



Interim Report
of the DINO POLSKA S.A. Group
for H1 2023



Unofficial translation. Only the Polish version is binding.

DINO POLSKA Spółka Akcyjna (“Dino”, “Company”, “parent company”)

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 30 June 2023 was PLN 9,804,000.00 and consisted of 98,040,000 shares with a nominal value of PLN 0.10 each.

This document (“Interim H1 2023 Report”, “Report”) comprises the interim condensed consolidated financial statements of the DINO POLSKA S.A. Group (“Group”, “Dino Group”) for the 6-month period ended 30 June 2023 (“Financial Statements”), the Company’s interim condensed financial statements for the 6-month period ended 30 June 2023 and additionally the information required by the pertinent legal regulations.

Unless specified otherwise, the data in this Report comes from Dino. This document was prepared on 17 August 2023 (“Report Date”).

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1. DINO GROUP'S FINANCIAL HIGHLIGHTS

	<i>PLN 000s</i>		<i>EUR 000s*</i>	
	<i>01.01.2023- 30.06.2023</i>	<i>01.01.2022- 30.06.2022</i>	<i>01.01.2023- 30.06.2023</i>	<i>01.01.2022- 30.06.2022</i>
Sales revenue	12,092,972	8,740,937	2,621,498	1,882,727
Operating profit	857,806	640,566	185,954	137,973
Profit before tax	781,701	577,284	169,456	124,342
Net profit	632,847	464,513	137,188	100,052
Number of shares	98,040,000	98,040,000	98,040,000	98,040,000
Basic / diluted earnings per share in PLN, EUR	6.45	4.74	1.40	1.02
Cash flow from operating activities	890,651	448,881	193,074	96,685
Cash flow from investing activities	(563,846)	(723,956)	(122,230)	(155,934)
Cash flow from financing activities	(230,355)	9,620	(49,936)	2,072
Net change in cash and cash equivalents	96,450	(265,455)	20,908	(57,177)

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

- NBP's average exchange rate for H1 2023: PLN 4.6130/EUR;
- NBP's average exchange rate for H1 2022: PLN 4.6427/EUR;

	<i>PLN 000s</i>		<i>EUR 000s*</i>	
	<i>30.06.2023</i>	<i>31.12.2022</i>	<i>30.06.2023</i>	<i>31.12.2022</i>
Total assets	9,407,080	9,003,059	2,113,808	1,919,670
Total non-current assets	6,645,081	6,296,353	1,493,176	1,342,535
Total current assets	2,761,999	2,706,706	620,632	577,135
Equity	4,836,630	4,203,783	1,086,810	896,348
Share capital	9,804	9,804	2,203	2,090
Non-current liabilities	1,054,412	1,109,149	236,931	236,497
Current liabilities	3,516,038	3,690,127	790,068	786,824

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

- NBP's average exchange rate as at 30 June 2023: 4.4503 PLN/EUR;
- NBP's average exchange rate as at 31 December 2022: 4.6899 PLN/EUR

2. MANAGEMENT BOARD ACTIVITY REPORT

2.1. Operations of the Dino Group

2.1.1. 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.

As at 30 June 2023, the Dino network consisted of 2,272 stores with a total selling area of 894,217 square meters. Dino Polska has many years of experience and a proven capacity to open new stores, enabling it to grow its number of stores by 970, i.e. 75%, in the period of three years up to 30 June 2023. Its geographic expansion has been accompanied by significant like for like (LFL) revenue growth in its current store network, which in H1 2023 stood at 23.3% compared to the corresponding period of 2022. Dino Polska continues to develop its network rapidly, consistently looking for sites for its new stores.

Dino Polska's operating strategy is based on a standardized store design, equipped with parking places for its customers and supplied with fresh products every day of the week. The sales floor area in most stores is 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.

Dino Polska's business model is scalable to a large extent. It comprises centralized management supported by suitable IT systems, a logistics network based on eight 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 also enable Dino to purchase merchandise on favorable terms that should improve steadily as the sales network expands. These drivers, combined with operational leverage and store network maturation, should be conducive to gradually enhancing Dino Polska's profitability.

Dino's strategy assumes further business development by focusing on three key areas:

- continuation of rapid organic growth in the number of stores – the Management Board of Dino Polska intends to maintain the high pace of growth of the selling area in Dino stores in subsequent years. 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,
- continuing to grow LFL sales revenues in the current store network – to continue growing LFL sales revenues in the existing store network, Dino Polska will take actions to augment customer traffic in Dino stores and the basket value per customer,
- consistent improvement of profitability – in past years Dino Polska generated sustainable growth in its EBITDA margin. The aim is to continue to improve profitability by expanding the scale of operations and thanks to the favorable business model and strategic initiatives undertaken by Dino Polska.

