DINO POLSKA S.A. GROUP

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS APPROVED FOR APPLICATION IN THE EU
ALONG WITH THE INDEPENDENT STATUTORY AUDITOR'S AUDIT REPORT

This document is an unofficial translation of the official Consolidated Financial Statements of the Dino Polska S.A. Group in 2023, which were published in the xHTML format and signed by the Management Board Members and Chief Accountant of Dino Polska S.A. using qualified electronic signatures.

FINANCIAL HIGHLIGHTS

	PLN 000s		***EUR 000s****	
	01.01.2023-31.12.2023	***01.01.2022-31.12.2022***	***01.01.2023-31.12.2023***	***01.01.2022-31.12.2022***
Sales revenue	25,666,255	19,801,622	5,667,842	4,223,625
Operating profit	1,875,855	1,537,819	414,242	328,012
Profit before tax	1,738,981	1,401,618	384,017	298,961
Net profit	1,405,327	1,132,087	310,336	241,471
Number of shares	98,040,000	98,040,000	98,040,000	98,040,000
Basic / diluted earnings per share in PLN, EUR	14.33	11.55	3.16	2.46
Cash flow from operating activities	1,771,540	1,253,422	391,207	267,351
Cash flow from investing activities	(1,158,256)	(1,434,563)	(255,776)	(305,988)
Cash flow from financing activities	(777,613)	145,244	(171,719)	30,980
Net change in cash and cash equivalents	(164,329)	(35,897)	(36,288)	(7,657)

*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 was used:
- NBP's average exchange rate in 2023: PLN 4.5284/EUR
- NBP's average exchange rate in 2022: PLN 4.6883/EUR

	PLN 000s		***EUR 000s****	
	As at 31.12.2023	***As at 31.12.2022***	***As at 31.12.2023***	***As at 31.12.2022***
Total assets	10,377,715	9,003,059	2,386,779	1,919,670
Total non-current assets	7,124,550	6,296,353	1,638,581	1,342,535
Total current assets	3,253,165	2,706,706	748,198	577,135
Equity	5,605,311	4,203,783	1,289,170	896,348
Share capital	9,804	9,804	2,255	2,090
Non-current liabilities	893,111	1,109,149	205,407	236,497
Current liabilities	3,879,293	3,690,127	892,202	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 31 December 2023: 4.3480 PLN/EUR
- NBP’s average exchange rate as at 31 December 2022: 4.6899 PLN/EUR

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 December 2023

(in thousands of PLN)	*Note*	***01.01.2023-31.12.2023***	***01.01.2022-31.12.2022***
Sales revenue	11	**25,666,255**	**19,801,622**
Cost of sales	12	(19,741,459)	(15,038,630)
Gross profit on sales		**5,924,796**	**4,762,992**
Other operating income	12.4	13,477	16,282
Sales and marketing expenses	12	(3,878,421)	(3,080,061)
General administration expenses	12	(173,736)	(143,217)
Other operating expenses	12.5	(10,261)	(18,177)
Operating profit		**1,875,855**	**1,537,819**
Financial income	12.6	10,442	5,092
Financial expenses	12.7	(147,316)	(141,293)
Profit before tax		**1,738,981**	**1,401,618**
Income tax	13	(333,654)	(269,531)
Net profit		**1,405,327**	**1,132,087**
Profit attributable:			
To owners of the parent		1,405,327	1,132,087
Earnings per share:			
– basic from profit for the year attributable to owners of the parent	23	14.33	11.55
– diluted from profit for the year attributable to owners of the parent	23	14.33	11.55

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2023

(in thousands of PLN)	***01.01.2023-31.12.2023***	***01.01.2022-31.12.2022***
Net profit for the financial year	**1,405,327**	**1,132,087**
Items not subject to reclassification to profit in subsequent reporting periods:		
Actuarial gains/(losses) on defined benefit plans	(4,690)	1,859
Income tax on other comprehensive income	891	(353)
Net other comprehensive income not subject to reclassification to profit/(loss) in subsequent reporting periods	**(3,799)**	**1,506**
Net other comprehensive income	**(3,799)**	**1,506**
Comprehensive income for the year	**1,401,528**	**1,133,593**
Comprehensive income attributable:		
To owners of the parent	1,401,528	1,133,593

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

(in thousands of PLN)	*Note*	***31.12.2023***	***31.12.2022***
ASSETS			
Property, plant and equipment	14	6,874,672	6,070,032
Right-of-use assets	15	93,499	105,116
Intangible assets	16	115,056	94,737
Deferred tax assets	13.3	41,323	26,468
Total non-current assets		**7,124,550**	**6,296,353**
Inventories	18	2,638,859	1,978,778
Trade and other receivables	19	330,492	274,872
Other non-financial assets	17	64,049	69,096
Other financial assets		1,376	1,242
Cash and cash equivalents	20	218,389	382,718
Total current assets		**3,253,165**	**2,706,706**
TOTAL ASSETS		**10,377,715**	**9,003,059**
EQUITY AND LIABILITIES			
Equity (attributable to owners of the parent)		**5,605,311**	**4,203,783**
Share capital	21.1	9,804	9,804
Supplementary capital	22	4,652,148	3,512,022
Retained earnings		935,859	674,457
Other equity		7,500	7,500
Non-controlling interests		-	-
Total equity		**5,605,311**	**4,203,783**
Loans and borrowings	24	469,629	690,862
Lease liabilities	15	35,612	34,673
Liabilities by virtue of outstanding securities	24	370,000	370,000
Other liabilities	26.1	90	120
Provisions for employee benefits	25	10,900	5,794
Deferred tax liability	13.3	6,880	7,700
Total non-current liabilities		**893,111**	**1,109,149**
Trade and other payables	26.1 26.2	3,274,908	2,794,077
Loans and borrowings	24	278,588	410,157
Lease liabilities	15	14,565	17,893
Liabilities by virtue of outstanding securities	24	4,784	260,947
Income tax liabilities	26.2	176,736	120,034
Accruals and deferred revenue	26.3	128,264	86,054
Provisions for employee benefits	25	1,448	965
Total current liabilities		**3,879,293**	**3,690,127**
Total liabilities		**4,772,404**	**4,799,276**
TOTAL EQUITY AND LIABILITIES		**10,377,715**	**9,003,059**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

(in thousands of PLN)	*Note*	*01.01.2023-31.12.2023*	*01.01.2022-31.12.2022*
Cash flow from operating activities			
Profit before tax		*1,738,981*	*1,401,618*
Adjustments in items:		32,559	(148,196)
Depreciation and amortization	12.1	356,828	300,129
(Profit)/loss on investment activity		6,531	14,540
Movement in receivables	27	(54,668)	(152,796)
Movement in inventories		(660,081)	(605,315)
Movement in liabilities	27	493,946	366,502
Interest revenue		(9,006)	(4,969)
Interest expense		147,316	141,293
Movement in prepayments, accruals and deferred revenue		42,634	25,226
Movement in provisions	27	5,589	(12)
Income tax paid		(291,839)	(234,653)
Other		(4,691)	1,859
Net cash from operating activities		**1,771,540**	**1,253,422**
Cash flow from investing activities			
Sale of property, plant and equipment and intangible assets		5,735	6,287
Purchase of property, plant and equipment and intangible assets		(1,172,863)	(1,445,905)
Interest received		9,006	4,969
Repayment of extended borrowings		1,831	1,710
Granting of loans		(1,965)	(1,624)
Net cash from investing activities		**(1,158,256)**	**(1,434,563)**
Cash flow from financing activities			
Payment of lease liabilities		(25,837)	(47,531)
Proceeds from obtained loans/borrowings		61,378	648,366
Repayment of loans/borrowings		(414,180)	(326,529)
Issue of debt securities		-	170,000
Redemption of debt securities		(250,000)	(170,000)
Interest paid		(148,974)	(129,062)
Net cash from financing activities		**(777,613)**	**145,244**
Net decrease in cash and cash equivalents		(164,329)	(35,897)
Cash at the beginning of the period		**382,718**	**418,615**
Cash at the end of the period	20	**218,389**	**382,718**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

(in thousands of PLN)			*Attributable to owners of the parent*			
	Note	*Share capital*	*Supplementary capital*	*Retained earnings*	*Other equity*	*Total*
As at 1 January 2022		**9,804**	**2,707,720**	**345,166**	**7,500**	**3,070,190**
Net profit for 2022		-	-	1,132,087	-	1,132,087
Net other comprehensive income for 2022		-	-	1,506	-	1,506
Comprehensive income for the year		-	-	*1,133,593*	-	*1,133,593*
Distribution of the 2021 financial result		-	804,302	(804,302)	-	-
As at 31 December 2022	21	**9,804**	**3,512,022**	**674,457**	**7,500**	**4,203,783**
As at 1 January 2023		**9,804**	**3,512,022**	**674,457**	**7,500**	**4,203,783**
Net profit for 2023		-	-	1,405,327	-	1,405,327
Net other comprehensive income for 2023		-	-	(3,799)	-	(3,799)
Comprehensive income for the year		-	-	*1,401,528*	-	*1,401,528*
Distribution of the 2022 financial result		-	1,140,126	(1,140,126)	-	-
As at 31 December 2023	21	**9,804**	**4,652,148**	**935,859**	**7,500**	**5,605,311**

ACCOUNTING PRINCIPLES (POLICIES) AND NOTES

1. General information

The Dino Polska S.A. Group ("Group") consists of DINO Polska S.A. ("parent company", "Company") and its subsidiaries (see Note 2). The Group's consolidated financial statements cover the year ended 31 December 2023 along with comparable data.

The Company was established by a Notary Deed on 9 November 2007 under the name of DINO Polska spółka z ograniczoną odpowiedzialnością. On 21 December 2011, the Shareholder Meeting of DINO Polska spółka z ograniczoną odpowiedzialnością adopted a resolution to transform the Company into DINO Polska Spółka Akcyjna.

The parent company is entered in the register of commercial undertakings of the National Court Register kept by the District Court for Poznań Nowe Miasto and Wilda, 9th Commercial Division of the National Court Register in Poland under file number KRS 0000408273. The parent company has been given the following statistical number: REGON 300820828 and the following taxpayer ID number (NIP): 6211766191.

No changes were made to the entity's business name or other identification data from the end of the previous reporting period.

The Company's registered office is located at the following address: ul. Ostrowska 122, 63-700 Krotoszyn, Poland.

The duration of the parent company and of the entities forming part of the Group is unlimited.

The Group's main line of business is retail sale in non-specialized stores with food, beverages or tobacco predominating.
Moreover, the Group also produces meat products, which are supplied to external customers through the Group's retail network.

(in thousands of PLN)

2. Composition of the Group

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

Name of the unit	*Registered office*	*Line of business*	*Stake held by the Group*	
			31 December 2023	*31 December 2022*
DINO Polska S.A. (parent company)	Krotoszyn	Retail sale conducted in non-specialized stores with food, beverages or tobacco predominating	-	-
Agro-Rydzyna sp. z o.o.	Kłoda	Production of meat products	100%	100%
Centrum Wynajmu Nieruchomości sp. z o.o.	Krotoszyn	Renting and operating of own or leased real estate	100%	100%
Centrum Wynajmu Nieruchomości 1 S.A.	Krotoszyn	Private purchases and sales of real estate, renting and operating of own or leased real estate, other financial service activities, activities of holding companies	100%	100%
Centrum Wynajmu Nieruchomości 2 S.A.	Krotoszyn	Private purchases and sales of real estate, renting and operating of own or leased real estate, other financial service activities, activities of holding companies	100%	100%
Centrum Wynajmu Nieruchomości 3 S.A.	Krotoszyn	Private purchases and sales of real estate, renting and operating of own or leased real estate, other financial service activities, activities of holding companies	100%	100%
Centrum Wynajmu Nieruchomości 4 S.A.	Krotoszyn	Private purchases and sales of real estate, renting and operating of own or leased real estate, other financial service activities, activities of holding companies	100%	100%
Centrum Wynajmu Nieruchomości 5 S.A.	Krotoszyn	Private purchases and sales of real estate, renting and operating of own or leased real estate, other financial service activities, activities of holding companies	100%	100%
Centrum Wynajmu Nieruchomości 6 S.A.	Krotoszyn	Private purchases and sales of real estate, renting and operating of own or leased real estate, other financial service activities, activities of holding companies	100%	100%
PIK Finanse sp. z o.o.	Krotoszyn	Private purchases and sales of real estate, renting and operating of own or leased real estate, other financial service activities, activities of holding companies	100%	100%
Dino Oil sp. z o.o.	Krotoszyn	Manufacture and processing of refined petroleum products, retail sale of automotive fuel in specialized stores	100%	100%
Dino Krotoszyn sp. z o.o.	Krotoszyn	Warehousing and storage services, processing and preserving of meat, excluding poultry meat	100%	100%
Dino Północ sp. z o.o. in liquidation	Krotoszyn	Retail sale conducted in non-specialized stores with food, beverages or tobacco predominating	-	100%
Dino Południe sp. z o.o.	Krotoszyn	Operation of warehousing and storage facilities for goods	100%	100%

The subsidiary Dino Północ sp. z o.o. in liquidation was struck from the National Court Register on 8 December 2023 under the decision rendered by the Poznań – Nowe Miasto and Wilda Regional Court in Poznań.

As at 31 December 2023 and 31 December 2022, the share in overall number of votes held by the Group in its subsidiaries is equal to the Group's share held in their capital.

