

DINO POLSKA S.A. GROUP

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2024
WITH THE INDEPENDENT AUDITOR'S REPORT ON ITS REVIEW**

Unofficial translation. Only the Polish version is binding.

DINO POLSKA S.A. GROUP

Interim condensed consolidated financial statements for the 6-month period ended 30 June 2024 prepared in accordance with the International Financial Reporting Standards approved for application in the EU
(in thousands of PLN)

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Interim condensed consolidated statement of profit or loss

<i>(in thousands of PLN)</i>	<i>Note</i>	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023	01.04.2024- 30.06.2024	01.04.2023- 30.06.2023
Sales revenue	7	13,914,254	12,092,972	7,243,008	6,548,678
Cost of sales	10.1	(10,734,164)	(9,295,551)	(5,602,519)	(5,086,298)
Gross profit on sales		3,180,090	2,797,421	1,640,489	1,462,380
Other operating income	10.2	7,067	6,375	3,834	1,546
Sales and marketing expenses	10.1	(2,262,160)	(1,868,734)	(1,171,673)	(938,669)
General administration expenses	10.1	(100,288)	(73,254)	(48,600)	(41,242)
Other operating expenses	10.3	(5,454)	(4,002)	(2,316)	(1,905)
Operating profit		819,255	857,806	421,734	482,110
Financial income	10.4	2,842	4,791	1,282	3,827
Financial expenses	10.5	(64,717)	(80,896)	(30,273)	(38,187)
Profit before tax		757,380	781,701	392,743	447,750
Income tax	11	(114,029)	(148,854)	(44,640)	(85,557)
Net profit		643,351	632,847	348,103	362,193
Profit attributable:					
To owners of the parent		643,122	632,847	347,874	362,193
Non-controlling shareholders		229	-	229	-
Earnings per share:					
– basic earnings from profit attributable to owners of the parent		6.56	6.45	3.55	3.69
– diluted earnings from profit attributable to owners of the parent		6.56	6.45	3.55	3.69
EBITDA	21	1,012,741	1,029,645	520,644	571,441

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in thousands of PLN)</i>	<i>01.01.2024-</i> <i>30.06.2024</i>	<i>01.01.2023-</i> <i>30.06.2023</i>	<i>01.04.2024-</i> <i>30.06.2024</i>	<i>01.04.2023-</i> <i>30.06.2023</i>
Net profit for the reporting period	643,351	632,847	348,103	362,193
<i>Items subject to reclassification to profit in subsequent reporting periods</i>				
<i>Items not subject to reclassification to profit in subsequent reporting periods</i>				
Net other comprehensive income not subject to reclassification to profit/(loss) in subsequent reporting periods	-	-	-	-
Net other comprehensive income	-	-	-	-
Comprehensive income in the reporting period	643,351	632,847	348,103	362,193
Comprehensive income attributable:				
To owners of the parent	643,122	632,847	347,874	362,193
Non-controlling shareholders	229	-	229	-

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2024

<i>(in thousands of PLN)</i>	<i>Note</i>	30.06.2024	31.12.2023*
ASSETS			<i>(transformed)</i>
Property, plant and equipment	12	7,492,809	6,874,672
Right-of-use assets	13	117,400	93,499
Intangible assets	14	162,407	115,056
Deferred tax assets	11	54,999	41,323
Total non-current assets		7,827,615	7,124,550
Inventories	16	2,310,757	2,638,859
Trade and other receivables		348,399	330,389
Income tax receivables		36,214	103
Other non-financial assets		86,418	64,049
Other financial assets		1,494	1,376
Cash and cash equivalents	19.4	415,388	218,389
Total current assets		3,198,670	3,253,165
TOTAL ASSETS		11,026,285	10,377,715
EQUITY AND LIABILITIES			
Equity (attributable to owners of the parent)		6,214,944	5,605,311
Share capital		9,804	9,804
Supplementary capital		6,058,912	4,652,148
Retained earnings		172,217	935,859
Other equity		(25,989)	7,500
Non-controlling interests		16,763	-
Total equity		6,231,707	5,605,311
Loans and borrowings	18	495,510	469,629
Lease liabilities		45,527	35,612
Liabilities by virtue of outstanding securities	18	370,000	370,000
Obligation to acquire non-controlling interests	2	33,489	-
Liabilities for employee benefits	17	10,900	10,900
Other liabilities		60	90
Deferred tax liability	11	50,710	6,880
Total non-current liabilities		1,006,196	893,111
Trade and other payables		3,084,067	3,095,968
Loans and borrowings	18	303,043	278,588
Lease liabilities		14,751	14,565
Liabilities by virtue of outstanding securities	18	4,674	4,784
Liabilities for employee benefits	17	372,962	307,273
Income tax liabilities		3,470	176,736
Deferred income		5,415	1,379
Total current liabilities		3,788,382	3,879,293
Total liabilities		4,794,578	4,772,404
TOTAL EQUITY AND LIABILITIES		11,026,285	10,377,715