Dino Polska gives consideration to risks related to its climate impact and the climate's impact on the business model selected by Dino Polska. Conserving and managing natural resources rationally are firmly entrenched in our organizational culture, while our strategy aims to curtail gradually the environmental impact exerted by the operations of the Dino Polska Group. In H1 2023 Dino Polska continued to install photovoltaic panels on the rooftops of Dino stores whereby the Dino Polska Group's electricity demand is being satisfied to a greater degree by renewable energy sources. The number of Dino stores outfitted with their own photovoltaic installations rose from 1,701 at the end of 2022 to 1,840 at the end of June 2023 while the total capacity of these panels climbed

to 72 MW. In H1 2023 the Dino Group generated 33.7 GWh of solar power versus 19.1 GWh in the corresponding period of 2022.

2.1.2. Recap of the Dino Group's operations in H1 2023

In H1 2023 the Dino Group's revenue totaled PLN 12,093.0 million and was PLN 3,352.0 million, i.e. 38.3% higher than in H1 2022. Concurrently, the cost of sales rose 41.3% to PLN 9,295.6 million.

In Q2 2023, the Dino Group's revenue totaled PLN 6,548.7 million and was PLN 1,662.0 million, i.e. 34.0% higher than in Q2 2022. Concurrently, the cost of sales rose 37.4% to PLN 5,086.3 million.

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

(PLN 000s)	H1 2023	H1 2022	Change H1 '23/ H1 '22	Q2 2023	Q2 2022	Change Q2 '23/ Q2 '22
Sales revenue	12,092,972	8,740,937	38.3%	6,548,678	4,886,680	34.0%
Cost of sales	(9,295,551)	(6,579,872)	41.3%	(5,086,298)	(3,702,931)	37.4%
Gross profit on sales	2,797,421	2,161,065	29.4%	1,462,380	1,183,749	23.5%
Other operating income	6,375	5,383	18.4%	1,546	3,106	-50.2%
Sales and marketing expenses	(1,868,734)	(1,456,312)	28.3%	(938,669)	(775,683)	21.0%
General administration expenses	(73,254)	(64,031)	14.4%	(41,242)	(30,200)	36.6%
Other operating expenses	(4,002)	(5,539)	-27.7%	(1,905)	(3,260)	-41.6%
Operating profit	857,806	640,566	33.9%	482,110	377,712	27.6%
Financial income	4,791	1,292	270.8%	3,827	832	360.0%
Financial expenses	(80,896)	(64,574)	25.3%	(38,187)	(36,375)	5.0%
Profit before tax	781,701	577,284	35.4%	447,750	342,169	30.9%
Income tax	(148,854)	(112,771)	32.0%	(85,557)	(69,031)	23.9%
Net profit	632,847	464,513	36.2%	362,193	273,138	32.6%

In H1 2023 profit measured by EBITDA grew year on year by 31.4% to PLN 1,029.6 million. The EBITDA margin was 8.51% versus the 8.96% margin posted in H1 2022. In Q2 2023 profit measured by EBITDA grew by 26.8% to PLN 571.4 million, and the EBITDA margin was 8.73%.

The following table presents EBITDA.

(PLN 000s)	H1 2023	H1 2022	Change H1 '23/ H1 '22	Q2 2023	Q2 2022	Change Q2 '23/ Q2 '22
Net profit	632,847	464,513	36.2%	362,193	273,138	32.6%
Income tax	(148,854)	(112,771)	32.0%	(85,557)	(69,031)	23.9%
Result on financing activity	(76,105)	(63,282)	20.3%	(34,360)	(35,543)	-3.3%
EBIT	857,806	640,566	33.9%	482,110	377,712	27.6%
<i>EBIT margin</i>	7.09%	7.33%	-	7.36%	7.73%	-
Depreciation and amortization	(171,839)	(142,856)	20.3%	(89,331)	(72,895)	22.5%
EBITDA	1,029,645	783,422	31.4%	571,441	450,607	26.8%
<i>EBITDA margin</i>	8.51%	8.96%	-	8.73%	9.22%	-

Sales revenue

Significant top line improvement is the outcome of Dino's store network roll-out to open new stores and growing revenues in current stores (like for like, LfL)¹. LfL sales growth in H1 2023 was 23.3%. In Q2 2023 LfL sales growth was 20.3%.

