

### 5.1. General rules adopted for the preparation of the interim quarterly statements

#### *Consolidated statements*

The presented interim (quarterly) condensed consolidated financial statements were prepared in accordance with:

- International Accounting Standard 34 – Interim Financial Reporting and International Financial Reporting Standards (hereinafter “IFRS”) published in the Commission Regulation (EC) no. 1725/2003 of 29 September 2003, as amended,
- to the extent not regulated by the above standards – according to the requirements of the Accounting Act of 29 September 1994 (Journal of Laws of 2016, Item 1047 as amended) and executive regulations issued on its basis,
- pursuant to the requirements set forth in the Finance Minister’s Regulation of 19 February 2009 on the current and periodic information transmitted by securities issuers (Journal of Laws of 2009, No. 33 Item 259).

The accounting policies are the same as those used to prepare the consolidated financial statements for the year 2017.

These interim (quarterly) condensed consolidated financial statements have been prepared based on the assumption that the Group companies will continue as a going concern in the foreseeable future, except for Centrum Wynajmu Nieruchomości sp. z o.o. Marketing 2 SKA (in liquidation) and Viterna Holdings Ltd., which are currently being liquidated.

The interim (condensed) consolidated financial statements for the period from 1 January 2018 to 31 March 2018 were prepared in Polish zloty, rounded to one thousand zloty (unless otherwise stated).

#### *Financial statements*

The presented interim (quarterly) condensed standalone financial statements were prepared according to the following:

- provisions of the Accounting Act of 29 September 1994 (Journal of Laws of 2016, Item 1047 as amended) and executive regulations issued on its basis,
- pursuant to the requirements set forth in the Finance Minister’s Regulation of 19 February 2009 on the current and periodic information transmitted by securities issuers (Journal of Laws of 2009, No. 33 Item 259).

The accounting policies are the same as those used to prepare the standalone financial statements for the year 2017.

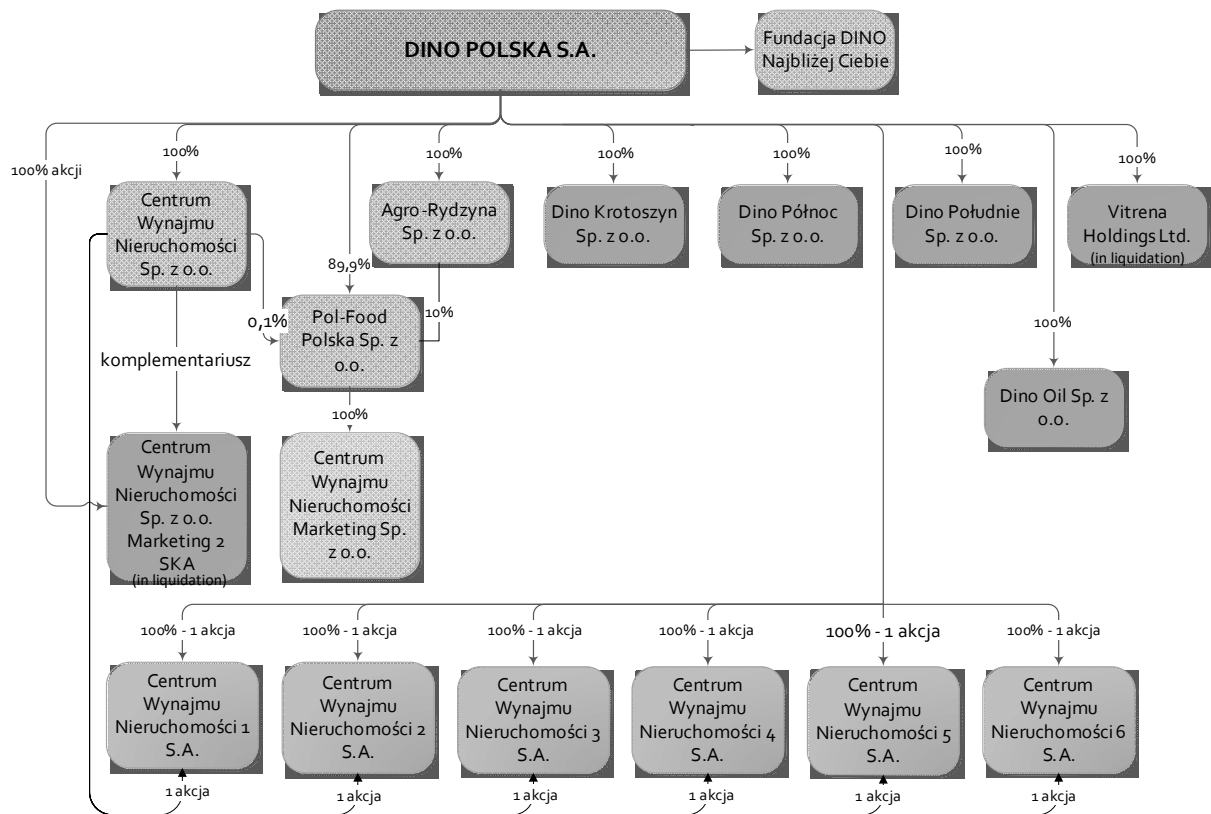
These interim (quarterly) standalone financial statements have been prepared with the assumption that the Company will continue its business as a going concern in the foreseeable future.