On 17 October 2023 the Management Board of DINO POLSKA SA (Company) entered into a Preliminary Conditional Share Purchase Agreement and Shareholder Agreement ("Agreement") with the company doing business as eZebra.pl sp. z o.o. with its registered office in Lublin ("eZebra") and its shareholders ("Founders"). Pursuant to the Agreement, by acquiring secondary shares from the Founders and following the registration of a share capital increase in eZebra in which the Company will subscribe for newly-created shares the Company will ultimately be the owner of a 75% equity stake in eZebra ("Shares").

eZebra runs an internet drug store at the ezebra.pl website. It offers an extensive array of cosmetics and perfumes and accessories in the beauty, health, personal hygiene and house and home categories.

The Company's intention is to cooperate with the Founders and the eZebra management to further the business development of the eZebra.pl drug store and jointly build competences in e-commerce. The Founders will continue to serve in the eZebra Management Board to oversee the execution of its growth strategy.

According to the Agreement, the Company will assume control over eZebra and its subsidiaries, i.e.: 3Boom sp. z o.o. with its registered office in Lublin ("3BOOM") and JTG Polska sp. z o.o. with its registered office in Lublin ("JTG") which has its own warehouse and renders warehousing and shipping services.

The Company will purchase the Shares ("Closing Date") provided that the following conditions precedent are satisfied by 31 March 2024:

- the consent of the President of the Office of Competition and Consumer Protection to acquire the Shares is secured,
- the Founders obtain the consent of JTG's banking lender to execute the aforementioned transaction and perform the other actions required by the agreements with this bank.

The Price for the Shares will be approximately PLN 61 million ("Sales Price"), with PLN 11.5 million forming a contribution to eZebra made by the Company subscribing for new shares in eZebra's share capital to support its ongoing development, while approximately PLN 49.5 million will constitute the payment made by the Company to the Founders for the secondary shares. The Sales Price will be adjusted by net debt and the difference in the share capital of eZebra, JTG and 3BOOM on the Closing Date.

Pursuant to the Agreement, the Founders have granted a call option (Call Option) to the Company to acquire the remaining 25% equity stake in eZebra, and the Founders have a put option (Put Option) to sell it to the Company. The Call and Put Options will be in force for 6 months following the elapse of 5 years and 6 months (for the Call Option) and 5 years and 9 months (for the Put Option) from the Closing Date.

The Price for the shares under these options has been set as 25% of the product of eZebra's EBITDA in the year preceding the execution of the option and the multiplier of 9 under the Call Option and 8 under the Put Option. In both cases eZebra's net debt will be subtracted from this amount.

The Company received the consent of the President of the Office of Competition and Consumer Protection to acquire the shares on 6 November 2023, and it learned on 19 December 2023 that the Founders had obtained the consent of JTG's banking lender to execute the transaction and perform the other actions required by the agreements with this bank, whereby the conditions precedent facilitating the execution of the transaction were satisfied.

On 21 November 2023 the Company learned from eZebra's shareholders that the First Civil Division of the District Court in Lublin had issued a decision on 20 November 2023 in which it granted a temporary injunction for the applicant's claim regarding the recognition that the Agreement is ineffective with respect to the applicant. The court's foregoing decision precipitated a delay in the execution of the share purchase agreement and the Company's subscription for shares in eZebra. The Company and the shareholders of eZebra did not concur with the foregoing decision at all and took legal steps that led to the dismissal in 2024 of the application for a temporary injunction.

3. Composition of the parent company's Management Board

As at 31 December 2023, the Management Board of the parent company consisted of the following persons:

Izabela Biadała – Management Board Member

Michał Krauze – Management Board Member

Piotr Ścigała – Management Board Member

Up to the date of approving these consolidated financial statements, the composition of the parent company's Management Board did not change.

4. Approval of the financial statements

These consolidated financial statements were approved for publication by the Management Board on 21 March 2024.

5. Material professional judgments and estimates

5.1. Professional judgment

The preparation of the Group's consolidated financial statements requires the Management Board of the parent company to make judgments, estimates and assumptions that affect the presented revenues, costs, assets and liabilities and related notes and disclosures regarding contingent liabilities. Uncertainty about such assumptions and estimates may result in significant adjustments to the carrying amounts of assets and liabilities in the future.

In applying the accounting policies, the Management Board has made the following judgments that have the greatest impact on the presented carrying amounts of assets and liabilities.

Classification of reverse factoring agreements

The Company utilizes reverse factoring agreements in reference to its liabilities to manage working capital whereby it submits invoices for purchases from selected suppliers for the purpose of factoring. Considering the potential impact exerted by these types of agreements on the statement of cash flows and the statement on financial position, the Management Board makes a judgment on whether in connection with the utilization of factoring, the nature of the liability materially changes and whether it is necessary to alter its presentation. The Group classifies reverse factoring trade payables as trade payables because, in the Management Board's view, no significant changes have occurred in the nature of these payables in connection with their transfer to factoring, including among other things, the term of payment for payables in reverse factoring does not significantly exceed the terms of payment for payables established with various suppliers. The Group's accounting policy regarding reverse factoring contracts is disclosed in note 9.16, while the balance of liabilities related to these types of settlements is disclosed in note 26.1 hereof, while the description of liquidity-related risks is disclosed in note 32.3.

5.2. Uncertainty of estimates and assumptions

Discussed below are the major sources of uncertainty existing as at the balance sheet date, entailing significant risk of considerable adjustment of the carrying amounts of assets and liabilities in the next financial year. In the course of drawing up the consolidated financial statements, the Group has made certain forward-looking assumptions and estimates. These assumptions and estimates may change as a result of future events resulting from market changes or changes that are not controlled by the Group. Such changes will be reflected in the estimates or assumptions at the time of their occurrence.

Impairment of trademarks and goodwill

The Group has tested the impairment of trademarks and goodwill. It required an estimate of the value in use of the cash generating unit to which the goodwill and trademarks are allocated. The estimation of value in use is based on the determination of future cash flows to be generated by the cash generating unit and requires determination of the discount rate for calculating the present value of these cash flows. The assumptions made for this purpose are presented in Note 16.

Settlement of benefits under contracts with suppliers

The Group enters into contracts with suppliers on whose basis it obtains rebates and discounts that above all hinge on the volume of purchases as well as promotional and marketing activity. The benefits derived from these contracts are recognized as a reduction in the purchase price of merchandise from suppliers and accordingly as a reduction in the cost of goods sold presented in the statement of profit or loss as the cost of sales at the time of the sale of merchandise. At the end of the reporting period the Group estimates the value of the benefits due but not settled under supplier agreements based on the sales achieved and the trading conditions with suppliers. The justified portion of the benefits received under the agreements with suppliers is allocated to unsold merchandise as at the balance sheet date as a reduction in their purchase price.

Measurement of inventories

The Group measures inventories at the lower of purchase price/production cost and net realizable price. The net realizable price is estimated as the sales price that can be achieved in the course of the entity's normal business, less the estimated costs required to finalize the sale. Moreover, in order to state in real terms the balance of inventories at the end of the reporting period, the Group sets up a provision for expected, albeit unidentified inventory losses based on the historical statistics for inventory differences.

Assessment of the impact exerted by climate change

The Group has evaluated the impact of climate change, including the climate regulations affecting its business, on the consolidated financial statements and has found that climate change does not currently affect the carrying amount of assets and liabilities as at 31 December 2023. In particular, the Group considered the impact of climate change on current estimates and judgments, including the periods of using fixed assets and intangible assets.

Estimated provisions for litigation

The Group is involved as a party in lawsuits. Based on the estimates, the Management Board has concluded that the risk of losing in the pending cases is low. Therefore, no provisions have been recognized for pending litigation.

Uncertainty related to tax settlements

Regulations regarding VAT, corporate income tax and social security contributions are subject to frequent changes. These frequent changes result in there being little point of reference, interpretations not consistent and few established precedents that may be followed. The binding regulations also contain uncertainties resulting in differences in opinions regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies.

Tax settlements and other areas of activity (e.g. customs or foreign currency related issues) may be subject to inspection by administrative bodies authorized to impose high penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with high interest.

Accordingly, the amounts presented and disclosed in the financial statements may change in the future as a result of a final decision of tax audit authorities.

Effective 15 July 2016, the Polish Tax Code was amended for the General Anti-Abuse Rule (GAAR) provisions. GAAR is intended to prevent the creation and use of artificial legal arrangements to avoid payment of tax in Poland. GAAR defines tax avoidance as an act carried out primarily in order to achieve a tax benefit, contrary in the circumstances to the object and goal of provisions of a tax act. Pursuant to GAAR, such an act does not result in a tax benefit, if the mode of action was not genuine. All unjustified (i) split of operations, (ii) involvement of intermediary entities without any economic or business justification, (iii) elements that compensate or exclude each other and (iv) other actions with a similar effect to the previously mentioned, may be considered as prerequisites of artificial activities subject to GAAR. The new regulation will require significantly more judgment in assessment of the tax consequences of individual transactions.

The GAAR clause is effective with respect to transactions executed following its entry into force and transactions that were carried out before, but the benefits were / are being derived after the date of its entry into force. Implementation of the above provisions will enable the Polish tax authorities to challenge legal arrangements used by the taxpayers such as group restructurings and reorganizations.

If there is uncertainty on whether and to what extent a tax authority will accept various tax settlements for a transaction, the Group recognizes these settlements while giving consideration to this assessment of uncertainty.

Depreciation and amortization rates

Depreciation rates are determined based on the expected useful life of property, plant and equipment, intangible assets and right-of-use assets. On an annual basis, the Group verifies the accepted useful life periods based on current estimates.

Lessee's marginal interest rate

The Group is not easily able to establish an interest rate for agreements pertaining to the right of perpetual usufruct to land; for that reason when measuring lease liabilities the Group has applied the interest rate for 30-year treasuries plus a margin of 0.8 p.p. These are the interest rates the Group would have to pay to borrow for a similar term, in the same currency and with similar collateral to purchase an asset of similar value as the right-of-use asset in a similar business environment.

6. Basis for preparation of consolidated financial statements

These consolidated financial statements have been prepared in accordance with the historical cost convention.

These consolidated financial statements are presented in Polish zloty ("PLN") and all amounts are given in thousands of PLN, unless otherwise stated.

These consolidated financial statements have been prepared based on the assumption that the Group companies will continue as a going concern in the foreseeable future.

As at 31 December 2023, the Group presented an excess of current liabilities over current assets, which is typical for the retail industry and its seasonality, where a predominant part of sales is made for cash, inventories are minimized and suppliers offer deferred payment terms. 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 31 December 2023, there was no default on the terms and conditions of credit 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 31 December 2023.

As at the balance sheet date the Group has open and unused lines of credit for PLN 419 million that can be used to manage the Group's liquidity. Issues related to liquidity are described in Note 32.3.

6.1. Statement of conformity

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") approved by the European Union ("EU IFRS"). As at the date of approving these financial statements for publication, considering the pending process of introducing IFRSs in the EU, the IFRS applicable to these financial statements do not differ from the EU IFRS. The EU IFRS include standards and interpretations accepted and published by the International Accounting Standards Board ("IASB").

The Group's entities keep their accounting books in accordance with the accounting policies set forth in the Accounting Act of 29 September 1994 (the "Act"), as amended, and the regulations issued on its basis ("Polish Accounting Standards"). These consolidated financial statements include a number of adjustments not included in the accounts of the Group companies, which were made to bring the financial statements of those companies into conformity with IFRS.

6.2. Functional currency and presentation currency

The Group's consolidated financial statements are presented in PLN, which is also the functional currency of the parent company and of the subsidiaries.

7. Changes in accounting policies applied

The accounting principles (policies) used to draw up these financial statements are consistent with the ones that were used to draw up the Group's financial statements for the year ended 31 December 2022 except for the application of new or modified standards and interpretations in force for annual periods beginning on or after 1 January 2023.

New or amended standards or interpretations that came into force for the first time in 2023 do not have a material impact on the Group's consolidated financial statements.

- IFRS 17 *Insurance contracts*
- Definition of estimates - amendments to IAS 8
- Disclosure of information regarding accounting rules (policies) - Amendments to IAS 1 and Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
- Income tax: international tax reform – pillar two model rules - changes to IAS 12

The Group did not elect to apply any standard, interpretation or amendment earlier that has been published but has not yet taken force in light of the European Union regulations.

8. New standards and interpretations published but not effective

New standards and interpretations published by the International Accounting Standards Board (IASB) but are not yet effective:

- IFRS 14 *Regulatory Deferral Accounts* (published on 30 January 2014) – the European Commission decided not to propose the standard for endorsement in its preliminary version until the final standard is published – not endorsed by the EU until the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2016;
- Amendments to IFRS 10 and IAS 28 *Sales or contributions of assets between an investor and its associate/joint venture* (published on 11 September 2014) – the work leading to the endorsement of these amendments has been postponed by the EU indefinitely – the effective date has been postponed by the IASB for an indefinite period of time;
- Amendments to IAS 1: *Presentation of financial statements: Classification of liabilities into current and non-current* and *Classification of liabilities into current and non-current* – deferral of effective date and *Non-current liabilities with covenants* (published on 23 January 2020 and 15 July 2020, respectively and 31 October 2022) – effective for annual periods beginning on or after 1 January 2024;
- Amendments to IFRS 16: *Leases: Lease liability in a sale and leaseback* (published on 22 September 2022) – effective for annual periods beginning on or after 1 January 2024;
- Amendments to IAS 7: *Statement of cash flows* and IFRS 7: *Financial instruments: Disclosures: Supplier finance arrangements* (published on 25 May 2023) – not endorsed by the EU as at the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2024;
- Amendments to IAS 21: *The Effects of Changes in Foreign Exchange Rates*: *Lack of Exchangeability* (published on 15 August 2023) – not endorsed by the EU as at the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2025.

