



**Management Board Activity Report
for Dino Polska S.A. and the Dino
Polska S.A. Group in 2019**

Dino Polska Spółka Akcyjna

Joint stock company with its registered office in 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 December 2019 was PLN 9,804,000.00 and consisted of 98,040,000 shares with a nominal value of PLN 0.10 each ("Shares").

This document contains the Management Board Report for Dino Polska S.A. ("Dino Polska", "Company", "Parent Company") on the Activity of the Dino Polska S.A. ("Group", "Dino Polska Group") in 2019 and the Management Board Report on the Parent Company's Activity. The Group includes the parent company and subsidiaries over which Dino Polska exercises total control ("Subsidiaries"). Unless specified otherwise, the data in this Report comes from Dino Polska. This document's date of publication is 13 March 2020 ("Report Date").

Whenever the term Consolidated Financial Statements is used in this document, it means the Financial Statements for the year ended 31 December 2019 prepared in accordance with the International Financial Reporting Standards approved for use in the EU.

Whenever the term Company's Financial Statements is used in this document, it means the Financial Statements for the year ended 31 December 2019 prepared on the basis of the Accounting Act.

Unofficial translation. Only the original Polish text is binding.

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1. LETTER FROM THE CEO OF DINO POLSKA

Dear Stakeholders, Employees and Shareholders,

The past year was another period in which we consistently executed our strategy, which produced results in the form of the equally fast growth of the Dino network as in prior years. I am proud to present our 2019 results.

We achieved the major objectives we set for ourselves more than one year ago. We opened a record-breaking 243 stores, meaning that at the end of last year there were 1,218 stores operating across Poland under the Dino brand and their total sales area topped 472 thousand square meters, up 26% from the year before.

Our logistics have also expanded hand in hand with our store network. We completed the process of launching our fourth distribution center in Rzeszotary in Lower Silesia in early 2019. In the middle of the year we opened a distribution center in Wolborz in central Poland to replace the distribution center we previously leased in Piotrków Trybunalski. At present, we are in the process of building a fifth distribution center in the community of Łobez in northwestern Poland. In parallel, we are preparing to conduct more investments in this area.

Our revenue growth, measured by LFL, namely in stores that also operated in 2018 was 11.6%, which in combination with the dynamic growth in store count enabled us to ratchet up our total revenue by more than 31% to PLN 7.6 billion. Just as in previous years, further profit improvement accompanied this process.

The growing number of people visiting our stores is a source of pleasure for us. We are constantly striving to earn the trust of our customers and we are expending significant effort to align our product assortment to their needs. We are also steadily endeavoring to reduce our environmental impact. In late 2019 we started to install photovoltaic panels on the roofs of Dino stores, which is one of our key projects in environmental policy. Through this investment, our stores will be powered with environmentally-friendly energy from the sun and will markedly reduce our energy demand from conventional sources. We are also considering and analyzing other projects that could sustainably support our business and simultaneously reduce its impact on environment.

In 2020 we intend to maintain the current pace of growth. We continue to see a lot of space to enhance the density of our network in southwestern Poland and expand into other regions. In accordance with our policy to date, we would like to earmark the entirety of our profits for continued growth. Our capital expenditures this year will be approximately PLN 950 million. We are poised for the number of new Dino store openings in 2020 to grow at a similar pace to last year's. In parallel with network rollout, we are working on sustaining high LFL sales growth and continuing to improve our profitability.

Yours faithfully,

Szymon Piduch

CEO of Dino Polska S.A.



2. DINO POLSKA AND GROUP FINANCIAL HIGHLIGHTS

Dino Polska SA Group

	Year ended 31 December		Year ended 31 December	
	2019	2018	2019	2018
	PLN '000		EUR '000*	
<i>under IFRS, audited</i>				
Sales	7 646 547	5 838 529	1 777 523	1 368 330
Operating profit	561 909	429 002	130 622	100 542
Profit before tax	502 460	383 978	116 802	89 990
Net profit for the year	410 907	307 554	95 520	72 079
Basic / Diluted earnings per share (PLN, EUR)	4,19	3,14	0,97	0,74
Net cash flows from operating activities	799 044	643 297	185 746	150 764
Net cash flows from investing activities	(827 807)	(634 018)	(192 433)	(148 590)
Net cash flows from financing activities	154 563	82 298	35 930	19 288
Net increase/(decrease) in cash and cash equivalents	125 800	91 577	29 244	21 462
	As at 31 December		As at 31 December	
	2019	2018	2019	2018
	PLN '000		EUR '000**	
<i>under IFRS, audited</i>				
Total assets	4 350 750	3 287 690	1 021 663	764 579
Total non-current assets	3 215 763	2 458 378	755 140	571 716
Total current assets	1 134 987	829 312	266 523	192 863
Total equity	1 622 353	1 211 873	380 968	281 831
Share capital	9 804	9 804	2 302	2 280
Total long-term liabilities	860 217	693 176	202 000	161 204
Total current liabilities	1 868 180	1 382 641	438 694	321 544

*Based on average annual EUR/PLN exchange rate published by the National Bank of Poland (1 EUR = 4,3018 PLN in 2019 and 1 EUR = 4,2669 PLN in 2018)

**Based on the average EUR/PLN exchange rate of the NBP as at 31.12.2019 (1 EUR = 4,2585 PLN) and 31.12.2018 (1 EUR = 4,3 PLN)

Dino Polska S.A.

	Year ended 31 December		Year ended 31 December	
	2019	2018	2019	2018
	PLN '000		EUR '000*	
<i>under PFRS, audited</i>				
Sales	7 624 411	5 832 221	1 772 377	1 366 852
Operating profit	447 617	309 624	104 053	72 564
Profit before tax	392 759	265 563	91 301	62 238
Net profit for the year	318 201	208 558	73 969	48 878
Basic / Diluted earnings per share (PLN, EUR)	3,25	2,13	0,75	0,50
Net cash flows from operating activities	700 765	620 024	162 900	145 310
Net cash flows from investing activities	(699 460)	(586 967)	(162 597)	(137 563)
Net cash flows from financing activities	117 048	65 632	27 209	15 382
Net increase/(decrease) in cash and cash equivalents	118 353	98 689	27 512	23 129
	As at 31 December		As at 31 December	
	2019	2018	2019	2018
	PLN '000		EUR '000**	
<i>under PFRS, audited</i>				
Total assets	3 918 286	2 979 895	920 109	692 999
Total non-current assets	2 660 390	2 031 010	624 725	472 328
Total current assets	1 257 896	948 885	295 385	220 671
Total equity	1 248 171	929 970	293 101	216 272
Share capital	9 804	9 804	2 302	2 280
Total long-term liabilities	681 932	600 881	160 134	139 740
Total current liabilities	1 922 179	1 397 539	451 375	325 009

*Based on average annual EUR/PLN exchange rate published by the National Bank of Poland (1 EUR = 4,3018 PLN in 2019 and 1 EUR = 4,2669 PLN in 2018)

**Based on the average EUR/PLN exchange rate of the NBP as at 31.12.2019 (1 EUR = 4,2585 PLN) and 31.12.2018 (1 EUR = 4,3 PLN)

3. OPERATIONS OF DINO POLSKA AND THE GROUP

3.1. Business profile

Dino is a Polish network consisting of medium-sized grocery supermarkets located close to clients' places of residence. The Company is one of the fastest growing retail grocery networks in Poland measured by the number of stores and revenues.

Dino Polska's business model combines the advantages of the format provided to customers by medium-sized stores situated 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 December 2019, the Dino network consisted of 1,218 stores with a total selling area of 472,224 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 590, i.e. 94%, in the period of three years up to 31 December 2019. Its network expansion has been accompanied by significant like for like (LFL) revenue growth in its current store network, which in 2019 stood at 11.6% compared to 2018. The Dino Group continues to develop its network, consistently looking for sites for its new stores.

Dino Polska'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. Most stores have a sales floor area of approx. 400 square meters. Each store offers its customers approx. 5,000 stock keeping units (SKUs), for the most part well-known branded products and fresh products as well as a meat counter manned by store staff.

The Dino Polska Group's business model is scalable to a large extent. It comprises centralized management supported by suitable IT systems, a logistics network based on four 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, combined with operational leverage and store network maturation, consistently enhance the Dino Polska Group's profitability.

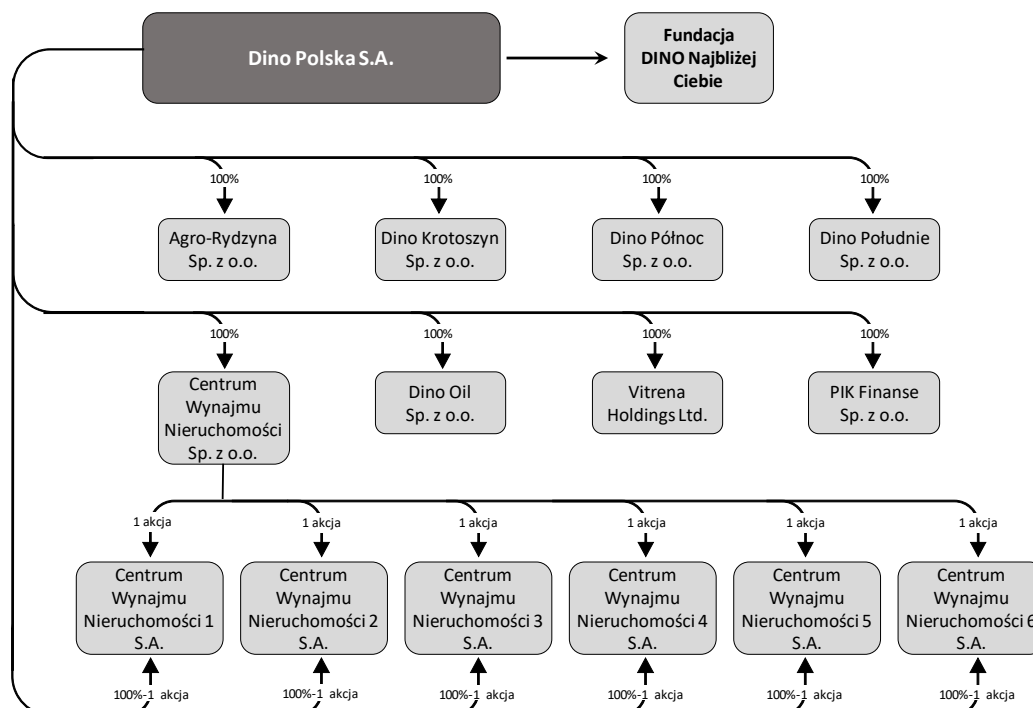
3.2. Description of the Group

Dino Polska is the parent company of the Dino Polska Group. The company runs a business involving the management of the store network under the Dino brand. The Company manages, among others, the logistics of supply of products to the stores, sales, product range offered in the stores and supports other Subsidiaries (Real Estate Lease Centers) execution of investment processes related to securing new sites and building 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 third parties and other Group Companies that own the properties.

As at 31 December 2019 and 31 December 2018, the share Dino Polska and other Dino Polska Group entities have in their subsidiaries is equal to these entities' share of capital.

Agro-Rydzyna sp. z o.o. runs a meat processing plant that produces cold cuts and fresh meat. Dino Krotoszyn sp. z o.o. and Dino Południe sp. z o.o. own part of the warehouse space used by the Group and they render warehouse services in favor of the Group. Dino Oil sp. z o.o. renders shipping services. PIK Finanse Sp. z o.o. is an institutions rendering financial services. Dino Północ sp. z o.o. and Vitrena Holdings Ltd. did not conduct operating activity as the end of 2019.

The chart below depicts the Dino Polska Group's structure



In 2019 there were no major changes to the structure of the Dino Polska Group or to how it is managed.

Neither Dino Polska nor any Subsidiary holds shares and interest in other entities than the ones specified on the chart above, nor does it have any financial instruments that may exert a material impact on their operations, an assessment of its assets and liabilities, financial standing and statement of profit or loss. Neither the Company nor any Subsidiary made any equity investments outside the Group in 2019. Dino Polska did not buy any treasury stock or shares in 2019 or in prior years. Dino Polska's main investments are linked to buying property, plant and equipment in connection with the expansion of Dino's store network. They are effected in the territory of Poland only and financed with own resources earned on operations and from external sources, such as interest-bearing bank loans, bonds and financial leases.

3.3. Operating activity in 2019

The Dino Polska Group's operations are conducted in Poland. The Group runs a modern network consisting of medium-size grocery supermarkets located close to clients' place of residence. As at 31 December 2019, the Dino network consisted of 1,218 stores with a total selling area of 472,224 square meters.

The table below shows the Dino store count and the total selling area at the end of the year.

	As at 31 December									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total number of stores	1,218	977	775	628	511	410	324	234	154	111
Sales area (thousand square meters)	472	376	295	238	192	151	119	81	50	32

Products

The Dino Polska Group sells solely in Poland. Dino offers its clients roughly 5 thousand stock keeping units (SKUs) chiefly consisting of branded and fresh products. Fresh products accounted for more than 38% of sales revenue in 2019. Dino focuses on offering branded products at attractive prices. In 2019 branded products

accounted for the vast majority of revenue (net of fresh products, including the products of the Agro-Rydzyna meat processing plant).

Product categories

The major product categories sold by the Company and the Dino Polska Group include the following: (i) fresh groceries, including the meat products supplied by Agro-Rydzyna; (ii) dry grocery products, beverages, alcohol and cigarettes; and (iii) non-grocery products. These products represented 38%, 50% and 12%, respectively of revenue in 2019.

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

	2019	2018	2017
Fresh food products	38	38	37
Dry grocery products, beverages, alcohol and cigarettes	50	50	51
Non-grocery products	12	12	12

Fresh food products

In 2019 fresh products accounted for more than 38% of sales revenue in the Dino Polska Group. In this category Dino's stores offer a wide array of products, including meat, poultry and cold cuts, fruit and vegetables, dairy products and bread. Fresh products are delivered to stores every day of the week except for Sundays.

The proprietary meat processing plant run by Agro-Rydzyna makes it possible to offer a wide array of meat and cold cuts in Dino stores. In 2019 fresh meat and cold cuts, as well as poultry, which Agro-Rydzyna supplies for the Group's needs, accounted for 39% of the revenue on fresh products and 15% of the Group's entire revenue.

Dry grocery products, beverages, alcohol and cigarettes

In 2019 dry fresh products, beverages, alcohol and cigarettes accounted for nearly 50% of revenue in the Dino Polska Group. Most of the dry grocery products offered are branded FMCG products with a high level of recognition.

Non-grocery products

In 2019 non-grocery products accounted for 12% of sales revenue in Dino Polska and the Dino Polska Group. These products include, among others, cleaning agents, sanitary articles, pet food and small household appliance products.

Procurement of products

The Dino Polska Group has a diversified supplier base including above all producers and their main representatives. Dino Polska believes that on account of its size and the expansion of its operating activity it is one of the largest and fastest growing clients for many suppliers of grocery articles in Poland. Dino Polska has also adopted a policy of closely cooperating with the producers of brands with a lower of recognition, to give clients a less expensive alternative to the leading brands. Private label products (with the exception of the Agro-Rydzyna products) accounted for more than 2% of sales revenue in the Dino Group in 2019 and just under 2% in 2018.

Suppliers

The Dino Polska Group collaborates with many suppliers from the FMCG industry. In 2019, the top 10 suppliers (excluding Agro-Rydzyna) accounted for nearly 17% of the Dino Polska Group's purchases, while the largest supplier from outside the Dino Polska Group accounted for less than 5% of the Dino Polska Group's purchases.

Agro-Rydzyna

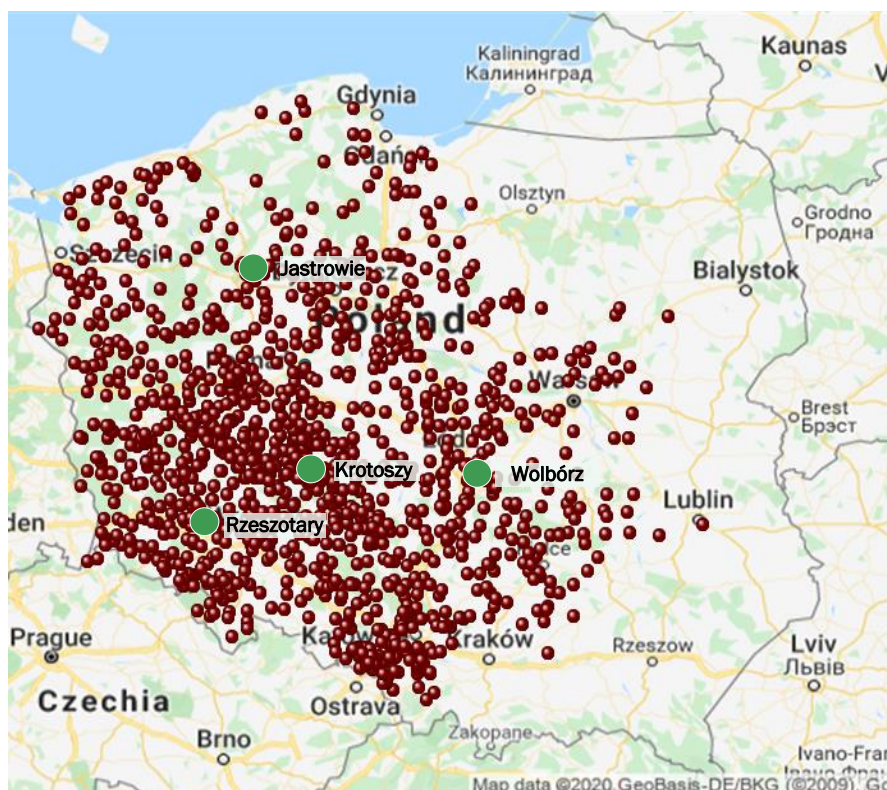
Agro-Rydzyna is the sole supplier of high quality fresh meat to Dino stores and the primary supplier of cold cuts. Moreover, Agro-Rydzyna acts as a middleman in the purchase of poultry meat for the Dino stores from third party suppliers. The whole production of the meat processing plant operated by Agro-Rydzyna is sold through

the Dino store network. In 2019 products supplied by Agro-Rydzyna generated 15% of sales revenue in Dino Polska and the Dino Polska Group.

Store network

As at 31 December 2019, the Dino store network consisted of 1,218 stores with a total selling area of 472,224 square meters. In 2019 the Dino Group opened 243 new stores (2 of these stores were relocations), 20.3% more than in 2018, when 202 stores were opened.

The map below pictures the Dino Polska Group's store network and distribution centers as at 31 December 2019.



Dino stores feature a homogenous format. The typical Dino store is a free-standing building open from 7:00 a.m. to 10:00 p.m. Most stores have a sales floor area of approx. 400 square meters and are located on plots with a parking lot for 10-30 vehicles. The store locations are diligently selected so that they are situated in sites with a large intensity of footfall or automobile traffic.

The table below shows information on the total number of stores in the Dino Polska Group and the total selling area in the Dino Polska Group's stores.

	As at 31 December		
	2019	2018	2017
Number of new store openings	243	202	147
Total number of stores at the end of the period	1,218	977	775
Total selling area (m ²)	472,224	375,715	295,226
Growth of sales area y/y	25.7%	27.3%	23.8%

Warehousing and distribution

The Dino store network is supported by an efficient warehousing and distribution system managed centrally from four distribution centers and by a network of independent transportation companies.

Distribution centers

The products offered in Dino stores are distributed by four distribution centers that are capable of ensuring deliveries to a total of approx. 1,300-1,400 stores. In 2019 the Dino Group completed the process of commissioning its fourth distribution center located in Rzeszotary in the vicinity of Legnica and it relocated its previously-leased distribution center from Piotrków Trybunalski to its own distribution center in Wolborz. The total warehousing space at the end of 2019 was 171.9 thousand square meters and was 15.4% higher than at the end of 2018.

The table below shows the total area of the Dino Polska Group's distribution centers as at 31 December 2019.

	Warehouse space (thousand square meters)
Facility in Krotoszyn	50.6
Facility in Wolborz	43.1
Facility in Jastrowie	31.7
Facility in Rzeszotary	46.6
Total	171.9

3.4. Growth strategy

The Dino Polska Group's strategy calls for continued growth by focusing on three key areas: (i) continuation of rapid organic growth in the number of stores, (ii) continued growth in LFL sales revenue in the current store network and (iii) consistent improvement in profitability. Dino Polska's intention is to execute its growth strategy by further utilization of the Dino Polska Group's strengths and its competitive advantages.

Continuation of rapid organic growth in the number of stores

Under the strategy crafted in 2016 the Dino Polska Management Board intended to increase the number of its stores from 557 at the end of June 2016 to having more than 1,200 stores open by the end of 2020. The Dino Group has consistently pursued this objective by opening 123 new stores in 2016, 147 in 2017, 202 in 2018 and 243 in 2019, thereby increasing the selling area by 24.4%, 23.8%, 27.3% and 25.7%, respectively.

As a result, this strategic target has been outperformed one year earlier than originally planned. The Management Board of Dino Polska intends to maintain the high pace of growth of the selling area in Dino stores in subsequent years, too. Considering the relatively small share of the Dino network in the value of the retail grocery market in Poland, the Management Board of Dino Polska plans to continue to leverage the network's ability to grow organically in its current form by doing the following: (i) continuing to drive up its store density in its current areas of operation and (ii) steadily expanding in new regions, which ultimately should have a similar saturation of Dino stores to other regions.

In the opinion of the Company's Management Board, the attainment of this goal will be supported by the potential of the Polish market, still leveraged by the Company only to a small extent, extensive experience of Dino Polska's management in selection of attractive locations and uniform store format which supports fast opening of new stores.

In the next few years the Dino Group intends to make additional investments supporting new openings, including:

- (i) strengthen the existing Dino Group expansion department responsible for the process of search for sites and new openings;
- (ii) regularly secure sites for further development in existing and new regions;
- (iii) build further distribution centers, assuming that one center is able to service approx. 350 stores; and

- (iv) develop the production capacities of the meat processing plant operated by Agro-Rydzyna through its expansion and replacement of the production lines with new ones, and commissioning another meat processing plant in a new location.

Continued growth in LFL sales revenue in the current store network

Dino Polska anticipates that it will be able to continued growing LFL sales revenue in the current store network. For this purpose the Company will undertake efforts to increase the number of clients doing their shopping in Dino stores and the value of purchases per client.

Dino Polska is aware of the key trends contributing to a change in the lifestyle led by consumers and the customs concerning the purchases of groceries, also including the following:

- (i) looking for stores close to the place of residence and striving for convenience when making purchases;
- (ii) demanding high quality and branded products; and
- (iii) ever higher health awareness and greater interest in fresh and healthy food, including Polish products.

The model adopted by the Dino Polska Group of having modern medium-sized supermarkets situated close to peoples' place of residence is aligned to the consumer trends described above. The Company expects that this will continue to translate into the ability to sustain a high growth rate of opening new stores and to sustain a high pace of sales growth in the current store network (LFL) compared to the overall market.

The Company intends to continue an active product range policy, providing for constant adaptation of the Dino stores' offering to customer expectations, which will evolve together with consumers' increasing disposable income.

The Dino Group's ability to utilize (i) direct access to reputable domestic and regional producers of branded products, (ii) its own Agro-Rydzyna meat processing plant and (iii) efficient logistics network to make daily deliveries of fresh products as needed enables the Dino Polska Group to derive benefit from these trends, which should support revenue growth in the current store network (LFL).

Consistent improvement in profitability

In past years the Dino Polska Group has generated long-lasting growth in its gross margin on sales and its EBITDA margin and it expects that it will be capable of improving its profitability by increasing the magnitude of its operations, the favorable nature of its business model and several strategic initiatives. They comprise:

- (i) benefits of scale leading to further gross margin growth due to the rapid store network expansion and the sales growth in the current store network, and consequently, the rapidly growing volume of purchased products, making it possible to enhance the commercial conditions with business partners;
- (ii) greater cost effectiveness at the individual store level thanks to the systematically conducted actions to cut the costs of running a store;
- (iii) operational leverage pushing up the EBITDA margin on account of relatively fixed costs rising more slowly than revenue;
- (iv) planned investments to optimize the logistics network by opening further distribution centers, thereby shortening the supply routes and this should make it possible to further improve the cost effectiveness of transport; and
- (v) continuing the Dino Polska Group's effective and savings-minded marketing policy.

Dino Polska anticipates that all these strategic initiatives and characteristic attributes of its business model will contribute to further improvement in the Company and Dino Polska Group's profitability.