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

%	H1 2023	Q2 2023	Q1 2023	H1 2022	Q2 2022	Q1 2022	2022	2021	2020
Inflation	15.0	13.1	17.0	11.8	13.9	9.7	14.4	5.1	3.2
Food price inflation.....	20.8	18.8	22.9	11.1	13.4	8.7	15.4	3.2	4.7
Dino's LfL	23.3	20.3	27.2	25.5	29.8	20.4	28.5	12.4	12.6

Fresh products, including meat, cold cuts and poultry, accounted for 40.3% of the Group's sales in Q2 2023 and for 41.0% in the first half of 2023.

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

%	H1 2023	H1 2022	Q2 2023	Q2 2022
Fresh products.....	41.0	39.1	40.3	39.4
Other groceries*.....	47.2	48.7	48.0	48.5
Non-grocery products	11.8	12.2	11.7	12.1

* in particular: children's food, breakfast products, ready to eat meals, beverages, candies, snacks, frozen food, processed goods, oils, grain and bulk products, condiments and alcohol and cigarettes

Dino store network roll-out

In Q2 2023, 62 new Dino stores were opened. 116 new stores were opened in total in H1 2023 versus 162 in the corresponding period of last year. As at 30 June 2023, the Dino network numbered 2,272 stores, 297 more than one year before.

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

	Number of stores as at 30 June		Number of stores as at 31 December		
	2023	2022	2022	2021	2020
Number of new store openings in H1 / year	116	162	344	343	255
Total number of stores	2,272	1,975	2,156	1,815	1,473
Total selling area (m ²).....	894,217	775,001	847,817	710,433	573,489
Growth of sales area y/y.....	15.4%	22.4%	19.3%	23.9%	21.4%

Cost of sales

The cost of sales was 76.9% and 75.3% of revenue, respectively in H1 2023 and H1 2022. The cost of sales rose PLN 2,715.7 million, i.e. by 41.3% to PLN 9,295.6 million in H1 2023 with a corresponding 38.3% increase of revenue. This growth was caused mainly by the Dino Group's growing business size in connection with the expansion of the Dino store network and rising sales in the current store network (LfL). It was also driven by higher prices to purchase merchandise.

Sales and marketing expenses

Sales and marketing expenses grew by PLN 412.4 million, i.e. 28.3% to PLN 1,868.7 million in H1 2023. This growth was mainly driven by the Dino Group's growing business size and the related expansion of the Dino store

¹ Stores are included in the calculation of LfL revenues starting from the 13th full month of their existence.

network and rising LFL sales in its existing stores, thereby necessitating higher costs associated with store upkeep, storage of merchandise and marketing.

General administration expenses

General administration expenses rose PLN 9.2 million, or 14.4%, to PLN 73.3 million in H1 2023. This was caused mainly by the expansion of the Dino store network (some administrative functions expanded in line with the Dino store network).

Costs by nature

The following table presents costs by nature.

<i>(PLN 000s)</i>	H1 2023	H1 2022	Change H1 '23/ H1 '22	Q2 2023	Q2 2022	Change Q2 '23/ Q2 '22
Depreciation and amortization	171,839	142,856	20.3%	89,331	72,895	22.5%
Consumption of materials and energy	1,183,654	752,671	57.3%	619,013	435,926	42.0%
External services	294,315	291,203	1.1%	152,038	168,857	-10.0%
Taxes and fees	222,336	159,980	39.0%	121,829	86,955	40.1%
Costs of employee benefits	1,328,958	1,014,788	31.0%	690,019	527,764	30.7%
Other costs by nature	49,269	32,888	49.8%	26,073	18,423	41.5%
Cost of goods and materials sold	7,991,111	5,711,783	39.9%	4,353,244	3,197,290	36.2%
Total costs by nature, including:	11,241,482	8,106,169	38.7%	6,051,547	4,508,110	34.2%
Items captured in cost of sales	9,295,551	6,579,872	41.3%	5,086,298	3,702,931	37.4%
Items captured in sales and marketing expenses	1,868,734	1,456,312	28.3%	938,669	775,683	21.0%
Items captured in general administration expenses	73,254	64,031	14.4%	41,242	30,200	36.6%
Movement in products	3,943	5,954	-33.8%	-14,662	-704	1982.7%

Total costs by nature increased by PLN 3,135.3 million, or 38.7% to PLN 11,241.5 million in H1 2023 compared to PLN 8,106.2 million in H1 2022, mainly as a result of higher: (i) costs of merchandise and materials sold (up PLN 2,279.3 million), (ii) consumption of materials and energy (up PLN 431.0 million) and (iii) costs of employee benefits (up PLN 314.2 million).