The effective dates are the dates stemming from the standards published by the International Accounting Standards Board. The dates for the application of standards in the European Union may differ from the dates of application stemming from the standards and are published at the time of their endorsement by the European Union.

As at the date of approval of these financial statements for publication, the Management Board has not yet completed the assessment of the impact that the application of the remaining standards and interpretations on the Group's accounting policies in the context of its operations and on its financial results.

9. Significant accounting policies

9.1. Consolidation rules

These consolidated financial statements include the financial statements of Dino Polska S.A. and the financial statements of its controlled entities (subsidiaries) prepared for the year ended 31 December 2023. The financial year of the parent company and the group companies is the calendar year.

The financial statements of the subsidiaries, after taking into consideration adjustments introduced to make them compliant with IFRS, are prepared for the same reporting period as the statements of the parent company, applying consistent accounting principles, based on uniform accounting principles applied for transactions and similar economic events. To eliminate any discrepancies in the accounting standards applied, corrections are made.

All significant balances and transactions between Group units, including unrealized profits stemming from transactions within the Group have been wholly eliminated. Unrealized losses are eliminated unless they prove the occurrence of an impairment.

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 shape the level of the returns generated 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 voting stake compared to the equity stake 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 during decision-making moments, including voting patterns observed at previous shareholder meetings.

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances the carrying amounts of the controlling and non-controlling interests should be adjusted by the Group to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received should be recognized in equity and attributed to the owners of the parent.

9.2. Currency translations

Transactions denominated in currencies other than PLN are translated into zloty at the rate effective on the transaction date.

As at the balance sheet date, monetary assets and liabilities denominated in currencies other than PLN are translated into zloty at the mid exchange rate quoted for a given currency by the National Bank of Poland (NBP) at the end of the reporting period. The resulting foreign exchange gains and losses are recognized as financial income/(expenses) or, where the accounting policies so provide, capitalized in the value of assets. Non-monetary assets and liabilities recognized at historical cost and expressed in a foreign currency are recognized at the historical rate in effect on the transaction date.

(in thousands of PLN)

For the purposes of balance sheet measurement, the following exchange rates have been assumed:

	31 December 2023	*31 December 2022*
EUR	4.3480	4.6899
USD	3.9350	4.4018

9.3. Property, plant and equipment

Property, plant and equipment are stated at purchase prices/production cost less accumulated depreciation and impairment losses. The initial value of fixed assets includes their purchase price plus all the costs directly related to the purchase and bringing the asset to the condition necessary for its use. This cost also includes the cost of replacement of component parts of machinery and equipment, which is recognized when incurred if relevant criteria are met. Costs incurred after a fixed asset is put into operation, such as costs of maintenance and repair, are charged to profit or loss when incurred. Property, plant and equipment also includes advances on future purchases of property, plant and equipment.

Upon purchase, fixed assets are divided into components, which represent items of significant value that can be allocated to a separate period of useful life. The costs of major overhauls are also a component part.

Property, plant and equipment is depreciated on a straight-line basis over their estimated economic useful lives, as detailed in the following table:

Type	*Period*
Buildings and structures	10-40 years
Plant and equipment	3-12 years
Means of transport	5-7 years
Other fixed assets	2-12 years

The term of use and the method of depreciation of assets are reviewed annually and adjusted if required as at the balance sheet date.

A property, plant and equipment item may be derecognized from the consolidated statement of financial position after its disposal or when no economic benefits are expected from the continued use of the asset. All the profits or losses resulting from removing an asset from the consolidated statement of financial position (calculated as a difference between the possible net sale price and the carrying amount of the item) are recognized in profit or loss of the period when such removal took place.

Investments in progress are fixed assets under construction or under assembly and are recognized at purchase price or production cost less any impairment loss. Fixed assets under construction are not depreciated until the construction is completed and the fixed asset is put to use.

9.4. Intangible assets

Intangible assets acquired in a separate transaction or produced (if they meet the criteria for being recognized under cost of research and development) are initially carried at purchase price or production cost. The purchase price of intangible assets acquired in a business combination is equivalent to their fair value as at the date of the combination. After initial recognition, intangible assets are recognized at purchase price or production cost, less accumulated amortization and impairment loss. Outlays incurred for intangible assets developed in-house, with the exception of the outlays incurred for development work, are not capitalized and are recognized as costs of the period in which they were incurred.

The Group determines whether intangible assets have definite or indefinite useful lives. Intangible assets with indefinite useful lives are amortized over their useful lives and assessed for impairment whenever there is an indication of impairment. Useful lives are reviewed each year. The changes in the expected useful life or the expected method of consuming the economic benefits from a given asset are recognized through a change to the period or method of depreciation and amortization, respectively, and are treated as changes to estimates. Amortization of intangible assets with specified useful lives is recognized in profit or loss in the category that corresponds to the function of the relevant intangible asset.

Intangible assets with indefinite useful lives (goodwill and trademarks) and those which are not used are subjected to an impairment test at the level of individual assets or a cash-generating unit.

A summary of the standards used in reference to the Group's intangible assets is presented as follows:

	Goodwill and trademarks
Useful lives	Unspecified
Impairment test	Annual

	Other intangible assets
Useful lives	2-10 years
Amortization method used	Straight line method
Impairment test	Annual evaluation whether or not evidence of impairment exists.

Gains or losses arising upon derecognition of intangible assets from the consolidated statement of financial position are calculated at a difference between net sales revenues and the carrying amount of the asset and are recognized in profit or loss when they are derecognized from the consolidated statement of financial position.

9.4.1. Goodwill

Goodwill arising from the acquisition of a business is initially recognized at purchase price as the excess of the sum total of the following:
- the consideration transferred,
- the amount of all non-controlling interests in the acquiree and
- in a business combination proceeding in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree
- above the net fair value of the identifiable assets acquired and assumed liabilities on the date of acquisition.

After initial recognition, goodwill is measured at purchase price less all the accumulated impairment losses. Goodwill is tested for impairment once a year or more frequently if necessary. Goodwill is not amortized.

At the acquisition date, the acquired goodwill is allocated to each cash-generating unit which may take advantage of the synergy of the combination. Each unit or group of units to which goodwill has been allocated:

- corresponds to the lowest level in the Group at which goodwill is monitored for internal management purposes and

- is not greater than a single business segment as defined in IFRS 8 Operating Segments.

An impairment loss is determined by estimating the recoverable amount of the cash-generating unit to which the relevant goodwill has been allocated. If the recoverable amount of the cash-generating unit is lower than the carrying amount, an impairment loss is recognized. If goodwill is a part of a cash-generating unit and a part of the business within the unit is sold, the goodwill connected with the business sold, when determining profit or loss from the sale of such business, will be included in its carrying amount. In such circumstances, the goodwill sold is calculated based on the relative value of the business sold and the value of the retained part of the cash generating unit.

9.5. Leases

9.5.1. Group as a lessee

The Group assesses at the time of entering into a contract whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if it conveys the right to control the usage of an identifiable asset for a given period in exchange for consideration.

The Group applies a uniform approach to the recognition and measurement of all lease agreements except for short-term leases and low value asset leases. On the commencement date of a lease, the Group recognizes a right-of-use asset and a lease liability.

Right-of-use assets

The Group recognizes right-of-use assets on the date of commencing a lease (i.e. the day on which the underlying asset is available for use). Right-of-use assets are measured at cost minus the total depreciation charges and impairment losses adjusted for any revaluation of lease liabilities. The cost of right-of-use assets involves the amount of lease liabilities, the direct initial costs incurred and any and all lease payments paid on the date of commencement, or prior to that date, minus any and all lease incentives received. Insofar as the Group does not have sufficient certainty that it will obtain title of ownership to the leased object at the end of the lease term, the disclosed right-of-use assets are depreciated using the linear method for the shorter of two periods: the estimated period of use or the lease term. Right-of-use assets are subject to impairment tests.

Lease liabilities

On the date of commencement of a lease, the Group measures the lease liabilities as the present value of the lease payments remaining to be paid on that date. Lease payments include fixed payments (including in principle fixed lease payments) minus any and all lease incentives due, variable payments that are pegged to an index or rate and the amounts whose payment is expected under the guaranteed residual value. Lease payments also include the call option exercise price if one may with sufficient certainty posit that the Group will exercise it as well as the payments of cash penalties for the termination of a lease if the terms of the lease contemplate the Group's option to terminate the lease. Variable lease payments that are not pegged to an index or a rate are recognized as an expense in the period in which a payment-triggering event or condition transpires.

When computing the present value of lease payments, the Group applies the lessee's marginal interest rate on the date of commencing the lease if the lease's interest rate cannot be determined easily. After the date of commencement, the quantum of the lease liabilities is adjusted upward to reflect interest and downward to reflect the remitted lease payments. Moreover, the carrying amount of lease liabilities is subject to re-measurement if the term of the lease is changed, the fixed lease payments are fundamentally changed or the judgment concerning the purchase of the underlying assets is changed.

Short-term leases and low value asset leases and floating lease payments

The Group applies an exemption from recognizing a short-term lease among its short-term lease agreements (i.e. agreements whose term of lease is 12 months or less from the date of commencement and do not contain a purchase option). The Group also applies an exemption from recognizing low value asset leases with respect to a lower value asset lease. Lease payments for short-term and low value asset leases are recognized as operating expenses using the straight-line depreciation method during the term of lease. In lease agreements for which the value of monthly rent hinges on the trading volume, the amounts of the monthly installments are recognized as costs of the period.

9.6. Impairment of non-financial non-current assets

As at every balance sheet date the Group assesses whether there are any premises indicating that an impairment could occur with respect to any of its non-financial non-current assets, including any right-of-use asset. If any such indication exists, or if there is a need to perform an annual impairment testing, the Group estimates the recoverable amount of the asset or the cash-generating unit to which the asset belongs.

Recoverable amount of an asset or a cash generating unit is equal to either: its fair value less the cost to sell such asset or cash generating unit, or its value in use, whichever is higher. Recoverable amount is determined for individual assets, unless the asset does not by itself generate any cash proceeds, which are mostly independent from those generated by other assets or asset groups. If the carrying amount is higher than the recoverable amount, then an impairment loss is recognized. When estimating the value in use, the forecast cash flows are discounted to their present value using the discount rate before the effects of taxation are taken into account, which reflects the current market estimation of time value of money and risk typical for a given asset. Impairment losses on assets used in the continuing operations are recognized in those cost categories that correspond to the function of the impaired asset.

On each balance sheet date, the Group assesses whether any evidence exists that the impairment loss recognized in prior periods for an asset is no longer necessary or whether it should be reduced. If such evidence exists, the

Group estimates the recoverable amount of the asset. The previously recognized impairment loss is reversed only when the estimated values used to determine the recoverable amount of the asset changed since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss will not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years. Reversal of the impairment loss for an asset is recognized promptly as revenue. After a reversal of an impairment loss is recognized, the depreciation (amortization) charge for the asset will be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

9.7. Financial assets

Classification of financial assets

Financial assets are classified into the following measurement categories:
- measured at amortized cost,
- measured at fair value through profit or loss,
- measured at fair value through other comprehensive income.

The Group does not hold any financial assets measured at fair value.
Trade receivables are held in order to collect contractual cash flows and if the Group does not sell trade receivables in factoring schemes – they are measured at amortized cost through profit or loss. The Group uses a practical exemption and for trade receivables under 12 months does not identify significant financing components.

Ceasing to recognize

Financial assets are eliminated from the accounting ledgers if:
- the right to receive cash flow from financial assets has expired or
- the right to receive cash flow from financial assets has been transferred while the Group has transferred in principle the entire risk and all benefits held by virtue of their ownership.

Measurement at initial recognition

For the purposes of measurement at initial recognition, financial assets are classified in one of the four categories:
- debt instruments measured at amortized cost,
- debt instruments measured at fair value through other comprehensive income,
- equity instruments measured at fair value through other comprehensive income,
- financial assets measured at fair value through profit or loss.

The Group does not hold any financial assets measured at fair value.

Debt instruments – financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are satisfied:

a) the financial asset is held in accordance with the business model the purpose of which is to hold financial assets to obtain cash flows generated from the contract, and
b) the terms of the contract related to the financial asset cause cash flows to be generated on specific dates, such cash flows representing only the repayment of the principal and interest on the outstanding principal.

The Group classifies the following assets into the category of financial assets measured at amortized cost:
- trade receivables,
- granted loans which, according to the business model, are reported as held to generate cash flows,
- cash and cash equivalents.

Interest income is calculated using the effective interest rate method and is shown in the statement of profit or loss in the line item entitled "Financial income".

9.8. Offsetting financial assets and financial liabilities

In a situation where the Group:

- currently has a legally enforceable right to set off the recognized amounts and

- intends to settle it on a net basis or at the same time to realize an asset and perform an obligation

a financial asset and a financial liability are offset, and the net amount is presented in the statement of financial position.

9.9. Impairment of financial assets

The Group assesses its expected credit losses (ECLs) associated with debt instruments measured at amortized cost and fair value through other comprehensive income, regardless of whether or not there has been any indication of impairment.

For trade receivables, the Group applies a simplified approach and measures a loss allowance for expected credit losses at the amount equal to the expected credit losses over the instrument's lifetime. The Group uses its historical data on credit losses, adjusted on an as-needed basis for the impact of forward-looking statements.