3.5. Growth prospects in 2020

The objective of the Dino Polska Group is to continue the pursuit of the strategy aimed at developing its supermarket network through regular openings of new stores. The following trends and events will affect the Dino Polska and Group's business until the end of 2020:

- (i) favorable economic situation in Poland, also accompanied by the minimum wage hike in Poland and the government's social programs resulting in consumers' rising disposable income and spending on consumption;
- (ii) changing trends and habits among consumers (in particular an active lifestyle, less leisure time, higher frequency and shortened duration of shopping, attaching greater attention to the convenient location of stores) which lead to a stagnation of sales in hypermarkets and growth of sales in those market segments that enable less time-consuming purchases;
- (iii) changes in the regulatory environment: i) minimum wage hike, which on one hand translates into consumers' higher disposable income while on the other hand it also leads to higher employee expenses in the Dino Polska Group; ii) possible re-emergence of the retail sales tax in Poland; iii) changes in taxes and excise tax pertaining to products sold by Dino stores (inter alia the government's plan to introduce what is known as a sugar tax).
- (iv) the business of Dino Polska S.A. and the Group may be affected by the epidemiological situation. The Company is monitoring this on an ongoing basis and we submit to the advice provided by the Chief Sanitary Inspector and other services in Poland. The Company applies and recommends that our employees apply special preventive measures; as at the date of these financial statements, all areas of the Company's operating activity are performing efficiently and there are no significant reasons for revising the performance targets or plans set by the Company's Management Board for 2020.

Due to uncertainty about future economic conditions, the Company's expectations and projections are subject to a high dose of uncertainty. Moreover, the following factors will have a significant impact on the development of the Company and the Group in the future:

- (i) Dino Polska's ability to open the number of stores assumed in the strategy and develop the related logistics functions comprising new distribution centers and increased transportation capacities, as well as increasing the production capacities in the meat processing plant operated by Agro-Rydzyna;
- (ii) improved efficiency of operations, benefits resulting from economies of scale and optimization of operating expenses, in particular in the face of rising labor costs;
- (iii) improved efficiency of logistics services provided to all stores;
- (iv) accessibility of funding sources;
- (v) competition from other retail sales networks;
- (vi) changing legal regulations and standards, including tax burdens on business operators;
- (vii) costs of operating retail trade business caused by the introduction of new provisions of consumer law, labor law, sanitary law and environmental law;
- (viii) unstable and uncertain situation on the labor market in various regions of the country;
- (ix) prices of fuels and other energy carriers, translating into operating expenses for the Group's companies, including costs of merchandise purchases.

4. ECONOMIC AND FINANCIAL STANDING

The objective of Dino Polska and the Dino Polska Group is to continue the pursuit of the strategy aimed at developing its supermarket network through regular openings of new stores. The Company expects to run a profitable business in the foreseeable future.

4.1. Recap of the Dino Polska Group's results

In 2019, the Dino Polska Group generated sales revenue of PLN 7,645.5 million, up 31.0% compared to the year before. CAGR of sales revenue for 2017-2019 stood at 32.1%.

The table below presents selected line items from the consolidated statement of profit or loss.

	For the year ended 31 December			Change
	2019	2018	2017	2019/2018
	<i>(audited; thousands of PLN)</i>			<i>(%)</i>
Sales revenue	7,646,547	5,838,530	4,462,835	31.0
Cost of sales	(5,785,120)	(4,426,061)	(3,422,199)	30.7
Gross profit on sales	1,861,428	1,412,469	1,040,636	31.8
Other operating income	7,531	5,366	3,671	40.3
Sales and marketing expenses	(1,228,136)	(933,663)	(678,687)	31.5
General administration expenses	(74,497)	(52,635)	(60,025)	41.5
Other operating expenses	(4,416)	(2,535)	(2,353)	74.2
Operating profit	561,909	429,002	303,242	31.0
Financial income	938	347	655	170.5
Financial expenses	(60,387)	(45,371)	(37,881)	33.1
Profit before tax	502,460	383,978	266,016	30.9
Income tax	(91,553)	(76,424)	(52,412)	19.8
Net profit	410,907	307,554	213,604	33.6

Source: Consolidated Financial Statements.

Sales revenue

Sales revenue rose PLN 1,808.0 million, or 31.0% to PLN 7,646.5 million in 2019 versus PLN 5,838.5 million in 2018. This growth was driven by sales revenue on goods and materials climbing by PLN 1,584.8 million, or 31.0% to PLN 6,696.4 million in 2019 versus PLN 5,111.7 million in 2018. Sales revenue climbed PLN 223.3 million, or 30.7% to PLN 950.1 million in 2019 from PLN 726.8 million in 2018. The increase in sales revenue was driven mainly by the higher magnitude of the Dino Polska Group's business, predominantly by the following: (i) growth in the number of stores by 24.7% and (ii) higher LFL sales in the current store network by 11.6%.

Cost of sales

In 2019, cost of sales represented 75.7% of sales revenue, whereas in 2018 it stood at 75.8% of sales revenue. Cost of sales increased by PLN 1,359.1 million, or 30.7%, from to PLN 5,785.1 million in 2019 from PLN 4,426.1 million in 2018, with a 31% increase in sales revenue. This growth was caused mainly by the Dino Polska Group's growing business size in connection with the expansion of the Dino store network and rising sales in existing stores (LFL).

Sales and marketing expenses

Sales and marketing expenses grew by PLN 294.5 million, i.e. 31.5% to PLN 1,228.1 million in 2019 compared to PLN 933.7 million in 2018. This growth was mainly driven by the Group's growing business size and the related expansion of the store network and rising LFL sales in its existing stores, thereby necessitating higher costs associated with store upkeep, storage of merchandise and marketing. The ratio of sales and marketing expenses to sales revenues in 2019 was 16.1%, while in 2018 it stood at 16.0%. The growth rate of sales and marketing expenses was higher than the growth of sales revenue in 2019 mainly due to the following: i) the Sunday trading ban introduced steadily, which resulted in a loss of some revenue (associated mainly with Sunday

impulse shopping), with limited possibility of optimizing operating expenses; ii) relatively high growth rate of the costs of employee benefits.

General administration expenses

General administration expenses rose by PLN 21.9 million, or 41.5%, to PLN 74.5 million in 2019 as compared to PLN 52.6 million in 2018. The ratio of general administration expenses to sales revenue was 1.0% in 2019 and 0.9% in 2018.

Costs by nature

The following table presents costs by nature.

	For the year ended 31 December			Change
	2019	2018	2017	2019 / 2018
	(audited; thousands of PLN)			(%)
Depreciation and amortization	163,517	112,058	85,872	45.9
Consumption of materials and energy	704,142	512,155	444,107	37.5
External services	305,862	238,042	169,583	28.5
Taxes and fees	38,096	30,207	23,908	26.1
Employee benefits	854,033	649,399	477,028	31.5
Other costs by nature	34,543	26,601	17,339	29.9
Cost of goods and materials sold	4,989,994	3,843,414	2,943,809	29.8
Total costs by nature, including:	7,090,187	5,411,876	4,161,646	31.0
Items captured in cost of sales	5,785,119	4,426,060	3,422,199	30.7
Items captured in sales and marketing expenses	1,228,136	933,663	678,687	31.5
Items captured in general administration expenses	74,498	52,635	60,025	41.5
Movement in products	2,434	(482)	735	-

Source: Consolidated Financial Statements.

Total costs by nature rose PLN 1,680.2 million, or 31.0%, to PLN 7,090.1 million in 2019, compared to PLN 5,411.9 million in 2018, mainly as a result of higher: (i) costs of goods and materials sold (up PLN 1,146.6 million), (ii) costs of employee benefits (up PLN 204.6 million), (iii) consumption of materials and energy (up PLN 192.0 million) and (iv) external services (up PLN 67.8 million). This growth was caused mainly by the expansion of the Dino store network and rising sales in the current store network (LfL).

Employee benefits

The costs of employee benefits moved up PLN 204.6 million, or 31.5% to PLN 854.0 million in 2019 versus PLN 649.4 million in 2018. This growth resulted primarily from the higher number of Dino Polska Group employees from 16 530 as at 31 December 2018 to 20,630 as at 31 December 2019 in connection with the Dino Polska Group's expanding business size and the related expansion of the Dino store network as well as rising sales in the existing stores (LFL) and, to a lesser extent, from the higher average employee compensation in the Dino Polska Group. In 2019 and 2018, the cost of employee benefits was 11.2% and 11.1% of sales revenue, respectively.

External services

External services, which comprised in particular transportation services, lease and tenancy services, and maintenance services increased by PLN 67.8 million, or 29.3%, to PLN 305.9 million in 2019 compared to PLN 238.0 million in 2018. This growth was mainly caused by the Group's expanding size and the related store network rollout and growing LfL sales. The costs of external services represented 4.0% of sales revenue in 2019, as compared to 4.1% in 2018.

Consumption of materials and energy

Consumption of materials and energy increased by PLN 192.0 million, or 37.5%, to PLN 704.1 million in 2019 versus PLN 512.2 million in 2018. This growth was mainly caused by the higher consumption of materials and energy and the related store network rollout and growing LFL sales, and to a lesser extent to higher prices for

these commodities and the electricity price hike. The costs associated with the consumption of materials and energy represented 9.2% of sales revenue in 2019, as compared to 8.8% in 2018.

Financial expenses

Dino Polska Group's financial expenses grew PLN 15.0 million to 33.1% to PLN 60.4 million in 2019 versus PLN 45.4 million in 2018. This growth was caused mainly by (i) the higher amount of interest on trade payables (by PLN 5.3 million or 27.3%) as a result of the Group's growing business and the related expansion of the store network and rising LfL sales in the current store network, (ii) the higher amount of interest on bank loans (by PLN 4.9 million or 26.4%) in connection with taking out new bank loans.

Income tax

In 2019, the Dino Polska Group recorded a tax expense of PLN 91.6 million, as compared to PLN 76.4 million in 2018. The effective tax rate of the Dino Polska Group was 18.2% and 19.9% in 2019 and 2018, respectively, while the statutory corporate income tax (CIT) rate was 19%.

EBITDA result

In 2019 the Dino Group recorded an increase in the EBITDA result by PLN 184.4 million, or 34.1%, to PLN 725.4 million from PLN 541.1 million in 2018. The EBITDA margin in 2019 was 9.5% while in 2018 it was 9.3%. Operating profit (EBIT) in 2019 totaled PLN 561.9 million and was PLN 132.9 million (31.0%) higher than in 2018. The EBIT profit margin in 2019 was 7.3% versus 7.3% in 2018.

The following table presents the EBITDA result.

	For the year ended 31 December			Change
	2019	2018	2017	2019 / 2018
	(PLN thousand)			(%)
Net profit	410,907	307,554	213,604	33.6
Income tax	91,553	76,424	52,412	19.8
Result on financing activity	59,449	45,024	37,226	32.0
Depreciation and amortization	163,517	112,058	85,872	45.9
EBITDA	725,426	541,060	389,114	34.1
EBITDA margin	9.5%	9.3%	8.7%	-
One-off events (costs associated with the IPO at WSE)	-	-	12,272	-
Normalized EBITDA	725,426	541,060	401,386	34.1
Normalized EBITDA margin	9.5%	9.3%	9.0%	-

Source: Consolidated Financial Statements, own calculations.

4.2. Structure of the Group's assets and liabilities

Assets

The table below shows highlights on the Dino Polska Group's assets.

	As at 31 December			Change
	2019	2018	2017	2019 / 2018
	(audited; thousands of PLN)			(%)
Non-current assets				
Property, plant and equipment	2,846,818	2,347,025	1,697,600	21.3
Right-of-use assets*	251,744	-	-	-
Intangible assets	99,048	95,024	92,774	4.2
Other non-financial assets (non-current)	14	22	30	-36.4
Deferred tax assets	18,139	16,307	17,560	11.2
Total non-current assets	3,215,763	2,458,378	1,807,964	30.8
Current assets				
Inventories	623,995	445,357	368,262	40.1
Trade and other receivables	78,123	38,522	37,991	102.8
Income tax receivables	123	0	77	-
Other non-financial assets	37,729	76,483	34,409	-50.7
Cash and cash equivalents	394,720	268,920	202,626	46.8
Total current assets	1,134,987	829,312	643,365	36.9
Total assets	4,350,750	3,287,690	2,451,329	32.3

Source: Consolidated Financial Statements; * Item separated in connection with the application of IFRS16 standard in 2019 (there were no changes in presentation for earlier years)

Total assets increased by PLN 1,063.0 million, i.e. 32.3%, from PLN 3,287.7 million as at 31 December 2018 to PLN 4,350.8 million as at 31 December 2019.

In 2017-2019, the main components of assets included: (i) property, plant and equipment representing 69.3%, 71.4% and 65.4% of total assets as at 31 December 2017, 2018 and 2019, respectively; (ii) inventories (representing 15.0%, 13.5% and 14.3% of total assets as at 31 December 2017, 2018 and 2019, respectively); (iii) intangible assets (representing 3.8%, 2.9% and 2.3% of total assets as at 31 December 2017, 2018 and 2019, respectively,) and (iv) cash and cash equivalents (representing 8.3%, 8.2% and 9.1% of total assets as at 31 December 2017, 2018 and 2019, respectively).

As at 31 December 2019 non-current assets accounted for 73.9% of total assets, or 0.9 percentage point less than in 2018, while current assets accounted for 26.1% of total assets, or 0.9 percentage point more than in 2018.

Non-current assets increased by PLN 757.4 million, or by 30.8% from PLN 2,458.4 million as at 31 December 2018 to PLN 3,215.8 million as at 31 December 2019. This increase was caused mainly by an increase in property, plant and equipment (by PLN 499.8 million, or 21.3%), which in turn was caused primarily by the growth of the Dino Group sales network (new stores) and an increased scale of business (launch or completion of construction of new Dino stores and the central warehouse, capital expenditures for technical equipment and machinery, vehicles and other property, plant and equipment), partially offset by depreciation and amortization or liquidation of property, plant and equipment.

Current assets rose by PLN 305.5 million, or 36.9% from PLN 829.3 million as at 31 December 2018 to PLN 1,135.0 million as at 31 December 2019. This increase was caused mainly by the increase in: (i) cash and cash equivalents (by PLN 125.8 million, or 46.8%) driven by an increase in the scale of business, (ii) inventories (by PLN 178.6 million or 40.1%), driven mainly by an increase in the scale of Dino Polska Group's business.

Liabilities

The table below shows highlights on the Dino Polska Group's liabilities.

	As at 31 December			Change
	2019	2018	2017	2019 / 2018
	(audited; thousands of PLN)			(%)
Non-current liabilities				
Interest-bearing loans and borrowings	578,755	518,240	470,590	11.7
Lease liabilities (LT)*	99,922	67,088	-	48.9
Liabilities by virtue of outstanding securities (LT)	169,926	99,829	99,749	70.2
Other liabilities	210	240	270	-12.5
Provisions for employee benefits	1,830	1,550	1,231	18.1
Deferred tax liability	9,509	5,923	3,495	60.5
Accruals and deferred revenue (LT)	65	306	548	-78.9
Total non-current liabilities	860,217	693,176	575,883	24.1
Current liabilities				
Trade and other payables	1,474,503	1,141,934	811,322	29.1
Current part of interest-bearing loans and borrowings	137,705	103,837	117,074	32.6
Lease liabilities (ST)*	56,316	44,839	-	25.6
Liabilities by virtue of outstanding securities (ST)	100,724	654	654	-
Income tax liabilities	68,606	67,004	20,729	2.4
Accruals and deferred revenue (ST)	29,306	23,832	20,824	23.0
Provisions for employee benefits and other provisions	1,020	541	350	88.7
Total current liabilities	1,868,181	1,382,641	970,953	35.1
Total liabilities	2,728,397	2,075,817	1,546,836	31.4

Source: Consolidated Financial Statement; * Item separated in connection with the application of IFRS16 standard in 2019 (there were no changes in presentation for earlier years)

In 2017-2019, the main components of liabilities were: (i) trade and other payables representing 52.5%, 55.0%, and 54.0% of liabilities as at 31 December 2017, 2018 and 2019, respectively; (ii) interest-bearing loans and borrowings (non-current part) representing 30.4% (including leases), 28.2% and 24.9% of liabilities as at 31 December 2017, 2018 and 2019, respectively; and (iii) current part of interest-bearing loans and finance lease liabilities representing 7.6%, 7.2% and 7.1% of liabilities as at 31 December 2017, 2018 and 2019, respectively.

Total liabilities increased by PLN 652.6 million, or 31.4%, from PLN 2,075.8 million as at 31 December 2018 to PLN 2,728.4 million as at 31 December 2019.

Non-current liabilities

As at 31 December 2019 non-current liabilities accounted for 31.5% of total assets, down by 1.9 p.p. from the year before.

Non-current liabilities increased by PLN 167.0 million, or 24.1%, from PLN 693.2 million as at 31 December 2018 to PLN 860.2 million as at 31 December 2019, predominantly as a result of i) higher interest-bearing loans and borrowings (up PLN 60.5 million, or 11.7%), ii) higher liabilities under bonds issued (by PLN 70.1 million, or 70.2%). The additional loans taken out were used to finance the expansion of the Dino store network and expenditures related to the construction of distribution centers.

Current liabilities

As at 31 December 2019 current liabilities accounted for 68.5% of total liabilities.

Current liabilities increased by PLN 485.5 million, or 35.1%, from PLN 1,382.6 million as at 31 December 2018 to PLN 1,868.2 million as at 31 December 2019, predominantly as a result of (i) an increase in trade and other liabilities (by PLN 332.6 million, or 29.1%, driven by an increase in the scale of business of the Dino Polska

Group); (ii) an increase in liabilities for outstanding bonds (by PLN 100.0 million) – in connection with the reclassification of these liabilities from the long-term portion.

Net debt

The Dino Group's net debt¹ stood at PLN 748.6 million as at 31 December 2019, signifying growth of PLN 183.1 million (32.4%) compared to 31 December 2018. The net debt to EBITDA ratio for 2019 was 1.0x as at 31 December 2019 and was slightly lower than one year ago.

Equity

The table below shows information on the Dino Polska Group's equity.

	As at 31 December			Change
	2019	2018	2017	2019 / 2018
	<i>(audited; thousands of PLN)</i>			<i>(%)</i>
Share capital	9,804	9,804	9,804	0.0
Supplementary capital	1,652,132	1,307,273	1,111,860	26.4
Retained earnings	-47,083	-112,704	-224,671	-58.2
Other equity	7,500	7,500	7,500	0.0
Total equity	1,622,353	1,211,873	904,493	33.9

Source: Consolidated Financial Statements.

As at 31 December 2019, total equity was PLN 1,622.4 million, increasing by PLN 410.5 million, or 33.9%, compared to PLN 1,211.9 million as at 31 December 2018.

Liquidity and financial resources

The Dino Polska and Dino Polska Group finances its liquidity and capital needs mainly through: (i) cash generated in its operating activities, (ii) loans (overdrafts and investment loans), (iii) the issue of debt securities (bonds), and (iv) finance leases of trailers, means of transport, equipment and devices for distribution centers. The Company plans to continue financing its future capital needs from the above-mentioned sources and expects to gradually reduce finance leases.

The principal capital needs of the Dino Polska and the Dino Polska Group are related to its operating activities, financing of capital expenditures (related in particular to further development of the Dino store network) and repayment of debt and trade and other payables. The financial strategy of the Dino Polska Group is to secure, to the greatest extent possible, financial resources and liquidity allowing it to repay its liabilities when they fall due, both in the normal course of business and in extraordinary circumstances, to protect the Dino Polska Group against the risk of losses or damage to its reputation. The capital expenditures required for further Dino store network roll-out are financed mainly from own funds from current operating activities.

As at 31 December 2019, the Group presented an excess of current liabilities over current assets, which is typical for the retail industry and its seasonality, where most of the sales are carried out in cash, inventories are minimized and suppliers offer deferred terms of payment. At the same time, the Company and the Group intensively develop its network using free cash and funding from bank loans and bond issues to increase the number of its operational stores. The covenants related to the loan agreements and outstanding bonds are monitored on an ongoing basis. As at the balance sheet date of 31 December 2019, there was no default on the terms and conditions of loan agreements and bonds and the Management Board of Dino Polska believes there is no risk that banks may terminate such agreements or bondholders request early redemption of the bonds within 12 months of the balance sheet date of 31 December 2019. As at the Report Date, no circumstances have been found that would indicate a threat for Dino Polska and other Group companies to continue as a going concern.

¹ Defined as interest-bearing loans and borrowings and liabilities under lease agreements + liabilities by virtue of outstanding securities + current part of interest-bearing loans and borrowings and lease liabilities minus cash and cash equivalents.

The Company believes that the level of working capital, the financing available to the Dino Group and its ability to generate positive cash flows from operating activities are sufficient to cover its current needs and conduct its business for at least 12 months from the Report Date.

4.3. Group's Statement of cash flows

The following table presents basic information on the Dino Polska Group's cash flows.

	For the year ended 31 December			Change
	2019	2018	2017	2019 / 2018
	(audited; thousands of PLN)			(%)
Net cash from operating activities, including:	799,044	643,318	497,204	24.2
<i>profit before tax</i>	502,460	383,978	266,016	30.9
<i>depreciation and amortization</i>	163,517	112,058	85,872	45.9
<i>movement in working capital</i>	153,273	125,007	131,184	22.6
<i>other</i>	(20,206)	22,275	14,132	-
Net cash from investing activities	(827,807)	(634,018)	(402,143)	30.6
Net cash from financing activities	154,563	82,298	41,137	87.8
Net increase in cash and cash equivalents	125,800	91,599	136,198	-
Cash at the beginning of the period	268,920	177,343	66,428	-
Cash at the end of the period	394,720	268,942	177,343	-

Source: Consolidated Financial Statements.

Net cash flows from operating activities

In 2019, the Dino Polska Group generated PLN 799.0 million of net cash from its operating activities, which was PLN 155.7 million more than in 2018.

The increase in net cash from operating activities was driven mainly by the higher magnitude of the Dino Polska Group's business, i.e. predominantly the growing top line following from expansion of the store network and rising LfL sales in the current store network. Top line growth was higher than the corresponding increase in operating expenses and the related expenditures, leading to higher proceeds on operating activity. The factors also affected the increasing working capital of the Dino Polska Group.

In 2019 the Dino Polska Group's cash flows from operating activities stood at PLN 799.0 million. This amount includes the 2019 profit before tax (PLN 502.5 million) and positive cash flows (in the total amount of PLN 565.1 million) resulting mainly from: (i) movement in liabilities, except for loans and borrowings (PLN 332.3 million), and (ii) depreciation and amortization (PLN 163.5 million). Cash inflows were partly offset by cash expenditures (totaling PLN 268.6 million) which in 2019 comprised mainly: (i) movement in inventories (PLN 178.6 million), (ii) income tax paid (PLN 88.2 million).

Net cash flows from financing activities

In 2019 Dino Polska Group's cash flows from financing activities stood at PLN 154.6 million. Cash flows included mainly inflows from loans and borrowings (PLN 217.9 million) granted to the Dino Polska Group in 2019 and inflows from bonds issued for PLN 170 million. Cash inflows were partly offset by cash expenditures (totaling PLN 233.4 million) which in 2019 comprised mainly: (i) repayment of loans and borrowings (PLN 114.5 million), (ii) repayment of finance lease liabilities (PLN 58.5 million) pertaining to trailers, means of transport, store and warehouse equipment and devices, and (iii) interest paid (PLN 60.3 million).

Net increase in cash and cash equivalents

As a result of positive net cash flows at the end of 2019, the balance of cash and cash equivalents in the Dino Polska Group increased by PLN 125.8 million compared to 2018.

4.4. Capital expenditures

In 2019 the cash flow on the Dino Polska Group's investing activity was negative and totaled PLN -827.8 million. The negative cash flows were caused mainly by the expenditures on the purchase of property, plant and equipment and intangible assets associated with the Dino store rollout and development of the logistics functions.

All the expenditures were incurred in Poland and financed by the Dino Group from its own funds earned on the operating activity, interest-bearing bank loans, bonds issued and finance leases.

Capital expenditures in 2019 comprised mainly: (i) expenditures on expansion of Dino store network, (ii) expenditures on logistics, including expenditures related to the development of the warehouse space in Rzeszotary and in Wolborz, purchase of refrigerated semi-trailers and purchase of equipment (forklifts).

4.5. Off-balance sheet liabilities

As at 31 December 2019, the Dino Polska Group's off-balance sheet liabilities totaled PLN 457.0 million (PLN 335.4 million as at 31 December 2018). These liabilities pertain to the purchase of property, plant and equipment involving purchases related to the further expansion of the Dino Group store network and expansion of warehouse space as well as purchases related to store and warehouse fit-outs.

4.6. Recap of Dino Polska's results

Statement of profit or loss (selected line items)

	For the year ended 31 December		Change
	2019	2018	2019 / 2018
	<i>(audited; thousands of PLN)</i>		%
Net revenues on sales and equivalents	7,624,411	5,832,221	30.7
Operating expenses	7,178,889	5,524,871	29.9
Sales profit / (loss)	445,522	307,350	45.0
Other operating income	6,284	4,652	35.1
Other operating expenses	4,188	2,379	76.1
Operating profit / (loss)	447,617	309,624	44.6
Financial income	7,218	5,234	37.9
Financial expenses	62,076	49,295	25.9
Gross profit / (loss)	392,759	265,563	47.9
Income tax	74,558	57,005	30.8
Net profit (loss)	318,201	208,558	52.6

Source: Standalone Financial Statements.