The costs of employee benefits rose PLN 314.2 million, i.e. 31.0% to PLN 1,329.0 million in H1 2023 compared to PLN 1,014.8 million in H1 2022. This growth resulted primarily from the higher number of Dino Group employees from 34,502 as at 30 June 2022 to 39,427 as at 30 June 2023 in connection with the Dino Group's expanding business size and the related expansion of the Dino store network and rising LFL sales in current stores and the higher average salary in the Dino Group.

Consumption of materials and energy increased by PLN 431.0 million, or 57.3%, to PLN 1,183.7 million in H1 2023 versus PLN 752.7 million in H1 2022. This growth was caused by the Dino Group's growing business size and the rising prices of materials and electricity.

External services, which comprised in particular transportation services, lease and tenancy services and maintenance services increased by PLN 3.1 million, or 1.1%, to PLN 294.3 million in H1 2023 compared to PLN 291.2 million in H1 2022.

Financial expenses

The Dino Group's financial expenses rose PLN 16.3 million, or 25.3% to PLN 80.9 million in H1 2023 compared to PLN 64.6 million in H1 2022. This increase followed from higher interest rates.

Balance sheet – assets

The table below presents selected line items of the balance sheet.

(PLN 000s)	30.06.2023	31.03.2023	31.12.2022	30.06.2022	Change 30.06.23 / 31.12.22	Change 30.06.23 / 30.06.22
Property, plant and equipment	6,417,838	6,235,892	6,070,032	5,515,433	5.7%	16.4%
Right-of-use assets	108,249	99,886	105,116	131,559	3.0%	-17.7%
Intangible assets	93,767	94,562	94,737	96,119	-1.0%	-2.4%
Deferred tax assets	25,227	24,997	26,468	26,407	-4.7%	-4.5%
Total non-current assets	6,645,081	6,455,337	6,296,353	5,769,518	5.5%	15.2%
Inventories	1,957,737	2,018,844	1,978,778	1,532,394	-1.1%	27.8%
Trade and other receivables	220,004	156,882	274,872	135,328	-20.0%	62.6%
Other non-financial assets	103,928	104,031	69,096	64,218	50.4%	61.8%
Other financial assets	1,162	1,370	1,242	1,476	-6.4%	-21.3%
Cash and cash equivalents	479,168	227,807	382,718	153,160	25.2%	212.9%
Total current assets	2,761,999	2,508,934	2,706,706	1,886,576	2.0%	46.4%
TOTAL ASSETS	9,407,080	8,964,271	9,003,059	7,656,094	4.5%	22.9%

Total assets rose PLN 404.0 million, i.e. 4.5%, from PLN 9,003.1 million as at 31 December 2022 to PLN 9,407.1 million as at 30 June 2023. Compared to 30 June 2022, total assets rose by PLN 1,751.0 million, or 22.9%.

As at 30 June 2023, the main components of total assets were: (i) property, plant and equipment (constituting 68.2%), (ii) inventories (constituting 20.8%) and (iii) cash and cash equivalents (constituting 5.1%).

Non-current assets rose by PLN 348.7 million, i.e. 5.5%, from PLN 6,296.4 million as at 31 December 2022 to PLN 6,645.1 million as at 30 June 2023. Compared to 30 June 2022, non-current assets rose by PLN 875.6 million, or 15.2%. In both cases this growth was mainly caused by higher property, plant and equipment which, in turn, was caused primarily by Dino's network rollout and capital expenditures.

Current assets rose by PLN 55.3 million, i.e. 2.0%, from PLN 2,706.7 million as at 31 December 2022 to PLN 2,762.0 million as at 30 June 2023. Compared to 30 June 2022, current assets rose by PLN 875.4 million, or 46.4%.

Balance sheet – liabilities and equity

The table below presents selected line items of the balance sheet.