In the case of other financial assets, the Group measures a allowance for expected credit losses at the amount equal to the financial instrument's 12-month expected credit losses. If the credit risk related to a given financial instrument has significantly increased since its initial recognition, the Group measures a loss allowance for expected credit losses on a financial instrument at the amount equal to the expected credit losses over the instrument's lifetime.

9.10. Inventories

Inventories are measured at purchase price, no higher than their net realizable price.

The purchase price or the production cost of an inventory component takes into account all of the costs of purchase, the costs of conversion and other costs incurred in bringing the inventories to their present location and condition and are determined as follows:

Materials	-	at purchase price using the "first in, first out" method
Finished goods and work in progress	-	the cost of direct materials and labor and an appropriate overhead of indirect manufacturing costs determined under the assumption of normal production capacity utilization, excluding borrowing costs
Merchandise	-	at purchase price using the "first in, first out" method

The net realizable price is the estimated sales price that can be achieved in the course of the entity's normal business, less the costs of finishing and the estimated costs required to finalize the sale. The costs of transport from the warehouse to the stores are an element of valuation of the inventories and cost of sales at the time of their sale. Moreover, in order to state in real terms the balance of inventories at the end of the reporting period, the Group sets up a provision for expected, though unidentified inventory losses based on the historical statistics for inventory differences identified in commercial facilities. The costs of inventory losses and the provision for expected inventory losses are recognized in the statement of profit or loss in own cost of sales.

9.11. Trade receivables

Trade receivables are recognized and measured at originally invoiced amounts, including impairment for expected credit losses over the instrument's lifetime.

If the effect of the time value of money is material, the amount of receivables is determined by discounting projected future cash flows to their present value using pre-tax discount rates reflecting current market estimates of the time value of money and risks, if any, specific to a given obligation. If the discount method is applied, an increase in receivables as a result of lapse of time is recognized in financial income.

9.12. Other receivables

Other receivables include, in particular, receivables from sales vouchers, payment card payments, bid deposits made to purchase property, plant and equipment and receivables from employees. Receivables from the state budget are presented under other non-financial assets, except for corporate income tax receivables, which constitute a separate item in the consolidated statement of financial position.

9.13. Cash and cash equivalents

Cash and short-term deposits presented in the consolidated statement of financial position include cash at bank and in hand, as well as short-term deposits with an original maturity of up to three months.

The balance of cash and cash equivalents shown in the consolidated statement of cash flows includes the cash and cash equivalents listed above.

9.14. Interest-bearing loans, borrowings and debt securities

At initial recognition, all bank loans, borrowings and debt securities are recognized at fair value less the cost of obtaining the loan or borrowing.

After initial recognition, interest-bearing loans, borrowings and debt securities are measured at amortized cost using the effective interest rate method.

When calculating amortized cost, the cost of obtaining the loan or borrowing must be taken into account, as well as any discounts and bonuses obtained in connection with the liability.

Revenues and costs are recognized in profit or loss upon derecognition of the liability from the consolidated statement of financial position and also as a result of a settlement using the effective interest rate method.

9.15. Financial liabilities

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities initially classified as measured at fair value through profit or loss. Financial liabilities are classified as held for trading if they have been acquired for the purpose of being sold in the near future. Derivatives, including separated embedded instruments, are also classified as held for trading, unless they are deemed to be effective hedging instruments.

Financial liabilities measured at fair value through profit or loss are measured at fair value, based on their market value as at the balance sheet date, without reflecting sales transaction costs. Changes to the fair value of these instruments are recognized in profit or loss as financial expenses or income, except for changes for own credit risk on financial liabilities originally classified as belonging to categories measured at fair value through the financial result, which is recognized in other comprehensive income.

Other financial liabilities not classified as financial instruments at fair value through profit or loss are measured at amortized cost using the effective interest rate method.

The Group derecognizes a financial liability from its balance sheet if the liability has expired, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

9.16. Trade payables

Current trade payables are carried at the required payment amount.

Trade payables in reverse factoring are presented in the line item “Trade and other payables” in current liabilities, provided that the reverse factoring has not caused a significant change in the nature of the liability. The assessment of whether a fundamental change in the nature of the liability has occurred is the Management Board’s judgment described in the section professional judgment of the financial statements.

9.17. Other non-financial liabilities

Other non-financial liabilities include in particular liabilities to the tax office on account of value added tax and local taxes and liabilities on account of received advance payments to be settled by deliveries of goods or services. Other non-financial liabilities are recognized at the amount of required payment.

9.18. Modification of financial liabilities and change of the expected cash flow

Cash flows pertaining to a financial liability may change as a result of a change in the contractual conditions or expectations pertaining to the estimated cash flows for the purposes of measuring a financial liability at amortized cost.

a) change of contractual conditions

In the event of a change in the contractual conditions of a financial liability the Group analyzes whether the modification of the cash flows is material or not. The Group applies quantitative and qualitative criteria to identify a material modification leading to ceasing from the recognition of an existing financial liability.

The Group deems to be a material modification a change of the discounted present value of cash flow stemming from new conditions, including any and all payments made minus the payments received and discounted using the original effective interest rate of no less than 10% of the discounted present value of the other cash flows under the original financial liability.

Notwithstanding the quantitative criterion, a modification is deemed to be material in the following instances:

a) translation of a financial liability into a different currency insofar as this is not specified upfront in the terms and conditions of the contract,

b) switch of a lender,

c) material extension of the term of financing versus the original term of financing,

d) change of the interest rate from floating to fixed and vice versa,

e) change of legal form / type of financial instrument.

The Group recognizes a material modification to a financial liability as the expiration of the original financial liability and the recognition of a new financial liability.

In the event of a change in the contractual terms of a financial liability that does not result in derecognition of an existing liability, the gain or loss is recognized immediately in the financial result. A gain or loss is calculated as the difference between the present value of the modified and original cash flows, discounted using the original effective interest rate of the liability.

b) Modification of expected cash flow

In the event of financial liabilities with a floating rate, the periodic revaluation of cash flows to reflect changes in market interest rates leads to a change in the effective interest rate.

In the event the Group alters its estimate of the payments for a financial liability (except for changes pertaining to the modification of contractual cash flows), an adjustment is made to the carrying amount of the financial liability so that this amount reflects the actual and altered estimated cash flows stemming from the contract. The Group sets the carrying amount of the financial liability at the amortized cost as the present value of the estimated future cash flows stemming from a contract which are discounted at the original effective interest rate of the financial instrument. The difference in measurement is recognized as income or costs in the financial result.

9.19. Provisions

Provisions are recognized when the Group has an obligation (legal or constructive) resulting from past events and when it is probable that the discharge of this obligation will cause an outflow of economic benefits, and the amount of the obligation may be reliably estimated. When the Group expects to receive a reimbursement of the costs covered by the provision, for example under an insurance agreement, then the reimbursement is recognized as a separate asset when, and only when, it is virtually certain that reimbursement will be received. The costs tied to a provision are recognized in the consolidated statement of profit or loss net of any reimbursements.

If the effect of the time value of money is material, the amount of provisions is calculated by discounting projected future cash flows to their present value using a discount rate reflecting current market estimates of the time value of money and risks, if any, specific to a given obligation. If the discount method is applied, an increase in provisions as a result of lapse of time is recognized in financial expenses.

9.20. Employee benefits

In accordance with internal remuneration regulations, Group employees are entitled to retirement severance benefits. Retirement severance benefits are paid out as a one-off benefit upon retirement. The amount of retirement severance benefits depends on the number of years of employment and the average salary. The Group makes a provision for retirement severance benefits in order to allocate costs of those allowances to the periods, to which they relate. Under IAS 19, retirement severance benefits are post-employment defined benefit plans. The present value of these commitments for each balance sheet date is calculated by an independent actuary. The balance of these liabilities equals discounted payments which will be made in the future and accounts for staff turnover, and relate to the period to the balance sheet date. Demographic information and employee turnover information are based on historical data.

The remeasurement of employee benefit liabilities relating to defined benefit plans, including actuarial gains and losses, is recognized in other comprehensive income and is not reclassified subsequently to profit or loss.

The Group recognizes the following changes in net liabilities on account of defined benefits as part of the cost of sales, general administration expenses and sales and marketing expenses, respectively, which are composed of the following:

- service cost (including, but not limited to, current service cost, past service cost)
- net interest on the net defined benefit liability.

The Group incurs costs related to the operation of Employee Pension Schemes (“EPS”) by making contributions to an investment fund. The Group recognizes the costs of contributions to an EPS in the same line item of costs in which it recognizes the costs of employee benefits serving as the basis for calculation. Liabilities for EPS are presented in trade and other liabilities.

9.21. Revenue

9.21.1. Revenue from contracts with customers

The Group applies IFRS 15 *Revenue from contracts with customers* to all its contracts with customers, with the exception of lease contracts covered by the scope of application of IFRS 16 *Leases*, financial instruments and other contractual rights or obligations covered by the scope of application of IFRS 9 *Financial Instruments*, IFRS 10 *Consolidated financial statements*, IFRS 11 *Joint arrangements*, IAS 27 *Separate financial statements* and IAS 28 *Investments in associates and joint ventures*.

The basic principle of IFRS 15 is the recognition of revenue at the moment of the transfer of goods or services to the customer, using a value reflecting the price expected to be received by the Group in return for the transfer of such goods or services. These rules are applied as part of the following five-step model:

- a contract with a customer has been identified,
- a performance obligation has been identified as part of the contract with a customer,
- the transaction price has been specified,
- the transaction price has been allocated to specific performance obligations,
- the moment of recognition of revenue is the same as the moment of performance of the obligation under the contract.

Identification of a contract with a customer

The Group recognizes a contract with a customer only if all of the following criteria have been satisfied:

- the parties to the contract have entered into a contract (in writing or in compliance with other customary commercial practices) and are required to perform their obligations;
- the Group is able to identify the rights of each party related to the goods or services to be delivered;
- the Group is able to identify the payment terms for the goods or services to be delivered;
- the contract has economic content (i.e. it may be expected that as a result of the contract the risk, timing or amount of the Group's future cash flows will be changed); and
- it is probable that the Group will receive remuneration which it will be entitled to in return for the goods or services that will be delivered to a customer.

When assessing whether the receipt of the amount of such remuneration is probable, the Group only considers the customer's ability and intention to pay the remuneration amount in a timely manner. The remuneration amount payable to the Group may be lower than the price specified in the contract if the remuneration is variable, because the Group may offer the customer a price discount.

Identification of performance obligations

Upon execution of the contract, the Group measures the goods or services promised to be delivered in the contract with the customer and identifies as a performance obligation any promise to deliver to the customer a good or service (or a bundle of goods or services) that may be separated out or groups of separate goods or services that are basically the same and for which their delivery to the customer is of the same nature.
The good or service promised to be delivered to the customer is separate in nature if both of the following conditions are satisfied:

- a customer may benefit from the good or service either directly or through its being connected to other resources that are readily available to the customer, and
- the Group's obligation to transfer the good or service to the customer may be identified as separate from the other obligations specified in the contract.

Determination of the transaction price

In order to determine the transaction price, the Group takes into account the terms of the contract and the customary commercial practices. The transaction price is the amount of remuneration which, as the Group expects, will be payable in return for the delivery of the promised goods or services to the customer, with the exception of any amounts collected on behalf of third parties (for instance certain sales taxes).

Allocation of the transaction price to performance obligations

The Group allocates the transaction price to each performance obligation (or to a separate good or service) in an amount that reflects the amount of remuneration which, as the Group expects, is payable to it in return for the delivery of the promised goods or services to the customer.

Fulfillment of performance obligations

The Group recognizes revenue upon (or during) fulfillment of the performance obligation realized in the form of the delivery of the promised good or service to the customer.

As regards contracts for the provision of continuous services under which the Group is entitled to receive remuneration from the customer in an amount that directly corresponds to the value of the services provided to the customer to date, the Group recognizes revenue in the amount it is entitled to invoice.

The Group generates most of its revenue on sales of food and it is not obliged to accept returns of food products and goods sold. At the time of transferring an asset to a customer (the customer obtaining control over the asset), the Group does not expect the goods and products sold to be returned in the future. The Group does not enter into any contracts with customers that include variable amounts of consideration (revenue) resulting from discounts, rebates or performance bonuses granted and it does not extend options to customers to obtain additional goods or services free of charge or at a reduced price in the form of add-ons or loyalty points.

Remuneration of the principal and remuneration of the intermediary

In the event that any other entity is involved in the delivery of goods or services to the customer, the Group determines whether the nature of the Group's promise is that of a performance obligation (in which case the Group is the principal) or that of ordering another entity to deliver such goods or services (in which case the Group is the intermediary).

The Group is the principal if it exercises control over the promised good or service before it is delivered to the customer. However, the Group does not have to act as the principal if it obtains the legal title to the product only temporarily before it is delivered to the customer. The Group acting in the contract as the principal may itself fulfill the performance obligation or may entrust the fulfillment of this obligation in full or in part to another entity (e.g. a subcontractor) on its behalf. In such a situation, the Group recognizes revenue in the gross amount of the remuneration to which, as the Group expects, it is entitled in return for the delivered goods or services.

The Group acts as the intermediary if its performance obligation consists of ensuring the delivery of goods or services by another entity. In such a case, the Group recognizes revenue in the amount of any fee or commission to which, as the Group expects, it is entitled in return for ensuring the delivery of the goods or services by such other entity. The Group acts as the intermediary in the sale of press and mobile phone top-ups.