In 2019 the Company generated revenue of PLN 7,624.4 million, or 30.7% more than in 2018. This increase is attributable to the growth of net revenue on sales of goods and materials conducted in the Dino store network, which, in turn, resulted from both a higher number of stores and higher yoy revenue in the existing stores. Operating expenses increased by 29.9% to PLN 7,178.9 million. This growth was caused mainly by Dino Polska's growing business size in connection with the expansion of the network and rising sales in the current store network (like-for-like). Net profit was PLN 318.2 million and was up 52.6% versus 2018. The increase in net profit results from growth in the scale of the Company's business and from the positive difference between the rate of growth in sales revenues and that in operating expenses. The increase in financial expenses by 25.9% yoy up to PLN 62.1 million was caused by the increasing scale of Dino Polska's business and therefore higher level of interest and fees.

Balance sheet (selected line items)

	As at 31 December		Change
	2019	2018	2019 / 2018
	<i>(audited; thousands of PLN)</i>		<i>(%)</i>
Total non-current assets	2,660,390	2,031,010	31.0
Intangible assets	26,024	22,868	13.8
Property, plant and equipment	1,848,345	1,256,963	47.0
Non-current investments	755,836	727,435	3.9
Non-current prepayments and accruals	30,186	23,744	27.1
Total current assets	1,257,896	948,885	32.6
Inventories	601,195	428,621	40.3
Current receivables	100,447	96,203	25.9
Current investments	554,276	421,645	26.5
Current prepayments and accruals	1,978	2,416	-18.1
Total assets	3,918,286	2,979,895	31.5
Equity	1,248,171	929,970	34.2
Share capital	9,804	9,804	0.0
Supplementary capital	889,819	681,260	30.6
Net profit (loss)	318,201	208,559	52.6
Liabilities and provisions for liabilities	2,670,115	2,049,925	30.3
Provisions for liabilities	39,639	29,670	33.6
Non-current liabilities	681,932	600,881	13.5
Current liabilities	1,922,179	1,397,539	37.5
Accruals and deferred revenue	26,365	21,835	20.7
Total liabilities and equity	3,918,286	2,979,895	31.5

Source: Standalone Financial Statements.

As at 31 December 2019, the Company's assets amounted to PLN 3,918,286 thousand and consisted of the following:

- non-current assets of PLN 2,660,390 thousand,
- current assets of PLN 1,257,896 thousand.

In 2019 and 2018, total assets consisted mainly of property, plant and equipment (representing 47.2% and 42.2% of total assets, respectively), non-current investments (19.3% and 24.4% of total assets, respectively), inventories (15.3% and 14.4% of total assets, respectively) and current investments (14.1% and 14.7% of total assets, respectively).

Non-current assets rose by PLN 629.4 million, or 31.0%, in 2019. This growth was caused mainly by higher property, plant and equipment (by PLN 591.4 million or 47.0%) which, in turn, was caused primarily by the Dino Polska Group's network rollout (new Dino stores) and capital expenditures.

The largest current asset items are: (i) inventories (which represent 47.8% and 45.2% of current assets as at 31 December 2019 and 2018, respectively), (ii) current investments (44.1% and 46.2% of current assets as at 31 December 2019 and 2018, respectively).

Current assets rose by PLN 309.0 million, or 32.6%. This increase was caused mainly by the increase in: (i) current investments (by PLN 132.6 million) driven chiefly by an increase in cash and other cash assets by PLN 101.9 million, (ii) inventories (by PLN 172.6 million or 40.3%), driven mainly by an increase in the size of the Dino Polska Group's business.

As at 31 December 2019, equity was positive at PLN 1,248.2 million, including:

- share capital of PLN 9.8 million,
- supplementary capital of PLN 889.8 million.

Other sources for funding assets, i.e. liabilities and provisions were as at 31 December 2019 as follows:

- provisions for liabilities of PLN 39.6 million,

- non-current liabilities of PLN 681.9 million,
- current liabilities of PLN 1,922.2 million,
- accruals of PLN 26.4 million.

Non-current liabilities rose by PLN 81.1 million, or 13.5%, while current liabilities increased by PLN 524.6 million and were 37.5% higher than the year before. The increase in current liabilities was driven mainly by growth in trade payables, which in turn was caused by the expanding size of business of the Dino store network and the reclassification of a portion of the liabilities for outstanding bonds from non-current to current liabilities.

Statement of cash flows

Net cash from operating activities generated by Dino Polska in 2019 and 2018 was PLN 700.8 million and PLN 620.0 million, respectively. The increase in net cash from operating activities was driven mainly by the enlargement of the size of Dino Polska Group's business.

In 2019 the cash flow on the Dino Polska Group's investing activity was negative and totaled PLN (699.5) million. The negative cash flows were caused mainly by the expenditures to purchase property, plant and equipment and intangible assets associated (PLN 666.8 million).

4.7. Dividend policy

Taking into account the rapid organic growth strategy regarding the Dino store count, the Company's Management Board does not plan to recommend payment of a dividend for 2019 to the Shareholder Meeting. The Management Board will propose to allocate the profit for the year to the Company's supplementary capital.

As at the Report Date, the Management Board has not made any decision whether to recommend a dividend payment to the Shareholder Meeting and its possible amount for the future years. Decisions in this respect will be made at the appropriate time after the end of each financial year.

However the dividend policy in the future will be revised by the Management Board as necessary depending on the circumstances, and decisions will be made taking into account a variety of factors relating to the Company, including business prospects, future profits, demand for cash, financial standing, indebtedness, expansion plans and legal requirements in this respect.

Historical data on dividend

The Company did not pay dividends for 2018 or for previous years.

4.8. Drivers of the operating and financial results

General drivers of the operating and financial result

Key drivers of the Company's and the Dino Polska Group's operating and financial results in 2018-2019 are discussed below. These factors may still impact the business activity, operating and financial results, financial standing, cash flows and growth prospects of the Dino Polska Group and present the trends which, in the Company's opinion, will apply to Poland's grocery retail market over the next few years.

The Dino Polska Group's operating and financial results are impacted primarily by: (i) the business environment in Poland and the trends and customs among consumers, (ii) the pace of opening new stores by the Dino Group and increase of revenue in the current store network (LFL), (iii) the purchasing power of the Dino Polska Group and (iv) the level of debt and interest rates.

Business environment in Poland and trends and customs among consumers

The Dino Polska Group does business solely in Poland. Poland's macroeconomic conditions, driven by the economic environment in the region and the global economy, have significant importance for the activity of the

Dino Polska Group. All changes in the macroeconomic conditions, such as GDP growth rate, unemployment rate, wages (including minimum wages), individual consumption, customer trust ratio or interest rates and inflation/deflation rates, impact the overall affluence of the society, consumers' purchasing power and propensity to spend money, thus shaping the customers' habits as regards disposal of income. The above factors also influence the Dino Polska Group's product prices and the value of sales, and thus have significant impact on Dino Polska Group's financial performance.

The Polish economy is the eighth largest economy in the EU. It is believed that Poland's economic growth, the government's pro-social programs introduced in previous years and the increase in minimum wages by 5% in 2018, 7.1% in 2019 and 15.6% in 2020, have brought or will bring in the nearest future more affluence and higher consumption expenditures, which translates among others into a higher demand for Dino Polska Group's products.

Pace of opening new stores and growth in LfL sales revenue in the current store network

Dino Polska Group's financial performance is influenced by: (i) pace of opening new stores by the Dino Group and (ii) growth in LfL sales revenues in the current store network.

Opening new stores

As part of implementation of its growth strategy, the Dino Polska Group quickly expands its operations through growing its store network and increasing sales in the current store network (LfL). In 2017-2019, the Dino Polska Group increased the total number of stores by 590, from 628 as at 1 January 2017 to 1,218 as at 31 December 2019. The Company's strategy calls for ongoing rapid expansion of the store network in Poland.

The Company's strategy pertaining to opening new stores influenced the Dino Polska Group's performance in particular through (i) quicker increase of sales revenues than cost of sales in connection with purchase and sale of products in newly opened stores and increasing purchasing power of the Dino Polska Group, (ii) increase of capital expenditures associated with the costs of establishment of a new store, and (iii) reducing the net debt in relation to EBITDA despite the nominal increase in debt.

Sales in the current store network (LfL)

Sales revenues in Dino's current store network (LfL) depend on the sales volume and value, and customer preferences regarding the purchased products.

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

%	2019				2018				2019	2018	2017
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
Inflation (deflation)	2.8	2.8	2.4	1.2	1.4	2.0	1.7	1.5	2.3	1.6	2.0
Food price inflation	6.5	6.7	4.7	1.8	1.1	2.2	3.2	3.9	4.9	2.6	4.2
Dino's LfL.....	12.2	12.0	16.6	5.0	9.6	8.6	10.0	20.3	11.6	11.6	16.2

*stores are included in the calculation of the LfL ratio starting from the 13th full month of their existence

** source: Central Statistical Office of Poland (GUS), Dino Polska

In 2019, the increase in LfL revenues was 11.6%, and remained at the same level as in 2018.

Purchasing power

Together with the enlargement of the scale of business, the purchasing power of Dino Polska also grew. In 2017-2019, the Company sourced most products directly from producers or their main representatives. The large volumes of orders placed with suppliers accrued benefits in the form of economies of scale. They enabled Dino Polska to make purchases on increasingly favorable terms. These factors resulted in improvement in 2017-2019 of the Dino Polska Group's profitability, which translated into a higher gross margin and EBITDA margin.

Capital expenditures

Implementation of the Dino Polska Group's strategy of the Dino store network roll-out, its accompanying logistic infrastructure and expansion of production capacity of the Agro-Rydzyna meat processing plant requires

significant capital expenditures. The Company plans to incur total capital expenditures in 2020 of roughly PLN 950 million.

Debt and changes in interest rates

In 2017-2019, to finance store rollout, the Dino Polska Group used external financing, mainly in the form of loans and finance leases. As at 31 December 2019, interest-bearing loans and borrowings, bonds issued and lease liabilities of the Dino Polska Group totaled PLN 1,143.3 million, compared to PLN 834.5 million as at 31 December 2018. The Dino Polska Group has cooperated with many financial institutions in the past and has entered into a number of loan agreements. In connection with the significant increase in the scale of business of the Dino Polska Group and the stable credit history, the Company will consider consolidation of its debt in the future (in part or in full).

In connection with the existing debt of the Dino Polska Group, volatility of interest rates and other ratios have had and still may have influence on the Dino Polska Group's operations. In 2017-2019, most of the Dino Polska Group's financial debt (including loans, bonds and leases) bore interest based on WIBOR 1M or WIBOR 3M, as a result of which each change of the interest rates caused a change of the Dino Polska Group's financial expenses. In connection with the interest rate cuts and their stabilization at a low level in the past few years, the increase in the Dino Polska Group's debt did not translate into any major rise in the Dino Polska Group's financial expenses, which in the year ended 31 December 2019 totaled PLN 60.4 million, compared to PLN 45.4 million in the year ended 31 December 2018.

4.9. Factors of key significance for the financial performance and restatement of comparative data

Restatement of comparative data

In prior reporting periods the Group defined receivables on payment cards as belonging to cash and cash equivalents for the purposes of the consolidated statement of cash flows. In the current reporting period this error was corrected and receivables on payment cards are no longer treated as belonging to cash and cash equivalents; consequently, a retrospective change was made to cash flow in the comparative data, whereby cash flow on operating activity in 2018 was increased by PLN 8,842 thousand compared to the figures published in the 2018 consolidated financial statements.

IFRS 16

As of 2019, the Dino Polska Group prepares consolidated financial statements in compliance with the new IFRS 16 standard on the measurement and presentation of leases. The Group has implemented IFRS 16 using the modified retrospective method, which means that the Group does not restate data from previous periods. To facilitate data comparability information is presented below on the impact exerted by the application of the IFRS 16 standard on the results of 2019.

- (i) impact on EBITDA: increase by PLN 11.6 million (as a result of lower lease expenses in external services)
- (ii) depreciation and amortization: increase by PLN 10.4 million
- (iii) impact on operating profit: increase by PLN 1.2 million (as a result of lower lease expenses in external services and higher depreciation and amortization)
- (iv) financial expenses: increase by PLN 1.9 million
- (v) profit before tax: decrease by PLN 0.7 million
- (vi) non-current lease liabilities: increase by PLN 45.1 million
- (vii) current lease liabilities: increase by PLN 9.8 million

4.10. Financial risk management

The main financial instruments used by Dino Polska and the Dino Polska Group include bank loans, borrowings, finance lease and hire-purchase agreements, cash and short-term deposits. In addition, in 2017, Dino Polska established a bond issue program up to PLN 500 million under which, in October 2017, bonds with the nominal value of PLN 100 million were issued. In turn, in June 2019 bonds with a nominal value of PLN 170 million were issued. The main objective of these instruments is to raise funding for Dino Polska Group's activities.

According to the policy applied by the Dino Group in 2019, the Dino Polska Group currently does not trade in financial instruments. The Company does not hold and does not issue any financial derivatives held for trading.

The main types of risk arising from the Dino Polska Group's financial instruments include interest rate risk, liquidity risk, FX risk and credit risk. The Management Board verifies and agrees the principles of managing each type of risk – these principles are discussed briefly below.

Interest rate risk

The Dino Polska Group's exposure to the risk arising from changes in interest rates refers primarily to non-current financial liabilities. The Company does not hedge its investments and liabilities using derivative financial instruments.

Interest rate risk - sensitivity to changes

The table below presents sensitivity of the profit (loss) before tax to the reasonably possible changes in interest rates, assuming that the other factors do not change (in connection with floating interest rate liabilities). The impact on Dino Polska Group's equity or total comprehensive income is not presented.

	Increase/decrease percentage points	byImpact on profit or loss before tax (PLN thousand) (audited)
Year ended 31 December 2019		
PLN	+1	(12.280)
PLN	-1	12.280
Year ended 31 December 2018		
PLN	+1	(8.453)
PLN	-1	8.453
Year ended 31 December 2017		
PLN	+1	(6.892)
PLN	-1	6.892

Source: Consolidated Financial Statements.

Credit risk

Transactions effected by the Dino Group are settled mainly in cash. Credit risk pertains to the only franchisee with whom the Group has been cooperating for many years, and supplier distribution support transactions. Since distribution support services pertain to entities who are at the same time the Dino Polska Group's suppliers and buyers, the credit risk is insignificant.

Liquidity risk

The Company and Dino Polska Group monitor their financial liquidity using a periodic liquidity planning tool. A schedule of funds, together with maturity dates (cash, receivables, other financial assets) and regular repayment of liabilities, makes it possible to forecast cash flows.

To maintain continuity of payments the Dino Polska Group flexibly uses different sources of financing, such as bank loans, including long-term financing and overdraft facilities, bonds and finance leases.

4.11. Significant contracts, loans, borrowings, guarantees and sureties

Contracts significant for the business

On 6 June 2019 the Dino Polska Management Board made the decision to commence the construction of a new distribution center in the town of Łobez in the Western Pomeranian Region. For this purpose the Company entered into a number of contracts with entities unrelated to the Company that specialize in the execution of such investments, including the entity that is discharging the role of general contractor. This investment involves the comprehensive construction and fit-out of the freezer, refrigerated storage area, controlled-temperature warehouses, dry goods warehouse and social and office space with the accompanying technical infrastructure, internal roads and parking spots. The total planned warehouse space will be 43.5 thousand square meters. The total (net) estimated cost of the investment is approximately PLN 80 million and it will be financed using the Company's own funds and bank loans. The purpose of the new distribution center is to handle the deliveries of goods to the growing number of Dino stores and support the network's ongoing geographic expansion. The Company anticipates that the Investment will be completed in the second quarter of 2020.

To the Company's best knowledge, there are no agreements that are significant for the issuer's operations concluded between the Company's shareholders.

Loans and borrowings

In 2019, the Company or its Subsidiaries entered into the following loan agreements.

Date of agreement	Company	Bank	Type of loan	Amount	Interest rate	Currency	Date of repayment
11.02.2019	Dino Południe	PKO BP SA	investment	70,000,000.00	WIBOR 1M + margin	PLN	11.08.2026
11.02.2019	Dino Polska	PKO BP SA	investment	80,000,000.00	WIBOR 1M + margin	PLN	11.08.2026
17.04.2019 (annex)	Dino Polska	BNP Paribas	increase the overdraft limit	25,000,000.00	WIBOR 1M + margin	PLN	31.03.2021
17.04.2019 (annex)	Agro Rydzyna	BNP Paribas	increase the overdraft limit	15,000,000.00	WIBOR 1M + margin	PLN	13.11.2020
08.08.2019	Dino Polska	Millennium	investment	70,000,000.00	WIBOR 3M + margin	PLN	21.07.2024
18.11.2019 (annex)	Dino Polska	PKO BP SA	increase the overdraft limit	70,000,000.00	WIBOR 1M + margin	PLN	30.10.2020

Moreover, Dino Polska granted the following loans to its Subsidiaries in 2019.

Date	Company	Amount	Currency	Interest rate	Date of maturity
02.01.2019	Dino Południe	4,000,000.00	PLN	4%	12 months
02.01.2019	CWN 6	4,300,000.00	PLN	4%	12 months
02.01.2019	CWN 5	6,500,000.00	PLN	4%	12 months
02.01.2019	CWN 4	7,300,000.00	PLN	4%	12 months
02.01.2019	CWN 3	6,000,000.00	PLN	4%	12 months
02.01.2019	CWN 2	5,600,000.00	PLN	4%	12 months
02.01.2019	CWN 1	2,700,000.00	PLN	4%	12 months
02.01.2019	CWN ZOO	4,000,000.00	PLN	4%	12 months
10.01.2019	DINO POŁUDNIE	1,000,000.00	PLN	4%	12 months
22.01.2019	CWN ZOO	7,500,000.00	PLN	4%	12 months
28.01.2019	CWN ZOO	1,000,000.00	PLN	4%	12 months
29.01.2019	CWN ZOO	7,000,000.00	PLN	4%	12 months
12.02.2019	CWN 6	800,000.00	PLN	4%	12 months
13.02.2019	DINO POŁUDNIE	200,000.00	PLN	4%	12 months
14.02.2019	CWN ZOO	7,000,000.00	PLN	4%	12 months
18.03.2019	CWN ZOO	10,000,000.00	PLN	4%	12 months
25.03.2019	DINO OIL	5,000.00	PLN	4%	12 months
08.04.2019	CWN ZOO	13,500,000.00	PLN	4%	12 months
15.04.2019	CWN ZOO	500,000.00	PLN	4%	12 months
23.04.2019	CWN 4	1,300,000.00	PLN	4%	12 months
08.05.2019	CWN ZOO	16,000,000.00	PLN	4%	12 months
12.05.2019	DINO POŁUDNIE	900,000.00	PLN	4%	12 months
16.05.2019	DINO POŁUDNIE	500,000.00	PLN	4%	12 months

09.07.2019	CWN ZOO	1,000,000.00	PLN	4%	12 months
10.07.2019	CWN 4	11,000,000.00	PLN	4%	12 months
23.08.2019	CWN 4	1,800,000.00	PLN	4%	12 months
23.08.2019	CWN ZOO	1,800,000.00	PLN	4%	12 months
03.09.2019	CWN ZOO	1,000,000.00	PLN	4%	12 months
06.09.2019	CWN ZOO	2,500,000.00	PLN	4%	12 months
17.09.2019	DINO OIL	200,000.00	PLN	4%	12 months
03.10.2019	CWN 4	3,000,000.00	PLN	4%	12 months
03.10.2019	CWN ZOO	900,000.00	PLN	4%	12 months
24.10.2019	CWN 4	7,000,000.00	PLN	4%	12 months
02.12.2019	CWN 4	10,500,000.00	PLN	4%	12 months

Sureties, guarantees and off-balance sheet agreements

In 2019 Dino Polska SA extended a civil law surety to Agro Rydzyna sp. z o. o. – as collateral for the repayment of the loan liabilities with BNP Paribas Bank Polska SA – annex 1 of 17.04.2019 to the agreement of 13.11.2018 (the annex increased the loan from PLN 3 million to PLN 15 million and introduced new collateral in the form of a surety).

Dino Polska extended a civil law surety to DINO Południe sp. z o. o. – as collateral for the repayment of the loan liabilities with PKO BP SA – agreement of 11.02.2019 in the amount of PLN 70 million. Bank PKO BP released Dino Polska from the surety on 12.08.2019 when Dino Polska joined Dino Południe's debt – agreement to join the debt of 12.08.2019.

There are sureties on agreements executed in previous years. In 2019 Dino Polska received two guarantees (for quality, warranty and good performance), each in the amount of roughly PLN 3.3 million from entities conducting investment projects related to the Company's distribution centers.

Guarantees issued by Dino Polska in 2019

Counterparty	Amount	Currency	Opening date	Date of validity
State Treasury, General Director of National Highways and Motorways (GDDKiA)	159,000.00	PLN	06-03-2019	15-06-2021
PKO LEASING SA	992,730.91	PLN	09-07-2019	05-07-2020
PKO LEASING SA	336,000.00	PLN	22-08-2019	14-08-2020
State Treasury - General Director of National Highways and Motorways (GDDKiA)	1,085,000.00	PLN	30-08-2019	31-12-2019
State Treasury - General Director of National Highways and Motorways (GDDKiA)	54,250.00	PLN	11-09-2019	31-12-2024
Totalizator Sportowy Sp. z o.o.	10,000.00	PLN	23-10-2019	10-10-2021
Regional Roads Authority in Gdańsk	194,330.55	PLN	01-08-2019	31-07-2022
PKO LEASING SA	300,483.00	PLN	21-11-2019	19-11-2020
Przedsiębiorstwo Budowlane AMBIT Sp. z o.o.	4,000,000.00	PLN	04-12-2019	29-02-2020
ZOTT POLSKA SP. Z O. O.	4,000,000.00	PLN	21-03-2019	09-03-2020
Logistic City sp. z o. o. sp.k.	142,000.00	PLN	02-10-2019	29-02-2020

4.12. Other information

Due to the profile of the conducted activities, the Dino Polska Group has not adopted a research and development strategy and does not fund research and development activities. The Company does not publish financial forecasts.

5. RISKS AND THREATS

Described below are the risk factors and threats the materialization of which might have an adverse impact on the results and operations of the Company and the Dino Group. As at the date of this Report, the Company's Management Board does not see any significant grounds that might indicate a significant likelihood of the occurrence or intensification of these risks and threats, and the probability of their materialization in the foreseeable future is considered low.

The Company has exercised the highest degree of diligence in order to properly identify significant risks and threats, yet it cannot be claimed with absolute certainty that all risks have been correctly recognized or that their impact on the business and performance of the Company and the Dino Group has been accurately estimated. Some of the risks are described in the section "Non-financial report of Dino Polska and the Dino Polska Group – Risks".

Risk associated with macroeconomic conditions

Changes to the general economic situation, which are beyond Dino Polska Group's control, may result in a decline of the consumer demand, which may have adverse impact on the Dino Polska Group's activities

The Dino Polska Group conducts activity in the grocery retail market in Poland, which depends on the demand generated by consumers. The demand generated by consumers is the derivative of a number of factors being beyond Dino Polska Group's control, in particular the macroeconomic situation and political conditions. Change of the economic factors in the market in Poland, in the EU or globally, including changes in the GDP growth rates, total inflation, deflation of food prices, increase of the unemployment rate, decline of salaries or decrease of expenditures on consumption and investments, may have adverse impact on the Dino Group or the sector in which the Dino Polska Group operates, including the sales revenues generated by the Dino Group or its costs.

Deterioration of the general economic situation in Poland and Europe as a result of the aforementioned economic factors or for political reasons or downgrading of Poland's rating, which have occurred in the past, may have adverse impact on the activities of the Dino Polska Group, its financial standing, results or prospects. The above factors may result in, among others, decline of demand for the Dino Polska Group's products, limited access to external financing, difficulties on the part of suppliers, customers and other entities with which the Dino Polska Group cooperates, which, in turn, may translate into difficulties or inability to perform their obligations towards the Dino Polska Group and thus have negative impact on the activities of the Dino Polska Group, its financial standing, results and prospects.

Risks associated with continuation of the organic store rollout

The Dino Polska Group may not be able to implement its store rollout strategy

Dino Polska Group's strategy provides for, among others, further growth through continuation of fast organic growth of the store network and the accompanying logistic infrastructure. Successful implementation of the Dino Polska Group's development strategy depends, among others, on the economic conditions, access to external financing, absence of unfavorable changes in the regulatory environment, finding and acquisition (or to a lesser, supplementary extent, lease or rental) of real estate on acceptable commercial terms which satisfy the requirements set by the Dino Group, efficient construction and launch of new stores, employment, training and retention of store personnel, and integration of the new stores with the supply chain operating in the Dino Polska Group in a manner ensuring high profitability.

In 2018-2019, the Dino Polska Group was able to finance its capital needs primarily from operating cash flows, bank loans, bonds and finance leases. If the operating cash flows drop below the assumed levels or new financing is not available to the Dino Polska Group (for reasons attributable to the Dino Polska Group or the debt market in general), the Dino Polska Group may not be able to implement its development plans, which may have adverse impact on the activities, financial standing and results of the Dino Polska Group and prospects. Slowdown of the Dino Polska Group's expansion may also impact the ability to continue to improve the negotiated terms with

suppliers and increase the profit margin which the Dino Polska Group currently benefits from thanks to the fast growth rate.