(PLN 000s)	30.06.2023	31.03.2023	31.12.2022	30.06.2022	Change 30.06.23 / 31.12.22	Change 30.06.23 / 30.06.22
Equity	4,836,630	4,474,437	4,203,783	3,534,703	15.1%	36.8%
Share capital	9,804	9,804	9,804	9,804	0.0%	0.0%
Supplementary capital	4,649,963	3,512,022	3,512,022	3,512,021	32.4%	32.4%
Retained earnings	169,363	945,111	674,457	5,378	-74.9%	3049.2%
Other equity	7,500	7,500	7,500	7,500	0.0%	0.0%
Total equity	4,836,630	4,474,437	4,203,783	3,534,703	15.1%	36.8%
Interest-bearing loans and borrowings	597,808	658,915	690,862	713,400	-13.5%	-16.2%
Lease liabilities (LT)	37,213	31,738	34,673	36,514	7.3%	1.9%
Other liabilities	120	120	120	120	0.0%	0.0%
Liabilities by virtue of outstanding securities (LT)	370,000	370,000	370,000	450,000	0.0%	-17.8%
Provisions for employee benefits	5,794	5,794	5,794	4,827	0.0%	20.0%
Deferred tax liability	43,477	41,771	7,700	20,566	464.6%	111.4%
Total non-current liabilities	1,054,412	1,108,338	1,109,149	1,225,429	-4.9%	-14.0%
Trade and other payables	2,726,956	2,501,212	2,794,077	2,429,864	-2.4%	12.2%
Current part of interest-bearing loans and borrowings	364,475	400,775	410,157	324,645	-11.1%	12.3%
Lease liabilities (ST)	17,166	16,236	17,893	25,316	-4.1%	-32.2%
Liabilities by virtue of outstanding securities (ST)	259,993	260,235	260,947	6,496	-0.4%	3902.4%
Income tax liabilities	35,912	105,035	120,034	24,249	-70.1%	48.1%
Accruals and deferred revenue (ST)	110,571	97,038	86,054	83,448	28.5%	32.5%
Provisions for employee benefits and other provisions	965	965	965	1,944	0.0%	-50.4%
Total current liabilities	3,516,038	3,381,496	3,690,127	2,895,962	-4.7%	21.4%
Total liabilities	4,570,450	4,489,834	4,799,276	4,121,391	-4.8%	10.9%
TOTAL EQUITY AND LIABILITIES	9,407,080	8,964,271	9,003,059	7,656,094	4.5%	22.9%

As at 30 June 2023, the main components of liabilities were: (i) trade and other payables representing 59.7%; (ii) interest-bearing loans and borrowings (long-term) representing 13.1% thereof and (iii) liabilities under outstanding securities (long-term) representing 8.1%.

Total liabilities fell by PLN 228.8 million, i.e. 4.8%, from PLN 4,799.3 million as at 31 December 2022 to PLN 4,570.5 million as at 30 June 2023. Total liabilities rose by PLN 449.1 million, or 10.9% from PLN 4,121.4 million as at 30 June 2022 to PLN 4,570.5 million as at 30 June 2023.

Non-current liabilities dipped PLN 54.7 million, i.e. 4.9%, from PLN 1,109.1 million as at 31 December 2022 to PLN 1,054.4 million as at 30 June 2023. Compared to 30 June 2022, non-current liabilities fell PLN 171.0 million, or 14.0%.

Current liabilities fell PLN 174.1 million, or 4.7% from PLN 3,690.1 million as at 31 December 2022 to PLN 3,516.0 million as at 30 June 2023. Compared to 30 June 2022, current liabilities increased by PLN 620.1 million, or 21.4%, driven predominantly by an increase in trade and other payables (up PLN 297.1 million, as a result of the Dino Group's expanding business size).

The Dino Group's net debt² stood at PLN 1,167.5 million as at 30 June 2023, signifying a decline of PLN 234.3 million compared to 31 December 2022 and a dip of PLN 235.7 million compared to 30 June 2022. The net debt to EBITDA ratio for the last 12 months was 0.56x as at 30 June 2023 versus 0.93x one year earlier.

Cash flows

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

<i>(PLN 000s)</i>	H1 2023	H1 2022	Change H1 '23/ H1 '22	Q2 2023	Q2 2022	Change Q2 '23/ Q2 '22
Net cash from operating activities, including:						
<i>profit before tax</i>	890,651	448,881	98.4%	647,367	546,717	18.4%
<i>depreciation and amortization</i>	781,701	577,284	35.4%	447,750	342,169	30.9%
<i>movement in working capital</i>	171,839	142,856	20.3%	89,331	72,895	22.5%
<i>other</i>	83,093	(172,984)	-	199,931	202,445	-1.2%
Net cash from investing activities	(145,982)	(98,275)	48.5%	(89,645)	(70,792)	26.6%
Net cash from financing activities	(563,846)	(723,956)	-21.1%	(254,171)	(388,588)	-34.6%
Net increase in cash and cash equivalents	(230,355)	9,620	-	(141,835)	(282,390)	-49.8%
	96,450	(265,455)	-	251,361	(124,261)	-

The Dino Group generated net cash flow from operating activities in H1 2023 totaling PLN 890.7 million, or 98.4% more than in H1 2022. Net cash flow from investing activities was negative and totaled PLN (563.8 million) in H1 2023 and was 21.1% lower than the cash flow from investing activities in H1 2022. The cash flow from investing activities was driven chiefly by the capital expenditures to open new Dino stores, the expansion of production capacities in the Agro Rydzyna meat processing plant and the development of logistics (in Q2 2023 the Company's eighth distribution center was opened in the community of Kaliska in the Kujawy and Pomorskie Region).