Receivables

Within the category of receivables, the Group recognizes rights to remuneration in return for the goods or services which it has delivered to the customer if the Group's right in this respect is unconditional (and the only condition of the remuneration becoming due and payable is the elapse of a specified period of time).

Contract liabilities

Within the category of contract liabilities, the Group recognizes remuneration received from or payable by a customer, which is related to the obligation to deliver certain goods or services to the customer.

Sale of services to the suppliers of goods and sale of other services

Revenues related to the benefits from the sale of services to suppliers of goods (e.g. marketing services) that are not identified as separate services are presented by the Group as a deduction in cost of goods purchased from such vendors. Revenue on sales of other services are presented as revenue on sales of products.

9.21.2. Interest

Interest revenue is recognized gradually as it accrues (taking into account the effective interest rate method which serves as the discounting rate for future financial inflows during the estimated lifetime of financial instruments) in relation to the net carrying amount of a particular financial asset.

9.21.3. Dividends

Dividends are recognized when the shareholder's right to receive payment is established.

9.21.4. Rental revenue

The Group is a party to operational lease agreements as the lessor. Revenues from leases of property are recognized using the straight-line method for the entire term of lease.

9.22. Taxes

9.22.1. Current tax

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted as at the balance sheet date.

Uncertainty related to income tax treatment

If in the Group's opinion it is probable that the Group's approach to a tax issue or group of tax issues will be accepted by the tax authority, the Group defines income to be taxed (tax loss), taxable income, unused tax losses, unused tax breaks and tax rates including the approach to planned taxation or taxation applied in its tax declaration. When assessing this probability, the Group accepts that the tax authorities authorized to review and challenge the method of a tax treatment will conduct such a review and will have access to any and all information.

If the Group asserts that it is not probable that the tax authority will accept the Group's approach to a tax issue or a group of tax issues, then the Group reflects the effects of uncertainty in an accounting recognition of the tax in the period in which it makes such a determination. The Group recognizes the income tax liability using one of the two methods mentioned below depending on which one of them better reflects the method in which the uncertainty may materialize.

- the Group specifies the most probable scenario – a single amount among the possible results or

- the Group recognizes the expected value - the sum total of the amounts weighed by the probability of the possible outcomes.

9.22.2. Deferred tax

For the purposes of financial reporting, deferred tax is calculated by using the method of balance sheet liabilities in relation to all temporary differences as at the balance sheet date between the tax value of assets and liabilities and their carrying amount shown in the consolidated financial statements.

Deferred tax liability is recognized for all taxable temporary differences:

- except to the extent that the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination, and, at the time of the transaction, does not affect the net profit (loss) under financial accounting or tax accounting, and

- in the case of taxable temporary differences associated with investments in subsidiaries or associates, and interests in joint ventures, unless the investor is able to control the timing of the reversal of the temporary differences or it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized in relation to all deductible temporary differences, unused tax credit, and unused tax losses brought forward in the amount of the probable taxable income which would allow these differences, assets and losses to be used:

- except to the extent that the deferred tax asset relating to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction which is not a business combination, and, at the time of the transaction, does not affect profit or loss under financial accounting or tax accounting, and

- in the case of deductible temporary differences associated with investments in subsidiaries or associates and interests in joint ventures, the related deferred tax asset is recognized in the consolidated statement of financial position in the amount of the taxable income expected to be generated in the foreseeable future (as a result of the reversal of these temporary differences) which would enable the deductible temporary differences to be offset.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is subject to appropriate reduction to the extent it is no longer probable that taxable income sufficient for a partial or full realization of this deferred tax asset would be generated. The unrecognized portion of the deferred tax asset is subject to reassessment at each balance sheet date and is recognized up to the amount reflecting the probability of generating future taxable income which will allow the asset to be recovered.

Deferred tax assets and deferred tax liabilities are measured using tax rates that are expected to be applied when the asset is realized or the liability is settled, taking as the basis the tax rates (and tax laws) in effect as at the balance sheet date or the tax rates (and tax laws) whose future application is certain as at the end of the reporting period.

Income tax relating to items which are not recognized in profit or loss is not recognized in profit or loss but under other comprehensive income (income tax relating to items recognized in other comprehensive income) or directly in equity (income tax relating to items recognized directly in equity).

The Group offsets deferred tax assets and deferred tax liabilities if, and only if it has a legally enforceable right to set off the current tax receivables and liabilities and the deferred tax relates to the same taxpayer and the same fiscal authority.

9.22.3. Value added tax

Revenues, costs, assets and liabilities are recognized net of the amount of value added tax, except when:

- the value added tax paid on purchase of assets or services is not recoverable from the fiscal authorities, in which case it is recognized as part of the purchase price of the asset or as part of the cost item, as applicable, or

- receivables and liabilities are recognized inclusive of the value added tax.

The net amount of value added tax recoverable from, or payable to, the fiscal authority is shown as part of receivables or liabilities in the consolidated statement of financial position.

9.23. Earnings per share

Earnings per share for each period are calculated by dividing the net result for a particular period by the weighted average number of shares in that reporting period.

10. Operating segments

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

Its revenues may be broken down by type of product or merchandise or product group. However, the Management Board does not measure detailed operating results generated by any of such categories, which means that it would be problematic to ascertain the unambiguous impact of the allocation of resources on each category. Because the smallest area of business for which the Management Board reviews profitability ratios is the level of the DINO Polska S.A. Group as a whole, only one operating segment has been isolated.

EBITDA is one of the metrics used by the Management Board to assess the Dino Group’s profitability. The Dino Group’s EBITDA was PLN 2,232,683 thousand in 2023 and PLN 1,837,948 thousand in 2022. The Dino Group defines EBITDA as operating profit (in 2023: PLN 1,875,855 thousand, in 2022: PLN 1,537,819 thousand) plus depreciation and amortization (in 2023: PLN 356,828 thousand, in 2022: PLN 300,129 thousand). EBITDA is not a measure defined in IFRS and may be defined in different ways by various market entities.

11. Revenue from contracts with customers

The Group’s main line of business entails the retail sales of goods in a diverse product range (mainly food and beverages) and products (meat products). Sales of goods in own and leased shops directly to individual (retail) customers represented approximately 99% of the Group's revenues. Since the Company’s customers are homogenous and there is no separation into categories reflecting the manner in which economic factors affect the nature, amount, term of payment and uncertainty of income and cash flow. The detailed policy pertaining to revenue on contracts with clients have been described in note 9.21.

(in thousands of PLN)	***01.01.2023-31.12.2023***	***01.01.2022-31.12.2022***
Revenue on sales of products and services	3,059,803	2,244,223
Revenue on sales of goods and materials	22,606,452	17,557,399
Total	**25,666,255**	**19,801,622**

Revenue on sales of meat products produced within the Group is presented as revenue on sales of products, while revenue on retail sales of goods purchased for further resale is presented as revenue on sales of goods. The Group recognizes rental income in sales revenue. In 2023 this revenue was 17,908 thousand PLN (in 2022: PLN 12,495 thousand). The Group does not have customers whose sales would amount to more than 10% of the total value of sales. The Group generated all sales revenues in Poland.

12. Revenues and costs

12.1. Costs by nature:

(in thousands of PLN)	***01.01.2023-31.12.2023***	***01.01.2022-31.12.2022***
Depreciation and amortization	356,828	300,129
Consumption of materials and energy	2,445,930	1,757,535
External services	709,976	645,100
Taxes and fees	461,675	354,519
Costs of employee benefits	2,784,726	2,132,245
Other costs by nature	111,988	77,325
Cost of goods and materials sold	16,926,567	13,004,763
Total costs by nature, including:	**23,797,690**	**18,271,616**
Items captured in cost of sales	19,741,459	15,038,630
Items captured in sales and marketing expenses	3,878,421	3,080,061
Items captured in general administration expenses	173,736	143,217
Movement in products	4,074	9,708

12.2. Depreciation and amortization costs recognized in profit or loss

(in thousands of PLN)	***01.01.2023-31.12.2023***	***01.01.2022-31.12.2022***
Items captured in cost of sales:	*38,974*	*32,910*
Depreciation of fixed assets	33,856	29,595
Depreciation and amortization of right-of-use assets	5,118	3,315
Items captured in sales and marketing expenses:	*311,476*	*262,785*
Depreciation of fixed assets	289,192	243,575
Depreciation and amortization of right-of-use assets	18,264	14,858
Amortization of intangible assets	4,020	4,352
Items captured in general administration expenses:	*6,378*	*4,434*
Depreciation of fixed assets	4,014	2,686
Amortization of intangible assets	2,364	1,748

12.3. Costs of employee benefits

(in thousands of PLN)	***01.01.2023-31.12.2023***	***01.01.2022-31.12.2022***
Employee benefits	2,219,335	1,697,444
Unused holiday leave	41,520	24,273
Costs of retirement and disability benefits	5,589	4,380
Social security contributions	510,531	400,554
Costs of contributions to EPS	7,751	5,594
Total employee benefits, including:	**2,784,726**	**2,132,245**
Items captured in cost of sales	87,186	72,669
Items captured in sales and marketing expenses	2,589,469	1,972,969
Items captured in general administration expenses	108,071	86,607

12.4. Other operating income

(in thousands of PLN)	***01.01.2023-31.12.2023***	***01.01.2022-31.12.2022***
Impairment loss for expected credit losses	86	37
Grants	1,000	885
Damages	1,675	1,026
Revenue related to the service of payment cards	5,289	3,209
Recognized overpayments	1,431	1,218
Rounding	478	382
Other	3,518	9,525
Total other operating income	**13,477**	**16,282**

12.5. Other operating expenses

(in thousands of PLN)	***01.01.2023-31.12.2023***	***01.01.2022-31.12.2022***
Impairment loss for expected credit losses	586	518
Sale and decommissioning of property, plant and equipment	6,531	14,540
Donations	1,002	829
Other (including debit notes)	2,142	2,290
Total other operating expenses	**10,261**	**18,177**

12.6. Financial income

(in thousands of PLN)	***01.01.2023-31.12.2023***	***01.01.2022-31.12.2022***
Interest income from banks	8,890	3,855
Interest income on receivables	-	1,012
Interest income on loans	116	102
Foreign exchange gains	1,433	123
Other	3	-
Total financial income	**10,442**	**5,092**

12.7. Financial expenses

(in thousands of PLN)	***01.01.2023-31.12.2023***	***01.01.2022-31.12.2022***
Interest on bank loans	79,749	80,972
Interest on factoring payables	19,600	15,839
Interest on other payables	431	622
Interest on bonds	44,976	40,282
Interest on lease liabilities	2,078	2,926
Commissions	482	652
Total financial expenses	**147,316**	**141,293**

13. Income tax

13.1. Tax expense

The key tax expense items for the year ended 31 December 2023 and 31 December 2022 are as follows:

(in thousands of PLN)	***01.01.2023-31.12.2023***	***01.01.2022-31.12.2022***
Recognized in profit or loss		
Current income tax		
Current income tax expense	(348,438)	(261,370)
Deferred tax		
Related to occurrence and reversal of temporary differences	14,784	(8,161)
Tax expense recognized in consolidated profit or loss	**(333,654)**	**(269,531)**
Consolidated statement of comprehensive income		
Deferred tax		
Tax on actuarial gains/losses	891	(353)
Tax credit/(tax expense) recognized in other comprehensive income	**891**	**(353)**

13.2. Reconciliation of effective tax rate

The reconciliation of income tax on profit (loss) before tax at the statutory tax rate with income tax calculated at the Group's effective tax rate for the years ended 31 December 2023 and 31 December 2022 is as follows:

(in thousands of PLN)	***01.01.2023-31.12.2023***	***01.01.2022-31.12.2022***
Profit before tax	1,738,981	1,401,618
Tax at the statutory tax rate in Poland at 19% (in the comparative period: 19%)	(330,406)	(266,307)
Investment allowance for operating in a special economic zone and the asset recognized in the current period by virtue thereof	(2,700)	(3,000)
Income tax adjustment for previous years	-	(761)
Income and expense items that are never taxable or deductible	(548)	537
Tax at the effective tax rate of 19% (comparative period: 19%)	(333,654)	(269,531)
Income tax (expense) recognized in consolidated profit or loss	(333,654)	(269,531)

13.3. Deferred tax

Deferred tax is calculated on the basis of the following items:

(in thousands of PLN)	*Consolidated statement of financial position*		*Consolidated profit and loss account for the year ended*	
	31.12.2023	***31.12.2022***	***31.12.2023***	***31.12.2022***
Temporary difference in the value of non-current assets	70,397	58,324	12,073	14,725
Accrued interest as at the balance sheet date	8,747	6,202	2,545	679
Income for uninvoiced services	21,708	38,795	(17,087)	16,736
Other	75	47	28	(1,069)
Presentation adjustment*	(94,047)	(95,668)	1,621	(31,558)
Deferred tax liability	**6,880**	**7,700**		
Difference in measurement of inventories	74,847	52,935	21,912	15,383
Provisions for retirement severance benefits	2,203	1,190	1,013	(29)
Provision for unused holiday leave	22,719	15,099	7,620	4,465
Provision for other liabilities (e.g. energy, bonuses, audit of financial statements)	5,490	7,289	(1,799)	1,730
Mandate contracts paid in the subsequent year	148	128	20	(525)
Social security contributions	-	11,632	(11,632)	3,074
Accrued interest as at the balance sheet date	10,762	9,354	1,408	3,399
Other (including foreign exchange losses)	23	7	16	(723)
Losses deductible from future taxable income	99	531	(432)	(122)
Temporary difference in the value of non-current assets	11,039	9,122	1,917	1,920
Allowance on the amount of eligible capital expenditures for business in a Special Economic Zone	8,040	14,849	(6,809)	(5,662)
Presentation adjustment*	(94,047)	(95,668)	1,621	(31,558)
Deferred tax assets	**41,323**	**26,468**		
Deferred tax expense			**15,675**	**(8,161)**

** The presentation adjustment is associated with offsetting the deferred tax asset and liability at the level of distinct member companies of the group.*

Pursuant to permit no. 204 of 29 October 2010 issued by Wałbrzyska Specjalna Strefa Ekonomiczna "INVEST-PARK" sp. z ograniczoną odpowiedzialnością as the administrator of the Wałbrzych Special Economic Zone, Dino Krotoszyn sp. z o.o. is covered by an exemption from corporate income tax applicable to the company's business referred to in these permits.