* The transformation of comparative data is described in note 4.1 "Change in the presentation of liabilities for employee benefits"

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the 6-month period ended 30 June 2024

<i>(in thousands of PLN)</i>	<i>Note</i>	<u>01.01.2024- 30.06.2024</u>	<u>01.01.2023- 30.06.2023</u>
Cash flow from operating activities			
<i>Profit before tax</i>		757,380	781,701
Depreciation and amortization		193,486	171,839
(Profit)/loss on investment activity		3,984	3,003
Interest revenue		(2,723)	(3,833)
Interest expense		64,677	80,823
Movement in inventories		346,565	21,041
Movement in trade receivables and other receivables	19.4	12,254	72,096
Movement in liabilities, except for loans and borrowings	19.4	(90,963)	(10,044)
Movement in prepayments, accruals and deferred revenue		(37,163)	(29,897)
Income tax paid		(284,782)	(196,078)
Net cash from operating activities		<u>962,715</u>	<u>890,651</u>
Cash flow from investing activities			
Sale of property, plant and equipment and intangible assets		1,397	824
Purchase of property, plant and equipment and intangible assets		(696,115)	(568,583)
Expenditures to acquire subsidiaries	2	(42,837)	-
Interest received		2,631	3,833
Repayment of extended borrowings		887	932
Granting of loans		(913)	(852)
Net cash from investing activities		<u>(734,950)</u>	<u>(563,846)</u>
Cash flow from financing activities			
Payment of lease liabilities		(8,642)	(11,750)
Loan proceeds		199,932	46,090
Repayment of loans		(157,269)	(184,826)
Interest paid		(64,787)	(79,869)
Net cash from financing activities		<u>(30,766)</u>	<u>(230,355)</u>
Net increase in cash and cash equivalents		196,999	96,450
Cash at the beginning of the period		218,389	382,718
Cash at the end of the period	19.4	415,388	479,168

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 6-month period ended 30 June 2024

<i>(in thousands of PLN)</i>	<i>Note</i>	<i>Share capital</i>	<i>Supplementary capital</i>	<i>Retained earnings</i>	<i>Other equity</i>	<i>Non-controlling interests</i>	<i>Total</i>
As at 1 January 2023		9,804	3,512,022	674,457	7,500	-	4,203,783
Net profit for the 6-month period of 2023		-	-	632,847	-	-	632,847
<i>Comprehensive income for the year</i>		-	-	632,847	-	-	632,847
Distribution of the 2022 financial result		-	1,137,941	(1,137,941)	-	-	-
As at 30 June 2023		9,804	4,649,963	169,363	7,500	-	4,836,630
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)
<i>Comprehensive income for the year</i>		-	-	1,401,528	-	-	1,401,528
Distribution of the 2022 financial result		-	1,140,126	(1,140,126)	-	-	-
As at 31 December 2023		9,804	4,652,148	935,859	7,500	-	5,605,311
As at 1 January 2024		9,804	4,652,148	935,859	7,500	-	5,605,311
Net profit for the 6-month period of 2024		-	-	643,122	-	229	643,351
<i>Comprehensive income for the 6-month period of 2024</i>		-	-	643,122	-	229	643,351
Distribution of the 2023 financial result		-	1,406,764	(1,406,764)	-	-	-
Obligation to acquire non-controlling interests	2	-	-	-	(33,489)	-	(33,489)
Net assets on the date of acquiring control over eZebra for non-controlling interests	2	-	-	-	-	16,534	16,534
As at 30 June 2024		9,804	6,058,912	172,217	(25,989)	16,763	6,231,707

ADDITIONAL NOTES

1. General information

The DINO POLSKA S.A. Group (“Group”) consists of DINO POLSKA S.A. (“parent company”, “Company”) and its subsidiaries. The Group’s interim condensed consolidated financial statements span the 6-month period ended 30 June 2024 and contain comparative data for the 6-month period ended 30 June 2023 and as at 31 December 2023. The interim condensed consolidated statement of profit or loss spans the 3-month period ended 30 June 2024 and contains comparative data for the 3-month period ended 30 June 2023.

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 under file number KRS 0000408273. The parent company has been given the following statistical number: REGON 300820828.

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

The Group’s main line of business entails retail sales in non-specialized stores with a preponderance of food, beverages and tobacco products. Moreover, the Group also produces meat products, which are supplied to external customers through the Group’s retail network.