2.1.3. Factors impacting Dino's operations and results

In the opinion of the Dino Management Board, the following factors may affect the Dino Group's business until the end of 2023:

- the pace of new store openings by Dino Polska and the related capital expenditures, which may be adversely affected by the high level of inflation in the construction sector and the high costs of financial debt; the Management Board's priorities in subsequent quarters span the conduct of restrictively selecting sites for new Dino stores to keep the inflation in the costs of store construction at the lowest possible level while simultaneously limiting the usage of debt financing; the Company's Management Board expects that in 2023 the total number of Dino stores will grow by a percentage in the low double digits versus the store count at the end of 2022;
- rising prices of consumer goods and services, which in the event of an excessively high pace of growth may adversely affect the purchasing power of consumers and their willingness to spend money, and as a result on sales in Dino stores;
- macroeconomic situation in Poland, also accompanied by the minimum wage hike and the operation of social programs protecting consumers' disposable income and spending on consumption in the face of high food price inflation;
- rising prices of agricultural commodities and rising costs of producing food, and hence to higher prices for the products store networks buy from food producers; moreover, high inflation also affects the operating expenses of the Dino Polska Group and in total the aforementioned factors may exert pressure on the Group's profitability;

² 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 high pace of growth in the Company's business size, which should translate into improved efficiency of the Company's operations, benefits resulting from economies of scale and optimization of operating expenses, as well as improved efficiency of logistics services provided to the stores.

One special factor that may affect Dino Polska's business in 2023 is the war in Ukraine. Although Dino Polska does not operate outside Poland and it does not procure products in Russia while products from Ukraine represent a small portion of sales, and therefore, on the Report Date, it has not identified a direct material impact exerted by the war on the Company's business, one cannot preclude that as a result of escalation of the military conflict, its impact on Ukraine's economy and due to the sanctions imposed on Russia, disruptions may emerge on the international markets for agricultural products and other commodities. That in turn may ratchet up the pressure to increase the costs of producing foodstuffs. These costs may subsequently be passed on to store networks and that may also generally contribute to even higher operating expenses among food producers and distributors. The possible impact of a military conflict in a country neighboring with Poland on the sentiment of Polish consumers may be mitigated in the case of Dino Polska's business by the fact that Dino stores distribute food, in other words, staples. To counteract the risks related to the war in Ukraine Dino Polska takes initiatives focused on enlarging the group of food producers with which it cooperates and on strengthening relations with suppliers.

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

2.1.4. Threats and risks related to the other months of the year

Changes to the general economic situation, which are beyond Dino Group's control, may result in lower consumer demand, which may have an adverse impact on the Dino Group's business

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

Demanding situation on the labor market may adversely affect the Dino Group's business

Dino operates in a sector characterized by relatively high employee turnover. The low 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, may contribute to Dino sustaining higher employee attrition and troubles with attracting new employees. Moreover, the aforementioned factors may exert more pressure on raising the costs of wages. The occurrence of these circumstances may exert an adverse impact on the Dino Group's business, its financial standing, performance or prospects.

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

The Dino Group's strategy provides for, among others, further growth through continuation of fast organic growth of the store network. Successful implementation of the Dino Group's development strategy depends, among others, on the economic conditions, access to external financing, absence of unfavorable changes in the regulatory environment, finding real estate on acceptable commercial terms which satisfy the requirements set by the Dino Group, efficient opening of new stores, employment, training and retention of store personnel, and integration of the new stores with the supply chain operating in the Dino Group in a manner ensuring the highest possible profitability.

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

The market on which Dino conducts operations is characterized by a high level of competition, and the pressure from the competitors may have an adverse impact on its margin or growth prospects

The market on which Dino conducts operations is characterized by a high level of competition due to the presence and constant growth of large organized retail chains, including supermarkets, discount stores and convenience stores, which frequently operate on a scale greater than Dino's scale of business. There is no certainty that Dino will be able to compete effectively with its current or future competitors, in particular in terms of prices and promotions and in terms of the product assortment offered, which could bring about a decline in the Dino Group's rate of growth, stagnation or a decline in Dino's market share and a reduction in its profitability. As a consequence, this could adversely affect the Dino Group's business, financial position and results.

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

The activities of the Dino Polska Group are subject to various regulations in the field of tax law. 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 Group companies, which could be unfavorable to the Company or Dino Group companies. 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. One cannot preclude the possibility of the tax authorities challenging the correctness of tax settlements made by the Company or the Dino Group companies, which may have an adverse effect on the Dino Group's business, its financial standing and results. There is also a risk that, as new regulations are implemented or VAT increases, the Company or the Dino Group companies will have to undertake adaptive efforts, which may lead to higher expenses or possibly to a decrease in the level of sales and revenues of the Dino Group.