Pursuant to permit no. 157/LSSE of 5 July 2017 issued by Legnicka Specjalna Strefa Ekonomiczn S.A. [Legnica Special Economic Zone], Dino Południe sp. z o.o. is covered by an exemption from corporate income tax applicable to the company's business referred to in this permit.

Pursuant to permit no. DOW-30/2021 of 19 November 2021 and permit no. 46/2021 of 17 December 2021 issued by the Słupsk Special Economic Zone, the company doing business as Agro – Rydzyna sp. z o.o. will benefit from an exemption from the corporate income tax applicable to the business referred to in this permit. The condition for benefiting from this relief is satisfying quantitative conditions, i.e. incurring qualified costs of at least PLN 100 million by 31 December 2025 and PLN 88 million by 31 December 2024 and satisfying the qualitative conditions prescribed by the permit. Having regard for the fact that investments are in progress as at 31 December 2023, the Group did not recognize any deferred tax asset for this tax relief.

The said exemptions are contingent in nature. The use of an exemption covering a business conducted in a Special Economic Zone may be the subject matter of an inspection by competent authorities. If the inspection reveals that the company fails or will fail in the future to satisfy all pertinent requirements, it may have the exemptions withdrawn and be required to pay overdue tax liabilities with interest. The provisions of the Special Economic

Zones Act stipulate that the right to an exemption may be revoked if any of the following circumstances occurs:

– the company ceases to conduct its business within the area of the zone in respect of which the permit was issued,

– the company grossly fails to satisfy the conditions set forth in the permit,

– the company fails to remove any deficiencies ascertained during the inspection by the time limit for their removal specified in the summons issued by the minister in charge of the economy,

– the company transfers in any form the ownership of the assets to which the tax exemption applied within a period of less than 5 years from the date of their entry in the accounting records,

– any machinery or equipment is apportioned to conduct any business outside the zone,

– the company receives a refund of the incurred capital expenditures in any form,

– the company is put under liquidation or is declared bankrupt

The occurrence of these circumstances may cause that the amounts carried in the financial statements may be subject to change at a later date after they are ultimately determined by the tax authorities. The Group recognized an asset by virtue of unused tax relief in the total amount of PLN 8,040 thousand (in 2022: PLN 14,849 thousand). This asset was recognized on the basis of income forecasted over a 4-year period, reflecting projections about the future. The basis for calculating the maximum intensity of aid is 25% or 40% of eligible expenses. Taxable income was calculated on the basis of the Group's long-term plans assuming an increase in sales and higher production capacities owing to ongoing investments.

14. Property, plant and equipment

Year ended 31 December 2023

(in thousands of PLN)	*Land and buildings*	*Machinery and equipment*	*Means of transport*	*Other fixed assets*	*Fixed assets under construction*	*Advances towards fixed assets*	*Total*
Gross value as at 1 January 2023	**4,869,813**	**1,055,414**	**202,501**	**578,394**	**473,759**	**5,643**	**7,185,524**
Purchases	-	-	-	-	1,124,735	6,222	1,130,957
Sales and liquidation	(2,044)	(11,280)	(592)	(4,023)	(4,907)	-	(22,846)
Purchase of leased fixed assets	1,277	13,046	12,247	162	-	-	26,732
Transfer from fixed assets under construction	779,753	241,779	11,955	146,724	(1,178,808)	(1,403)	-
Gross value as at 31 December 2023	**5,648,799**	**1,298,959**	**226,111**	**721,257**	**414,779**	**10,462**	**8,320,367**
Accumulated depreciation and impairment losses as at 1 January 2023	**386,760**	**394,008**	**60,356**	**274,368**	**-**	**-**	**1,115,492**
Depreciation charge for the period	106,943	117,552	19,491	83,076	-	-	327,062
Sales and liquidation	(392)	(9,626)	(554)	(3,413)	-	-	(13,985)
Purchase of leased fixed assets	-	12,246	4,765	115	-	-	17,126
Accumulated depreciation and impairment losses as at 31 December 2023	**493,311**	**514,180**	**84,058**	**354,146**	**-**	**-**	**1,445,695**
Net value as at 1 January 2023	**4,483,053**	**661,406**	**142,145**	**304,026**	**473,759**	**5,643**	**6,070,032**
Net value as at 31 December 2023	**5,155,488**	**784,779**	**142,053**	**367,111**	**414,779**	**10,462**	**6,874,672**

Year ended 31 December 2022

(in thousands of PLN)	*Land and buildings*	*Machinery and equipment*	*Means of transport*	*Other fixed assets*	*Fixed assets under construction*	*Advances towards fixed assets*	*Total*
Gross value as at 1 January 2022	**4,103,135**	**810,247**	**101,889**	**462,342**	**282,994**	**2,123**	**5,762,730**
Purchases	-	-	-	-	1,416,248	3,520	1,419,768
Sales and liquidation	(2,890)	(9,921)	(4,113)	(13,775)	(14,050)	-	(44,749)
Purchase of leased fixed assets	8,828	7,470	35,247	120	-	-	51,665
Transfer from fixed assets under construction	760,740	247,618	69,478	129,707	(1,211,433)	-	(3,890)
Gross value as at 31 December 2022	**4,869,813**	**1,055,414**	**202,501**	**578,394**	**473,759**	**5,643**	**7,185,524**
Accumulated depreciation and impairment losses as at 1 January 2022	**296,008**	**300,842**	**36,726**	**217,801**	**-**	**-**	**851,377**
Depreciation charge for the period	91,137	99,034	15,535	70,150	-	-	275,856
Sales and liquidation	(385)	(8,226)	(1,676)	(13,648)	-	-	(23,935)
Purchase of leased fixed assets	-	2,358	9,771	65	-	-	12,194
Accumulated depreciation and impairment losses as at 31 December 2022	**386,760**	**394,008**	**60,356**	**274,368**	**-**	**-**	**1,115,492**
Net value as at 1 January 2022	**3,807,127**	**509,405**	**65,163**	**244,541**	**282,994**	**2,123**	**4,911,353**
Net value as at 31 December 2022	**4,483,053**	**661,406**	**142,145**	**304,026**	**473,759**	**5,643**	**6,070,032**

The Group intends to incur in 2024 capital expenditures totaling roughly PLN 1.5-1.6 billion to continue expanding its store network and warehouse space.

15. Leases

The subject matter of the executed lease agreements is predominantly the perpetual usufruct right to land, store lease, equipment used in the stores and warehouses and passenger cars, refrigerated trailers and forklifts.

The term of lease to lease stores for an unspecified period has been determined as the average term of validity of agreements for a fixed period, i.e. 70 months since, according to the Group's judgment, there are material penalties economically dissuading both parties from terminating these contracts, while the term of 70 months reflects the highly probable average term of validity of a contract. The term of lease for the right of perpetual usufruct to land and lease agreements has been determined as the period for which the right is granted. The foregoing periods are subject to re-assessment in the event the lessee evaluates whether one may with sufficient certainty assume that it will avail itself of the lease extension option.

The Group's lease liabilities under executed lease agreements are secured by the lessor's title of ownership to the various leased objects.

The carrying amounts of right-of-use assets and their change in the reporting period have been presented below:

Year ended 31 December 2023

(in thousands of PLN)	*Perpetual usufruct right to land**	*Buildings and units*	*Machinery and equipment*	*Cars*	*Other fixed assets*	*Total*
As at 1 January 2023	**50,492**	**33,619**	**5,489**	**15,469**	**47**	**105,116**
Increases (new leases)	1,476	2,923	-	4,708	-	9,107
Modification	-	12,264	-	-	-	12,264
Purchase of leased fixed assets	(1,277)	-	(800)	(7,482)	(47)	(9,606)
Depreciation and amortization	(213)	(11,924)	(4,689)	(6,556)	-	(23,382)
As at 31 December 2023	**50,478**	**36,882**	**-**	**6,139**	**-**	**93,499**

Year ended 31 December 2022

(in thousands of PLN)	*Perpetual usufruct right to land**	*Buildings and units*	*Machinery and equipment*	*Cars*	*Other fixed assets*	*Total*
As at 1 January 2022	**48,112**	**38,521**	**12,395**	**40,781**	**122**	**139,931**
Increases (new leases)	11,595	127	-	5,855	-	17,577
Modification	-	5,252	-	-	-	5,252
Purchase of leased fixed assets	(8,828)	-	(5,112)	(25,476)	(55)	(39,471)
Depreciation and amortization	(387)	(10,281)	(1,794)	(5,691)	(20)	(18,173)
As at 31 December 2022	**50,492**	**33,619**	**5,489**	**15,469**	**47**	**105,116**

**Perpetual usufruct right to land.*

The carrying amounts of lease liabilities and their change in the reporting period have been presented below:

(in thousands of PLN)	***2023***	***2022***
As at 1 January	**52,566**	**74,342**
Increases (new leases)	9,107	17,577
Modification	12,264	5,252
Interest	2,078	2,926
Payments	(25,838)	(47,531)
As at 31 December	**50,177**	**52,566**
Current	14,565	17,893
Non-current	35,612	34,673

Analysis of the due and payable characteristics of lease liabilities is presented in Note 32.3 Liquidity risk.

Revenue, expense and profit and loss items resulting from leases captured in the consolidated statement of profit or loss have been presented below:

(in thousands of PLN)	***2023***	***2022***
The cost of depreciation and amortization of right-of-use assets	23,382	18,173
Costs of interest under lease liabilities	2,078	2,926
Costs of current and low value leases	12,212	12,323
Floating lease payments not recognized in the measurement of lease liabilities	23,212	20,350
The total amount recognized in the consolidated statement of profit or loss	**60,884**	**53,772**

The total outflow of cash flows on account of lease agreements in 2023 was PLN 63,339 thousand (in 2022: PLN 83,130 thousand).

16. Intangible assets

Year ended 31 December 2023

(in thousands of PLN)	*Goodwill*	*Trademarks*	*Other intangible assets*	*Total intangible assets*
Gross value as at 1 January 2023	**64,989**	**17,025**	**46,044**	**128,058**
Purchases	-	-	26,703	26,703
Liquidations	-	-	-	-
Gross value as at 31 December 2023	**64,989**	**17,025**	**72,747**	**154,761**
Depreciation and impairment losses as at 1 January 2023	-	**-**	**33,321**	**33,321**
Depreciation charge for the period	-	-	6,384	6,384
Liquidations	-	-	-	-
Depreciation and impairment losses as at 31 December 2023	**-**	**-**	**39,705**	**39,705**
Net value as at 1 January 2023	**64,989**	**17,025**	**12,723**	**94,737**
Net value as at 31 December 2023	**64,989**	**17,025**	**33,042**	**115,056**

Year ended 31 December 2022

(in thousands of PLN)	*Goodwill*	*Trademarks*	*Other intangible assets*	*Total intangible assets*
Gross value as at 1 January 2022	**64,989**	**17,025**	**42,154**	**124,168**
Transfer from fixed assets under construction	-	-	3,890	3,890
Liquidations	-	-	-	-
Gross value as at 31 December 2022	**64,989**	**17,025**	**46,044**	**128,058**
Depreciation and impairment losses as at 1 January 2022	-	**-**	**27,221**	**27,221**
Depreciation charge for the period	-	-	6,100	6,100
Liquidations	-	-	-	-
Depreciation and impairment losses as at 31 December 2022	**-**	**-**	**33,321**	**33,321**
Net value as at 1 January 2022	**64,989**	**17,025**	**14,933**	**96,947**
Net value as at 31 December 2022	**64,989**	**17,025**	**12,723**	**94,737**

Other intangible assets consist of acquired licenses and software depreciated in accordance with the rules adopted by the Group.

The Group considers the trademarks of "DINO" and "Agro-Rydzyna" to be recognizable trademarks on the market and intends to use them in its operations during an indefinite period of time. Accordingly, the Group assumes that the useful life of these trademarks is indefinite and hence that they are not subject to depreciation.

According to the Management Board's judgment, goodwill from the acquisition of Agro-Rydzyna Sp. z o.o. and the values of the trademarks, as well as the entirety of the Group's non-current assets should be considered from the Group's perspective as a whole and, accordingly, should be allocated to the cash generation center being the whole Group. This is due to the fact that the operations of Agro Rydzyna are practically focused entirely on selling products in the Dino store network, and to the fact that there is no active market for Agro-Rydzyna's products. Based on this assumption, a test was performed for impairment of intangible assets and goodwill in compliance with the requirements arising from IAS 36. The recoverable value of the group's centers was calculated by applying the useful value computed on the basis of cash flow projections derived from the financial budgets covering a period of five years, as approved by senior management. As part of the impairment tests, the recoverable amount of the cash flow generating center was compared to the carrying amount.

The test demonstrated that as at 31 December 2023 there was no impairment in respect of goodwill or the trademarks.

