

**Report of the Supervisory Board
of Dino Polska Spółka Akcyjna with its registered office in Krotoszyn**

**on the results of examination of the
Management Board Activity Report of the DINO Polska S.A. Group,
separate financial statements and consolidated financial statements of the Company and the
Management Board's motion on the distribution of the Company's profit
for the financial year ended 31 December 2017**

1. Analysis of the financial statements and the Management Board Activity Report for DINO Polska S.A. in 2017

Pursuant to art. 382 of the Commercial Company Code, the Company's Articles of Association and the Best Practices of WSE Listed Companies, the Supervisory Board of Dino Polska S.A. evaluated and examined the following documents in order to prepare this report:

- 1) the Management Board Activity Report for the Company in the financial year ended 31 December 2017,
- 2) the Company's financial statements for the period from 1 January 2017 to 31 December 2017, comprised of:
 - a) introduction to the financial statements,
 - b) balance sheet prepared as at 31 December 2017 showing the amount of PLN 2,251,673 thousand on the assets side and on the liabilities and equity side,
 - c) statement of profit or loss for the financial year from 1 January 2017 to 31 December 2017 showing net profit of PLN 92,504 thousand,
 - d) statement of changes in equity for the financial year from 1 January 2017 to 31 December 2017, showing an increase in equity by PLN 100,004 thousand,
 - e) statement of cash flows for the financial year from 1 January 2017 to 31 December 2017, showing an increase in cash by PLN 131,376 thousand,
 - f) notes and explanations to the financial statements,
- 3) opinion and report from the audit of the Company's financial statements for 2017 issued by the statutory auditor, Ernst & Young Audyt Polska Sp. z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw.
- 4) the Management Board's proposal of distribution of the 2017 profit.

The Supervisory Board has familiarized itself with the statutory auditor's opinion and report on the audit of the separate financial statements and conducted an economic and financial analysis of the Company's operations. The statutory auditor acting on behalf of Ernst & Young Audyt Polska Sp. z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw issued a positive opinion on the submitted financial statements for 2017, stating that they were prepared, in all material respects, in compliance with the accounting principles and related interpretations in these standards and based on properly kept accounting ledgers. The statements are compliant, in their form and content, with the applicable laws and are a fair and clear presentation of all material information, the economic and financial standing and the financial result of the entity.

In the reporting period from 1 January to 31 December 2017, the sales revenues of Dino Polska S.A. amounted to PLN 4,501,266 thousand, compared to PLN 3,357,936 thousand in 2016 (+34%). The Company earned operating profit of PLN 163,305 thousand and net profit of PLN 92,504 thousand. In the period in question, operating expenses amounted to PLN 4,338,802 thousand. The balance sheet of Dino Polska SA as at 31 December 2017 closed with total assets and total equity and liabilities at PLN 2,251,673 thousand. The balance sheet total increased by PLN 529,196 thousand as compared to that of 31 December 2016.

The Management Board Activity Report of Dino Polska SA in 2017 is deemed to be complete. The report contains information about the Company's economic and financial standing and describes material events having a significant influence on the Company's activity in the reporting period. The report was prepared in accordance with the Company's ledgers and documents and the facts and contains the necessary synthetic information about the operations of the Dino Polska S.A. Group. The Supervisory Board deems the statements and the report discussed above to be a correct reflection of the actual status and correct presentation of the Company's financial and economic standing in the reporting period. The Supervisory Board deems the statements and the report to have been prepared correctly, in compliance with the provisions of law affecting the form and content of financial statements and governing the preparation of financial statements.

2. Analysis of the consolidated financial statements and the Management Board Activity Report for the DINO Polska S.A. Group in 2017

The Supervisory Board has familiarized itself with the statutory auditor's opinion and report on the audit of the consolidated financial statements and conducted an economic and financial analysis of the Dino Polska SA Group. The statutory auditor acting on behalf of Ernst & Young Audyt Polska Sp. z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw issued a positive opinion on the submitted consolidated financial statements for 2017, stating that it was prepared, in all material aspects, in compliance with the accounting principles, International Financial Reporting Standards and related interpretations and based on properly kept accounting books and consolidation documentation. The statements are prepared, in their form and content, in accordance with the applicable laws and are a fair and clear presentation of the economic and financial standing of the Dino Polska SA Group and the Group's financial result as at 31 December 2017.

In 2017, the Dino Polska SA Group generated sales revenue of PLN 4,515,933 thousand (+34.0%). In the period in question, its operating profit increased by PLN 87,653. The Company improved its profitability on all levels of the profit and loss account. The balance sheet of Dino Polska SA Group as at 31 December 2017 closed with total assets and total equity and liabilities at PLN 2,451,329 thousand. The balance sheet total increased by PLN 594,489 thousand as compared to that of 31 December 2016. Expansion of the sales network caused an increase in property, plant and equipment by PLN 360,393 thousand and inventories by PLN 91,721 thousand. At the equity and liabilities side, material changes included an increase in indebtedness of the Dino Polska SA Group by PLN 125,516 thousand (including a bond issue of PLN 100,403 thousand in 2017).