The Group’s interim condensed consolidated financial statements for the 6-month period ended 30 June 2024 were approved for publication by the Management Board on 22 August 2024.

2. Changes to the Group’s composition

The Preliminary Conditional Share Purchase Agreement and Shareholder Agreement (“Agreement”), which the Company concluded with the company doing business as eZebra.pl sp. z o.o. with its registered office in Lublin (“eZebra”) and its shareholders (“Founders”) was performed on 3 April 2024. As a result thereof, the Company became the owner of a 72.22% equity stake in eZebra, while it will hold a 75% equity stake once the increase in eZebra’s share capital is registered.

The total price for the Shares was PLN 63 million, with PLN 51.5 million constituted payment for the secondary shares, while PLN 11.5 million was a contribution to eZebra made by the Company subscribing for new shares in eZebra’s share capital. Pursuant to the Agreement, a call option (Call Option) has been granted to the Company to acquire the remaining 25% equity stake in eZebra, while a put option (Put Option) has been granted to the Founders to sell it to the Company. As at 30 June 2024 the Group recognized liabilities by virtue thereof in the amount of PLN 33,489 thousand.

On 29 April 2024 the District Court in Lublin issued a ruling in which it granted injunctive relief for the claim raised by the applicant through the following, among others: it banned the undertaking of efforts for the purpose of raising the share capital of eZebra, it blocked the ability to exercise the corporate rights held by the Company in the share capital of eZebra and transfer or encumber in any other way the shares it holds in the share capital of eZebra. Dino and eZebra disagree with the foregoing ruling in its entirety and have filed a complaint against the ruling granting this injunction. The Court’s decision does not affect the composition of eZebra’s shareholders. Following the acquisition of the 72.22% equity stake in eZebra, Dino Polska has kicked off the execution of its previous plans, in other words, it is collaborating with the founders and management of eZebra for the purpose of continuing to expand the operations of the eZebra.pl drug store and jointly building competences in the e-commerce area.

The company doing business as 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 Group’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.

During the period since the date of acquisition eZebra’s share of the net profit generated by the Dino Group was PLN 825 thousand, while its share of sales revenue was PLN 30,260 thousand. Had the acquisition of the shares in eZebra taken place at the beginning of the period, the Group’s net profit would have been PLN 1,952 thousand and sales revenue would have been PLN 58,089 thousand.

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The goodwill on eZebra’s identifiable assets and liabilities as of the date of acquiring control is as follows:

<i>(in thousands of PLN)</i>	<u>Goodwill as of the date of acquisition</u>
Acquired assets	
Property, plant and equipment	18,499
Intangible assets - ‘eZebra’ trademark and internet domains	36,142
Intangible assets - other	40
Deferred tax assets	4,961
Inventories	18,462
Current receivables	5,841
Cash and cash equivalents	8,624
Other assets	73
Total assets	92,642
Acquired liabilities	
Liabilities for bank loans	11,039
Trade liabilities	13,823
Other liabilities and provisions	8,257
Total liabilities	33,119
Net asset value	59,523
Non-controlling interests in net assets	16,534
Acquired percentage of share capital	72.22%
Share in the net assets of DINO POLSKA S.A.	42,989
Purchase price remitted in cash	51,460
Goodwill as of the date of acquisition	8,471

The share purchase transaction was settled in accordance with IFRS 3 Business Combinations. The goodwill recognized due to this purchase represents the synergies and economies of scale related to operating expenses, the strategic benefits stemming from the potential offered by the Group’s new market and the acquired organization’s know-how. The valuation of the goodwill related to the “eZebra” trademark and the internet domains was conducted using the income method – exemption from licensing fees. The gross value of the acquired current receivables is PLN 5 841 thousand under the expectation that the entirety will be remitted.

The goodwill formed on the date of acquisition is not tax deductible for the purpose of determining the income tax liability.

3. Basis for preparation of the interim condensed consolidated financial statements

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

These interim condensed consolidated financial statements do not contain all the information and disclosures required in annual financial statements and should be read jointly with the Group’s consolidated financial statements for the year ended 31 December 2023 approved for publication on 22 March 2024.

These interim condensed consolidated financial statements are presented in Polish zloty (“PLN”), while all the figures are stated in thousands of PLN, unless stated otherwise.

These interim condensed 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 30 June 2024, the Group presented an excess of current liabilities over current assets, which is typical for the retail industry, where a predominant part of sales is made for cash 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 30 June 2024, there was no default on the terms and conditions of loan agreements and the Management Board of the parent company is of the opinion there is no risk that banks may terminate such agreements within 12 months of the balance sheet date of 30 June 2024. As at the balance sheet date the Group has open and unused lines of credit for PLN 435 million that can be used to manage the Group's liquidity. Having regard for the above the Management Board has not identified any circumstances that could engender material doubts regarding the Company's ability to continue doing business for at least 12 months from the balance sheet date and endorsement of the going concern assumption.