Even if the Dino Polska Group manages to open new stores in line with the adopted strategy, the newly opened stores may not break even within the originally assumed timelines or at all, or the increase in sales revenues or sales revenue in the current store network (LFL) may turn out lower than assumed by the Management Board, and the Dino Polska Group may be exposed to incurring additional, unexpected costs associated with opening new stores. In addition, the analysis carried out by the Dino Group before opening a given store may turn out incorrect among others due to lower than expected customer traffic in the vicinity of the store or unexpected circumstances. Additionally, if the Dino Polska Group opens new stores in areas where it already conducts activities, it is possible that the revenues generated by the stores opened in the area earlier will drop.

The occurrence of these circumstances may exert an adverse impact on the Dino Polska Group's business, its financial standing, performance and prospects.

Possible delays in construction of new stores or increase in store construction costs

Over the past three years the Dino Polska Group opened on average approximately 200 new stores per annum. The majority of Dino Polska Group stores have been built by the Dino Group from scratch on its own land. To build a new store on a property owned by the Dino Group, the Dino Polska Group is obligated to obtain the consents from different administrative bodies. It cannot be ruled out that in the future the time needed to obtain the administrative permits may be extended. If the Dino Polska Group is not able to finalize the administrative proceedings as efficiently as in the past, in particular in the case of protests of the local communities or owners of the properties neighboring with the properties owned by the Dino Polska Group, it is possible that there will be delays which affect the whole new store launch process in the future. Obtaining the permits is associated with the requirement to furnish administrative bodies with a large number of documents, which, if it is not possible for the Dino Group to collect them at the required time, may result in extending the duration of the proceedings. In addition, the decisions issued by administrative bodies may be sued, which may additionally delay the investment process, as it has happened in the past. As a result of the above, the planned opening of a new store may be delayed or cancelled.

Also the average construction cost of a new store may increase, e.g. in the event of an increase in the prices of construction labor or materials or a change in the applicable construction standards.

More frequent than assumed occurrence of such circumstances may have adverse impact on the Dino Polska Group's ability to implement its strategy and may have adverse impact on the activities of the Dino Polska Group, its financial standing, results and prospects.

The market on which the Dino Polska Group conducts operations is characterized by high competition, and the pressure from the competitors may have adverse impact on the margins or growth prospects

The market on which the Dino Polska Group conducts operations is characterized by high competition due to the presence and constant growth of big organized retail chains, including supermarkets, discount stores and convenience stores. Changing consumer preferences towards shopping in stores located near the place of residence and increasing consumer demand spur many players to develop a network of medium-sized grocery stores located near the consumers' place of residence, which increases the competition in the market segment where the Dino Polska Group operates.

The Dino Polska Group competes in particular with discount chains, convenience stores and proximity supermarkets operated by both local and international grocery retailers having an extensive store network in Poland and frequently having a much bigger scale of business than the scale of the Dino Polska Group's operations. There is no certainty that the Dino Polska Group will be able to effectively compete with its existing or future competitors.

Players conducting competitive activity may have higher purchasing power and financial, distribution, technical, personal or marketing resources, giving them competitive advantages over the Dino Group. Retail grocery chains compete mainly in terms of location, prices and quality of the products and services and diversity of the product assortment. Dino Polska Group's ability to compete with other players depends partly on the continuing

attractiveness of the store format and development of new stores in attractive locations, which is the area where the Dino Polska Group faces increasing competition.

Players conducting competitive activity develop their business, inter alia, based on the franchise model, which supports store rollout with significantly lower capital expenditures than the development model adopted by the Dino Group and allows them to incorporate into the network existing stores that have their own customer base. One cannot rule out that in the future the development of franchise networks will significantly increase the competitiveness of the existing stores in the locations in which the Dino Polska Group will want to grow, which will limit the ability to grow and may have an adverse impact on the activities, financial standing and results of the Dino Polska Group.

The competitive pressures resulting from the aforementioned or other factors, including the competitors' possible decision to change the format of their stores to a format similar to the one used by the Dino Group, may lead to weakening the Dino Polska Group's growth rate, stagnation or reduction of the Dino Polska Group's market share and reduction of its profitability, which may have adverse impact on the activities, financial standing and results of the Dino Polska Group.

The retail grocery market in Poland is fragmented, and a large number of retail sellers have a relatively small market share. Mergers and acquisitions in this market lead to consolidation of the sector. In the case of consolidation of the Dino Polska Group's competitors which will allow them to leverage the economies of scale in their operations, there may be a stagnation or loss of the Dino Polska Group's shares in the market (in absolute or relative terms) in favor of entities participating in such consolidation. Increased competition from bigger competitors who have stronger bargaining power with suppliers and higher financial resources may also lead to decrease and stagnation of the Dino Polska Group's growth rate or decrease of its profitability, which may have adverse impact on the activities, financial standing and results of the Dino Polska Group.

Risks factors related to the activity of the Group

The Dino Polska Group's IT systems playing a key role in the activities conducted by the Company may fail, may turn out insufficiently secure or insufficient to satisfy the needs of the Dino Polska Group

The Dino Polska Group manages its stores, including the sales process, inventories, logistic operations, and financial instruments and accounting instruments through different solutions provided by the information technology. These activities depend on the efficient and uninterrupted operation of the IT systems supporting their execution. As a consequence, the Dino Polska Group may carry out analyses and manage the orders for all Dino Polska Group stores, optimizing them and limiting potential losses and lost revenues – in the event of exhaustion of the inventories or failure to supply the commodities to the stores on time. The aforementioned systems also make it possible to track on an ongoing basis the profitability of each store and enable the Dino Polska Group to quickly respond in all emergency situations. In addition, the IT systems support the distribution of products to each store in accordance with the guidelines and plans prepared by the Company's head office.

Considering the above circumstances, the activity of the Dino Polska Group and its development depends on efficient and uninterrupted operation of the IT systems. Hence it is key to ensure a correct maintenance process for the existing IT systems, their security, including the data constituting trade secret or personal data, and deploy optimum solutions at the right time which will ensure stable and uninterrupted operation of these systems. The Company may not guarantee that in the future it will be able to ensure efficient operation of the IT systems, including through their improvement, which may threaten the Dino Polska Group's ability to manage the store network roll-out, including provision of inventories management services or product supply services for the stores, which may result in disruptions in their ongoing activities.

The Dino Polska Group's operating systems may be susceptible to damages and disruptions as a result of actions associated with cybercrime, human error, natural disasters, power cuts, computer viruses, refusal to provide services, breach of security principles, limitation of access to the internet or similar events. In addition, third parties or employees may try to obtain access to the Dino Polska Group's systems to its detriment and the Dino Polska Group may not have the possibility to protect its systems against all attacks. If such attacks occur, the problems that the Dino Polska Group will have to face include theft or destruction of data, in particular

commercial, financial and product information, which may be harmful to the Dino Polska Group in commercial terms and may result in loss of reputation.

System failures and the related delays may also cause unexpected sales disruptions, loss of inventories, reduced level of services and, as a consequence, affect customer satisfaction and harm Dino Polska Group's reputation.

The aforementioned circumstances may have material negative impact on the activities, financial standing and results of the Dino Polska Group.

Change of the terms of purchase of the goods offered by the Dino Group may have material adverse impact on the activity of the Dino Polska Group

The prices of the goods purchased by the Dino Group and then offered to clients, in particular fresh products, are subject to regular changes and are the biggest part of the Dino Polska Group's cost of sales. The prices of the goods may increase significantly as a result of local or global events beyond the control of the Dino Polska Group, including unfavorable weather conditions (including poor crops or animal diseases), demand and supply growth rate, disruptions in trade or other factors.

Although the Dino Polska Group has a diversified supplier base, one cannot rule out that some suppliers, as a result of higher production costs or to increase their profits, will decide to increase the prices of the goods sold to the Dino Polska Group. The Dino Polska Group, in turn, may try to pass these higher purchase prices in full or in part on to its customers to maintain the margin of its gross profit on sales. However, increase of the retail prices by the Dino Group to cover the increase of the costs may turn out impossible, especially if, due to economic conditions, the Dino Polska Group's customers are not able or do not want to incur the cost of such increases or if the Dino Polska Group's main competitors decide not to introduce such price increases or decide to reduce their prices. As the competition in the Polish grocery retail market grows, unilateral price increases or failure to keep up or slow reaction to price reductions as compared to competitors may lead to decline of sales, reduction of customer traffic, loss of market share or other unfavorable effects. As a result, the Dino Polska Group may be significantly limited as regards its pricing policy by the actions taken by its competitors, and thus an increase of the prices by suppliers or their reduction by the competitors may have material adverse impact on the activities, financial standing and results of the Dino Polska Group.

The Dino Polska Group sources most goods directly from producers or their main representatives. The large and constantly growing volumes of orders placed with suppliers accrue benefits in the form of economies of scale. They enable the Dino Polska Group to make purchases on favorable terms that may should improve steadily as the Dino Polska Group's sales network expands.

The loss of good relations with numerous suppliers of the Dino Polska Group, termination of the supply agreements by the suppliers of the Dino Polska Group or change of the commercial terms on which the goods are supplied to the Dino Polska Group to less favorable ones could reduce the competitiveness of the Dino Polska Group in terms of the prices offered and the product assortment and have adverse impact on the profitability of the Dino Polska Group, which may have negative impact on the activities, financial standing and results of the Dino Polska Group.

Distribution of the products to the Dino Polska Group's stores may be disrupted

The products offered in the stores operated by the Dino Group are currently supplied by four distribution centers located in Krotoszyn, Piotrków Trybunalski, Jastrowie and Rzeszotary. Fresh groceries, including meat products (coming from the meat processing plant run by Agro-Rydzyna), are supplied to shops daily (except for Sundays), and the revenues from fresh groceries accounted for 38% of the Dino Polska Group's sales revenues in 2019. Dry groceries and beverages and non-grocery products are delivered on average two or three times a week, depending on the turnover of the store.

Any interruptions in the activity of the distribution centers may result in disruption of the operation of the Dino Polska Group's supply chain or may cause significant losses. In the event of disruption of one or more distribution centers as a result of events being largely beyond the control of the Dino Polska Group, in particular due to weather conditions, occurrence of fortuitous events, such as natural disasters, strikes or acts of terror or other acts of god, e.g. fire, as well as lack of deliveries or delays in supply of electricity or raw materials, which may be caused among others by occurrence of fortuitous events, a significant disruption of the functioning of the Dino

Polska Group's supply chain is possible, in particular lack of deliveries of fresh products, and incurring significant losses.

Potential technical failures or software errors in any distribution center may negatively impact the Dino Polska Group's profitability and directly affect its financial results. There is a risk that the Dino Polska Group will be not able to resume or restart its operations due to the aforementioned circumstances sufficiently quick, and its insurance cover may be insufficient to cover the losses in assets or revenues incurred. Thus, the Dino Polska Group's core business is directly exposed to the operational risk resulting from the need for the Dino Polska Group's distribution centers to ensure continuity of deliveries, a steady stream of goods and highly efficient management of crisis situations resulting from technical and software failures. In addition, there is no certainty that the security systems in place in the Dino Polska Group and prevailing prevention measures comprising all organizational and technological levels, including occupational safety and health and protection against failure, will completely eliminate the risk of failure and ensure continuity of the distribution processes.

All of the aforementioned events resulting in short- or long-term breaks in the activities of the Dino Polska Group due to the necessity to carry out repairs or rectify their effects, such as technical failures or software failures in any of the Dino Polska Group's distribution centers, may have negative impact on the activities, financial standing, results or prospects of the Dino Polska Group and the price of its Shares.

Dino Polska Group may not be able to efficiently manage its inventories

The Dino Group conducts retail sales and accordingly it must secure frequent deliveries of products to its network of stores. Accordingly, the Dino Polska Group is required to maintain a certain level of inventories at its distribution centers in order to effectively secure the supply of products to the entire store network without significant delays.

The Dino Polska Group maintains inventories for the purposes of deliveries to its stores based on the experience of its relevant supply teams that have a broad range of IT solutions at their disposal. However, the Dino Polska Group cannot rule out a possibility that, a result of an incorrect assessment by a supply team, a failure of the IT system, a sudden change in consumer preferences or other factors beyond control of the Dino Polska Group, the level of deliveries will be insufficient or excessive and the Dino Polska Group will not be able to sell its surplus inventories.

Consequently, the Dino Polska Group may not be able to secure sufficient quantities of the products that are offered in its stores or, in case of surplus inventories, to sell its products, which may adversely affect the Dino Polska Group's revenue or increase the level of its losses, which may in turn have an adverse effect on the activities, financial standing and results of the Dino Polska Group.

Ineffective identification and failure to satisfy consumer preferences may have a negative effect on the activities of the Dino Polska Group

Consumer demand for stores in the format adopted by the Dino Group and offering a similar product range results from consumer trends, consumer needs and preferences. Consumer preferences on the market and in the geographical area where the Dino Polska Group operates or intends to operate may change and the store format adopted by the Dino Polska Group or the products it offers will no longer be attractive to consumers, for example as a result of changes in lifestyles and dietary preferences or as a result of national or local economic conditions. Also, local conditions may result in customer preferences varying from region to region as the Dino Polska Group continues to expand into new areas. Customers can make most of their purchases on the Internet, which is a sales channel not currently used by the Dino Group. Changes in customer preferences may adversely affect traffic and purchases in the Dino Polska Group stores. If the Dino Group's management fails to identify and adapt to changes in consumer preferences quickly and efficiently, which includes Internet sales, the revenues and profitability of the Dino Polska Group may decline, which in turn may adversely affect the activities, financial standing and results of the Dino Polska Group.

An increase in costs could have a material adverse effect on the activity of the Dino Polska Group

Although the Dino Polska Group determines its planned costs partly on the basis of expected future revenues on sales, a significant part of the costs by nature is fixed or may increase and cannot be adjusted quickly if the future revenues of the Dino Polska Group prove to be lower than expected or if the increase in costs is faster than the

increase in revenues or if unexpected costs arise. Accordingly, if revenues from sales of the Dino Polska Group in any period are significantly lower than expected, it may not be possible to adjust the main costs by nature in an appropriate proportion and quickly enough, which may reduce the profitability of the Dino Polska Group.

In addition to the cost of goods and materials sold, which is the largest cost item by nature in Dino Polska Group, the Group's operating and financial results are also affected by other material costs, the most important of which are costs related to: consumption of materials and energy, employee benefits and external services.

The increase in the costs of the Dino Polska Group described above depends largely on factors beyond the control of the Dino Polska Group. The factors that may boost the Dino Polska Group's costs by nature or capital expenditures for real estate purchases and new store construction include among others: inflation, changes in the fiscal system (especially higher taxes), transport costs, higher oil prices, increases in minimum wages (which will affect the average cost of labor in the Dino Polska Group and may affect the cost of services provided by third parties), changes in government policies, changes in the Labour Code and other laws and regulations.

An increase in costs may have a direct impact on the results and financial standing of the Dino Polska Group. The Dino Polska Group cannot give an assurance that it will be possible to cover higher costs with higher revenues from sales. If it proves impossible then it may have an adverse effect on the activities, financial standing and results of the Dino Polska Group.

Dino Polska Group may not be able to repay its financial debt, provide financing on favorable terms, or lose strategic assets if it defaults on the terms of financing

To finance its activity, the Dino Polska Group uses, among others, external funding that consists of loans and borrowings from financial institutions, bonds issued and finance leases. The Management Board cannot guarantee that the Dino Polska Group will be able to finance its operations on favourable terms and, once it has obtained funding, that it will be able to pay interest and principal or perform other obligations under the financing agreements. If the Dino Polska Group is unable to obtain additional funding in accordance with its expectations, it may be forced to change its strategy, limit growth, and as a result the pace of achieving its strategic objectives may be slower than expected.

In the past, the Dino Polska Group financed its capital expenditures using mainly the resources generated on operating activities, from bank loans and finance leases. If the net cash flows from operating activity drop below the planned levels or the Dino Polska Group fails to secure new financing (for reasons attributable to the Dino Polska Group or the market in general), the Dino Polska Group may not be able to implement its development plans, which may adversely affect the activities of the Dino Polska Group, its financial standing and results or prospects and the price of its Shares. Slower growth of the Dino Polska Group may also affect its ability to further improve the commercial terms of cooperation that it negotiates with its suppliers and, consequently, the financial standing of the Dino Polska Group.

Additionally, the property, plant and equipment of the Dino Polska Group, including the properties on which it operates its stores and those intended for the construction of new stores, as well as the properties on which the distribution centers are located, have been encumbered with numerous security interests (e.g. mortgages). In the event that the Dino Polska Group is unable to pay its liabilities under its financing agreements, the lenders will be able to satisfy themselves from its assets, which will result in the loss of the assets on which the security interests are created. In the case of the properties intended for the construction of new shops, this may result in an inability to open new stores and in the case of the properties on which the stores are already built, it will result in the loss of existing stores.

Moreover, the financing agreements concluded by the Dino Group contain many standard obligations, including covenants to maintain certain financial ratios, not to allow third party rights to be established on assets, cross-default clauses or change of business clauses. A breach of covenants, in particular as a result of a change in accounting policies or any other obligation, may result in a default on financing agreements, a negative change in the terms of financing granted or, if a proper waiver of any covenant is not obtained from the financing entities, they may refuse to continue the financing and may demand repayment of the extended loans, declare them due and payable or satisfy themselves from Dino Polska Group's assets, which will be lost.

Each of the above events may have negative impact on the activities of the Dino Polska Group, its financial standing and results or prospects and the price of its Shares.

Dino Polska Group's insurance cover for its operations may not be sufficient or available.

The Dino Polska Group's insurance policies may not cover all the losses that the Dino Polska Group may incur in the course of its business, and certain insurance policies may not be available on economically justified terms.

The Dino Polska Group's insurance cover may not be sufficient to cover its losses or to satisfy claims raised against the Group. Insurance cover may also not be available in this respect. Moreover, an insurer may, in the circumstances specified in the pertinent insurance contracts, refuse to satisfy the Dino Polska Group's claims or cover the losses it incurs. There may also be risks that are not insurable or where insurance is not economically justified or, in the opinion of Dino Polska Group, the proposed terms and limits of insurance are not sufficient to minimize the possible high loss coverage costs. In that way the Dino Polska Group may not obtain full damages based on the executed insurance contracts to cover the losses related to the business it conducts, and the Dino Polska Group's insurance cover may be insufficient.

In addition, the insurance policies held by the Dino Group are subject to limits on the amount of insured claims. Therefore, the compensation paid under these policies may be insufficient to cover all the damages incurred by the Dino Group in full. If any loss occurs that is not covered by insurance or exceeds the insurance limits, the Dino Polska Group will have to cover the loss in whole, or in the part exceeding the insurance limit, with its own resources. There can be no assurance that in the future there will be no such material losses not covered by insurance or exceeding the insurance limit.

In addition, the premiums paid by the Dino Group for its insurance policies may increase significantly, for example following significant insured losses and subsequent changes in the historical claims data of the Dino Polska Group or generally of the market sectors where the Group operates. It also cannot be ruled out that in the future the Dino Polska Group may not be able to obtain insurance cover at the current level or on satisfactory terms.

As a result, the Dino Polska Group may have insufficient protection against losses that it could suffer in the course of its business. Any uninsured loss or loss exceeding the sums insured may have an adverse effect on the activities, financial standing and results of the Dino Polska Group.

Risks related to regulatory environment

Unclear interpretation of Polish law or change of law may adversely affect the Dino Group.

The activities of the Dino Polska Group are subject to various regulations in Poland (among others in respect to food production, fire and safety regulations, provisions of labor law and environmental law). These regulations exert a significant influence on the activities of the Dino Polska Group. If the Dino Polska Group does not operate in compliance with these requirements, it may be liable to pay penalties, fees or damages as provided for by the relevant legislation and may even be required to suspend part of its operations.

Also, a significant number of laws and regulations relevant to the activities of the Dino Polska Group have been changed and may change in the future (such as e.g. restrictions on the sale of tobacco products). Accordingly, there is no assurance that the regulations applicable to the activities of the Dino Polska Group, in particular the environmental, health and safety rules or trade restrictions in Poland and the EU, will not become more stringent. This could lead to a significant slow-down of the growth and decline of revenues of the Dino Polska Group which would not be covered by a possible decrease of operating expenses (among others employment costs).

Since there is no clarity as to future regulations, in the future the Dino Polska Group may be obligated to incur significant costs or capital expenditures to adapt the existing installations of the stores, distribution centers or the meat processing plant operated by Agro-Rydzyna to the new requirements. Additionally, the facilities operated by the Dino Group may be subject to inspections that are more stringent than the current ones.

Instability of the legal system and regulatory environment increases the risk of incurring significant additional and unforeseen costs, as well as the costs of adjusting the operations to the changing legal environment in the

context of the activities conducted by the Dino Polska Group, which may adversely affect the Dino Polska Group's activities, financial standing, growth prospects and results or the market price of the Shares.

Implementation of the retail sales tax may adversely affect the Dino Group

Introduction of a retail sales tax has been considered in Poland in the past. On 1 September 2016, the Act of 6 July 2016 on Retail Sales Tax ("**Retail Sales Tax Act**") came into force in Poland. Under the Retail Sales Tax Act, the Company was required to pay retail tax of 0.8% of its monthly revenues in excess of PLN 17 million and up to 170 million, and 1.4% of monthly revenues above PLN 170 million.

On 19 September 2016, the European Commission issued an injunction suspending Poland's collection of this retail tax, which was found to breach the EU state aid rules as it gives small retailers a selective advantage over their competitors. As a result of the above, the application of the Retail Sales Tax Act was postponed to be applicable to the revenue from retail sales generated as of 1 July 2020.

Even though, as of the Report Date, the retail tax is not applicable to any of the Dino Polska Group companies, as of July 2020 it may, in particular, result in an increase in the tax costs of the Dino Polska Group or decrease its profitability, which may have an adverse effect on the Dino Polska Group's activities, financial standing, growth prospects and results, or on the market price of Shares.

Changes in the tax law applicable to the operations of the Dino Polska Group or its interpretation, as well as changes in individual tax rulings may adversely affect the Dino Group.

The regulations of Polish tax law are complicated and change frequently. The practice of applying tax law by tax authorities is not homogeneous, while the jurisprudence of administrative courts on this subject often exhibits material differences. There can be no assurance that the tax authorities will not issue a different tax ruling in regard to the tax regulations applied by the Company or Dino Polska Group companies, which could be unfavourable to the Company or Dino Polska Group companies. In particular, the Dino Polska Group cannot give an assurance that, as tax avoidance provisions are introduced that use general clauses and the interpretation and application of which will be developed in practice by the tax authorities and the jurisprudence of the administrative courts, the tax authorities will assess the tax effects of operations conducted by the Company or by the Dino Polska Group companies differently than the Group does. This may apply in particular to restructuring transactions, which generate a tax advantage for the taxpayer, after the regulations containing a tax avoidance clause become effective. Also, there can be no assurance that the individual tax rulings obtained and applied by the Company or the Dino Polska Group companies will not change or be rendered inoperative for the same reason. The legislative practice also shows a tendency to enact legal acts in the field of tax law that may have retroactive effect, which may influence the amount of tax settlements.

There is also a risk that, as new regulations and the new retail sales tax are implemented or VAT increases, the Company or the Dino Polska Group companies will have to undertake adaptive efforts, caused by the circumstances, which may lead to considerable expenses of adaptation to the new regulations or possibly to a decrease in the level of sales and revenues of the Dino Polska Group (if VAT increases). On account of the above, there is no assurance that the tax authorities will not challenge the correctness of tax settlements made by the Company or the Dino Polska Group companies in respect of tax liabilities for which the period of limitation has not expired and the determination of tax arrears of these entities, which may have an adverse effect on the activities, financial standing, results of the Dino Polska Group and on the price of Shares.

6. CORPORATE GOVERNANCE

6.1. Representation on the application of corporate governance

Dino as a company listed on the regulated market run by the Warsaw Stock Exchange is subject to the corporate governance principles defined in the document entitled Best Practices of WSE Listed Companies 2016. The document is available at the Stock Exchange website (<http://www.gpw.pl>) in the section devoted to corporate governance of listed companies.

The Best Practices of WSE Listed Companies 2016 is a set of recommendations and rules of proceeding concerning in particular the governing bodies of listed companies and their shareholders. If a principle is not permanently implemented by a listed company or it has been incidentally breached, the listed company is obligated to notify that fact in the form of the current report. Moreover, a listed company is obliged to attach to the annual report a report containing information on the scope of its application of the Best Practices of WSE Listed Companies 2016 in a given financial year.