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

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

The table below depicts the shareholder structure of DINO POLSKA S.A. as at the Report Date.

	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 ³	50,160,000	51.16%
Other shareholders	47,880,000	48.84%

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.

³ BT Kapital Sp. z o.o., a subsidiary of Tomasz Biernacki, holds a total of 160 thousand Company shares.

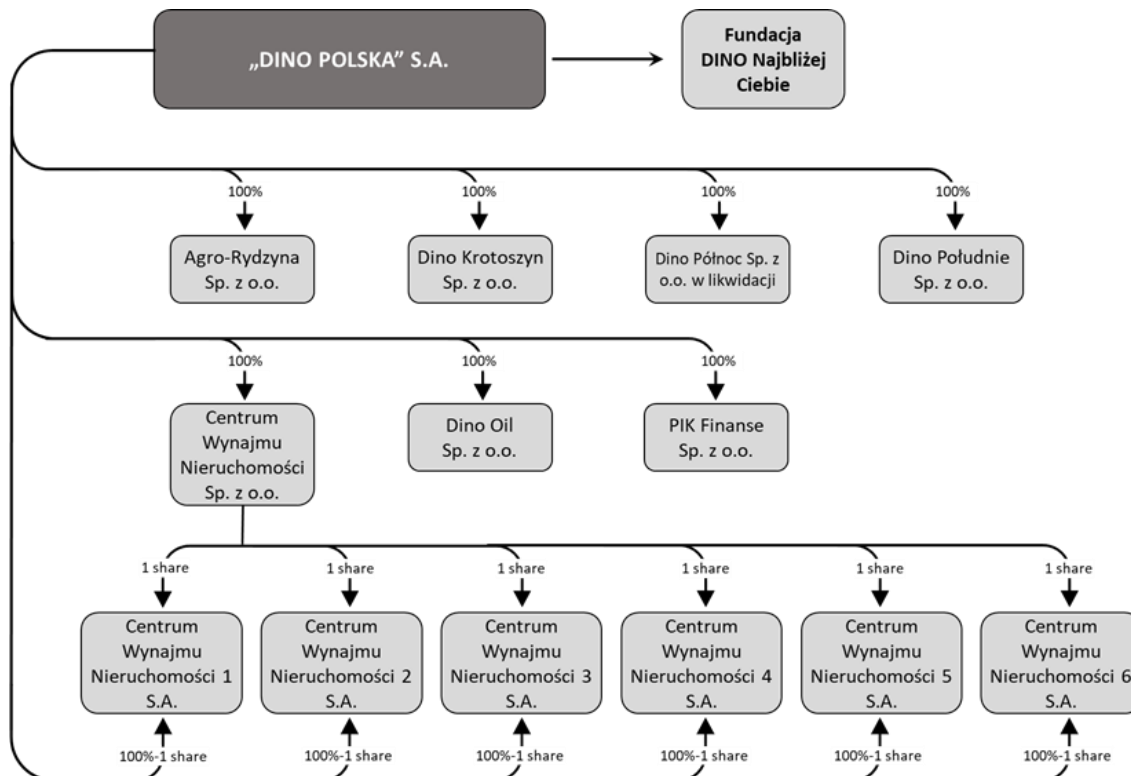
Michał Krauze, a Management Board Member of the Company, held 30,000 Company shares as at the Report Date. Compared to the publication date of the Q1 2023 report, the number of shares held by Michał Krauze has not changed. Izabela Biadała, Management Board Member, held 80 shares in the Company as at the Report Date (no change compared to the publication date of the Q1 2023 report). Piotr Ścigała, Management Board Member, did not hold any shares in the Company as at the Report Date or as at the publication date of the Q1 2023 report. The following Supervisory Board members held shares in Dino as at the Report Date: Tomasz Biernacki (Supervisory Board Chairman) – as detailed in the table above, Eryk Bajer (Supervisory Board Member) – 32,154 shares (jointly with a controlled entity) and Sławomir Jakszuk (Supervisory Board Member) – 1,600 shares. The number of shares in the Company held by the Supervisory Board members has not changed since the publication date of the Q1 2023 report.

2.3. Group – general information and description of the changes in its organization

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, the selection of the product range offered in the stores and it supports other subsidiaries (Real Estate Lease Centers) in the execution of investment processes related to securing new sites and building new stores. The Company also owns most 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.