4. Significant accounting principles (policies)

The accounting principles (policies) used to draw up the interim condensed consolidated financial statements are consistent with the ones that were used to draw up the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the change in the presentation of liabilities for employee benefits in the statement of financial position described below in note 4.1 and except for the application of new or modified standards and interpretations in force for annual periods beginning on or after 1 January 2024.

Amended standards or interpretations that came into force for the first time in 2024 do not have a material impact on the Group's interim condensed consolidated financial statements.

- Amendments to IFRS 16 *Leases* – lease liabilities in sale and lease-back transactions
- Amendments to IAS 1 *Presentation of Financial Statements* – classifying covenants with liabilities as current or non-current
- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments – Disclosures*

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.

4.1. Change in the presentation of the liabilities for employee benefits

The Company's Management Board has performed an analysis of the presentation of liabilities for employee benefits used to-date in the statement of financial position and has made the decision to modify how they are presented. Separately presenting the collective line items of liabilities for employee benefits as non-current and current in the statement of financial position is consistent with the general requirements of IAS 1, where the collective presentation aims to enhance the transparency of the statement of financial position by grouping line items of a similar nature and is aligned to the information requirements of the users of the Group's financial statements. The impact exerted by the change of presentation on selected line items in the statement of financial position has been presented below. The change does not exert a significant impact on the statement of profit or loss or the statement of cash flows.

30 June 2024

<i>(in thousands of PLN)</i>	<i>Selected line items in the statement of financial position had the change in presentation not been made</i>	<i>Change</i>	<i>Selected line items in the statement of financial position following the change in presentation</i>
Provision for employee benefits	10,900	(10,900)	-
Liabilities for employee benefits	-	10,900	10,900
Total non-current liabilities	1,006,196	-	1,006,196
Trade and other payables	3,298,324	(214,257)	3,084,067
Accruals and deferred revenue	162,672	(157,257)	5,415
Provision for employee benefits	1,448	(1,448)	-
Liabilities for employee benefits	-	372,962	372,962
Total current liabilities	3,788,382	-	3,788,382

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<i>(in thousands of PLN)</i>	<i>Selected line items in the statement of financial position, according to the approved consolidated financial statements</i>	<i>Change</i>	<i>Selected line items in the statement of financial position following the change in presentation</i>
Provision for employee benefits	10,900	(10,900)	-
Liabilities for employee benefits	-	10,900	10,900
Total non-current liabilities	893,111	-	893,111
Trade and other payables	3,274,908	(178,940)	3,095,968
Accruals and deferred revenue	128,264	(126,885)	1,379
Provision for employee benefits	1,448	(1,448)	-
Liabilities for employee benefits	-	307,273	307,273
Total current liabilities	3,879,293	-	3,879,293

5. Change of estimates and corrections of errors

No material change of estimates or correction of errors was made in the 6-month period ended 30 June 2024 versus 31 December 2023.

6. Business seasonality

Sales revenues and financial results reported in individual quarters reflect the seasonality of sales. The Group posts increased sales revenues in the period close to holidays and in the summer.

7. 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). Accordingly, the Company's customers are homogeneous 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.

<i>(in thousands of PLN)</i>	<i>01.01.2024- 30.06.2024</i>	<i>01.01.2023- 30.06.2023</i>
Revenue on sales of products and services	1,639,702	1,401,324
Revenue on sales of goods and materials	12,274,552	10,691,648
Total	13,914,254	12,092,972

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 also recognizes rental income in sales revenue. In H1 2024 rental income was PLN 11,680 thousand (in 2023: PLN 8,429 thousand). The Group does not have customers whose sales would amount to more than 10% of the total value of sales. The majority of the Group's sales revenue was generated in Poland.

8. Information concerning business segments

The Dino Polska S.A. Group presents information pertaining to business segments in accordance with IFRS 8 "Operating Segments". As a result of analyzing the aggregation criteria and the quantitative thresholds following the Group's expansion to include the operations of the acquired company doing business as eZebra, the following operating segments have been distinguished in the Group's consolidated financial statements: core segment encompassing retail network sales and internet sales and other business.

In prior years the entirety of the Group's business was attributed to the operational segment of retail network sales. The Management Board of the parent company has identified the operating segments on the basis of the financial reporting of the Group's member companies.