Dino observes most of the recommendations and standards included in the Best Practices of WSE Listed Companies 2016, except for the following:

- Detailed 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.
The standard is not applied in connection with the fact that the Company does not apply detailed standard II.Z.1.
- Detailed standard I.Z.1.20 – to the extent it refers to an audio or video recording of the shareholder meeting.
The Company notes that if the shareholders: (i) show interest in audio or video recordings of the Shareholder Meeting, and (ii) notify the Company of such interest then the Company will comply with the shareholders' expectations in this respect and will publish an audio or video recording of the shareholder meeting on its website.
- Recommendation II.R.2 – to the extent it refers to diversity of the corporate bodies in terms of gender.
The Company does not ensure an equal participation of women and men in the Management Board or the Supervisory Board. As at the Report Date, the Management Board consists of two people and the Supervisory Board consists of five people and none of them are women. The Company supports this recommendation and has a policy in place under which the Company employs competent, creative individuals with appropriate professional experience and education. At the same time, the Company has no effect on the composition of its corporate bodies.
- Detailed 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.
The Company does not have in place a formal division of duties and responsibilities among Management Board members. The Company believes that such a solution is appropriate and adequate to the current stage of development and scale of the Company's operations and ensures effective management.
- 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.
The Company points out that providing the necessary technical infrastructure will require costs and other resources of the Company that are disproportionate to the potential interest of its shareholders. Therefore, the Company does not plan to conduct a shareholder meeting using electronic means of communication.
- IV.Z.2. - to the extent it relates to the provision of publicly available broadcasts of shareholder meetings in real time.
The Company does not plan to broadcast the shareholder meeting in real time because of the additional costs and organizational resources it would have to devote to this undertaking. Nevertheless, the

Company will consider transmitting the Shareholder Meeting in real time, if this is requested in the future by the shareholders.

In addition, with regard to recommendation I.R.2. Dino reports that it does not conduct any sponsoring activity. Charitable activity is conducted by the Dino Najbliżej – Ciebie Foundation, which has been holding the status of a public benefit organization since October 2015. The foundation aims to selflessly help people in need, especially individuals suffering from diseases and children.

No formal diversity policy is in operation in the Company. The Shareholder Meeting and the Supervisory Board elect the members of the Supervisory Board and the Management Board based on their competences and experience, notwithstanding their age, gender, education and other attributes. The Company's Management Board is guided by these very same criteria when it makes staffing decisions pertaining to key managers. The Company does its utmost to ensure that all employees have equal opportunities in terms of professional development and promotions.

6.2. Internal control and risk management system in the process of preparation of financial statements

The Parent Company's standalone financial statements have been prepared in accordance with the following:

- Accounting Act of 29 September 1994 (consolidated text: Journal of Laws of 2017, item 2342, as amended),
- internal accounting procedures based on the accounting policies in effect in Dino Polska,
- applicable law and provisions of the articles of association of Dino Polska.

The consolidated financial statements have been 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 Group companies, which are made in order to restate the standalone financial data of the Parent Company and the Dino Polska Group's Subsidiaries to ensure compliance with IFRS.

The process of preparing financial statements is covered by an internal control and risk management system, which contributes to the credibility and accuracy of financial reporting, and compliance with the law and internal regulations. The internal control system entails:

- control activities performed by employees of the Dino Polska 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 beginning to end),
- functional control performed by all the employees in managerial positions who oversee the organizational cells reporting to them,

Risk management in the process of preparing the financial statements is based on risk identification and assessment combined with defining and taking actions aimed at minimizing or eliminating risks 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 Group. The risk management process starts already at the Group's lowest levels, so as to ensure fulfillment of the intended objectives. Risk management in the Dino Polska Group is a process overseen by the Management Board and key managerial personnel.

The accuracy of preparation of the financial statements is also verified by Supervisory Board members as part of the Audit Committee's duties entrusted to the Supervisory Board. To confirm the consistency of the data contained in the financial statements with the facts and records in the accounting ledgers kept by the Company, the financial statements are audited by a statutory auditor who issues an opinion in this respect. All actions taken by the company are aimed at ensuring compliance with the provisions of law and the facts, and early identification and elimination of potential risks so that they do not affect the credibility and accuracy of presented financial data.

6.3. Share capital, shares and shareholders of Dino Polska

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. The shares are not preferred in terms of voting rights, dividend rights or distribution of assets in the case of liquidation of the Company. 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's shares (with the exception of the undertakings not to dispose of the Shares made in the public offering, as described below). As of the Report Date:

- there are no Shares which do not represent the Company's share capital (do not constitute a stake in the share capital),
- the Company does not hold any treasury Shares, and no Subsidiary or third party acting for or on behalf of the Company holds any Shares,
- neither the Company nor any of its Subsidiaries acquired treasury shares (of Dino Polska) in 2019,
- neither the Company's nor any Subsidiaries' capital is subject to options, and it has not been agreed, conditionally or unconditionally, that the capital of any such entities will become subject to options,
- there are no convertible securities or securities exchangeable for securities (including Shares) of the Company or securities with warrants issued by the Company, and
- the Articles of Association do not contain any provisions authorizing the Management Board to increase the Company's share capital as part of authorized capital.

Dino Polska S.A.'s shareholder structure as at the end of 2019

	Number of shares and number of votes at the Shareholder Meeting	Share in the share capital and in votes at the Shareholder Meeting
Tomasz Biernacki with a subsidiary ²	50,103,000	51.10%
Other shareholders	47,937,000	48.90%

In March and April 2017, the IPO of Dino Shares was held (in accordance with the prospectus approved by the Polish Financial Supervision Authority (KNF) on 17 March 2017), as a result of which the shareholder Polish Sigma Group S.à r.l. sold all the Shares it held, representing 49% of the Company's share capital and 49% of the total number of votes at the Shareholder Meeting. The Company did not issue any new shares in the IPO.

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. Michał Krauze, a Management Board Member, held 30,000 Company shares as at the Report Date. Among the Supervisory Board members, as at the Report Date Dino shares were held by: Tomasz Biernacki (Supervisory Board Chairman) as detailed in the table above and Eryk Bajer – 19,900 shares and Sławomir Jakszuk – 1,600 shares.

Dino Polska Management Board and Supervisory Board Members do not hold any shares in Dino Polska's subsidiaries. The Company does not have an employee share ownership plan and hence it does not have an employee share ownership plan control system. The Company is unaware of any agreements which may result in future changes to the proportions of the Shares held by the shareholders. No other changes to the share capital took place in 2019 or up to the Report Date.

6.4. DINO Polska Bonds

On 21 September 2017, the Management Board of Dino Polska adopted a resolution to establish a program for the Company to issue bonds up to the amount of PLN 500 million ("Program"). Under the Program the Company may conduct multiple issues of secured bearer bonds in electronic form (not in paper form) denominated in Polish

² BT Kapital Sp. z o.o., a subsidiary of Tomasz Biernacki, holds a total of 103 thousand Company shares

złoty. The bonds issued under the Program will be offered for purchase pursuant to art. 33 item 2 of the Bond Act of 15 January 2015 (Journal of Laws of 2015, Item 238 as amended).

Decisions regarding the launch of further issues under the Program and their amounts will be made based on the Company's current funding needs. Detailed parameters of bond issue will be determined before the issue of a given bond series. The various series of bonds issued under the Program may contemplate registration of the bonds in the securities depository run by Krajowy Depozyt Papierów Wartościowych S.A. and of introducing the bonds to be traded in the alternative trading system run by Warsaw Stock Exchange S.A. or BondSpot S.A.

This Program's objective is to diversify the sources of funding and optimize the Company's operating expenses. The Program will not affect the Company's current targets regarding the overall level of net debt to EBITDA. The cash funds obtained through the Program will be allocated to develop the Company's operations under its current growth strategy entailing in particular the roll-out of its own store network with distribution centers and logistic network.

On 13 October 2017, as part of the Program, the Company issued 100,000 series 1/2017 secured bearer bonds with a nominal value of PLN 1,000 each and a total nominal value of PLN 100 million ("Bonds"). Proceeds from the Bond issue were used by the Company in accordance with the specified purpose. The Bonds are secured by sureties of selected Dino Polska Group companies. The issue price of the Bonds was equal to their par value. The Bonds were offered for purchase in a private offering (pursuant to Article 33 Item 2 of the Bond Act of 15 January 2015 (Journal of Laws of 2015, Item 238, as amended) and bore interest at the variable interest rate – WIBOR 3M plus a fixed margin of 1.30 percentage points per annum. The Bonds were registered in the securities depository run by the National Depository for Securities (KDPW S.A.) and introduced to be traded in the alternative trading systems run by Warsaw Stock Exchange (GPW S.A.) and BondSpot S.A. The final maturity of the Bonds is 13 October 2020.

On 26 June 2019, as part of the Program, the Company issued 1,700 series 1/2019 secured bearer bonds with a nominal value of PLN 100,000 each and a total nominal value of PLN 170 million ("Bonds"). Proceeds from the Bond issue were used by the Company in accordance with the specified purpose. The Bonds are secured by sureties of selected Dino Polska Group companies. The issue price of the Bonds was equal to their par value. The Bonds were offered to be bought under a private issue (according to article 33, item 2 of the Bond Act of 15 January 2015 (consolidated text: Journal of Laws of 2018, Item 483, as amended)) and bear interest at a floating interest rate equal to WIBOR 3M plus a fixed margin of 1.30 percentage points per annum. The Bonds were registered in the securities depository run by the National Depository for Securities (KDPW S.A.) and introduced to be traded in the alternative trading systems run by Warsaw Stock Exchange (GPW S.A.) and BondSpot S.A. The final maturity of the Bonds is 26 June 2022.

6.5. Management Board of Dino Polska

Members of the Management Board are appointed for a joint term of three years. The mandate of a member of the Management Board expires no later than on the date of holding the Shareholder Meeting approving the financial statements for the last full financial year of serving as a member of the Management Board.

Composition of the Management Board

The Management Board comprises of between one and five persons. The number of members of the Management Board of a given term is set by the Supervisory Board.

Management Board Members, including the President of the Management Board, are appointed and dismissed by the Supervisory Board. Each Management Board member may be dismissed by the Supervisory Board at any time both for cause and without cause. The Supervisory Board may suspend some or all of the members of the Management Board due to important reasons. A Management Board member may also be dismissed or suspended in performance of his/her duties by a resolution adopted by the Shareholder Meeting.

Management Board's powers

The Management Board manages the Company's operations and assets and represents the Company externally before courts, authorities and third parties. The Management Board makes decisions in all the matters that are not reserved by the law or the Articles of Association as exclusive powers of the Supervisory Board or the Shareholder Meeting. Management Board Members do not have the power to decide on share issues or buyouts. All of the Management Board members are obligated and entitled to manage the Company's business jointly. Two Management Board members acting jointly or one Management Board member acting jointly with a commercial proxy are authorized to submit representations of will and sign on behalf of the Company.

Management Board Members

At the end of 2019 and as at the Report Date, the Management Board is comprised of three members. In August 2018, in connection with expiry of the term of office, the Supervisory Board appointed the hitherto Management Board members, i.e. Szymon Piduch and Michał Krauze, for another three-year term of office. In August 2019 the Company's Supervisory Board appointed Michał Muskała to be a Management Board Member.

Moreover, on 12 April 2019 the Supervisory Board appointed Jakub Macuga to be a Management Board Member. On 11 October 2019 Jakub Macuga, in consultation with the Company's Management Board and Supervisory Board, tendered his resignation from serving as a Member of the Dino Polska S.A. Management Board. As justification for his resignation Jakub Macuga cited the need to be fully involved in his work as a Management Board member in subsidiaries of Dino Polska S.A. On 10 October 2019 Jakub Macuga was appointed to be a Management Board member of Dino Południe Sp. z o.o., a company that provides warehousing services to Dino Polska S.A. On top of that, Jakub Macuga will continue to serve in his capacity as a Management Board member of PIK Finanse Sp. z o.o. and he will retain his responsibility for managing the financial liquidity of the Dino Polska S.A. Group.

Composition of the Dino Polska S.A. Management Board at the end of 2019

Full name	Age	Position	Date of assuming the function in the current term of office
Szymon Piduch	48	President of the Management Board	5.10.2018
Michał Krauze.....	37	Management Board Member	5.10.2018
Michał Muskała	31	Management Board Member	30.08.2020

The mandates of Management Board members expires no later than on the date of holding the Shareholder Meeting approving the financial statements for the last full financial year in which a member served on the Management Board.

Szymon Piduch and Michał Krauze have been employees of the Dino Polska Group since 2002. From 2002 to December 2009, Szymon Piduch served, among others, as financial director. In March 2010 he was appointed to be the CEO. He is in charge of areas of expansion, investment and operations in the Company.

In 2002-2007, Michał Krauze was an accountant, then, in 2007-2011, an independent accountant, and then, in 2011-2016, a financial controller. He was appointed to the Management Board in May 2014, and since July 2016 he has also been discharging the function of Chief Financial Officer. In the Company, he is in charge of finance.

Michał Muskała joined Dino Polska S.A. in 2018. He is responsible for the preparation, supervision and execution of all of the Company's investment projects (in particular for its distribution centers and stores) and for the technical division.

Compensation and terms of employment contracts of Management Board members

Compensation and rules for compensating Management Board members and rules governing the employment of Management Board members

Contracts between Management Board members and the Company

Management Board members are employed under employment contracts. Such contracts contain the fundamental provisions required by the provisions of labor law, including the job description and the amount of employee compensation. Contracts with the Management Board members have been entered into for an indefinite term and may be terminated with three months' notice. Moreover, these contract contain confidentiality clauses applicable to the Management Board members.

Employment contracts signed with Szymon Piduch, Michał Krauze and Michał Muskała require these Management Board members to refrain from involvement in any business competitive to that of the Company or the Subsidiaries during the employment relationship and for a period of 12 months following the expiration of the employment contract for any reason. In particular, the Management Board members must not: (i) enter into any employment contracts, management contracts, consulting contracts or any other contracts or mandate arrangements with any entity running a business competitive to that of the Company or the Subsidiaries, accept positions in governing authorities of any such entity or render any services in its favor; (ii) be involved in any business of a competitive nature to that of the Company or the Subsidiaries, run on a self-employed basis; (iii) become a shareholder or establish a joint venture or have any other financial interest in a company running any business competitive to that of the Company or the Subsidiaries, except for the acquisition of shares in entities that are available on a public market in a quantity that entitles the holder to no more than 0.25% of the total number of votes at the shareholder meeting of the company in question. Throughout the non-competition period, the Management Board members are required to notify the Company in writing of undertaking any business or work, irrespective of the legal basis, which might be considered to constitute any business competitive to that of the Company or the Subsidiaries. Business competitive to that of the Company or the Subsidiaries is any business whose subject matter or any equity share overlaps, in whole or in part, with the extent of business operated currently or in the future by the Company in Poland. A contractual penalty is provided for a breach of the non-competition clause during the term of the employment contract, equal to 6 times the average monthly compensation obtained by the pertinent Management Board member prior to the cessation of the employment relationship, with an option allowing for the Company's pursuit of damages for any loss the value of which is greater than the amount of the contractual penalty. A contractual penalty is provided for a breach of the non-competition clause after the termination of the employment contract, equal to twice the amount obtained by the pertinent Management Board member as compensation for refraining from involvement in competitive activity, with an option allowing for the pursuit of damages for any loss the value of which is greater than the amount of the contractual penalty. Each Management Board member is entitled to (lump-sum) compensation for adherence to the non-competition clause after the termination of the employment relationship in an amount equivalent to 12 times the average monthly compensation obtained by the relevant Management Board member prior to such termination. The said compensation is payable in twelve monthly installments. The Management Board members receive discretionary bonuses from the Company granted by way of Supervisory Board resolutions based on the rules governing the granting of bonuses for budget performance set beforehand by the Supervisory Board. Furthermore, the Management Board members may not, without the consent of the Supervisory Board, accept the function of a member of the management board or supervisory board in any company unrelated to Dino Polska.

Contracts between Management Board members and the Subsidiaries

In addition to the employment contract with the Company, Szymon Piduch has entered into mandate agreements with CWN and Agro-Rydzyna under which he performs activities related to the discharge of the function of a management board member in these companies.

The contracts entered into by and between Szymon Piduch and the Subsidiaries contain confidentiality clauses and the requirement to refrain from the conduct of any competitive business during the term of the agreements and for 12 months following their expiration or termination for any reason. The compensation for refraining from the involvement in any competitive business provided for in the employment contract with the Company is also

treated as the compensation for refraining from the involvement in any business competitive to that run by the Subsidiaries.

In addition to the employment contract with the Company, Michał Krauze has entered into a mandate agreement with Agro-Rydzyna under which he performs activities related to the discharge of the function of a management board member in Agro-Rydzyna. Agro-Rydzyna may grant Michał Krauze a discretionary bonus.

His agreement with Agro-Rydzyna contains provisions on confidentiality and the requirement to refrain from the conduct of any competitive business during the term of the agreement and for 12 months following its expiration or termination for any reason. The compensation for refraining from the involvement in any competitive business provided for in the employment contract with the Company is also treated as the compensation for refraining from the involvement in any business competitive to that run by Agro-Rydzyna. Management Board members also obtain discretionary bonuses from the Subsidiaries.

In addition to the employment contract with the Company, Michał Muskała has entered into mandate agreement with CWN under which he performs activities related to the discharge of the function of a management board member in this company.

The contract entered into by and between Michał Muskała and the Subsidiary contain confidentiality clauses and the requirement to refrain from the conduct of any competitive business during the term of the agreements and for 12 months following their expiration or termination for any reason. The compensation for refraining from the involvement in any competitive business provided for in the employment contract with the Company is also treated as the compensation for refraining from the involvement in any business competitive to that run by the Subsidiary.

Jakub Macuga, in connection with his function as a Dino Polska Management Board Member for a portion of 2019, received compensation in the amount of PLN 49.4 thousand from Dino Polska and at the same time PLN 80.5 thousand for sitting on the management boards of Subsidiaries.

Amounts of compensation and other benefits due the Management Board members from the Company and the Subsidiaries

The table below shows the amounts of compensation and other benefits payable or paid to each Management Board member by the Company and the Subsidiaries in 2019.

Full name	Compensations received from the Company		Compensations received from the Subsidiaries	
	Base compensation under the employment contract	Additional compensation in the form of discretionary bonuses	Base compensation under civil law agreements	Additional compensation in the form of discretionary bonuses
	(PLN thousand)			
Szymon Piduch	68,4	1 176,2	275,2	-
Michał Krauze	66,0	432,6	148,8	-
Michał Muskała	214,7	98,1	20,0	-

* - total compensation received in 2019 (for the period, in which Michał Muskała discharged the function of a management board member and for the earlier period, when he was, among others, Director of the Technical Department at Dino Polska)

The table below shows the amounts of compensation and other benefits payable or paid to each Management Board member by the Company and the Subsidiaries in 2018.

	Compensations received from the Company		Compensations received from the Subsidiaries	
	Base compensation under the employment contract	Additional compensation in the form of discretionary bonuses	Base compensation under civil law agreements	Additional compensation in the form of discretionary bonuses
Full name	(PLN thousand)			
Szymon Piduch	64.3	888.6	306.6	-
Michał Krauze	70.0	333.7	148.8	-

The Management Board members are covered by third party liability insurance.

The contracts between the Management Board members and the Company do not provide for any compensation (other than those described above) in the event of a Management Board members' resignation or dismissal without a significant reason or if such dismissal results from the Company's merger with another entity by way of an acquisition.

Other than the benefits described above, as at the end of 2019 the Management Board members were not covered by any contingent or deferred benefits granted by the Company or the Subsidiaries.

There are no contracts between the Management Board members and the Company or the Subsidiaries providing for any benefits payable upon termination of the employment relationship. There are no liabilities arising from pension obligations or similar benefits payable to former members of management, supervisors or former members of administrative bodies.

6.6. Shareholder Meeting, shareholder rights and rules for amendment of the articles of association

A Shareholder Meeting is convened by way of an announcement published on the Company's website and in the manner provided for in the Commercial Company Code as well as in compliance with the Public Offering Act. Such an announcement should be published at least 26 days prior to the date of the Shareholder Meeting. Shareholder Meetings are held in the Company's registered seat or in Warsaw or in some other venue in Poland designated by the Company in the announcement regarding the convening of the Shareholder Meeting.

A Shareholder Meeting is convened by the Management Board. The Supervisory Board may convene an ordinary Shareholder Meeting if the Management Board fails to convene it within the prescribed time limit and may convene an extraordinary Shareholder Meeting if the Supervisory Board considers it expedient. The right to convene an extraordinary Shareholder Meeting is also vested in Company's shareholders representing at least half of the Company's share capital or at least half of all votes in the Company. In such a case, the Company's shareholders have the right to appoint the chairperson of the Shareholder Meeting.

Moreover, a shareholder or shareholders representing at least one-twentieth of the Company's share capital may request that an extraordinary Shareholder Meeting be convened and that specified items be placed in the agenda of the Shareholder Meeting. Such a request to convene an extraordinary Shareholder Meeting must be submitted to the Management Board in writing or in electronic form. If, within two weeks from the date of submission of the request to the Management Board, the latter fails to convene the extraordinary Shareholder Meeting, the court of registration may authorize the Company's shareholders who have submitted the request to convene the extraordinary Shareholder Meeting themselves. In such a case, the court appoints the chairperson of the Shareholder Meeting.

The right to participate in the Shareholder Meeting is vested only in those persons who are the Company's shareholders sixteen days prior to the date of the Shareholder Meeting (date of registration of participants). The shareholders have the right to participate in the Shareholder Meeting and exercise their voting rights in person or by proxy. Furthermore, each shareholder is entitled to have a say on the matters included in the agenda. A detailed

description of the procedures governing participation in Shareholder Meetings and the exercise of voting rights is always provided along with the announcement on convening a Shareholder Meeting.

The Shareholder Meeting is the body authorized to make decisions concerning issues related to the organization and operations of the Company, except for the cases specified in the Commercial Company Code and the Articles of Association. The rules for holding the Company's Shareholder Meetings are defined by the Rules and Regulations of the Shareholder Meeting in Dino Polska S.A. published on the website grupadino.pl.

The rights of the shareholders and the method of exercising them at the Shareholder Meeting are specified in the Commercial Company Code and the Articles of Association. In accordance with the Articles of Association, the powers of the Shareholder Meeting include:

- appointing and dismissing Supervisory Board members;
- defining the rules for compensating Supervisory Board members and setting the amounts of such compensations,
- establishing, utilizing and dissolving reserve capital and other special-purpose funds as well as utilizing supplementary capital.

An amendment to the Articles of Association requires the adoption of a Shareholder Meeting resolution by a three-fourths majority of votes. An amendment to the Articles of Association materially changing the Company's line of business (Article 416 § 1 of the Commercial Company Code) does not require a buyout of the shares held by the shareholders objecting to such an amendment if the relevant resolution of the Shareholder Meeting is adopted by a 2/3 (two-thirds) majority of the votes in the presence of shareholders representing at least one half of the share capital.

6.7. Supervisory Board and its committees

The Supervisory Board exercises regular supervision over the Company's operations in all areas of its activity. Members of the Supervisory Board are appointed for a joint term of three years. The mandates of the members of the Supervisory Board expire, at the latest, on the date of holding the Shareholder Meeting approving the financial statements for the last full financial year during which they held the position of a Supervisory Board member.

The Supervisory Board consists of five to eight members.

As at the Report Date, according to the Articles of Association, Supervisory Board members are appointed and dismissed in the following manner:

- a) as long as Tomasz Biernacki holds shares representing at least 50% of the overall number of votes at the Shareholder Meeting plus one share, Tomasz Biernacki will be authorized to appoint and dismiss one member of the Supervisory Board who will also serve as the Supervisory Board Chairman, by way of written representation to appoint or dismiss a Supervisory Board member, which becomes effective upon delivery to the Company;
- b) the other Supervisory Board members are appointed and dismissed by the Shareholder Meeting and the Supervisory Board Deputy Chairperson is elected by Supervisory Board members from among themselves.

In the case of voting in separate groups in accordance with the procedure prescribed by Article 385 of the Commercial Company Code, the Supervisory Board will have eight members, however, until the expiry of the powers referred to in item (a) above, Tomasz Biernacki will have the right to appoint the Supervisory Board Chairman from among the Supervisory Board members elected in connection with the voting in by voting in separate groups. If the powers referred to in item (a) above expire, then the Supervisory Board Chairman will be elected by the Supervisory Board members from among themselves.

Supervisory Board members

As at the Report Date, the Supervisory Board consists of five members.

The following table presents basic information on the Supervisory Board members at the end of 2019

Full name	Age	Position	Date of assuming the function in the current term of office
Tomasz Biernacki.....	46	Supervisory Board Chairman	21 May 2018
Eryk Bajer	51	Supervisory Board member	21 May 2018
Maciej Polanowski.....	49	Supervisory Board member	21 May 2018
Piotr Nowjalis	45	Supervisory Board member	21 May 2018
Sławomir Jakszuk.....	56	Supervisory Board member	21 May 2018

Eryk Bajer, Tomasz Biernacki and Maciej Polanowski have been discharging the functions of the Company's Supervisory Board members since 2010. Piotr Nowjalis and Sławomir Jakszuk have been discharging the functions of the Company's Supervisory Board members since 2015.