Dino Polska is run by a three-person Management Board in the following composition: Izabela Biadała, Chief Operating and Administrative Officer and Management Board Member, Michał Krauze, Chief Financial Officer and Management Board Member and Piotr Ścigała, Chief Control Officer and Management Board Member. The Company’s Supervisory Board functions in a five-person composition (Tomasz Biernacki – Chairman and members: Eryk Bajer, Sławomir Jakszuk, Piotr Nowjalis and Maciej Polanowski).

The Group consists of DINO POLSKA S.A. and the following subsidiaries:



In the first half of 2023 there were no major changes to the organization of the Dino Polska Group.

Subsidiaries are subject to consolidation from the date when the Group assumes control over them, and they cease to be consolidated when control no longer exists. The parent company has control only if it:

- has power over a given entity,
- is subject to exposure, or has rights, to variable returns from its involvement in a given entity,
- has the ability to affect those returns by exercising its power.

The Company verifies the fact of having power over other entities if there is a situation indicating a change in one or more of the above mentioned pre-conditions for control. Where the Company holds less than a majority of voting rights in an entity, but the voting rights held are sufficient to unilaterally direct the relevant activities of that entity, this means that it exercises authority over the entity. When assessing whether the voting rights in a given entity are sufficient to secure power, the Company analyzes all material circumstances, including:

- the size of the holding of voting rights compared to the size of the holding of shares and the degree of dispersion of voting rights held by other shareholders;
- potential voting rights held by the Company, other shareholders or other parties;
- rights arising from other contractual arrangements; and
- additional circumstances, which may prove whether the Company has or does not have the ability to direct the relevant activities at the moment of the decisions, including voting patterns observed at previous shareholder meetings.

2.4. Other information

Correction of errors of previous periods

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

Non-recurring amounts and events

No atypical events exerting a material impact on Dino Polska's financial statements for H1 2023 transpired in the period from 1 January 2023 to 30 June 2023.

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

The Company's Management Board did not publish any forecasts for 2023.

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

According to the Company's best knowledge, no material proceedings pertaining to liabilities or accounts receivable of Dino Polska or its subsidiaries are pending before a court, competent authority for an administrative proceeding or public administration authority.

Information on related party transactions

In the reporting period there were no related party transactions that were not executed on an arm's length basis. Information on related party transactions is set forth in note 24 to the Interim condensed consolidated financial statements of Dino Polska for H1 2023.

Significant sureties for loans or borrowings or guarantees extended by the issuer or its subsidiary

In H1 2023 there were no events referred to in the header.

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

No material events other than the ones described in this Report and in Dino Polska's interim condensed consolidated financial statements for the 6-month period ended 30 June 2023 that could significantly affect the assessment of the Group's assets, financial position and financial result occurred in the reporting period.

Principles for the preparation of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standard 34 "Interim Financial Reporting" approved by the European Union ("IAS 34").

These interim consolidated condensed financial statements do not contain all the information and disclosures required in annual financial statements and should be read jointly with the Group's consolidated financial statements for the year ended 31 December 2022 approved for publication on 23 March 2023. The interim condensed consolidated financial statements are presented in Polish zloty ("PLN"), while all the figures are stated in thousands of PLN, unless stated otherwise. The interim condensed consolidated financial statements have been drawn up under the going concern assumption for the Group companies in the foreseeable future.

As at 30 June 2023, 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 Group intensively develops its network using free cash and funding from bank loans to increase the value of new investments. Covenants related to loan agreements are monitored on an ongoing basis. As at the balance sheet date of 30 June 2023, there was no default on the terms and conditions of loan agreements and the Management Board is of the opinion there is no risk that banks may terminate such agreements within 12 months of the balance sheet date of 30 June 2023. As at the balance sheet date, there are no circumstances indicating a threat to the business continuity of the Group's companies.

3. MANAGEMENT BOARD'S REPRESENTATION

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

- the interim condensed financial statements of DINO POLSKA S.A. for the 6-month period ended 30 June 2023 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 interim consolidated condensed financial statements of the DINO POLSKA S.A. Group for the 6-month period ended 30 June 2023 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 the DINO POLSKA S.A. Group and its financial result,
- the Management Board's Report on the Activity of the DINO POLSKA S.A. Group in H1 2023 contains a true picture of the development, accomplishments and position of Dino Polska and the Dino Group, including a description of the fundamental threats and risks.

Izabela Biadała
Management Board
Member

Michał Krauze
Management Board
Member

Piotr Ścigała
Management Board
Member

Krotoszyn, 17 August 2023

4. APPENDICES

- 4.1. Interim consolidated condensed financial statements of the Dino Polska S.A. Group for the 6-month period ended 30 June 2023
- 4.2. Interim condensed financial statements of Dino Polska S.A. for the 6-month period ended 30 June 2023
- 4.3. Auditor's reports on the review of the financial statements