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Taking quantitative criteria into account, only the core segment satisfies the criteria for a reporting segment. Highlights regarding profits and losses in the various periods broken down by operating segments are presented below. With respect to assets and liabilities the Group does not disclose their split into operating segments as it has availed itself of the exemption available under IFRS 8 - since the Group's Management Board (namely the principal body responsible for making operational decisions within the meaning of IFRS 8) does not analyze segmental data while taken into account the split of assets and liabilities. All of the assets are located in Poland.

30 June 2024

<i>(in thousands of PLN)</i>	Core segment	All other segments	Consolidation eliminations	Total
Sales to third parties	13,850,270	66,011	(2,027)	13,914,254
Other sales	6,903	164	-	7,067
Operating expenses	(13,041,241)	(62,852)	2,027	(13,102,066)
<i>including depreciation and amortization</i>	<i>193,313</i>	<i>173</i>	-	<i>193,486</i>
Segment's operating profit	815,932	3,323	-	819,255
Financial income	2,173	669	-	2,842
Financial expenses	(64,485)	(232)	-	(64,717)
Profit before tax	753,620	3,760	-	757,380
Income tax	(113,334)	(695)	-	(114,029)
Net profit (loss)	640,286	3,065	-	643,351
EBITDA	1,009,245	3,496	-	1,012,741

30 June 2023

<i>(in thousands of PLN)</i>	Core segment	All other segments	Consolidation eliminations	Total
Sales to third parties	12,073,482	19,490	-	12,092,972
Other sales	6,371	4	-	6,375
Operating expenses	(11,223,685)	(17,856)	-	(11,241,541)
<i>including depreciation and amortization</i>	<i>171,801</i>	<i>38</i>	-	<i>171,839</i>
Segment's operating profit	856,168	1,638	-	857,806
Financial income	4,520	271	-	4,791
Financial expenses	(80,896)	-	-	(80,896)
Profit before tax	779,792	1,909	-	781,701
Income tax	(148,541)	(313)	-	(148,854)
Net profit (loss)	631,251	1,596	-	632,847
EBITDA	1,027,969	1,676	-	1,029,645

9. Dividends distributed and proposed for distribution

During the reporting period, the parent company and the subsidiaries did not pay out a dividend.

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10. Revenues and costs

10.1. Costs by nature

<i>(in thousands of PLN)</i>	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023
Depreciation and amortization	193,486	171,839
Consumption of materials and energy	1,191,151	1,183,654
External services	416,798	294,315
Taxes and fees	264,687	222,336
Costs of employee benefits	1,735,836	1,328,958
Other costs by nature	51,575	49,269
Cost of goods and materials sold	9,256,003	7,991,111
Total costs by nature, including:	13,109,536	11,241,482
Items captured in cost of sales	10,734,164	9,295,551
Items captured in sales and marketing expenses	2,262,160	1,868,734
Items captured in general administration expenses	100,288	73,254
Movement in products	12,924	3,943

10.2. Other operating income

<i>(in thousands of PLN)</i>	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023
Impairment loss for expected credit losses	51	34
Grants	697	407
Damages	738	753
Revenue related to the service of payment cards	2,621	2,435
Recognized overpayments	4	37
Rounding	296	204
Other	660	2,505
Total other operating income	7,067	6,375

10.3. Other operating expenses

<i>(in thousands of PLN)</i>	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023
Impairment loss for expected credit losses	30	2
Sale and decommissioning of property, plant and equipment	4,139	3,003
Donations	242	653
Other	1,043	344
Total other operating expenses	5,454	4,002

10.4. Financial income

<i>(in thousands of PLN)</i>	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023
Interest income from banks	1,947	3,220
Interest income on receivables	614	555
Interest income on loans	162	57
Foreign exchange gains	63	959
Other	56	-
Total financial income	2,842	4,791

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10.5. Financial expenses

(in thousands of PLN)

	<i>01.01.2024- 30.06.2024</i>	<i>01.01.2023- 30.06.2023</i>
Interest on bank loans	33,207	45,734
Interest on trade payables	16,704	8,540
Interest on other payables	105	157
Interest on bonds	12,894	25,000
Interest on lease liabilities	1,304	1,242
Commissions	466	223
Other	37	-
Total financial expenses	64,717	80,896

11. Income tax

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 is as follows:

(in thousands of PLN)

	<i>01.01.2024- 30.06.2024</i>	<i>01.01.2023- 30.06.2023</i>
Profit before tax	757,380	781,701
Tax at the statutory tax rate in Poland at 19% (comparative period: 19%)	(143,902)	(148,523)
Investment allowance for operating in a special economic zone	30,557	-
Expense items that are never taxable or deductible	(684)	(331)
Tax at the effective tax rate 15% (comparative period: 19%)	(114,029)	(148,854)
Income tax (expense) recognized in consolidated profit or loss	(114,029)	(148,854)