Audit Committee

According to the Articles of Association, the Supervisory Board appoints the Audit Committee whose composition complies with the Statutory Auditor Act and the Best Practices of WSE Listed Companies. The Company's Audit Committee was appointed by a Supervisory Board resolution of 1 December 2016.

The tasks of the Audit Committee include, in particular (i) monitoring the financial reporting process; (ii) monitoring the effectiveness of the internal control, internal audit and risk management systems; (iii) monitoring the performance of the financial review activities; (iv) monitoring the independence of the statutory auditor and the entity authorized to audit financial statements, also if services other than financial review are performed for the Company; and (v) recommending the entity authorized to audit financial statements to the Supervisory Board to perform the financial review activities for the Company.

On 14 June 2018 the composition of the audit committee of the new term of office of the Company's Supervisory Board was appointed. The following persons were appointed to the committee: Piotr Nowjalis (Audit Committee Chairman), Sławomir Jakszuk and Maciej Polanowski.

Piotr Nowjalis satisfies the criteria for independence prescribed by the Best Practices of WSE Listed Companies. Additionally, he satisfies the criteria for independence prescribed by the Statutory Auditor Act and holds qualifications in accounting. Sławomir Jakszuk satisfies the criteria for independence prescribed by the Best Practices of WSE Listed Companies. Additionally, he satisfies the criteria for independence prescribed by the Statutory Auditor Act.

Piotr Nowjalis has knowledge and experience in accounting acquired during his career, while discharging the functions of financial director and management board member responsible for finance and accounting in public companies: AB S.A. (2003-2008) and CCC S.A. (2008-2017). Piotr Nowjalis has knowledge concerning retail network management which gained when he was in CCC S.A. in 2008-2017. Sławomir Jakszuk is a partner and legal advisor in the *Prof. Wierzbowski i partnerzy* law firm. He has extensive experience in the area of capital markets and has advised a number of securities issuers on matters associated with their statutory duties.

The Audit Committee held six meetings in 2019, of which three were held in the Company's seat and three in the form of a conference call.

Compensation and rules for compensating Supervisory Board members

The table below shows the annual compensation received by the various Supervisory Board members from the Company for 2018.

	Compensation from the Company in 2019	Compensation from the Company in 2018
	(PLN thousand)	(PLN thousand)
Tomasz Biernacki.....	0,0	0,0
Eryk Bajer	83,0	83,4
Maciej Polanowski.....	80,0	78,5
Pierre Detry	-	60,0
Piotr Nowjalis	99,6	99,6
Sławomir Jakszuk.....	83,0	83,4

The total value of the benefits received from the Company by the Supervisory Board members in 2019 was PLN 345.7 thousand (in 2018 the compensation for Supervisory Board members was PLN 404.9 thousand). These benefits included compensation for discharging the function of a Supervisory Board member. Supervisory Board members do not receive compensation from Subsidiaries.

6.8. Auditor

Pursuant to § 20 Sec. 1 Item 6 of Dino Polska's Articles of Association, selection of the statutory auditor to audit the financial statements of Dino and the Dino Group is within the powers of the Dino Polska S.A. Supervisory Board. The Supervisory Board selects the statutory auditor on the basis of the opinion and recommendation of the Audit Committee.

On 20 June 2017, the Company entered into an agreement with Ernst & Young Audyt Polska sp. z o.o. sp. k., with its registered office in Warsaw, Rondo ONZ 1, entered in the list of entities authorized to audit financial statements kept by the National Chamber of Statutory Auditors under file number 130, to review the interim H1 financial statements of Dino Polska and interim H1 consolidated financial statements of the Dino Polska Group, and to audit the standalone financial statements of Dino Polska and consolidated financial statements of the Dino Polska Group for 2017.

On 7 June 2018, the Company, based on a Supervisory Board decision and based on the Audit Committee's recommendation satisfying the required conditions, extended the agreement with Ernst & Young Audyt Polska sp. z o.o. sp. k., with its registered office in Warsaw, Rondo ONZ 1, to review the interim H1 financial statements of Dino Polska and interim H1 consolidated financial statements of the Dino Polska Group for 2018, 2019 and 2020, and to audit the standalone financial statements of Dino Polska and consolidated financial statements of the Dino Polska Group for 2018, 2019 and 2020.

In 2018 Ernst & Young Audyt Polska sp. z o.o. sp. k. did not provide to the Company or to its Subsidiaries any services other than financial statements review or audit services.

The table below presents the fees charged by the entity authorized to audit the financial statements paid or due for the years ended 31 December 2019 and 2018, by type of service.

Type of services	2019	2018
Mandatory audit of financial statements	432	332
Review of the interim financial statements	71	71
Other audit services	-	-
Tax advisory services	-	-
Total	503	403

Below are the Company's main assumptions of the policy for selecting an audit firm:

- an audit firm to audit the separate financial statements of the Company and the consolidated financial statements of the Dino Group is selected for up to 5 years,

- the same audit firm upon elapse of the maximum term may be reselected after elapse of at least 3 years of the completion of the last statutory audit,
- launch of the audit firm selection procedure is preceded by an Audit Committee resolution which obligates the Company to appoint a team to carry out a tender and prepare requests for proposal; the proposals sent to the Company, after they are collectively opened by the tender team, are submitted to Audit Committee members and Supervisory Board members,
- The Company evaluates the proposals submitted by the audit firms in accordance with the selection criteria laid down in the tender documentation and prepares a report comprising the findings of the selection procedure approved by the Audit Committee.
- Evaluating the proposals, the Audit Committee takes into account: a) experience in auditing financial statements of public companies; b) professionalism; c) knowledge of the retail business; d) position of the statutory auditor in the audit service market; e) content and presentation of the proposal; f) price,
- The Audit Committee selects at least two proposals by a majority of votes (if the selection does not pertain to extension of the mandate) or indicates the current audit firm if the mandate is being extended, which are recommended, together with a justification, to the Supervisory Board for selection,
- if the Supervisory Board's decision regarding the selection of the audit firm deviates from the Audit Committee's recommendation, the Supervisory Board is required to present a justification stating the reasons for refusing to follow the Audit Committee's recommendations. The Supervisory Board forwards such justification to the Shareholder Meeting.

The Company has a policy for the provision of permitted non-audit services by the audit firm carrying out the audit, by related parties of such audit firm and by a member of the audit firm network. In line with its assumptions, the provision of non-audit services, save for forbidden services, is possible after the Audit Committee evaluates the threats and safeguards of the independence (the Audit Committee refuses to give consent to the provision of services if there is a risk that the threat to independence cannot be reduced to an acceptable level that does not threaten the Company's interest). In addition, the aforementioned policy defines the periods in which non-audit services cannot be provided and comprises catalogs of services whose provision by the statutory auditor or audit firm is prohibited, and of permitted services.

6.9. Transactions with related parties

Neither the Company nor its subsidiaries entered into transactions with related parties that deviated from arm's length basis. Detailed information about transactions with related parties is presented in Note 40 to the Company's Financial Statements for the year ended 31 December 2019, and in Note 32 to the Consolidated Financial Statements for the year ended 31 December 2019 prepared in accordance with the International Financial Reporting Standards endorsed for application in the EU.

6.10. Legal proceedings

As at 31 December 2019, Dino Polska and certain Subsidiaries were parties to several legal actions which, in the Company's opinion, did not generate any major receivables or payables. According to the Company's best knowledge, as at 31 December 2019 and the Report Date, there were no pending proceedings pertaining to liabilities and/or receivables of the Company or its subsidiaries whose value would exceed 10% of the Company's equity.

7. “DINO – CLOSEST TO YOU”. CORPORATE SOCIAL RESPONSIBILITY REPORT OF DINO POLSKA

7.1. Dino’s Business Model.

We are one of the largest nationwide grocery store networks in Poland. At the end of 2019, 1,218 mid-sized supermarkets operated under the Dino name across Poland. The size of a standard Dino store is about 400 square meters, with a parking lot with several dozen parking spaces for customers, including people with disabilities, and a bicycle parking rack.

Dino stores are located close to our customers’ place of residence to ensure that customers are able to shop for their first-need articles quickly and conveniently. The rapidly growing Dino store network shortens the distance between consumers and a modern, organized grocery retail network enabling them to save time and save on the costs associated with traveling to more distant stores.

We are offering a broad range of products, comprised of about 5 thousand stock keeping units, including mainly fresh products in the fruit and vegetable, dairy, meat and bakery sections, as well as other food, chemical and cosmetic products sold under well-known brands. We are committed to the highest quality of our fresh offering, which makes up nearly 40% of our revenue. This is why our stores are supplied on a daily basis.

Every Dino store has a traditional fresh meat counter with counter staff. Agro-Rydzyna, a Dino Polska S.A. wholly owned subsidiary operating a meat processing plant, supplies its high quality meat and cold cuts to these counters. Agro-Rydzyna is the sole supplier of high-quality fresh meat and the main supplier of cold cuts to the Dino Group. The whole production of the meat processing plant operated by Agro-Rydzyna is sold through the Dino store network. The meat processing plant operated by Agro-Rydzyna is located in Kłoda in Wielkopolskie voivodship and has a total floor area of 13,179 square meters. Moreover, Agro-Rydzyna supplies Dino stores with poultry products.

The growth of the store network transpires in parallel with the development of the logistics and administration facilities. Our stores are supported by four distribution centers (in Krotoszyn, Rzeszotary, Wolborz and Jastrowie) and the transport network managed by us but comprised of independent transport companies.

7.2. Our values.

The values informing our daily activity are linked to the three key areas of our social impact:

- we care about creating a good place of work for Dino Group’s employees and associates,
- we build business relations based on honesty and trust, and
- we are mindful of, and sensitive to, our social surroundings and natural environment.

We have collected our ethical values in the Code of Ethics of Dino Polska S.A. and subsidiaries. For all employees and associates of the Dino Polska S.A. Group and for the management of respective companies, it is a guide to support us in doing business while observing the highest ethical standards and complying with the regulations of Polish and international law in a responsible, honest and transparent manner. Its rules specify our method of conduct in relations within the Group with third party business partners and in respect of our customers, social surroundings and the natural environment.

This document was developed with the participation of the employees of offices, stores, warehouses and the meat processing plant, who had the opportunity to submit their comments and proposals when the scope of the document was developed. All the submissions were analyzed and, for the most part, taken into account in the

content of the Code. The key directors and the management board were involved in the development of this document and subsequently the management board formally adopted the final wording.

We attach great importance to compliance with our ethical values and within the framework of the applicable laws and standards. It is particularly important for us to respect human rights and to combat any form of discrimination.

The Group has in place two different mechanisms for reporting violations confidentially:

- one of them is used to ensure compliance of the Group's operations with the values collected in the "Code of Ethics". The document is published on an Intranet site and on the website www.grupadino.pl, hence it is available to the Group's employees and collaborators as well as the Group's partners, contractors, sub-contractors and customers. Reporting of irregularities on a confidential basis can be done through three channels of communication with the ethics ombudsman: a dedicated e-mail address, a direct meeting with the ethics ombudsman, or traditional mail contact;
- the other mechanism functions within the "Procedure of anonymous reporting of violations of law, procedures and ethical standards by Dino Polska S.A. employees". Depending on the nature of the situation, Company employees are able to report irregularities on an anonymous basis by sending an e-mail to dedicated addresses of the Director of the Legal Department, the CEO and to a Supervisory Board Member.

Dino Polska S.A. has in place the Internal Anti-Mobbing Procedure applicable to all Company employees and the position of a Management Board Representative on preventing mobbing reporting directly to the Company's Management Board has been established. We take preventive actions to discourage mobbing at work. Every year, an anti-mobbing survey is conducted among Dino employees, which is aimed at supporting the internal Anti-Mobbing Procedure in preventing the occurrence of mobbing incidents.

The Company also has in place a number of other policies, documents and procedures that express our values, practices, standards and norms. They include, among others, the Work Rules and Regulations, Rules and Regulations of Head Office Employees (for the administrative staff at the Company's headquarters), Compensation Rules and Regulations and others. They are all available to the Company's employees on the Intranet.

In 2019, no instance of discriminatory conduct, human rights violation or mobbing was found in the Dino Group. In 2019, no instance of corrupt or monopolistic conduct was found in the Dino Group.

We are committed to high standards of personal data protection. For this purpose, Dino Polska S.A. created the position of the Data Protection Inspector and the IT Systems Administrator. The Company also has in place an internal Personal Data Protection Policy, which implements the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation). The Policy defines in detail the methods used to secure and handle personal data and identifies the individuals responsible for personal data protection and the principles of personal data processing. The Personal Data Protection Policy provides for regular audits of the compliance of personal data processing with personal data protection regulations and the adopted procedures; it also takes into account the procedures and principles that make it easier for the data subject to exercise its rights, including the information obligation and the rights exercised upon request (i.e. access to data, data rectification, deletion, etc.).

All the Company employees having access to personal data are familiar with the content of the Policy. The document is available to all employees of the Company on the Intranet.

In 2019, no instances of leaks of personal data of our employees or customers occurred and no complaints were submitted on this account.

7.3. Our stakeholders.

Dino Polska S.A. is an employer, business partner and organization that exerts an impact on society and the natural environment. We are part of the community in which we operate and we feel its influences. Having this in mind, we have defined the area of our impact and within its framework – of our key stakeholders.

- Clients (consumers) are Dino Polska S.A.'s most important stakeholders. Our key responsibility is to satisfy their needs and expectations in line with the highest standards. This is a commitment that we pursue by delivering safe, high quality products, ensuring diverse product range, locating our stores near the place of residence of our customers, but also by managing our waste responsibly, ensuring efficient consumption of natural resources and limiting emissions of harmful substances to the environment. Our customers can communicate with us through the contact form on our website at www.marketdino.pl and through daily contact in stores. We communicate with customers by using the Dino promo newspaper, place information in the Dino stores, send out a cyclical newsletter and public content on the www.marketdino.pl website.
- Our employees and associates, through their skills, competence and knowledge, are one of the key capitals of the Group, contributing to its strengths and building its competitive advantage. We are using the knowledge of our employees and associates and create space for them to develop professionally and personally. Our employees can contact and submit comments in their daily work with their supervisors and through mechanisms for reporting irregularities. We provide information to our employees by using the Intranet, employee mailing, information boards and the internal system of regulations, policies and procedures.
- Suppliers – we are working with our suppliers daily as partners to provide Dino customers with a broad range of products that meet the highest standards of food safety and quality. In order to pursue our active product assortment policy, we cooperate closely with Dino Group's suppliers. We are communicating the guiding values collected in the Dino Polska S.A. Supplier's Code to our suppliers.
- Non-governmental organizations and social entities – we remain in touch with local non-governmental organizations and social entities, to which we provide, directly or through the Dino – Najbliżej Ciebie Foundation, grocery and non-grocery products in line with the social and charitable tasks pursued by those entities. Relationships with some of them have lasted for many years. Non-governmental organizations can communicate with us through the contact form on the www.marketdino.pl website and by contacting the Foundation directly.
- People residing in the neighborhood of the stores and local communities – our stores become part of local communities. In addition to acting as an employer and a daily shopping destination, in some situations we also make donations to the municipalities and local governments, in which our stores are located, in the form of investments in safe road traffic (among others, walkways, reconstruction of intersections and construction of left and right turns, pedestrian crossings in the vicinity of our stores). These investments allow our clients to do the shopping safely and other participants of the traffic are able to use the existing road infrastructure safely. We are open to dialog and where necessary we also take part in consultations. Our neighbors and local communities can communicate with us through the contact form on our website at www.marketdino.pl.
- Public administration authorities – we want our stores to function well in the social surroundings; this is why we are cooperating with local public administration authorities in respective towns at the stage of consulting our investments and by providing grocery and non-grocery products for the organization of events and activities for residents. We communicate with local authorities in daily contacts through employees designated by the Group in each region. Local authorities can contact us through the contact form on our website at www.marketdino.pl.

- Shareholders, investors – since April 2017, we have been listed on the main floor of the Warsaw Stock Exchange (WSE). We are majority-owned by Polish capital; in addition to the founder of Dino Polska, our shareholders (co-owners) include Polish investment and pension funds, individual stock exchange investors and foreign investors. We make disclosures in accordance with the law and we adhere to the Best Practice of WSE Listed Companies (2016). The main channel of communication with the shareholders and investors is comprised of current and periodic reports and the www.grupadino.pl website. We engage in continuous dialog with shareholders and investors by organizing conferences and conference calls after the publication of financial results and regular participation of the Company's representatives in investor conferences.

7.4. Information about the Group.

The Dino Group consists of the parent company Dino Polska S.A. with its registered office in Krotoszyn and a number of its subsidiaries, i.e. Agro-Rydzyna sp. z o.o. operating a meat processing plant, which produces cold cuts and fresh meat solely for the needs of Dino Polska S.A. as well as companies supporting development of the Dino network in the areas of logistics and Dino store network roll-out.

The activity of Dino Polska S.A. is directed by the Management Board, which defines the strategy and oversees its execution, takes key decisions, manages the Company's assets and represents it outside of the organization.

Dino Polska S.A. is represented by a Management Board consisting of the following three people:

- Szymon Piduch – President of the Management Board,
- Michał Krauze – Management Board Member,
- Michał Muskała – Management Board Member.

The Dino Group business strategy assumes further growth of the network through focus on three key areas:

- continued rapid organic growth in the number of stores,
- continued growth in LFL sales revenue in the current store network,
- consistent improvement in profitability.

All the Management Board members jointly direct the Company's matters, set directions and adopt decisions related to its social responsibility.

Dino Polska S.A. is majority-owned by Polish capital. 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. At the end of 2019, the only holder of Dino Shares representing, directly or indirectly, at least 5% of the total number of votes at the Shareholder Meeting, was Tomasz Biernacki, Chairman of the Dino Polska Supervisory Board. 49% of Dino Polska S.A. shares are traded on the Warsaw Stock Exchange.

The Dino Polska S.A. Supervisory Board consists of five members:

- Tomasz Biernacki – Supervisory Board Chairman,
- Eryk Bajer – Supervisory Board Member,
- Maciej Polanowski – Supervisory Board Member,
- Piotr Nowjalis – Independent Supervisory Board Member,
- Sławomir Jakszuk – Independent Supervisory Board Member.

Composition of Dino Polska S.A.'s governing bodies

	age	2018	2019
Management Board	up to 30 years	0	0
	31 to 50 years	2	3
	over 50 years	0	0
total		2	3
Supervisory Board	up to 30 years	0	0
	31 to 50 years	4	3
	over 50 years	1	2
total		5	5

According to the Articles of Association, the Supervisory Board appoints the Audit Committee whose composition complies with the Statutory Auditor Act and the Best Practices of WSE Listed Companies (2016). On 14 June 2018 the composition of the Audit Committee of the new term of office of the Company's Supervisory Board was appointed. The following persons were appointed to the committee: Piotr Nowjalis (Audit Committee Chairman), Sławomir Jakszuk and Maciej Polanowski. Piotr Nowjalis and Sławomir Jakszuk satisfies the criteria for independence prescribed by the Best Practices of WSE Listed Companies and the independence criteria set out in the Act on Statutory Auditors.

The tasks of the Audit Committee include, in particular: monitoring the financial reporting process; monitoring the effectiveness of the internal control, internal audit and risk management systems; monitoring the performance of the financial review activities; monitoring the independence of the statutory auditor and the entity authorized to audit financial statements, also if services other than financial review are performed for the Company; and recommending the entity authorized to audit financial statements to the Supervisory Board to perform the financial review activities for the Company.

Neither Dino Polska S.A. nor its subsidiaries entered into transactions with related parties that deviated from arm's length basis. In 2019, neither Dino Polska S.A. nor Dino Group subsidiaries provided any direct or indirect financial or non-financial support for political purposes.

The registered office of Dino Polska S.A. is located in Krotoszyn at ul. Ostrowska 122, 63-700 Krotoszyn. The Company and its subsidiaries operate in the territory of Poland only.

7.5. Our impact.

The starting point for defining our impact are our values concerning the workplace, social environment, natural environment and business relations. In these areas we identified the following key topics:

The "Workplace" area:

- professional development opportunities,
- occupational safety and health,
- principles of ethics,
- terms of employment.

The "Social Environment" area:

- commitment to the highest quality and safety of products,
- preventing food wastage,
- health impact of products,
- product information.

The “Natural Environment” area:

- waste management and recycling,
- reduction of harmful emissions to the environment.

The “Business Relations” area:

- sourcing products from domestic suppliers,
- business ethics.

Workplace.

We are operating on a very competitive market with a low level of unemployment. The registered unemployment rate in Poland was 5.2% at the end of 2019 and was lower than at the end of 2018 (by 0.6p.p.) and at the end of 2017 (by 1.4 p.p.). In spite of the above, we effectively implement our HR policy and are able to grow very quickly. We have been pursuing this policy based on our experience of the past growth of our network that we gathered over the 20-year period.

The pillars, on which our recruitment and human relations policy is based, are as follows:

- store format and location – we are making the Dino store network more dense, as a result of which we are an attractive employer located near the places of residence of our employees; a single Dino store has a dozen or so employees, which are hired based on a full-time employment contract;
- employee satisfaction – we are regularly reviewing the terms of employment and the staffing of the individual Dino stores. Employees are able to voice their comments on the working conditions and other organizational and employee matters, which are then analyzed by a dedicated person in the Personnel Department at the Company’s head office. We ensure comfort at the workplace by clearly defining responsibilities, standardizing work, eliminating of bureaucracy, ensuring support from the team of internal trainers and the regional manager. We have developed a system of internal training courses and worked out mechanisms that allow us to hire people with no experience and training them to work in retail;
- professional growth, promotion – we attach great importance to the professional growth of our employees; this goal is supported by the training system and promotion opportunities – both within the stores (e.g. as we increase density of the network, by offering promotion as managers of the neighboring store) and in administration;
- competitive salary matching the employee’s competence and conditions on local labor markets.

Employees – with their knowledge skills and competence – are one of the most important capital of the Dino Group. We want for our place of work to be conducive not only to development of the Group but also to good employee relations and for it to support Group employees and associates in contacts with our business partners and customers. We create dignified working conditions for all of the Dino Group’s employees and associates and an atmosphere that fosters development.

By locating our stores on less urbanized areas, we are becoming an important player on the local labor markets offering employment on the basis of an employment contract and enhancing the local community’s ability to find

a job close to its place of residence. In 2019, we created 3,717 new jobs in all areas of Dino Polska S.A.'s operations and, at the end of 2019, we employed a total of 19,241 people³.

Structure of employment in Dino Polska S.A., by gender, at year-end

	2018	2019	y/y change
women	13,999	17,497	+ 24.9%
men	1,525	1,744	+ 14.3%
total	15,524	19,241	+ 23.9%

The number of Dino Polska S.A. employees at the end of 2019 increased by 3,717, or 23.94%, as compared to the corresponding period of 2018.

Structure of employment in Dino Polska S.A., by gender and job level in 2019

	gender	2019	% of employees in the structure
blue-collar employees (cashiers, employees of the warehouses, meat processing plant, technical employees)	female	12,894	67.01
	male	1,218	6.33
office employees (line employees, coordinators)	female	887	4.61
	male	316	1.64
lower level management (store managers and deputy managers)	female	3,559	18.50
	male	117	0.61
medium and upper level management (directors and managers of divisions at the head office)	female	157	0.82
	male	90	0.47
management board	female	0	0.00
	male	3	0.02
total		19,241	100.00%

At the end of 2019, the Dino Group employed 20,630 people, or 4,100 more than at the end of 2018.

Structure of employment in the Dino Group, by gender and job level in 2019

	gender	number of employees	% of employees in the structure
blue-collar employees (cashiers, employees of the warehouses, meat processing plant, technical employees)	female	13,360	64.76
	male	1,931	9.36
office employees (line employees, coordinators)	female	974	4.72
	male	328	1.59
lower level management (store managers and deputy managers, shift leaders)	female	3,575	17.33
	male	169	0.82
medium and upper level management (directors and managers of divisions at the head office), management boards of companies	female	168	0.81
	male	125	0.61
total		20,630	100.00%

We are committed to abiding by the human rights set forth in the Universal Declaration of Human Rights. In the Dino Polska S.A. Group we do not tolerate any form of discrimination based on differences of gender, religion, mental and sexual orientation, any form of disability, political views or other convictions, nationality, education, professional experience, social background, assets, birth, age, marital status or based on any other differences. The Company rules out any and all forms of discrimination against employees. The framework document setting

³ At the end of 2019, the FTE figure in Dino Polska S.A. was 18,893 (FTEs were calculated as at the end of 2019 without holidays, statutory holidays, holiday and occasional leaves) and average headcount in 2019 was 16,866 (average headcount states as the sum of employees at the end of each month, divided by 12).

out the Group's values in this respect is the Code of Ethics. The tool that allows the Company to take remedial actions or prevent the occurrence of discriminatory behavior is employee training (more on this topic in the "Principles of Ethics" section of the "Workplace" chapter) and the employee complaints reporting mechanism (more in the "Our Values" chapter).