The interim (condensed) standalone financial statements for the period from 1 January 2018 to 31 March 2018 were prepared in Polish zloty, rounded to one thousand zloty (unless otherwise stated).

### 5.2. Group Overview

The Company is the parent company of the Dino Group. The Company conducts the operating activity including the management of Dino store network. The Company manages, among others, the logistics of supply of products to the stores, sales, product range offered in the stores and supports other Group Companies in the execution of investment processes related to the selection of locations and the opening of new stores.. The Company also owns some of the real properties on which the stores are located and leases facilities in which the stores are located from other Group Companies that own the properties.

The Group consists of Dino Polska S.A. and the following subsidiaries:



### 5.3. Seasonality and business cycles

Sales revenues and financial results reported in individual quarters reflect the seasonality of sales. The Group posts increased sales revenues in the period close to holidays and in the summer. Moreover, Dino Group's revenues also depend on the number of store openings, which in the winter, especially in the first quarter of the year, is lower than in the remaining quarters of the year, in particular lower than in Q3 and Q4.

### 5.4. Other information

#### *Non-recurring amounts and events*

No atypical events transpired in the Dino Group's business in the period from 1 January 2018 to 31 March 2018.

In the period from 1 January 2017 to 31 March 2017 the costs related to the Company's initial public offering conducted at the turn of March and April 2017 exerted an impact on the Dino Group's results. The total amount of those costs in Q1 2017 was PLN 2,961 thousand and it was comprised of costs and a provision for costs related to the execution of the offering (PLN 998 thousand recognized as costs of third party services and PLN 15 thousand as other costs by nature) and a provision for the IPO-related incentive system detailed in the Company's prospectus approved by the KNF on 17 March 2017 (PLN 1,948 thousand in costs of employee benefits).



### Impairment losses

In the period covered by this report, the Group did not recognize any impairment losses for inventories.

In the period covered by this report, the Group did not recognize any impairment losses for financial assets, non-current assets, intangible assets or other assets. Nor were such provisions reversed.

#### Consolidated financial data for the period from 1 January 2018 to 31 March 2018

| (PLN 000s)                       | 31.03.2018 | change | 31.12.2017 |
|----------------------------------|------------|--------|------------|
| Impairment losses on receivables | 444        | (7)    | 451        |

#### Unconsolidated financial data for the period from 1 January 2018 to 31 March 2018

| (PLN 000s)                       | 31.03.2018 | change | 31.12.2017 |
|----------------------------------|------------|--------|------------|
| Impairment losses on receivables | 400        | (7)    | 407        |

### Information on the recognition, increase, use and reversal of provisions

#### Consolidated financial data for the period from 1 January 2018 to 31 March 2018

| (PLN 000s)                                 | 31.03.2018   | change       | 31.12.2017   |
|--|--------------|--------------|--------------|
| Provision for deferred tax liability       | 7,137        | 3,642        | 3,495        |
| Provision for pension and similar benefits | 1,581        | -            | 1,581        |
|  | <b>8,719</b> | <b>3,643</b> | <b>5,076</b> |

#### Unconsolidated financial data for the period from 1 January 2018 to 31 March 2018

| (PLN 000s)                                 | 31.03.2018    | change       | 31.12.2017    |
|--|---------------|--------------|---------------|
| Provision for deferred tax liability       | 22,705        | 5,856        | 16,849        |
| Provision for pension and similar benefits | 1,370         | -            | 1,370         |
|  | <b>24,075</b> | <b>5,856</b> | <b>18,219</b> |