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

(in thousands of PLN)

	<i>Consolidated statement of financial position</i>		<i>Consolidated statement of profit or loss for the period/year ended</i>	
	<i>30.06.2024</i>	<i>31.12.2023</i>	<i>30.06.2024</i>	<i>30.06.2023</i>
Temporary difference in the value of fixed assets	76,144	70,397	5,747	6,506
Accrued loan interest as of the reporting date	12,617	8,747	3,870	(3,607)
Settlements with suppliers	94,001	21,708	72,293	41,095
Other	-	75	(75)	7,659
Offset	(132,052)	(94,047)	(38,005)	(15,876)
Deferred tax liability	50,710	6,880		
Difference in measurement of inventories	78,651	74,847	3,804	6,441
Provisions for retirement severance benefits	2,203	2,203	-	(18)
Provision for unused holiday leave	28,082	22,719	5,363	4,510
Provision for other liabilities	9,900	5,490	4,410	4,240
Unpaid mandate contracts as of the reporting date	216	148	68	50
Unpaid social security contributions as of the reporting date	-	-	-	1,106
Accrued loan interest as of the reporting date (including on loans, bonds)	14,362	10,762	3,600	2,861
Other	159	23	136	175
Losses deductible from future taxable income	51	99	(48)	4
Temporary difference in the value of fixed assets	12,422	11,039	1,383	(547)
Allowance on the amount of eligible capital expenditures for business in a Special Economic Zone	41,005	8,040	32,965	(4,187)
Offset	(132,052)	(94,047)	(38,005)	(15,876)
Deferred tax assets	54,999	41,323		
Deferred tax expense			(30,154)	(37,018)

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

The value of deferred tax assets on the relief pertaining to the quantum of the eligible investment expenditures for operations in the Special Economic Zone has been determined on the basis of the Parent Company Management Board's analysis prepared on the basis of tax forecasts drawn up for the purposes of preparing the consolidated financial statements as of 31 December 2023, which in the opinion of the Management Board is current as of the date of preparing the interim condensed consolidated financial statements.

12. Property, plant and equipment

In the 6-month period ended 30 June 2024 the Group purchased property, plant and equipment worth PLN 801,942 thousand (in the 6-month period ended 30 June 2023: PLN 512,499 thousand). The expenditures incurred were related to the construction and equipment of stores, to the expansion of the production capacity of the Agro-Rydzyna meat plant and logistics facilities.

In the 6-month period ended 30 June 2024 the Group liquidated and sold property, plant and equipment whose total net value was PLN 4,253 thousand (in the 6-month period ended 30 June 2023: PLN 4,253 thousand).

13. Right-of-use assets

In the 6-month period ended 30 June 2024 the Group purchased property, plant and equipment worth PLN 19,218 thousand (in the 6-month period ended 30 June 2023: PLN 5,294 thousand).

In the 6-month period ended 30 June 2024 the Group reclassified right-of-use assets in the amount of PLN 1,520 thousand to property, plant and equipment (in the 6-month period ended 30 June 2023 it did not reclassify any right-of-use assets to property, plant and equipment).

14. Intangible assets

In the 6-month period ended 30 June 2024 the Group purchased intangible assets (licenses and software) worth PLN 5,192 thousand (in 2023: PLN 2,022 thousand).

15. Goodwill

As of 30 June 2024 goodwill was PLN 73,460 thousand (as at 31 December 2023: PLN 64,989 thousand). The increase in goodwill results from the acquisition of shares in the company doing business as eZebra, which has been depicted in note 2. According to the Management Board, the prerequisites for impairment were not met and accordingly no impairment test was performed as at 30 June 2024. The Group conducted an impairment test as at 31 December 2023. The test demonstrated that there was no impairment in respect of goodwill or the trademarks.

16. Inventories

(in thousands of PLN)

	<u>30.06.2024</u>	<u>31.12.2023</u>
Materials	41,589	42,333
Semi-finished goods and work in progress	70,794	60,855
Finished products	38,323	25,399
Merchandise	2,210,205	2,568,898
Total inventories at purchase price	2,360,911	2,697,485
Impairments for inventories	(50,154)	(58,626)
Total inventories at net value	2,310,757	2,638,859

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17. Liabilities for employee benefits

<i>(in thousands of PLN)</i>	30.06.2024	31.12.2023
Provisions for pension and disability benefits	12,348	12,348
Provision for unused holiday leave and other employee benefits	157,257	126,885
Liabilities for remuneration	214,257	178,940
Liabilities for employee benefits	383,862	318,173
- non-current	10,900	10,900
- current	372,962	307,273

Liabilities for employee benefits encompass liabilities for current calculated unpaid remuneration, provisions for retirement and disability benefits and provisions for unused holiday leave and other employee benefits.