The differentiation in Dino Polska's team in respect of age, education, competences, experience and gender lends dynamism to it while cultivating creativity and it consequently translates into Dino Polska and Dino Group's rapid growth, attractive product offering, robust relations with business partners and high level of client service.

Structure of employment in Dino Polska S.A., by age and job level at the end of 2019

	age	number of employees	% of specified age in the whole team
blue-collar employees (cashiers, employees of the warehouses, meat processing plant, technical employees)	up to 30 years	4,999	25.98
	31 to 50 years	7,651	39.76
	over 50 years	1,462	7.60
office employees (line employees, coordinators)	up to 30 years	388	2.02
	31 to 50 years	712	3.70
	over 50 years	103	0.54
lower level management (store managers and deputy managers)	up to 30 years	967	5.03
	31 to 50 years	2,306	11.98
	over 50 years	403	2.09
medium and upper level management (directors and managers of divisions at the head office)	up to 30 years	60	0.31
	31 to 50 years	151	0.78
	over 50 years	36	0.19
management board	31 to 50 years	3	0.02
total		19,241	100%

The largest group in the Dino Polska S.A. team are employees aged from 31 to 50 years, who constitute 39.76% of all employees. The second largest group is the group of employees up to 30 years of age (25.98% of all the staff). Employees from both age groups are mainly blue-collar employees (employees of the stores, employees of the warehouses, technical employees). The Dino Group has a similar structure of employment.

Structure of employment in Dino Group, by age and job level at the end of 2019

	age	number of employees	% of specified age in the whole team
blue-collar employees (cashiers, employees of the warehouses, meat processing plant, technical employees)	up to 30 years	5,472	26.52
	31 to 50 years	8,178	39.64
	over 50 years	1,641	7.95
office employees (line employees, coordinators)	up to 30 years	425	2.06
	31 to 50 years	768	3.72
	over 50 years	109	0.53
lower level management (store managers and deputy managers, shift leaders)	up to 30 years	999	4.84
	31 to 50 years	2,339	11.34
	over 50 years	406	1.97
medium and upper level management (directors and managers of divisions at the head office), management boards of companies	up to 30 years	68	0.33
	31 to 50 years	187	0.91
	over 50 years	38	0.18
total		20,630	100

At the foundation of HR policy is the straightforward organizational structure of both the Group as a whole and of its individual company members as well as the well-defined areas of responsibility of each department and employee in accordance with the accepted strategy of the Group. All members of Dino Polska and Dino Group staff act on the basis of precisely defined objectives, and the boundaries of their actions, in each of the four main areas: stores, warehouses, meat processing plant and head office, are defined by the fundamental HR procedures. The distinguishing features of Dino Polska and the Dino Group's organizational culture are: efficient execution of business processes, high productivity and resource efficiency and low level of bureaucracy.

A key role in the process of HR management in Dino Polska is played by the HR Department, which operates in consultation with the heads of each business area within the Group who are responsible for backing the development of their subordinate staff, transferring knowledge, building a friendly atmosphere and ensuring safe working conditions. The principal framework of Dino Polska's employee policy is rests on the Work Rules and Regulations and the Compensation Rules and Regulations. Additionally, the Company has implemented several documents related to its employee policy. These documents are made available to employees via the Company's Intranet or are provided to them in paper form along with the employment contract.

A significant element of the HR management area in Dino Polska and the Dino Group is short and long-term planning which provides Dino Polska and the subsidiaries with a great deal of flexibility in the area of internal recruitment and a strong capacity to acquire new staff. As part of the HR management process, Dino Polska has established a compensation committee and a committee for handling employment planning, among others. The meetings are held at least once per month and, In addition to a representative of the HR Department, are attended also by key managers. The effects of HR management and the policy in this area are evaluated on an annual basis by the Dino Polska Management Board.

The "Workplace" area affects people inside as well outside of the organization – our impact in this area concerns our current and potential employees. We manage the "Workplace" area through the operation and implementation of our employee and human resources procedures and policies.

Access to training and professional development.

Professional development.

In the Group we endeavor to ensure that all employees and associates, regardless of their type of contract, position held or any other differences have equal opportunities in professional development through access to the training system based on our internal resources. This approach allows us to promote ambitious and competent individuals and we are sure that the expansion of the Dino Group is carried out by people with appropriate knowledge and experience.

Creating development opportunities is the essence of human resource policy in the store operation area. When we appoint managers of new stores, we usually select people who worked in another Dino store before that; hiring a person from outside the firm to take a store manager's position requires special consent from the HR Department, which confirms our focus on internal promotions.

Store managers and deputy store managers may be promoted further in the Company's structures.

There are two systems operating in the Company, involving internal promotion and a change of department. The programs are used to file applications in response to internal job offers (mainly at the Company's head office) or to report readiness to change a department (mainly at the Company's head office), allowing employees to actively manage their professional development, both vertically and horizontally. Information on both programs is regularly communicated to employees by mass e-mails and published on the Intranet.

Training

We attach great significance to good orientation and on-the-job training of employees, having in mind not only their efficiency and effectiveness from the first days on the job, but also to ensure that new employees operate well in the new environment. We are also committed to updating and expanding knowledge through participation in training, encouraging employees to share knowledge and providing access to industry subscriptions and professional portals.

The training policy assumes that various actions and tools are used, in particular:

- on-the-job training, including among others the operation of specific devices and machines,
- education in a training room and multi-media training,
- e-learning,
- self-education based on procedures and manuals available on the Intranet,
- job rotation and participation in different types of projects,
- coaching focused on bolstering selected employee competences.

In 2019, Dino Polska S.A. conducted 201,660 hours of training, including 63,774 hours of OSH and fire prevention training and 137,886 hours of position-specific training, mandatory training on the application of internal procedures, training associated with the operation of internal IT programs, additional customer service training, product training and other.

Training courses in Dino Polska S.A. in 2018-2019

	2018	2019	y/y change
Total number of training hours (without OSH and fire prevention)	83,000	137,886	+ 66.1%
Average number of training hours per employee in a year	6	7.8	+ 30.4%

Prior to opening a new Dino store, its employees undergo introductory training that lasts several weeks and is delivered in the neighboring Dino stores. During the first several weeks of operation of a new store, the employees also receive support from the Dino Group's trainers whose task is to prepare, train and oversee their work. Training sessions in the Group are run chiefly by experienced internal trainers.

Dino Polska S.A. employees also participate in external training supporting their vertical professional development.

The Company has in place an on-boarding system for new administrative employees. All new office employees take part in the training, the purpose of which is to familiarize them with the Company's organizational culture and internal procedures and provide them with basic information on the Dino Group. In this system, experienced workers are designated to take care of a new employee during his or her first days at work, remaining at his or her disposal and providing the necessary support to new members of the Dino team.

Dino stores are the center of our operations, to which other areas of the Group's activity – the head office, the warehouses, the transport network and the meat processing plant – are subordinated. In order to ensure good understanding of store operations and how then affect other areas of activity, we practice two-week internships at a Dino store for new administrative employees before they commence work at their target job.⁴ They share responsibilities equally with other store employees and learn about the specific nature of its operations. This fosters the development of good relations between employees in different areas, increases quality and efficiency of mutual communication and has a positive effect on the origination and implementation of improvements in accordance with mutual needs.

Knowledge sharing.

We encourage employees to an active sharing of their knowledge and competence. Dino Polska S.A. has in place a program for submitting good ideas, as a result of which Company employees are able to propose solutions, improve processes, procedures and operations of the company. Each of the submitted ideas is analyzed by the specially-appointed commission. If accepted, the ideas are implemented and their authors rewarded.

⁴ Data on the number of internship hours are not included in the specified number of training hours.

In 2019, employees submitted a total of 100 ideas in the Company. 62 were accepted and approved for implementation.

Principles of ethics.

We are committed to ensure that employees and associates are familiar with the Group's organizational culture and in the workplace respect the values that we chose as particularly important for our business.

Every new employee and associate of the Dino Group participates in training courses (employees of the stores, meat processing plant and distribution centers) or is covered by the on-boarding system (administrative workers), a portion of which is devoted to the policies and procedures containing our ethical values and practices. Training covers such issues as, among others, respecting human rights, prevention of discrimination, prevention of corruption and avoidance of situations that have the features of a conflict of interest.

The code of ethics is available for the Company's employees on the Intranet and on the www.grupadino.pl website. The remaining policies and procedures referring to our ethical values and practices area available on the Intranet.

Occupational safety and health.

Providing conditions ensuring occupational safety and health to every employee and associate of the Group is our top priority as the employer. Activities in this respect are pursued in accordance with internal procedures, which regulate the OSH issues, separately for the area of stores, offices, distribution centers and the meat processing plant. The Dino Group has distinct OSH procedures and staff dedicated to stores, distribution centers and the meat processing plant.

Dino Polska S.A. has a dedicated department responsible for OSH, whose goal is to ensure safety of employees and associates, take preventive measures, monitor and register accidents at work and take corrective actions.

This section provides initial (for new employees) and periodic occupational safety and health training (for employees with a longer tenure) covering all Group employees in accordance with legal regulations. In 2019, Dino Polska delivered a total of 63,774 hours of OSH training. In the whole Group, the number of OSH training hours in 2019 reached 65,854.

Within the framework of preventive activities in the area of OSH, the Dino Group performs the following actions:

- we carry out regular checks of the safety condition and compliance with OSH procedures in the area of stores and distribution centers; remedies are introduced in the areas where a worse result was recorded. In 2019, 37 OSH inspections were carried out in the area of distribution centers and 2,387 in the store area.
- we conduct regular meetings on the topics of OSH for distribution center employees; 39 such meetings were held in 2019,
- in all logistics centers, we exercise OSH oversight on a daily basis through internal OSH inspectors,
- we have introduced in the Company the document entitled "Eco-driving – key principles of economic and safe driving", which also refers to maintaining safety on the road. The policy contains the rules for environmentally-friendly and safe driving. The policy is implemented by a separate Fleet Department, which also operates an online system allowing it to monitor conduct of its employees in road traffic on an ongoing basis. Where necessary, employees of the Fleet Department provide support and guidance on environmentally-friendly and safe driving to the employees using company cars.
- protective clothing is provided to employees at selected positions in the Group,
- the Company has developed a scheme for handling crisis situations in the Company, which entails a hotline used to accept reports from employees on emergency situations, including reports related to OSH, food safety and quality and others.

We have observed a consistent frequency rate of workplace accidents in the Company per 1000 employees. In 2019 the Company recorded 663 workplace accidents, most of which were cuts.

Number of workplace accidents in Dino Polska S.A.

	2017	2018	2019
number of workplace accidents in 2017-2019	420	540	663
Incidence of workplace accidents⁵	33.89	34.78	34.46

In the Group we have identified a list of occupational diseases to which our employees may be exposed. This list includes: chronic diseases of the peripheral nervous system caused by the way the work is performed (i.e. carpal tunnel syndrome and cubital tunnel syndrome), to which office workers and those working at checkouts are particularly exposed, and diseases caused by high or low ambient temperatures (i.e. frostbite), to which freezer employees may be exposed. In 2019 no instance of occupational disease among the Group's employees and associates was recorded.

Terms of employment.

In internal and external recruitment processes we focus on the competences, education and experience of candidates. Dino Polska and its subsidiaries are guided by the principle of equal opportunities and of non-discrimination in the entire process of managing HR and at the stage of recruiting employees. In accordance with the Labor Code, Dino employees have the right to equal remuneration for the same work or for work of the same value, and equal rights for identical performance of the same duties, which applies, in particular, to equal treatment of men and women in employment. Exercising due diligence and caring for the employees' knowledge of prevailing laws, the Company provides all candidates with a start kit (document handed in to the candidate upon making a decision on establishing cooperation of them) comprising a set of regulations regarding equal treatment in employment.

No formal diversity policy is in operation in the Company with respect to the managing and administering bodies. The Company does not have any influence over the composition of its corporate bodies. The Shareholder Meeting and the Supervisory Board elect the members of the Supervisory Board and the Management Board based on their competences and experience, notwithstanding their age, gender, education and other attributes. We are guided by these very same criteria when making staffing decisions. The Company does its utmost to ensure that all employees have equal opportunities in terms of professional development and promotions, regardless of any differences.

The main form of employment in Dino Polska S.A. is employment on the basis of an employment contract on a full time basis.

Employment structure by fraction of FTE at the end of 2019

	full time	part time	total
women	96.03%	3.97%	100%
men	97.31%	2.69%	100%
total	96.15%	3.85%	100%

⁵ Incidence of workplace accidents per 1000 employees is calculated using the formula: number of accidents divided by the number of employees at the year-end, multiplied by 1000.

In exceptional situations, we agree to employment on a part-time basis or under a civil law agreement.

Structure of employment in Dino Polska S.A., by legal form of cooperation, at the end of 2019

	employment agreement	mandate agreement	commissioned work agreement
women	17,497	182	0
men	1,744	53	0
total	19,241	235	0

The Company complies with the provisions of Labor Code. Dino Polska has in place, among others, Work Rules and Regulations and Compensation Rules and Regulations, which define the rules of distribution and time of work. Both documents are available to the Group's employees.

Staff hired by the Dino Group, depending on the duties entrusted to them, may be subject to a primary, shift-based, task-based or balanced work system. Dino Polska also enables its personnel, especially store personnel, the majority of whom are women, to work on a part-time basis. This also applies to persons employed in warehouses and in the head office. As at the end of 2019, 741 persons, or 3.85% of all the Company's employees, were taking advantage of this form of employment.

The Dino Group facilitates the finding of a job and offers the necessary training to young persons and senior citizens and persons with a low level of education. Job offers in stores and warehouses are also given to people without professional experience. They are given the appropriate training and development opportunities.

For years the Dino Group has created conditions to hire disabled persons. At the end of 2019, Dino Polska employed 1,327 people with medical certificates of disability, which represents 6.9% of the Company's staff and 6.8% of the Dino Group's staff.

The compensation system functioning in the Company is predicated on fixed and variable compensation (following from the motivation system). The motivational portion takes the form of bonuses. Store employees earn financial bonuses, the amount of which is derived from the fulfillment of sales targets achieved by a specific store and the level of product spoilage.

A compensation committee is held regularly in the company to review the level of compensation for various positions and examine applications to change the level of compensation for various positions.

All Dino Group employees are offered the same social and financial benefits regardless of the type of employment contract or working time. Within these benefits, we are offering, on better than market terms, life insurance products and loans. At this moment, Dino Polska S.A. does not envisage any employee stock ownership schemes.

At the end of 2019 there were two trade unions operating in Dino Polska S.A., which associated a total of 98 employees, that is 0.51% of all the employees working for the Company.

No collective bargaining agreements operated in the Dino Group in 2019.

No group layoffs transpired in the Group in 2019.

Social environment.

We are aware that as our organization grows, its impact on our social surroundings and the natural environment becomes more pronounced; that is why in our operations we are mindful and sensitive, and we make decisions at all levels in our best faith based on the knowledge we have while taking full responsibility for them.

We are committed to ensuring safety and the highest quality of our products, which has a direct influence on the health and quality of life of our customers and employees, who are often Dino customers as well. Our commitment in this area is made possible only through the participation of Dino employees who ensure safety and the highest quality of products offered in Dino in line with our procedures and policies.

Dino Polska S.A. has established the Dino Najbliżej Ciebie Foundation. The Foundation pursues its statutory social and charitable objectives, in particular by providing financial aid to the ill and poor adults and children.

The support we provide to social organizations and institutions and our efforts to minimize food wastage levels do not only affect the social environment and the natural environment, but also the level of engagement of our employees. The “social environment” area is managed through the operation of procedures and policies in respect to food safety and quality and in respect to support provided to social organizations and public institutions.

Product quality and safety.

The products we are offering affect the health and the quality of life of our customers. This is why we attach great importance to ensuring the highest standards of safety and quality of the whole assortment of grocery and non-grocery products that we offer every day, at every stage of the selling process.

The Quality Development Department is responsible in Dino Polska S.A. for the safety standards and quality of our products. It enforces the observance of internal procedures and provisions of law and oversees the quality management system based on the Hazard Analysis and Critical Control Point (HACCP) System.

The handling of food products is defined in the GHP/GMP (Good Hygiene Practice/Good Manufacturing Practices) Book, which contains detailed procedures describing the acceptance, storage and sale of foodstuffs, with the underlying goal of providing Dino customers with safe products of adequate quality. Our grocery product range is divided into 4 groups, for which different conditions of transport and storage are defined.

We take special care of our fresh products. For every product from the fruit and vegetable offering, we have created a detailed description of features and quality requirements that must be met. It is based on this catalog that we order products, accept them from suppliers, train our staff and take care of quality on fruit and vegetable stalls in the stores. Additionally, the Company’s Inspection Department has a specialized fruit and vegetables quality control team, whose members operate in each distribution center to ensure compliance with standards and the highest quality of fruit and vegetables supplied to Dino.

The quality of products is tested based on the following items:

- new supplier inspection and selection and regular inspections of current suppliers,
- inspection of merchandise by the quality control team upon acceptance in the distribution center,
- inspection of merchandise in the requisition completion process,
- inspection by store employees after the merchandise is accepted in the store,
- regular quality checks in the store.

In order to ensure correct operation of the procedures related to safety and quality of our products:

- the Group carries out training courses for the employees that have any contact with food at any stage of the process, i.e. storage, transport, storage in the store and sales;
- The Quality Development Department carries out inspections and audits of our suppliers and the Agro-Rydzyna meat processing plant with respect to safety and quality of products supplied to Dino.

Diversity of offering and impact of products on consumer health.

We want to satisfy expectations and needs of our customer with respect to access to different products and brands. In addition to a broad range of recognizable branded products, we also offer less recognizable products that are a more economical alternative to the leading brands. We are gradually developing our offer by adding products for people with food intolerances (i.e. lactose-free and gluten-free products) or non-GMO products. In 2019 our offer included 209 such products.

Animal welfare is an important issue for us, therefore in 2019, we made a decision to withdraw eggs from caged hens from the Dino store network by 2025. Until we fulfill this commitment, the egg offer in Dino stores will be increasingly based on, among others, eggs from free-range hens. We encourage our suppliers to pursue responsible animal husbandry, therefore in our Supplier's Code, which is an element of the new supplier agreements, we have incorporated information on responsible and lawful use of plant protection agents and on animal husbandry that ensures, at the same time, animal wellbeing.

To ensure healthy cold cuts, the meat processing plant's internal Quality Department works closely with suppliers of raw materials used by the plant. Agro-Rydzyna products do not contain mechanically separated meat (MSM) and palm oil.

Private label products represent more than 2% of revenues on sales in our offer. As at 31 December 2019, the private label catalog including grocery, hygienic and cosmetic products. The Quality Development Department and Own Brand Department are responsible for developing our private label products, including for the quality of recipes and for health values of the products. We are aware that we can affect consumer health through our offered products. This is why the Departments continuously monitors the possibility of improving recipes of our private label products. In 2019, we finished the process of improving recipes of 5% of products and we commenced the process of improving recipes for another 8% of products.

In 2019 there were no instances of non-compliance of our private label products with the safety and quality standards that resulted in any financial or non-financial penalties.

Product information.

We act in such a manner so that all the information that has an influence on the choices made by consumers is always provided truthfully, comprehensibly and unambiguously. We provide accurate information to customers about our products, their origin, ingredients, appearance and price. We observe the provisions of law. To ensure compliance in this respect, we train employees, support them through regional managers and conduct regular inspections. The accuracy of our price labels is also supported by an internal procedure that streamlines the process of updating price labels.

We are using advertising tool economically, by using our own communication channels only (that is, among others, Dino promotional newsletters, newsletters for customers, own outdoor billboards near Dino stores). We do not give information that may confuse, mislead or offend our customers.

In 2019 there were no instances of non-compliance of our products, their packaging or marking with the law that resulted in any financial or non-financial penalties.

Support for social organizations, public institutions and preventing food wastage.

We are committed to ensuring the highest quality of fresh products delivered to Dino stores so that they can be stored longer by our customers. In our opinion, the highest quality and freshness of our products not only offers our customers satisfaction with their purchases, but also allows them to manage food wastage in their households.

In order to maintain excellent quality of our fresh offering and at the same time prevent food wastage in our store and logistics operations, we undertake the following actions:

- in each Dino store, we service our fruit and vegetable stands at least three times a day. During this activity, we select and dispose only individual fruits or vegetables that do not comply with the food laws;
- our store order system has been designed in such a way to make it easier for our store managers to requisition products based on historical sales levels, which prevents excessive inventories and reduces the danger of surpluses and the resulting food losses;
- in the store operations area, we have developed an incentive bonus system with the product spoilage level as one of the criteria;
- a team has been established in the Inspection Department, which analyzes product spoilage and implements initiatives to reduce its level;
- we regularly discount products with short best-by or shelf life dates;
- due to vertical integration with the meat processing plant that is responsible for stocking all the Dino stores with meat and cold cuts, the Company is capable of managing very effectively the process of production and logistics to stores, thereby contributing to curtailing product spoilage. According to Dino Polska, vertical integration with the meat processing plant contributes to the relatively low level of overall product spoilage in the Dino store network.

We strive to minimize food losses also within our supply chain. We donate to social partners all the food that meets the food law requirements but is removed from the distribution process mainly because of packaging defects. Products with packaging defects (for example resulting from the distribution process) are provided to the Dino – Najbliżej Ciebie Foundation. The Foundation passes it on, in the form of a donation, to non-governmental organizations and institutions for social and charitable activities.

To the best of our ability, we respond to the needs of non-governmental organizations, public institutions, schools and kindergartens from all over Poland, to which we donate grocery and non-grocery products for the organization of events for local communities, in particular for children and youth and seniors. Over the whole 2019, we provided grocery and non-grocery products to more than 100 different entities operating in the areas where Dino stores are located.

In 2019 in the Easter period we collaborated with 47 entities to conduct food drives to collect food for the needy in 76 Dino stores across Poland. In the Christmas Holidays period, food collections were conducted together with 127 different entities in 220 Dino stores.

Natural environment.

Economic and rational management of natural resources is part of our organizational culture and environmental policies. We are also committed to continue our efforts and undertake further initiatives aimed at environmental protection through rational use of natural resources and mitigation of negative impacts.

We pursue a policy focused on gradual attenuation of the impact their operations exert on the natural environment, especially in areas such as the emission of harmful substances into the atmosphere, electricity

consumption, water consumption, fuel consumption and the quantity of waste produced. The purpose of every cell responsible for the foregoing issues is to enhance constantly the efficiency of utilization of energy, water and fuel and minimize waste and product spoilage.

Dino stores are opened based on a tested and standardized format, as a result of which are can pursue the efficient use of natural resources more effectively. The Environmental Protection Team operating in Dino Polska S.A. ensures compliance with the environmental law, monitors our impact on the natural environment and undertakes initiatives in this respect. In all areas of the Group's operations, we operate in accordance with internal procedures and regulations, which obligate and encourage employees to use water and electricity efficiently and use company devices in a rational manner.

We strive to limit the adverse environmental impact also in our supply chain and in cooperation with our suppliers, jointly looking for efficient solutions. These initiatives include among others:

- management of the transportation network, in which trucks, after supplying the stores, on their return journey collect products from our suppliers and transport them to our Distribution Centers. Thanks to that, the number of empty journeys in our logistics decreases and our suppliers do not make separate journeys to our warehouses, which contributes to limitation of exhaust emissions through reduced fuel consumption;
- using a system of reusable packages for fruit and vegetables, thanks to which, together with our suppliers, we do not introduce waste in the form of disposable collective packages;
- testing alternative (more environment-friendly) power sources for trucks;
- cooperation with suppliers to replace the truck fleet with vehicles compliant with higher environmental requirements (most vehicles in our transportation network satisfy the EURO 6 standard); recommendation for transportation companies to use low-emission vehicles.

We continue to learn and seek new opportunities for a more efficient use of natural resources to meet the expectations of our customers and one of our major common stakeholders – planet Earth. We strive to gradually reduce our impact on the natural environment, by tightening our procedures, complying with changing laws, and seizing opportunities.

Based on our values, it is our obligation to act in accordance with the provisions of law. The Company satisfies all environmental and social standards imposed by national law and it holds all the requisite environmental approvals and licenses required in its operations. In addition, we monitor on a regular basis to ensure that the operations of Dino Polska and the Dino Group and their internal procedures are compliant with the law. The environmental audits conducted by independent entities to date show that the Company's operations do not pose a material threat to the environment. No incidents or environmental accidents have occurred in the Company's business to date. In 2019, Dino Group companies were not subject to any financial or non-financial fines for failing to observe or violating environmental regulations.

The "Natural Environment" area is managed by observing our procedures and policies related to environmental protection; these activities are within the purview of a separate Environmental Protection Team and are reviewed by a specified Management Board Member.

