

## **Extraordinary Shareholder Meeting DINO Polska S.A. (Company) – 28 November 2018**

### **1. Justification for Resolution no. 1 on appointing Chairman of Shareholder Meeting**

The presented resolution has technical and organizational nature. Adoption of resolution no. 1 is required under article 409 § 1 of the Commercial Companies Code

### **2. Justification for Resolution no. 2 on adopting the agenda of Shareholder Meeting**

The presented resolution has technical and organizational nature. Adoption of resolution no. 2 is required under article 4022 sec.1) of the Commercial Companies Code.

### **3. Justification for Resolution no. 3 on adopting a resolution to merge Dino Polska S.A. with its subsidiary Pol-Food Polska sp. z o.o.**

The intention to merge Dino Polska S.A. (“Dino Polska”) with its subsidiary Pol-Food Polska sp. z o.o. (“Pol-Food”) is a step in the process aimed at simplifying the structure of the Dino Polska Group.

To date, the business objective pursued by Pol-Food has been to manage private labels, conduct marketing activities and manage trademarks. Considering that:

- i) Dino Polska’s offering is shaped to ensure customer satisfaction through fresh products and high-quality merchandise supplied by manufacturers under their own brands (in most cases very well known to Polish consumers) and the Group has no intention to significantly develop its portfolio of private label products (apart from Agro-Rydzyna products, private labels account for less than 2% of revenue generated by Dino Polska S.A.);
- ii) Dino Polska develops its business in own stores and has no plans to open new stores under the franchise model (Pol-Food’s business in this area is limited to licensing the rights to operate 13 franchise stores under the Dino brand, whereas at the end of September 2018 the whole Dino network consisted of 895 stores);
- iii) Dino Polska already enjoys a sufficiently large scale of business to be able to respond effectively to key consumer preferences which determine the customer’s selection of the store for day-to-day purchases (i.e. an attractive product range, low prices and proximity to home) and no longer needs, unlike in previous years and in the light of a relatively low degree of customer loyalty to food network brands, to focus on building brand recognition of its stores with the help of a specialized company;

the Dino Polska Management Board has decided that it will be more efficient to place marketing functions directly within the Dino Polska organizational structure. The inclusion of Pol-Food’s operations into Dino Polska, in addition to reducing certain overhead expenses, will help eliminate cash flows and allocation of cash to Pol-Food acting as a marketing company and thus enable a more flexible use of the Dino Group’s cash base in the execution of its capital expenditure program associated with the Dino store network roll-out. Because the merger will be with a subsidiary in which Dino Polska holds a 100% stake, the transaction will have no impact on the consolidated financial statements of Dino Polska.

The detailed terms of the merger are specified in the Merger Plan prepared on 26<sup>th</sup> October 2018 and available on the Company’s website (<http://grupadino.pl/en/corporate-governance/>)