18. Bank loans, borrowings, debt securities

<i>(in thousands of PLN)</i>	30.06.2024	31.12.2023
Current account overdrafts	-	15,764
Investment loans	303,043	262,824
Debt securities	4,674	4,784
Current	307,717	283,372
Investment loans	495,510	469,629
Debt securities	370,000	370,000
Non-current	865,510	839,629

The Group has entered into credit facility agreements for a duration of 2 to 10 years, and they bear interest at a floating WIBOR 1M or WIBOR 3M 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 have security interests in the form of blank bills of exchange.

19. Other significant changes

19.1. Non-recurring amounts and events

No non-recurring events transpired in the Dino Group's business in the period from 1 January 2024 to 30 June 2024.

19.2. Non-equity and investment securities

The Group did not issue, redeem or pay down any non-equity or investment securities in the period from 1 January 2024 to 30 June 2024.

19.3. Contingent liabilities

19.3.1 Litigation

In the period from 1 January 2024 to 30 June 2024 and as at 30 June 2024 Group companies were not party to any material case under a statement of claim launched by or against the companies, which in the opinion of the Management Board of the parent company should be disclosed.

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19.4. Cash and cash equivalents

For the purposes of the interim condensed statement of cash flows, cash and cash equivalents consist of the following line items:

<i>(in thousands of PLN)</i>	30.06.2024	31.12.2023	30.06.2023
Cash at bank and in hand	150,473	149,213	86,138
Cash en route	39,918	35,508	24,380
Short-term deposits	224,997	33,668	368,650
Total	415,388	218,389	479,168

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

<i>(in thousands of PLN)</i>	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023
Movement in receivables resulting from the consolidated statement of financial position	(18,010)	54,868
Movement in receivables on the sale of fixed assets	559	(2,473)
Movement in state budget receivables	23,864	19,701
Settlement for the acquisition of subsidiaries	5,841	-
Movement in receivables in the consolidated statement of cash flows	12,254	72,096

<i>(in thousands of PLN)</i>	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023
Movement in liabilities resulting from the consolidated statement of financial position	(25,692)	(289,120)
Movement in loans	(50,336)	138,736
Movement in lease liabilities	(10,101)	(1,813)
Movement in investment settlements	(119,274)	58,985
Movement in settlements regarding issue of debt securities	110	(954)
Movement in financial liabilities	(33,489)	-
Movement in income tax liabilities	173,266	84,122
Settlement for the acquisition of subsidiaries	(25,447)	-
Movement in liabilities in the consolidated statement of cash flows	(90,963)	(10,044)

19.5. Obligations to incur capital expenditures

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 30 June 2024 the Group had contingent liabilities arising from concluded preliminary agreements in the amount of PLN 1,182,527 (PLN 727,219 thousand as at 30 June 2023).

19.6. Other selected disclosures

No material events requiring disclosure transpired in the reporting period.

20. Business combinations and purchases of non-controlling interests

The Group acquired shares in the company doing business as eZebra.pl sp. o.o. in the period for which these interim condensed consolidated financial statements have been prepared, as described in note 2.

21. Metric applied to assess the Group's profitability

EBITDA is the core metric used by the Management Board to assess the Dino Group's profitability.

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The Dino Group's EBITDA result was:

(in thousands of PLN)

	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023	01.04.2024- 30.06.2024	01.04.2023- 30.06.2023
Operating profit	819,255	857,806	421,734	482,110
Depreciation and amortization	193,486	171,839	98,910	89,331
EBITDA	1,012,741	1,029,645	520,644	571,441

The Dino Group defines EBITDA as operating profit plus depreciation and amortization. This ratio is not a measure governed by IFRS.

22. Objectives and principles of managing financial risk

The main financial instruments used by the Group include bank loans, bonds issued by the Group and leases. The main objective of these instruments is to raise funding for Group's activities. The Group also holds various other financial instruments, such as trade receivables and payables, which arise directly from its activities. The rule followed by the Group currently and throughout the period covered by the interim condensed consolidated financial statements is to refrain from dealing in financial instruments.

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 one of these types of risk. The Group monitors the liquidity risk using a periodic liquidity planning tool. The tool takes into account the maturities of investments and financial assets alike (e.g. the amount of receivables, other 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.