We analyze risks and opportunities associated with the Group's impact on the climate as well as the climate's impact on the Group's business model. Dino Polska S.A. owns a grocery store network operating in Poland with the primary business of distribution and sales of grocery and non-grocery products. In our opinion, climate-related risks and opportunities are not significant in the short term. We also assume that, in the short term and within the existing strategy of the Company, we will be able to mitigate the risks that are arising and use the opportunities. In our opinion, the impact of the Group's business model on the climate is not significant in the short term – the Group operates based on the applicable laws; it has not been subject to financial or non-financial

penalties for non-compliance with environmental regulations and at the same time it introduces initiatives to gradually and regularly reduce the consumption of natural resources.

In the long term and with the intensification of climate change, the risks and opportunities may increase, which may require additional initiatives to be undertaken within the current business model, as well as changes in strategies and financial plans in various areas of the Company's and the Group's operations.

At the same time, judging by the standardization of the format of Dino stores and the initiatives taken to gradually and regularly reduce the consumption of natural resources (which is shown by the decreasing usage of electricity or water by the Group for every 1 million of revenues), we can predict that the Group's impact on the climate will decrease relatively as it grows.

The Company continuously monitors its impact on the environment and analyzes data in order to take, on their basis, further strategic decisions in the area of environmental protection. The aim is also to publish pertinent data in annual activity reports.

Waste management and recycling.

Rational waste management is of high priority in our activity. The Company's policy in this respect is pursued by the Environmental Protection Team, which is responsible for appropriate and legal management of waste in all areas of the Company's activity.

All the waste produced by the Group is collected by specialized and authorized companies based on appropriate collection documents. The waste generated by Dino Polska mainly includes the following: communal waste, waste paper, plastics and past due food products or ones that are not fit for consumption as well as side products of animal origin (in the meat processing plant).

The Dino Group takes the following actions that encourage good management of waste and recycling and minimization of the mass of produced waste.

- observing and promoting waste segregation procedures in all areas (offices, stores, warehouses, meat processing plant),
- recycling all the return packaging made of plastic foil, waste paper and glass in the entire Group,
- reusing selected return packaging in the order assembly process,
- using reusable packaging in the distribution of products (subject to adequate disinfection) by the Agro Rydzyna meat processing plant, which prevents the creation of non-reusable plastic waste in each delivery,
- cooperation with suppliers to use a system of reusable packages for fruit and vegetables, thanks to which we do not introduce waste in the form of disposable collective packages;
- promoting in all areas of the Group the minimization of printed matter, the use of automatic double-sided printing of documents and encouraging employees to use pages that are not fully covered with print; encouraging employees to reuse and recover reusable materials (e.g. plastic sleeves, folders etc.),
- we equipped social areas at the Dino Polska S.A. corporate headquarters with tap water filters, as a result of which our employees do not have to purchase bottled water, which may minimize plastic waste,
- our Dino promotional newsletter is printed on paper with FSC and Ecolabel certificates, which guarantee that the paper used for printing is sourced and processed in a sustainable manner,
- in each Dino store, customers can dispose of spent batteries, which are then passed on to the Dino – Najbliżej Ciebie Foundation. Revenues from sales of spent batteries are used for the Foundation's statutory objectives. In 2019, our customers gave away in aggregate 46,261 kilograms of spent batteries. We also gave the Foundation 500 kilograms of aluminum, which increased the Foundation's budget after they were sold.

- all the waste produced in the Agro-Rydzyna meat processing plant is handed over on the basis of “Waste Handover Sheets” to be neutralized or recovered to specialized businesses holding permits from the competent authorities to take receipt thereof. Records are kept on an ongoing basis of the waste produced. The plant also selectively collects communal waste.

Agro-Rydzyna utilizes the following methods of preventing the production of waste or of limiting the quantity of waste and its adverse environmental impact.

- transport of products in reusable containers
- employee training on waste management
- optimization in the consumption of raw materials during the technological process
- handover of the largest quantities and types of waste for recovery
- maintenance of the machine fleet and means of transport in a technical state of good wear and tear,
- continuous modernization of the equipment and installation infrastructure – machinery and equipment.

In 2019, Dino Polska S.A. did not produce or transport hazardous waste.

Consumption of water and production of wastewater.

Water is supplied to the Dino Group Companies and to various stores solely from municipal water supply systems operating in a given municipality.

On top of enhancing employee awareness (internal procedures oblige them to conserve water), the Group employs solutions conducive to reducing water consumption. Some of the facilities are equipped with sanitary equipment and fixtures and fittings that are controlled through contactless technology. In addition, roughly 99% of the facilities have installed single lever taps to reduce the time needed to adjust the appropriate stream of water and its temperature, which considerably contributes to curtailing water consumption.

In 2019, water consumption was 148,273 m³ in the Company and 343,439 m³ in the entire Dino Group.

Water consumption in Dino Polska S.A.

	2018	2019	y/y change
consumption of water from the water system (m ³)	112,000	148,273	32.39%
water consumption per PLN 1 million of revenue	19.20	19.447	1.27%

Water consumption in the Dino Group

	2018	2019	y/y change
consumption of water from the water system (m ³)	267,100	343,439	28.58%
water consumption per PLN 1 million of revenue	45.74	44.914	-1.82%

The Dino Group produces mainly sanitary sewage that is discharged into the sewer system.

Additionally, the Agro-Rydzyna meat processing plant produces industrial waste that are collected by specialized firms after preliminary treatment in the fat separator and then transported to a dump station. After that, it makes its way to the waste treatment plant operated by the municipal water and sewer system company.

The rainwater is treated by an oil separator and – depending on the available options – discharged to the sewage system, collected in an open evaporating storage tank, discharged on green areas at the investment site or discharged to watercourses.

In 2019, no scheduled or unscheduled waste spillages occurred in the Dino Group.

Emission of harmful emissions to the environment.

The Group strives to minimize emissions of greenhouse gases in all three respects, by taking appropriate initiatives, including the most important one, which is the launch of the photovoltaic panel installation project on roofs of Dino stores and the continuous improvement of the fleet of passenger cars and trucks to levels satisfying the most stringent environmental standards.

Direct greenhouse gas emissions (scope 1)

At the end of 2019, the Company managed the fleet of 515 passenger cars. The Dino Polska car fleet consists mainly of passenger vehicles and light trucks powered by diesel fuel. 98.25% of the Company's fleet satisfies the EURO 6 vehicle emission standard and 1.75% – the EURO 5 standard.

Dino Polska uses a passenger car fleet management system entailing solutions that allow it to measure and manage its environmental impact. The reports generated from the system make it possible to calculate fuel consumption and monitor vehicle mileage. The firm also has a policy of using company vehicles that obliges drivers to drive economically and safely.

The Dino Polska Group manages the entire logistics process using its own distribution centers in: Krotoszyn, Jastrowie, Rzeszotary and Wolborz to stores throughout Poland. In conjunction with the Dino store network roll-out the Group is steadily investing in new distribution centers thereby contributing to shortening the logistics routes, enhancing the effectiveness of the overall transportation system, reducing fuel consumption and thereby reducing the quantity of harmful substances emitted into the atmosphere.

The Dino Polska Group also owns 363 trailers (as at 31 December 2019), thereby augmenting its flexibility in reference to managing the distribution of products. These are new trailers utilizing modern refrigeration equipment that satisfies high environmental standards. The Dino Group also uses the services of several tens of companies providing transportation services which it monitors and for which it imposes requirements regarding environmental standards, and supports them in replacement of their fleet with vehicles that satisfy higher environmental standards.

In 2019, we continued to replace the cooling fluid to an environmentally friendly one marked R448 in the cooling devices in Dino stores. As at 31 December 2019, 42% stores had their cooling devices topped up with the environmentally-friendly cooling fluid, which is less harmful for the environment. In 2020 the Company will continue the cooling agent replacement proces.

Indirect greenhouse gas emissions (scope 2)

The Company undertakes a number of initiatives to reduce electricity consumption or diversifies energy sources by increasing green energy from the sun.

Use of renewable energy sources

In 2019, we started a capital expenditure project, under which, in the first phase only, we will install photovoltaic systems on the roofs of 400 stores across Poland by early 2021. After the completion of this phase, scheduled for early 2021, the total capacity of the photovoltaic panels installed by the company will reach approx. 14 megawatts (MW), which will enable Dino Polska to generate an estimated 14 GWh of clean solar electricity per year. This capital expenditure will also enable the company to reduce its demand for conventional energy, thereby contributing to a reduction in the volume of emissions of harmful substances into the atmosphere by approx. 11 thousand tons of CO₂ equivalent per year. As at 31 December 2019, photovoltaic systems had been installed in 27 Dino stores. As at the Report Date, the Dino Group installed photovoltaic panels on the roofs of Dino stores with the total capacity of over 1 MW.

Reduction of demand for electricity

In 2019 we continued our existing and undertook new initiatives to reduce our demand for electricity.

In 2019, we completed the process of replacing fluorescent lighting in sales rooms with LED lighting⁶, which uses 40% less energy than traditional lighting, thus reducing significantly our demand for electricity.

In 2019 we launched a capital expenditure project of replacing sodium lights on the parking lots adjacent to the existing Dino stores with LED lighting⁷, which will use 75% less electricity. The parking lots adjacent to the new Dino stores are equipped with energy-efficient LED lighting.

All our distribution centers are equipped with LED lights with a DALI lighting management system. This solution makes it possible to control individually the intensity of lighting from the LED fixtures in the system. The system has the capacity to adjust the intensity of the lighting from the fixtures to external lighting conditions, i.e. to maintain a constant intensity of lighting within the sensor's field of vision. The second function is turning on lighting after the presence sensor detects movement. The functionality of the system provides for a significant reduction in energy consumption and enhanced comfort in the use of lighting.

In 2019, Dino Polska S.A. used 145,876.6 MWh of electricity from both conventional and renewable energy sources, which entailed emission of 113,429 tons of scope 2 CO₂ equivalent. In 2019, Dino Polska S.A. produced 84.14 MWh of electricity from renewable sources (65.37% more than in 2018), which prevented the emission of 66 tons of scope 2 CO₂ equivalent.

Energy used by Dino Polska S.A. in 2018-2019

	2018	2019	y/y change (%)
total electricity consumption (MWh)	130,011.00	145,876.60	12.2
electricity consumption per PLN 1 million of revenue	22.6	19.13	-18.1

As a result of initiatives undertaken by the Company, its demand for electricity gradually decreases as it grows. Dino Polska S.A.'s energy consumption per PLN 1 million of revenue fell in 2019 by 18.1% compared to 2018 (from 22.6 MWh to 19.1 MWh) and in the Dino Group by 7.68% (from 23.4 MWh to 21.7 MWh).

Energy consumption in the Dino Group in 2017-2019

	2017	2018	2019
total electricity consumption (MWh)	109,065	136,524	166,161
electricity consumption per PLN 1 million of revenue	24.4	23.4	21.7

Indirect greenhouse gas emissions (scope 3)

Dino Group has a number of initiatives aimed at reducing scope 3 greenhouse gas emissions to the atmosphere.

We are doing our best, while keeping the highest quality and competitive prices, to ensure that the fruit and vegetables offered by us are sold in bulk, to avoid the use of any additional plastic packaging.

Since our stores are located near the customers' place of residence, they are also near the place of residence of our employees. This means that their commuting to work in our stores contributes only moderately to the emission of harmful substances to the environment. We encourage our administrative employees to adopt environmentally-friendly conduct. We have introduced a DinoCar platform in the Company's head office, which

⁶ The lighting was replaced, for the most part, in 2018. In 2019 it was performed mainly in non-standard stores and in stores run by franchisees (35 facilities in total).

⁷ The project applies to parking lots near approx. 1000 existing Dino stores.

makes it easy for employees to arrange shared rides to and from work at the Company's head office. This way, the employees can contribute to the reduction of harmful emissions to the environment.

Our employees very rarely use air transport in business trips. In 2019, only a dozen or so such trips took place, which was the level similar as in 2018. Business trips of Dino Group's employees and associates were, to a large extent, continental trips within Europe.

Business Relations.

We build our business relations on the basis of trust and mutual respect. We act honestly and transparently. We absolutely abide by the legal regulations and we respect international social standards. We are cognizant that we exert a major impact on our business environment; that is why we strive to be an example in the application of best practices. We report on our business activity with integrity. The "Business Relations" area affects people inside as well outside of the organization. The "Business Relations" area is managed by observing our procedures and policies associated with cooperation with suppliers, partners, business partners, shareholders and investors.

Sourcing products from domestic suppliers.

Our procurement policy supports the objective of providing Dino customers with safe products of the highest quality and best prices. Implementation of the strategy in this respect is the responsibility of the Procurement Department Director, who is one of the key managers in the Company. In 2019, products offered in Dino stores were provided by suppliers, of which 16% were local suppliers (local bakeries and regional suppliers of regional press), 82% were national suppliers and more than 2% – foreign suppliers. In addition to products under recognizable brands and fresh products, we are also offering Dino customers products under lesser-known brands that are cheaper alternatives, as well as private label products.

Business ethics.

We attach great importance to the observance of ethical values and principles within the operation of the Dino Group. We want to promote these values also in our supply chain, which is why we have introduced the Dino Polska S.A. Suppliers' Code which is an element of all our new supplier agreements.

Provisions of the Supplier's Code are based on the ethical values that we subscribe to in the following areas:

- caring about creating a good place of work for Dino Group's employees and associates,
- building business relations based on honesty and trust, and
- mindfulness of, and sensitivity to, our social surroundings and natural environment.

The Dino Polska S.A. Supplier's Code refers among others to matters such as: human rights, prevention of discrimination, prevention of child labor, prevention of forced labor, providing employees with decent work conditions and compliance with OSH rules, providing employees with decent accommodation conditions (if provided by suppliers), compliance with minimum wage and work time regulations, prevention of conflicts of interest and corruption, efficient management of natural resources, mitigation of adverse environmental impact and others. The Code is addressed to all our suppliers of grocery and non-grocery products.

Suppliers' employees may report any incompliance regarding the functioning of their employers by contacting the Company's ethics ombudsman.

7.6. RISKS

Demanding situation on the labor market may unfavorably affect the Dino Group's operations

The Dino Group operates in a sector characterized by relatively high employee turnover. In the face of the declining level of unemployment in Poland, which is accompanied by a high level of competition for store employees between entities operating in the retail trade sector, the Group may not be able to secure new employees having sufficient experience and qualifications. This may also lead to additional pressure on higher costs of compensation. The occurrence of the aforementioned circumstances may have an adverse impact on the quality of client service and Dino Group's business. The Dino Group strives to counteract such a risk chiefly by constantly monitoring the labor market situation and analyzing its competitiveness in this area. The HR department and the departments responsible for training and development are being strengthened, inter alia by hiring additional employees.

Loss of the Dino Polska Group's key employees or the inability to hire a sufficient number of qualified employees may exert an adverse impact on the Dino Polska Group's operations and its development in the future.

One of the key factors driving the Dino Polska Group's business development in the future, especially its ongoing growth, geographic expansion and the execution of its strategy is having the appropriate number of qualified and committed employees. Many people acting in managerial functions in the Dino Polska Group have many years of work experience in the Dino Polska Group and in the retail grocery market. There is a risk that in connection with its development the Dino Polska Group will not manage to retain key employees, source key personnel to fill vacancies or staff newly-created positions with employees holding the appropriate qualifications and experience and may be compelled to incur considerable costs to hire and train them. In particular, the Dino Polska Group may not be able to ensure that in connection with the planned continuation of the organic growth in the number of stores it will be able to obtain a sufficient number of qualified people to work in the expansion department that is responsible for looking for the most suitable locations for the Dino Polska Group's future stores. Moreover, the Dino Polska Group cannot rule out that its competitors or other entities operating on the retail grocery market will offer prospective employees better conditions of employment or that in certain areas of Poland prospective employees will not be interested in taking employment in the Dino Polska Group, inter alia, on account of the social support they receive from the state. Staff shortages and the loss of key employees may unfavorably affect the Dino Polska Group's further business development. In addition, there are risks related to the dependence of the Dino Polska Group on persons acting in key functions, especially at the level of the Management Board and in development, distribution and finance. The Dino Polska Group's key employees may tender their resignation at any time. These resignations may considerably affect the Group's ability to continue developing and execute its strategy. The loss of managers or employees discharging key functions may lead to the loss of know-how or, in certain circumstances, the acquisition of know-how by the competition. The occurrence of one or several of the above risk factors may have a material adverse effect on the Dino Polska Group's activities, financial standing and results, as well as on its share price.

Risk of claims being lodged against the Dino Group on account of work accidents

The occurrence of work accidents, including fatal accidents may put the Dino Group in jeopardy of claims from employees or other eligible parties, which may exert an adverse impact on its capacity to source new employees, activities, financial standing, results or prospects, and its share price.

The production of fresh meat and processed meat products coming from a single supplier may be disrupted

Agro-Rydzyna produces products from fresh meat while Dino Polska sells food products and accordingly they are subject to many regulations pertaining to health protection and sanitary regulations that are applicable to the production of food. Giving consideration to the complexity of the food production process, there is a risk that Agro-Rydzyna in particular may fail to meet all the sanitary requirements and procedures, including the ones pertaining to health and safety, and also monitoring and conducting laboratory analyses of the quality of raw

materials and finished products. If the meat processing plant run by Agro-Rydzyna fails to meet the qualitative requirements and the ones pertaining to health protection and the sanitary requirements ensuing from the relative regulations, the production of goods using fresh meat may be curtailed or even interrupted. The occurrence of the aforementioned circumstances may have an adverse impact on Dino Polska's brand and reputation, and as a consequence, on the Company's financial standing, results or prospects and share price. The Group counteracts this risk by diligently selecting the suppliers of raw materials and products and by monitoring adherence to compliance with internal systems pertaining to the safety and quality of food (including HACCP) and the regulations of nutrition law.

Client complaints, product liability claims, procedures for retracting products from sale, OSH issues, negative advertisement, litigation or other factors may lead to a decline in the value of the Dino brand

The Dino Group's success is partially dependent on brand recognition and the company's value related to it, while Dino's brand and trademarks constitute key assets in the Dino Group's operations. Preparing, packing, transporting, storing and selling perishables and products other than groceries carry the risk of product contamination or poisoning, quality deterioration or defects that may potentially lead to retracting products from sale, claims for damages or negative advertisement, and may also entail costs ensuing from the foregoing events. Food and non-food products may contain substances that in certain cases may induce disease, bodily injury or death. The sale (or allegations concerning an alleged sale) of contaminated products, of lower quality or defective products may lead to product liability claims or the retraction of products from sale. The risk of product liability claims or obligations to retract a product from sale are particularly material in the context of the sales conducted by the Dino Group of fresh food products. All client complaints, product liability claims, cases of retracting products from sale, OSH issues, negative advertisement, litigation or other factors reducing the value of the Dino brand may lead to damage to its reputation and unfavorably affect the Dino Group's activities, financial standing and results. In addition, the Dino Group, as a producer of food, is obligated to adhere to specific requirements ensuing from prevailing regulations, while its activities and the products it produces are subject to supervision and inspection by many public supervision authorities, in particular, in terms of adhering to the rules pertaining to the procedures for producing food to ensure that food products are safe for consumers. The occurrence of any of the above risk factors may have a material adverse effect on the Dino Group's reputation, activities, financial standing and results. The Dino Group counteracts the foregoing risks by diligently selecting the suppliers of raw materials and products and by monitoring adherence to compliance with internal systems pertaining to the safety and quality of food (including HACCP) and the regulations of nutrition law.

Changes to legal regulations, among others, pertaining to the production of food, fire protection and safety, employment law and environmental protection regulations and insufficient efforts in these areas may adversely affect the Dino Group.

The activities of the Dino Polska Group are subject to various regulations in Poland (among others in respect to food production, fire and safety regulations, provisions of labor law and environmental law) These regulations exert a significant influence on the activities of the Dino Polska Group. If the Dino Polska Group does not operate in compliance with these requirements, it may be liable to pay penalties, fees or damages as provided for by the relevant legislation and may even be required to suspend part of its operations. In addition, actions are increasingly more frequently expected to be taken by entities conducting business in the foregoing areas transcending legal requirements. Since there is no clarity as to future regulations, in the future the Dino Polska Group may be obligated to incur significant costs or capital expenditures to adapt the existing installations of the stores, distribution centers or the meat processing plant operated by Agro-Rydzyna to meet the new requirements or social expectations. Otherwise, it may be the subject of more rigorous inspections leading to financial penalties, its brand may be in jeopardy, which may adversely affect the Dino Polska Group's activities, financial standing, growth prospects and results and the market price of its Shares. The Dino Polska Group prevents these risks by submitting to internal procedures and legal regulations and by monitoring its environmental impact and by pursuing environmentally friendly projects.

7.7. Final information.

Dino Polska S.A. Corporate Social Responsibility Reports are prepared on the annual basis. Dino Polska S.A.'s Corporate Social Responsibility Report satisfies the requirements of the representation on non-financial information in accordance with the Accounting Act of 29 September 1994. The most recent representation on non-financial information was published on 14 March 2019.

8. REPRESENTATIONS OF THE DINO POLSKA MANAGEMENT BOARD AND SUPERVISORY BOARD

Representation of the Dino Polska Management Board on selecting an audit firm and on the selection procedure

Based on the representation of the Supervisory Board, the Management Board of Dino Polska S.A. hereby reports that:

- the audit firm auditing the Financial Statements of Dino Polska for the year ended 31 December 2019 and the Consolidated Financial Statements of the Dino Polska S.A. Group for the year ended 31 December 2019 was selected in accordance with the legal regulations, including those related to the selection and selection procedure of an audit firm,
- the audit firm and members of the audit team met the conditions for drafting an impartial and independent audit report of the annual financial statements pursuant to effective provisions of law, professional standards and professional ethics principles,
- Dino Polska S.A. complies with the applicable regulations related to rotating the audit company and key statutory auditor and mandatory cooling off periods,
- Dino Polska S.A. has a policy concerning audit company selection and provision of additional non-audit services to the issuer by the audit company, an affiliate of the audit company or a member of its network, including services conditionally exempted from the prohibition of being provided by an audit company.

**Representations of the Dino Polska Supervisory Board
on the functioning of the Audit Committee**

The Supervisory Board of Dino Polska S.A. (“Company”), acting pursuant to § 70 Section 1 Item 8 and § 71 Section 1 Item 8 of the Finance Minister’s Regulation of 29 March 2018 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 (Journal of Laws of 2018, Item 757) in connection with Article 60 Section 2 of the Act of 29 July 2005 on Public Offering and the Terms and Conditions for Introducing Financial Instruments to an Organized Trading System and on Public Companies (Journal of Laws of 2016, Item 1639, as amended), hereby represents that:

- Dino Polska S.A. and its statutory bodies observe the provisions on establishing, composition and dealings of the audit committee, including the fulfilment of independence criteria by its members and requirements concerning knowledge and skills related to the industry in which the issuer operates, as well as to accounting or auditing of financial statements,
- the audit committee performed and performs the tasks of the audit committee prescribed by the applicable laws.

Evaluation of the Dino Polska Supervisory Board concerning the financial statements and the activity report in terms of compliance with the ledgers, documents and the facts

The Supervisory Board of Dino Polska, acting pursuant to art. 382 § 3 of the Commercial Company Code, § 17 Section 1 Item 2 of the Company's Articles of Association and in conjunction with § 70 Section 1 Item 14 and § 71 Section 1 Item 12 of the Finance Minister's Regulation of 29 March 2018 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, after familiarizing itself with the data and information forming part of the Financial Statements and the Consolidated Financial Statements of Dino Polska S.A. for the year ended 31 December 2019 and the Management Board Report on the Activity of the Company and the Dino Polska S.A. Group in 2019 states that they are compliant with the ledgers, documents and the facts.

The Supervisory Board performed its assessment in particular based on: i) information provided to the Company's Audit Committee by the audit firm, Ernst & Young Audyt Polska sp. z o.o. sp. k. auditing the financial statements, ii) information and data provided to the Supervisory Board by the Company's Management Board, iii) information provided to the Supervisory Board by the Audit Committee following the performance of tasks prescribed by the law and by internal regulations by the Audit Committee. The Supervisory Board decided that the correctness of preparation of the financial statements and the management board activity report for 2019 raises no objections.

Representation of the Dino Polska Management Board on accuracy and compliance of the financial statements with the law

According to its best knowledge, the Dino Polska S.A. Management Board ("Company") represents that:

- The Financial Statements of Dino Polska S.A. for the year ended 31 December 2019 and the comparable data have been prepared in accordance with the binding accounting principles and honestly, fairly and clearly reflect the assets and financial standing of Dino Polska S.A. and its financial result,
- The Consolidated Financial Statements of the Dino Polska S.A. Group for the year ended 31 December 2019 have been prepared in accordance with the binding accounting principles and honestly, fairly and clearly reflect the assets and financial standing of the Dino Polska S.A. Group and its financial result,
- The Management Board's Report on the Activity of the Company and the Dino Polska S.A. Group in 2019 contains a true picture of the development, accomplishments and standing of the Company and the Group, including the description of the fundamental threats and risks.

Szymon Piduch

Michał Krauze

President of the Management Board

Management Board Member

Michał Muskała

Management Board Member

SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

Szymon Piduch – President of the Management Board

Michał Krauze – Management Board Member

Michał Muskała – Management Board Member

Krotoszyn, 12 March 2020