The Management Board Activity Report of the Dino Polska SA Group in 2017 is deemed to be complete. The report contains information about the Group's economic and financial standing and describes

material events having a significant influence on its activity in the reporting period. The report was prepared in accordance with the Company's ledgers and documents and the facts and contains the necessary synthetic information about the operation of the Group. The Supervisory Board deems the statements and the report discussed above to be a correct reflection of the actual status and presentation of the Group's standing in the reporting period.

3. Evaluation of the Company's standing, including internal control, risk management and compliance systems and the internal audit function

Evaluation of the internal control and risk management system

Dino Polska S.A. has an extensive internal control system in place, for effective prevention and quick elimination of any irregularities. The internal control system covers in essence all the areas of the Company's operation and all of its organizational units. In the financial statements review process, the financial statements are reviewed by an independent statutory auditor.

The Parent Company's separate financial statements are prepared in accordance with:

1. Accounting Act of 29 September 1994 (consolidated version: Journal of Laws of 2017, item 2342, as amended),
2. Internal accounting procedures based on the accounting policies in effect in Dino Polska S.A.,
3. Applicable law and provisions of the articles of association of Dino Polska S.A.

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union – they include adjustments that are not recognized in the accounting ledgers of all the Dino Polska S.A. Group companies, which are made in order to restate the separate financial data of the Parent Company and Dino Polska S.A. Group Subsidiaries to ensure compliance with the IFRS.

The process of preparing the financial statements is subject to an internal control system and a risk management system, which contributes to maintaining the credibility and integrity of financial reporting as well as compliance with legal regulations and internal regulations. The internal control system entails:

- control activities performed by employees of the Dino Polska S.A. Group companies as part of their tasks and duties (the current allocation of duties rules out the possibility of one employee performing activities related to the execution and documentation of business operations from the beginning to the end),
- functional control performed by employees in managerial positions who oversee the organizational cells reporting to them.

Risk management in the process of preparing financial statements relies on identifying and assessing risk while defining and taking actions to mitigate them or to eliminate them in their entirety. The Chief Accountant and the Management Board Member responsible for Finance to whom the financial and accounting teams report oversee the process of preparing the financial statements of the Parent

Company and the consolidated financial statements of the Dino Polska S.A. Group. The risk management process commences at the lowest levels in the Group so as to ensure the fulfilment of the intended objectives. Risk management in the Dino Polska S.A. Group is a process overseen by the Management Board and key managerial personnel.

The correctness of preparing financial statements is also checked by Supervisory Board members within the framework of the Audit Committee's tasks entrusted to the Supervisory Board. To confirm the compliance of the data set forth in the financial statements with the facts and the records in the accounting ledgers kept by the Company, the financial statements are audited by an independent statutory accountant who issues opinions on this subject. All the efforts undertaken by the Company aim to ensure compliance with the requirements of the law and the facts as well as the appropriately early identification and elimination of potential risks so as for them not to affect the integrity and correctness of the presented financial data.

Compliance

The company has no separate compliance system. The compliance tasks are performed by the Management Board Office employees as the persons who are the most familiar with the applicable provisions of law. Irrespective of the above, all of the Company's employees participate in the process of reviewing compliance of internal regulations effective in the area of their activity with the local and international law.

Internal audit

The Audit Committee elected from among the Supervisory Board members took an active part in the performance of the internal audit function. During the performance of financial review activities, both the Audit Committee and the Supervisory Board familiarized themselves with the financial statements prepared by the Company for 2017, analyzed risks and met with the statutory auditor and with the Company's Management Board. The Supervisory Board of Dino Polska S.A. has determined that the financial statements prepared by the Company contain accurate information about the Company's activity and have been prepared in accordance with the current requirements. The Supervisory Board has determined that despite the many possible events with an adverse effect on the economy and the seasonality of demand, there are no material factors that could pose a threat to the continuation of its activity as a business entity and as a public company.

4. Evaluation of the manner of the Company's fulfillment of reporting duties concerning the application of corporate governance principles,

In the financial year 2017, Dino Polska S.A. applied the corporate governance standards set forth in the "Best Practices of WSE Listed Companies 2016", which constitute Attachment to Resolution No. 26/1413/2015 adopted by the Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange) on 13 October 2015.

In accordance with standard I.Z.1.13. of the "Best Practices of WSE Listed Companies 2016", Dino Polska S.A. publishes on its website at www.grupadino.pl, in the "Corporate Governance" section of

the “About Dino Polska” tab, information on the status of the application by the Company of recommendations and standards included in the “Best Practices of WSE Listed Companies 2016”.