As at 30 June 2024 the factoring limit was PLN 1,440 million, with the unused limit totaling PLN 521 million (as at 31 December 2023 the respective limits were PLN 1,585 million and PLN 604 million). The factoring payables at the end of the reporting period were PLN 978 million, while at the end of the prior reporting period they were PLN 1,013 million.

No material changes were made to the rules of financial risk management in the 6-month period ended 30 June 2024 compared to the 2023 consolidated financial statements.

23. Financial instruments

In the Group's opinion, the fair value of cash, short-term deposits, trade receivables, trade payables, bank loans, borrowings, outstanding bonds and lease liabilities does not materially deviate from their carrying amounts. In the 6-month period ended 30 June 2024, no changes were made to the fair value measurement methodology pertaining to financial instruments and no changes were made to the classification of financial assets resulting from a change of purpose or use of such assets.

Book values of individual classes of financial instruments

(in thousands of PLN)

	<i>Carrying amount</i>	
	<i>30.06.2024</i>	<i>31.12.2023</i>
Cash and cash equivalents	415,388	218,389
Trade and other receivables	348,399	330,389
Debt instruments measured at amortized cost	763,787	548,778

(in thousands of PLN)

	<i>30.06.2024</i>	<i>31.12.2023</i>
Interest-bearing loans and borrowings	495,510	469,629
Issue of debt securities	370,000	370,000
Lease liabilities	45,527	35,612
Non-current financial liabilities measured at amortized cost	911,037	875,241

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Interest-bearing loans and borrowings	303,043	278,588
Issue of debt securities	4,674	4,784
Lease liabilities	14,751	14,565
Trade and other financial payables	1,822,067	1,911,994
Trade payables in factoring	978,090	1,012,625
Current financial liabilities measured at amortized cost	3,122,625	3,222,556

24. Discontinued activity

In the period covered by these interim condensed consolidated financial statements the Group has not discontinued any operations and it does not plan any discontinuation in the future.

25. Related party transactions

Related party transactions were routine in nature and concluded on an arm's length basis, at prices no different from the prices used in transactions between unrelated parties.

The table below presents the total amounts of the transactions executed with related parties during the six-month period ended 30 June 2024 and 2023 (for sales and purchases) and as at 30 June 2024 and 31 December 2023 (for receivables and liabilities):

<i>Related party</i>	<i>Sale to related parties</i>	<i>Purchases from related parties</i>	<i>Receivables from related parties</i>	<i>Liabilities to related parties</i>	
<i>Key managers (Management Board members) of the Group</i>					
2024	-	-	-	-	
2023	-	-	-	-	
<i>Supervisory Board</i>					
2024	-	-	-	-	
2023	-	-	-	-	
<i>Related party</i>	<i>Sale to related parties</i>	<i>Purchases from related parties</i>	<i>Receivables from related parties</i>	<i>Liabilities to related parties</i>	
<i>Parties related through the majority owner</i>					
Zakłady Mięsne "Biernacki" Tomasz Biernacki	2024	9	202	3	43
	2023	13	176	1	18
BT Development BT Kapitał sp. z o.o. sp.k.	2024	19	3,744	5	67
	2023	4	3,324	42	784
BT Nieruchomości sp. z o.o.	2024	-	18	-	-
	2023	-	237	-	23
BT Kapitał sp. z o.o.	2024	93	1	19	-
	2023	85	-	18	1
Krot Invest KR Inżynieria sp. z o.o. SKA	2024	516	259,322	242	210,851
	2023	135	205,361	555	110,412
Krot Invest 2 KR Inżynieria sp. z o.o. sp.k.	2024	5	28,995	-	11,367
	2023	6	22,154	1	15,107
KR Inżynieria sp. z o.o.	2024	1	-	-	-
ZR 1 sp. z o.o.	2024	26	1,448	1	54

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	2023	2	1,427	5	302
ZR 2 sp. z o.o.	2024	69	2,146	13	31
	2023	66	2,258	20	459
ZR 3 sp. z o.o.	2024	73	2,008	17	18
	2023	61	1,745	44	422
ZR 4 sp. z o.o.	2024	31	1,691	1	10
	2023	1	1,771	-	387
Zielony Rynek 6 BT Kapitał sp. z o.o. sp.k.	2024	-	200	-	-
	2023	-	184	-	45
Mleczarnia Naramowice sp. z o.o.	2024	-	69	-	-
	2023	-	61	-	-
<i>Parties related through key personnel</i>					
Agrofirma Spółdzielcza	2024	7	162	-	7
	2023	9	140	-	10
TBE sp. z o.o.	2024	2	3,221	-	326
	2023	2	2,832	-	362

26. Events after the reporting period

No other material events transpired up to the date of preparation of these interim condensed consolidated financial statements that would require recognition or description hereunder.