### Information on deferred tax liabilities and assets

#### Consolidated financial data for the period from 1 January 2018 to 31 March 2018

| (PLN 000s)                           | 31.03.2018    | change     | 31.12.2017    |
|--------------------------------------|---------------|------------|---------------|
| Provision for deferred tax liability | 7,138         | 3,643      | 3,495         |
| Deferred tax asset                   | 14,600        | (2,960)    | 17,560        |
|                                      | <b>21,738</b> | <b>683</b> | <b>21,055</b> |

Unconsolidated financial data  
for the period from 1 January 2018 to 31 March 2018

| (PLN 000s)                           | 31.03.2018    | change       | 31.12.2017    |
|--------------------------------------|---------------|--------------|---------------|
| Provision for deferred tax liability | 22,705        | 5,856        | 16,849        |
| Deferred tax asset                   | 19,291        | 1,628        | 17,663        |
|                                      | <b>41,996</b> | <b>7,484</b> | <b>34,512</b> |

*Material purchase and sale transactions of property, plant and equipment*

In the presented period, material transactions to purchase property, plant and equipment included purchases related to the purchase of land and construction of new stores and expansion of warehouse space in Krotoszyn as well as the purchases related to store and warehouse fit-outs. In the period from 1 January to 31 March 2018, the Group incurred capital expenditures of approximately PLN 113 million, including fixed assets under construction (it was about PLN 67 million in 2017).

*Material obligations on account of property, plant and equipment purchases*

As at the date of the financial statements, liabilities for property, plant and equipment purchases were related mainly to the purchase of land and construction services related to the ongoing rollout of the Dino Polska Group's store network. They totaled PLN 63,552 thousand. At the end of Q1 2017, investment liabilities were PLN 49,885 thousand.

*Information about litigation and material proceedings pending in a competent body for arbitration or a public administrative authority*

No litigation of material importance for the operation of the Dino Group referred to in the header was pending in the period from 1 January 2018 to 31 March 2018.

*Correction of errors of previous periods*

In the period covered by these statements, there were no corrections of errors of previous periods.

*Changes in the economic situation and business conditions with material effect on the fair value of financial assets and financial liabilities*

The changes in the economic situation and business conditions had no material effect on the fair value of the Group's financial assets and financial liabilities.

*Information on default on a loan or borrowing or breach of material provisions of loan or borrowing agreements*

No occurrences covered by this item occurred in the reporting period.

*Information on related party transactions*

Related party transactions were routine in nature and concluded on the arm's length basis, at prices no different from the prices used in transactions between unrelated parties. Intra-Group transactions were eliminated in the consolidation process.

*Information on changes in the fair value measurement methodology for financial instruments measured at fair value and changes in the classification of financial instruments*

In this reporting period, no changes were made to the fair value measurement methodology and no changes were made to the classification of financial assets resulting from the change of purpose or use of such assets.

*Information on the issue, redemption and repayment of non-equity and equity securities*  
No events covered by this item occurred in the reporting period.

*Information on dividend paid (or declared), in total and per share, for common and preference shares*  
During the reporting period, the Parent Company did not pay out any dividend.

*Events taking place after the date of the quarterly condensed financial statements, which were not included in the statements but may materially affect the issuer's future financial results*

By the date of these financial statements, no events occurred that may materially affect the Group's future financial results.

*Information on changes in contingent liabilities or contingent assets that have taken place since the end of the previous financial year*

No change in contingent assets was recorded in the reporting period. At the end of the reporting period, the Group had contingent liabilities arising from the concluded preliminary agreements in the amount of PLN 203,634 thousand.

*Other information that can materially affect the assessment of the issuer's assets, financial position and financial result*

No events occurred in the reporting period that could materially affect the assessment of the Group's assets, financial position and financial result.

## 6. OTHER INFORMATION

*Position of the Management Board on possibility of achieving the previously published financial performance forecasts*

The Company's Management Board did not publish any forecasts for 2018.

*Sureties for loans and borrowings and guarantees extended by the issuer or its subsidiary*

In Q1 2018 Dino Polska S.A. extended a surety for a subsidiary – Dino Krotoszyn in the amount of PLN 24.75 million. This surety constitutes collateral for the credit facility between Dino Krotoszyn and Bank PKO BP totaling PLN 16.14 million for the period up to 24 October 2024.

*Other information*

During the reporting period and up to the report's date of publication, no other material events occurred that would require disclosure.

SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

Szymon Piduch – President of the Management Board .....

Michał Krauze – Management Board Member .....

Krotoszyn, 15 May 2018