Key assumptions applied to the calculation of the recoverable amount

- the center's recoverable amount was calculated by applying the useful value computed on the basis of cash flow projections derived from the financial budgets covering a period of five years, as approved by senior management,

- the operating profit margin is based on the average values generated in the most recent period and the Group's Strategy adopted for 2024-2027; the adopted average operating profit margin in the forecast period is 7% (in 2022: 8%);

- the rate of growth in the residual period was assumed at 2.5% (in 2022: 2%),

- a discount rate before tax of 9.88% (in 2022: 13.25%) was applied to the cash flow forecasts.

Sensitivity to changes in assumptions

Management is of the opinion that no reasonably possible change to any of the key assumptions described above will result in the carrying amount of the pertinent center to be equal to its recoverable amount.

17. Other non-financial assets

(in thousands of PLN)	***31.12.2023***	***31.12.2022***
Fiscal receivables (including VAT, net of CIT)	58,610	63,233
Accruals and prepayments	5,439	5,863
Total	**64,049**	**69,096**

18. Inventories

(in thousands of PLN)	***31.12.2023***	***31.12.2022***
Materials	42,333	81,540
Semi-finished goods and production in progress	60,855	11,531
Finished products	25,399	21,325
Merchandise	2,568,898	1,917,185
Total inventories at purchase price	**2,697,485**	**2,031,581**
Impairments for inventories	(58,626)	(52,803)
Total inventories at net value	**2,638,859**	**1,978,778**

19. Trade and other receivables

(in thousands of PLN)	***31.12.2023***	***31.12.2022***
Trade receivables from third parties	157,656	139,369
Trade receivables from related parties	684	946
Other receivables from third parties	172,150	134,557
Other receivables from related parties	2	-
Total receivables (net)	**330,492**	**274,872**
Impairment loss for expected credit losses	(1,483)	(1,600)
Gross receivables	**331,975**	**276,472**

Other receivables comprise mainly investment receivables on payment cards. Trade receivables usually have a 14-day term of payment and mainly include receivables from suppliers related to benefits under executed contracts that entail rebates and discounts driven by the volume of purchases and promotional and marketing activity.

As at 31 December 2023, trade and other receivables of PLN 1,483 thousand (PLN 1,600 thousand as at 31 December 2022) were subject to an impairment loss for expected credit losses. The changes to the impairment loss for expected credit losses were as follows:

(in thousands of PLN)	***31.12.2023***	***31.12.2022***
Impairment loss for expected credit losses as at 1 January	**1,600**	**1,175**
Increase	586	518
Utilization	(617)	(56)
Reversal	(86)	(37)
Impairment loss for expected credit losses as at 31 December	**1,483**	**1,600**

20. Cash and cash equivalents

Cash at bank bears interest at variable interest rates depending on the rate of interest on one-day bank deposits. Short-term deposits are made for various periods of between one day and one month, depending on the Group's current need for cash, and bear interest at the interest rates set for them.

The balance of cash and cash equivalents shown in the consolidated statement of cash flows included the following items:

(in thousands of PLN)	***31.12.2023***	***31.12.2022***
Cash at bank and in hand	149,213	106,239
Cash en route	35,508	43,750
Short-term deposits	33,668	232,729
Total	**218,389**	**382,718**

The cash on VAT accounts is restricted cash. As at 31 December 2023 the amount of this cash was PLN 368 thousand (PLN 147 thousand in 2022).

(in thousands of PLN)

21. Share capital

21.1. Share capital

	31.12.2023	*31.12.2022*
Ordinary series A shares (units)	98,040,000	98,040,000

21.1.1. Nominal value of shares

All of the outstanding shares have a nominal value of PLN 0.10 and as at 31 December 2023 and 31 December 2022 were paid up in full.

21.1.2. Major shareholders

31 December 2023

Shareholder	*Number of shares*	*Percentage of share capital*	*Percentage of votes at the Shareholder Meeting*
Tomasz Biernacki with a subsidiary	50,160,000	51.2%	51.2%
Other shareholders	47,880,000	48.8%	48.8%
Total	**98,040,000**	**100.0%**	**100.0%**

31 December 2022

Shareholder	*Number of shares*	*Percentage of share capital*	*Percentage of votes at the Shareholder Meeting*
Tomasz Biernacki with a subsidiary	50,160,000	51.2%	51.2%
Other shareholders	47,880,000	48.8%	48.8%
Total	**98,040,000**	**100.0%**	**100.0%**

22. Supplementary capital and retained earnings

Supplementary capital was created from profits generated by all member companies of the Group in previous financial years. During the year ended 31 December 2023, supplementary capital increased by PLN 1,140,126 thousand forming the distribution of profits generated by the companies belonging to the Group. During the year ended 31 December 2022, supplementary capital increased by PLN 804,302 thousand forming the distribution of profits generated by the companies belonging to the Group.

22.1. Retained earnings and restrictions on dividend distributions

The Group’s retained earnings comprise undistributed profits of the Group’s member companies. Under the retained earnings heading, the Group also recognizes effects of consolidation adjustments on capital. This type of capital also includes amounts that are not distributable, meaning that they are not permitted to be disbursed as dividends.

The statutory financial statements of Dino Polska S.A. have been prepared in compliance with Polish accounting standards. Any dividend may be distributed only based on the profit disclosed the standalone annual financial statements prepared for the purposes provided for in the Company’s articles of association.

In compliance with the requirements of the Commercial Company Code, the parent company is required to create supplementary capital to cover future losses. At least 8% of the profit generated in any financial year, as disclosed in the standalone financial statements of the parent company, is transferred to this category of capital until it reaches at least one-third of the parent company’s share capital. The use of supplementary capital or reserve capital is at the discretion of the Shareholder Meeting, albeit part of the supplementary capital equal to one-third of the share capital may be used only to cover the loss disclosed in the parent entity's standalone financial statements and may not be used for any other purposes.

Some of the Group companies are parties to loan agreements which entail certain restrictions on the disbursement of dividends, meaning that no dividend disbursements are permitted unless no financial ratios are breached as a result.

22.2. Dividends distributed and proposed for distribution

In the period from 1 January 2023 to 31 December 2023 and in the comparable period, neither the parent company nor the subsidiaries distributed any dividends. The consolidated financial statements were prepared prior to the adoption of the resolution to distribute profit for the current year. The Company's Management Board will propose to allocate the profit for the year to the Company's supplementary capital.

23. Earnings per share

Basic earnings per share shall be calculated by dividing consolidated net profit for the period attributable to ordinary owners of the parent by the weighted average number of ordinary shares outstanding during the period. The Group does not have any diluting instruments in place.

(in thousands of PLN)	***01.01.2023-31.12.2023***	***01.01.2022-31.12.2022***
Net profit attributable to parent company shareholders	1,405,327	1,132,087
Number of shares used for the calculation (000s)	98,040	98,040
Earnings per share	14.33	11.55

24. Interest-bearing loans, borrowings, bonds

(in thousands of PLN)	***31.12.2023***	***31.12.2022***
Current account overdrafts	15,764	546
Investment loans	262,824	409,611
Debt securities	4,784	260,947
Current	**283,372**	**671,104**
Investment loans	469,629	690,862
Debt securities	370,000	370,000
Non-current	**839,629**	**1,060,862**

The Group has entered into credit facility agreements for a duration of 2 to 10 years and they bear interest at a floating WIBOR rate plus a margin and they are collateralized with a joint contractual mortgage and an assignment of the rights under an insurance policy. In addition, the liabilities for loans and lease agreements also have security interests in the form of blank bills of exchange.

On 28 July 2022 Dino Polska issued 170,000 bonds with a nominal value of PLN 1,000 each and a total value of PLN 170,000,000.00. The bonds bear interest at a floating interest rate of WIBOR 3M plus a fixed margin of 1.20 percentage points per annum. The redemption date was set for 28 July 2026. The bonds are secured under a surety provided by selected Dino Polska S.A. Group companies.

On 12 October 2021, the Company's Management Board adopted a resolution to issue 200,000 series 1/2021 secured bearer bonds with a nominal value of PLN 1,000 each and a total nominal value of PLN 200,000,000 ("Bonds"), which the Company reported in current report no. 19/2017. The bonds are secured under sureties provided by selected Dino Polska Group companies. The issue price of the Bonds is equal to their par value. The bonds were offered for purchase pursuant to art. 33 item 1 of the Bond Act of 15 January 2015 in a manner that does not require the Company to prepare a prospectus or information memorandum. The Bonds bear interest at a floating interest rate of WIBOR 3M plus a fixed margin of 1.2 percentage points per annum. The Bonds were issued on 20 October 2021 and registered in the securities depository run by the National Depository for Securities (KDPW S.A.). The redemption date of the Bonds was set for 20 October 2025.

On 5 October 2023 the Company redeemed series 1/2020 bonds worth a total of PLN 250 million.

25. Provisions for employee benefits

A summary of the benefits, provision amount and reconciliation presenting the changes of the balance during the financial period is presented in the table below:

(in thousands of PLN)	*Retirement and disability benefits*
Opening balance as at 1 January 2023	**6,759**
Current service cost	1,247
Actuarial gains and losses	4,690
Benefits paid	(760)
Interest costs	412
Closing balance as at 31 December 2023	**12,348**
Short-term provisions	1,448
Long-term provisions	10,900

(in thousands of PLN)	*Retirement and disability benefits*
Opening balance as at 1 January 2022	**6,771**
Current service cost	2,240
Actuarial gains and losses	(1,859)
Benefits paid	(572)
Interest costs	179
Closing balance as at 31 December 2022	**6,759**
Short-term provisions	965
Long-term provisions	5,794

The main assumptions made to measure the employee benefits as at the reporting date are as follows:

	31.12.2023	***31.12.2022***
Discount rate (%)	5.07%	6.80%
Anticipated salary increase rate	4.50%	3.50%
Weighted average duration of the old-age and disability severance pay liabilities	12.26	11.10

Sensitivity analysis

Change of the adopted discount rate by 0.5 percentage points:

	Increase (thousands of PLN)	*Decrease (thousands of PLN)*
31 December 2023		
Impact on the defined benefit liabilities	(513)	553
31 December 2022		
Impact on the defined benefit liabilities	(245)	263

Change of the salary increase rate by 1.0 percentage point:

	Increase (thousands of PLN)	*Decrease (thousands of PLN)*
31 December 2023		
Impact on the defined benefit liabilities	1,144	(1,005)
31 December 2022		
Impact on the defined benefit liabilities	558	(494)

26. Trade and other payables and deferred revenue

26.1. Trade and other financial payables (current)

(in thousands of PLN)	***31.12.2023***	***31.12.2022***
Liabilities to related entities	19,648	9,992
Liabilities to other entities	1,710,160	1,513,631
Liabilities to other entities subject to reverse factoring	1,012,625	793,971
Trade payables	**2,742,433**	**2,317,594**
Employee payroll liabilities	178,941	143,028
Investment liabilities to related parties	108,684	100,668
Investment liabilities to other parties	69,651	94,208
Other payables	3,851	1,113
Other liabilities	**361,127**	**339,017**
Total	**3,103,560**	**2,656,611**
- current	3,103,470	2,656,491
- non-current	90	120

26.2. Other non-financial liabilities

(in thousands of PLN)	***31.12.2023***	***31.12.2022***
Corporate income tax	176,736	120,034
VAT	4,690	3,809
Personal income tax	15,889	10,361
Social security liabilities	141,535	113,642
Other	9,324	9,774
Liabilities on taxes, customs duties, social security and other dues	**348,174**	**257,620**

26.3. Accruals and deferred revenue

(in thousands of PLN)	***31.12.2023***	***31.12.2022***
Unused holiday leave	125,542	84,022
Other	2,722	2,032
Accruals and prepaid costs	**128,264**	**86,054**

27. Notes to the consolidated statement of cash flows

The following tables depict the reasons for the differences between the balance sheet movements in the consolidated statement of financial position and the movements following from the consolidated statement of cash flows:

(in thousands of PLN)	***01.01.2023-31.12.2023***	***01.01.2022-31.12.2022***
Movement in receivables resulting from the consolidated statement of financial position	(55,620)	(130,860)
Movement in receivables on the sale of fixed assets	(3,774)	(382)
Movement in state budget receivables	4,726	(21,554)
Movement in receivables in the consolidated statement of cash flows	**(54,668)**	**(152,796)**

(in thousands of PLN)	***01.01.2023-31.12.2023***	***01.01.2022-31.12.2022***
Movement in liabilities resulting from the consolidated statement of financial position	(73,851)	676,378
Balance sheet movement of loans and borrowings	352,802	(321,836)
Movement in lease liabilities	2,389	21,776
Movement in investment settlements	13,145	26,506
Movement in settlements regarding issue of debt securities	256,163	(9,305)
Movement in income tax liabilities	(56,702)	(27,017)
Movement in liabilities in the consolidated statement of cash flows	**493,946**	**366,502**

(in thousands of PLN)	***01.01.2023-31.12.2023***	***01.01.2022-31.12.2022***
Movement in provisions in the consolidated statement of financial position	4,769	(499)
Movement in deferred tax liabilities	820	487
Movement in provisions in the consolidated statement of cash flows	**5,589**	**(12)**

28. Investment liabilities

In the presented reporting period, liabilities on account of purchases of property, plant and equipment included purchases related to the further expansion of the Dino Group store network and expansion of warehouse space. As at 31 December 2023 the Group had off-balance sheet liabilities arising from concluded preliminary agreements in the amount of PLN 1,126,359 thousand (as at 31 December 2022: PLN 567,810 thousand).