According to the Company’s representation, in the financial year 2017, Dino Polska S.A. applied the corporate governance principles set forth in the document entitled “Best Practices of WSE Listed Companies 2016”, with the exception of:

- standard I.Z.1.3. – to the extent it refers to the division of duties and responsibilities among members of the management board drawn up according to standard II.Z.1;
- standard I.Z.1.8. – to the extent it refers to the tables containing the company’s financial highlights for the most recent 5 years of business in a format facilitating data processing by the recipients thereof;
- standard I.Z.1.20 – to the extent it refers to an audio or video recording of the shareholder meeting;
- standard II.Z.1. – to the extent it refers to the internal division of responsibilities for individual areas of the company’s operation among members of the management board;
- standard IV.Z.2. - to the extent it relates to the provision of publicly available broadcasts of shareholder meetings in real time.
- recommendation II.R.2 – to the extent it refers to diversity of the corporate bodies in terms of gender;
- recommendation IV.R.2. - to the extent that it refers to shareholders’ participation in shareholder meetings using IT tools, in particular bilateral mutual real-time communication, participating in discussions during the meeting for shareholders who are physically absent at the venue of the shareholder meeting.

In performance of the obligations set forth in §91 Section 5 Item 4 of the Regulation issued by the Minister of Finance on 19 February 2009 on the Current and Periodic Information Transmitted by Securities Issuers and the Conditions for Recognizing the Information Required by the Regulations of a Non-Member State as Equivalent, Dino Polska S.A. included a representation on the application of the corporate governance principles in the financial year 2017 in the Management Board Activity Report for 2017, as a separate part of that Report.

The Supervisory Board discussed with the Management Board the corporate governance principles used by the Company, familiarized itself with the statement of Dino Polska S.A. on the application of corporate governance principles in the financial year 2017 included in the Company’s annual report for the financial year 2017 and with the Information on the status of application of recommendations and standards included in the “Best Practices of WSE Listed Companies 2016” published on the Company’s website and with the statutory auditor’s opinion about the statement on the application of corporate governance principles included in the independent statutory auditor’s report on the audit of the financial statements of Dino Polska S.A. for the financial year 2017.

The Supervisory Board believes that in the financial year 2017 the Company fulfilled its reporting duties pertaining to the application of corporate governance principles set forth in the Stock Exchange Regulations and the provisions of law pertaining to current and periodic information submitted by securities issuers, in a correct, accurate and complete manner.

5. Policy for charitable and sponsoring activity

The company has no sponsoring policy. Charitable activity is conducted by the DINO Najbliżej Ciebie Foundation, which holds the status of a public benefit organization.

6. Conclusions from the analysis of statements and reports and recommendations for the Shareholder Meeting

In the summary of the previous year, the Supervisory Board stated that the activity conducted by Dino Polska S.A. generated very good economic results, which consolidated the position of the Company and the entire Group on the financial and business market and increased the value of its assets. The strategy of the Dino Polska SA Group assumes a consistent expansion of the sales network and opening new stores, carefully selected in terms of the expected profitability and rates of return. In 2017, the Dino Polska S.A. Group maintained its high rate of expansion, strengthening its position on the retail market in Poland. In 2017, effective expansion was reflected in an increase in retail space. Retail space grew by 23.8% compared to the previous year up to 295 thousand square meters as at 31 December 2017.

Considering the need to ensure further stable growth of the Company, the Supervisory Board has stated that the adopted growth directions are proper and gradually implemented by the Management Board. The economic and financial results presented in the statements and their analysis by the Supervisory Board has allowed for a positive evaluation of the Company's operations in 2017 and give high marks to its Management Board. Having analyzed the submitted statements and reports and the results of Dino Polska S.A. and the Dino Polska S.A. Group in 2017, the Supervisory Board, acting in accordance with the principles set forth the Best Practices of WSE Listed Companies, hereby issues a positive opinion about the Company's activity and financial standing in the period from 1 January to 31 December 2017. The Supervisory Board believes that there is no threat to the continuing operation of Dino Polska S.A. and the Group as a going concern and the actions being taken guarantee further development of the Company in the future. The Supervisory Board hereby accepts the proposal put forward by the Dino Polska S.A. Management Board in respect to the distribution of profit for 2017 and the separate and consolidated financial statements for 2017 and moves to the Shareholder Meeting to approve them.

Accordingly, having conducted the evaluation, the Supervisory Board decides to issue a positive opinion for the Ordinary Shareholder Meeting to adopt the following resolutions:

1. to approve the separate financial statements and the Management Board Activity Report for DINO Polska S.A. for the financial year ended 31 December 2017;
2. to approve the consolidated financial statements and the Activity Report of the DINO Polska S.A. Group for the financial year ended 31 December 2017;
3. to distribute the profit earned for the financial year ended 31 December 2017 in such a way that the entire net profit in the amount of PLN 92,504 thousand is allocated to the supplementary capital;
4. to grant a discharge to the Company's Management Board on the performance of its duties in 2017.

DINO POLSKA S.A. Supervisory Board

Tomasz Biernacki _____

Eryk Bajer _____

Maciej Polanowski _____

Pierre Detry _____

Piotr Nowjalis _____

Sławomir Jakszuk _____