29. Contingent liabilities

29.1. Litigation

As at 31 December 2023 and 31 December 2022 the Group's companies were parties to several legal actions, which, in the Management Board's opinion, do not involve a risk of significant outflows of economic benefits.

29.2. Tax settlements

Tax settlements and other areas of activity subject to regulation (e.g. customs or foreign currency related issues) may be subject to inspection by administrative bodies authorized to impose high penalties and fines. Lack of references to established laws in Poland results in unclarities and inconsistencies in the prevailing regulations.

(in thousands of PLN)

Frequent differences of opinions as to legal interpretation of the tax regulations, both within the state bodies, and between the state bodies and enterprises, give rise to areas of uncertainty and conflicts.

Tax settlements may be subject to inspection for a period of five years, starting from the end of the year of the tax payment. As a result of such inspections, the Group's tax settlements may be increased by additional tax liabilities. In the Management Board's opinion, as at 31 December 2023 and 31 December 2022, there were no grounds to recognize additional provisions for identified and measurable tax risk.

30. Information on related parties

The tables below present the total amounts of transactions concluded with related parties for the reporting periods subject to these consolidated financial statements:

	Sale to related parties	*Purchases from related parties*	*Receivables from related parties*	*Liabilities to related parties*
Parties related through the majority owner				
Zakłady Mięsne "Biernacki" Tomasz Biernacki				
2023	36	383	1	18
2022	44	396	6	33
BT Development BT Kapitał sp. z o.o. sp.k.				
2023	39	8,307	42	784
2022	56	7,310	7	757
BT Nieruchomości sp. z o.o.				
2023	-	522	-	23
2022	1	484	1	52
BT Kapitał sp. z o.o.				
2023	172	3	18	1
2022	156	6	46	-
Krot Invest KR Inżynieria sp. z o.o. SKA				
2023	1,311	440,972	555	110,412
2022	1,518	586,419	861	99,725
Krot Invest 2 KR Inżynieria sp. z o.o. sp.k.				
2023	12	64,971	1	15,107
2022	8	49,589	1	8,213
KR Inżynieria sp. z o.o.				
2023	1	-	-	-
2022	1	-	-	-
ZR 1 sp. z o.o.				
2023	8	3,296	5	302
2022	39	3,157	1	343
ZR 2 sp. z o.o.				
2023	122	5,402	20	459
2022	70	4,631	20	452
ZR 3 sp. z o.o.				
2023	166	4,609	44	422
2022	40	3,823	2	390
ZR 4 sp. z o.o.				
2023	1	4,202	-	387
2022	3	3,907	-	380

Zielony Rynek 6 BT Kapitał sp. z o.o. sp.k.				
2023	-	467	-	45
2022	7	400	1	41
Mleczarnia Naramowice sp. z o.o.				
2023	-	120	-	-
2022	-	112	-	1
Parties related through key personnel				
Agrofirma Spółdzielcza				
2023	20	268	-	10
2022	15	219	-	5
TBE sp. z o.o.				
2023	5	5,934	-	362
2022	5	3,615	-	268

30.1. Terms of related party transactions

The terms of the transactions concluded by the Group with other related entities in the year ended 31 December 2023 and as at 31 December 2022 were concluded on an arm's length basis.

30.2. Remuneration for the Group's senior management

(in thousands of PLN)	***01.01.2023-31.12.2023***	***01.01.2022-31.12.2022***
Parent company's Management Board		
Short-term employee benefits (salaries)	3,624	3,090
Parent company's Supervisory Board		
Short-term employee benefits (salaries)	346	346
Total	**3,970**	**3,436**

31. Information on the audit firm's fees

The table below presents the fee charged by the entity authorized to audit the financial statements paid or due for the year ended 31 December 2023 and 31 December 2022 split by the types of services:

Type of services (in thousands of PLN)	***01.01.2023-31.12.2023***	***01.01.2022-31.12.2022***
Mandatory audit of financial statements	556	524
Review of the interim financial statements	123	115
Other services	20	14
Tax advisory services	-	-
Total	**699**	**653**

* *Refers to Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.*

32. Objectives and principles of managing financial risk

The main financial instruments used by the Group include bank loans, borrowings, bond issue and lease agreements. The main objective of these instruments is to raise funding for Group's activities. The Group also holds other financial instruments, such as trade receivables and payables (including payables in factoring), which arise directly from its activities.

The rule followed by the Group currently and throughout the whole period covered by the consolidated financial statements is to refrain from dealing in financial instruments.

(in thousands of PLN)

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

32.1. Interest rate risk

The Group's exposure to the risk arising from changes in interest rates refers primarily to non-current financial liabilities bearing interest at a floating interest rate. 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 the Group's equity or total comprehensive income is not presented.

Year ended 31 December 2023	*Increase/decrease by percentage points*	*Impact on profit or loss before tax*
PLN	+ 1	(14,716)
PLN	- 1	14,716

Year ended 31 December 2022	*Increase/decrease by percentage points*	*Impact on profit or loss before tax*
PLN	+1	(13,466)
PLN	-1	13,466

The table below presents the carrying amount of the Group's financial instruments exposed to interest rate risk by the various terms of maturity.

31 December 2023	*< 1 year*	*1-3 years*	*3-5 years*	*> 5 years*	*Total*
Lease liabilities	14,565	20,653	5,012	9,947	50,177
Loans and borrowings	278,588	395,850	55,922	17,857	748,217
Outstanding securities	4,784	370,000	-	-	374,784
Trade payables subject to reverse factoring	1,012,625	-	-	-	1,012,625

31 December 2022	*< 1 year*	*1-3 years*	*3-5 years*	*> 5 years*	*Total*
Lease liabilities	17,893	20,150	4,791	9,732	52,566
Loans and borrowings	410,157	555,907	102,812	32,143	1,101,019
Outstanding securities	260,947	370,000	-	-	630,947
Trade payables subject to reverse factoring	793,971	-	-	-	793,971

Lease liabilities, bank loans, payables in factoring and outstanding securities bear interest at a floating interest rate. The interest rate on variable interest rate financial instruments is updated in periods shorter than one year. The Group's other financial instruments which are not presented in the tables above do not bear interest or bear interest at a fixed interest rate and hence are not subject to interest rate risk.

32.2. Credit risk

The Group has a policy in place governing its transactions with business partners. For this reason, in the opinion of management, there is no additional credit risk extending beyond the level delineated by the impairment loss on uncollectible receivables applicable to the Group's trade receivables.

(in thousands of PLN)

Transactions effected by the Group are settled mainly in cash. The credit risk for benefits under agreements with suppliers is inconsequential on account of the purchases made and the option to offset the settlements.

32.3. Liquidity risk

The Group monitors the liquidity risk using a periodic liquidity planning tool. This tool takes into account the maturities of trade and financial liabilities and financial assets and projected cash flows from operating activities.

The Group aims to maintain a balance between continuity and flexibility of financing by using different financing sources, such as overdrafts, bank loans, other loans, bond issues, lease contracts and reverse factoring. The Group utilizes reverse factoring agreements in reference to its liabilities to manage liquidity whereby it submits invoices for purchases from selected suppliers for the purpose of factoring. The Group mitigates the liquidity risk ensuing from the usage of reverse factoring agreements by collaborating with several factors and maintaining unused factoring limits. As at 31 December 2023 the factoring limit was PLN 1,585 million, with the unused limit totaling PLN 604 million (as at 31 December 2022 the respective limits were PLN 1,304 million and PLN 510 million). The factoring payables at the end of the reporting period were PLN 1,013 million, while at the end of the prior reporting period they were PLN 794 million.

The tables below present the Group's financial liabilities as at 31 December 2023 and as at 31 December 2022 according to the date of maturity on the basis of contractual undiscounted payments.

31 December 2023	*Up to 1 year*	*From 1 year to 5 years*	*Over 5 years*	*Total*
Loans and borrowings	300,729	486,581	18,805	806,115
Outstanding securities	4,784	370,000	-	374,784
Lease liabilities	17,824	31,401	10,326	59,551
Trade and other payables	3,103,560	-	-	3,103,560
Total	**3,426,897**	**887,982**	**29,131**	**4,344,010**

31 December 2022	*Up to 1 year*	*From 1 year to 5 years*	*Over 5 years*	*Total*
Loans and borrowings	481,278	622,923	180,395	1,284,596
Outstanding securities	260,947	370,000	-	630,947
Lease liabilities	21,697	31,352	10,157	63,206
Trade and other payables	2,656,611	-	-	2,656,611
Total	**3,420,533**	**1,024,275**	**190,552**	**4,635,360**

33. Financial instruments

33.1. Far value of individual classes of financial instruments

In the Group's opinion, the fair value of cash, short-term deposits, trade receivables, trade payables, bank loans, other loans, bonds and finance lease liabilities does not deviate from carrying amounts.

(in thousands of PLN)	*Carrying amount*	
	31.12.2023	***31.12.2022***
Cash and cash equivalents	218,389	382,718
Trade receivables	330,492	274,872
Debt instruments measured at amortized cost	**548,881**	**657,590**

(in thousands of PLN)	*Carrying amount*	
	31.12.2023	***31.12.2022***
Loans and borrowings	469,629	690,862
Issue of debt securities	370,000	370,000
Lease liabilities	35,612	34,673
Non-current financial liabilities – carried at amortized cost	**875,241**	**1,095,535**
Loans and borrowings	278,588	410,157
Issue of debt securities	4,784	260,947
Lease liabilities	14,565	17,893
Trade and other financial payables	2,090,935	1,862,640
Trade payables subject to reverse factoring	1,012,625	793,971
Current financial liabilities – carried at amortized cost	**3,401,497**	**3,345,608**

33.2. Revenue, expense and profit and loss items captured in the statement of profit or loss by financial instrument category

Year ended 31 December 2023

Financial assets (in thousands of PLN)	*Interest income / (expense)*	*Gains (losses) arising from changes in foreign currency exchange rates*	*Reversal / (creation) of impairment losses for expected credit losses*	*Total*
Trade receivables	-	1,433	(500)	933
Loans granted	116	-	-	116
Cash and cash equivalents	8,890	-	-	8,890
Total	**9,006**	**1,433**	**(500)**	**9,939**

Financial liabilities (in thousands of PLN)	*Interest income / (expense)*	*Gains (losses) arising from changes in foreign currency exchange rates*	*Reversal / (recognition) of impairment losses*	*Total*
Loans and borrowings	(80,231)	-	-	(80,231)
Lease liabilities	(2,078)	-	-	(2,078)
Trade payables	(19,600)	-	-	(19,600)
Liabilities by virtue of securities issues	(44,976)	-	-	(44,976)
Other financial liabilities	(431)	-	-	(431)
Total	**(147,316)**	**-**	**-**	**(147,316)**

Year ended 31 December 2022

Financial assets (in thousands of PLN)	*Interest income / (expense)*	*Gains (losses) arising from changes in foreign currency exchange rates*	*Reversal / (creation) of impairment losses for expected credit losses*	*Total*
Trade receivables	1,012	123	(481)	654
Loans granted	102	-	-	102
Cash and cash equivalents	3,855	-	-	3,855
Total	**4,969**	**123**	**(481)**	**4,611**

Financial liabilities (in thousands of PLN)	*Interest income / (expense)*	*Gains (losses) arising from changes in foreign currency exchange rates*	*Reversal / (recognition) of impairment losses*	*Total*
Loans and borrowings	(81,624)	-	-	(81,624)
Lease liabilities	(2,926)	-	-	(2,926)
Trade payables	(15,839)	-	-	(15,839)
Liabilities by virtue of securities issues	(40,282)	-	-	(40,282)
Other financial liabilities	(622)	-	-	(622)
Total	**(141,293)**	**-**	**-**	**(141,293)**

34. Capital management

The main objective of the Group's capital management is to maintain a good credit rating and safe capital ratios which will support the Group's operating activities and increase the shareholder value. The Group manages the capital structure and introduces adjustments thereto as a result of changes in the economic conditions. To maintain or adjust the capital structure, the Group may change the dividend payout to shareholders, return the capital to shareholder or issue new bonds. In the years ended 31 December 2023 and 31 December 2022 no changes were made to the objectives, rules and processes in place in this area. The Group monitors the level of capital using the leverage ratio, calculated as the ratio of net financial and trade liabilities to the sum of capital plus net financial and trade liabilities. The net financial and trade liabilities include interest-bearing loans and borrowings, bonds, trade payables and other payables, minus cash and cash equivalents.

(in thousands of PLN)	***31.12.2023***	***31.12.2022***
Interest-bearing loans and borrowings, outstanding securities and lease liabilities	1,173,178	1,784,532
Trade and other payables	3,274,908	2,794,077
Minus cash and cash equivalents	(218,389)	(382,718)
Net financial and trade liabilities	**4,229,697**	**4,195,891**
Total equity	5,605,311	4,203,783
Equity and net financial and trade liabilities	**9,835,008**	**8,399,674**
Leverage ratio	43%	50%

(in thousands of PLN)

35. Employment structure

The headcount in the Group in the years ended 31 December 2023 and 31 December 2022 was as follows:

	Year ended ***31.12.2023***	*Year ended* ***31.12.2022***
Parent Company's Management Board	3	3
White-collar employees	3,307	2,873
Blue-collar employees	38,573	34,510
Total	**41,883**	**37,386**

36. Events after the reporting period

In the opinion of the Management Board, there were no material events, other than mentioned in Note 2, after the balance sheet date requiring disclosure in the consolidated financial statements.