

***DINO POLSKA S.A.***

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019  
ALONG WITH THE INDEPENDENT STATUTORY AUDITOR'S AUDIT REPORT

Krotoszyn, 12 March 2020

Unofficial translation. Only the original Polish text is binding.

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## **INTRODUCTION TO THE FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

DINO Polska S.A. ("Company") was established by notary deed on 9 November 2007.

The Company is entered in the register of commercial undertakings of the National Court Register kept by the District Court, 9th Commercial Division of the National Court Register under file number KRS 0000408273.

The Company has been given the following statistical number: REGON 300820828.

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

The Company's duration is unlimited.

According to the Company's articles of association, the Company's core business is:

1. 47.11.Z Retail sale in non-specialized stores with food, beverages or tobacco products predominating,
2. 46.39.Z Non-specialized wholesale of food, beverages and tobacco products.

These financial statements have been prepared for the year ended 31 December 2019.

### **2. GOING CONCERN ASSUMPTION**

The Company's financial statements were drawn up under the assumption that the Company remains a going concern for at least 12 months after the balance sheet date, i.e. after 31 December 2019. As at 31 December 2019, the Group presented an excess of current liabilities over current assets, which is typical for the retail industry and its seasonality, where a predominant part of sales is made for cash, inventories are minimized and suppliers offer deferred payment terms. At the same time, the Company intensively develops its network using free cash and funding from bank loans to increase the value of new investments. According to the Company, there are no credit liabilities maturing in the short-term that would generate an elevated liquidity risk, while the excess of current liabilities above current assets stems from the Company's working capital management strategy. Moreover, the Company as at the balance sheet date has open and unused lines of credit for PLN 268,000 thousand that can be used to manage the Company's liquidity. Conditions precedent related to the loan agreements are monitored on an ongoing basis and as of now, in the opinion of the Management Board, there is no risk of termination of these agreements by the banks. The Company's Management Board did not identify, as at the date of signing the financial statements, any other facts or circumstances that would point to any threat to the Company's ability to continue its activity for at least 12 months after the balance sheet date as a result of intentional or induced discontinuation or material curtailment of its existing activity.

### **3. MERGER OF COMMERCIAL COMPANIES**

In the financial year for which the financial statements were drawn up, the Company did not merge with a subsidiary, nor did it purchase any organized part of any enterprise.

### **4. ADOPTED ACCOUNTING PRINCIPLES (POLICIES)**

#### **4.1. Format and grounds for drawing up the financial statements**

The financial statements were drawn up pursuant to the provisions of the Accounting Act of 29 September 1994 (hereinafter "Accounting Act").

The financial statements have been prepared under the historical cost convention.

The Company has drawn up its profit and loss account by using the comparative format. The statement of cash flows has been drawn up using the indirect method.

#### **4.2. The differences in the value of the disclosed data and the material differences pertaining to the accepted accounting standards (policies) between the financial statements drawn up in accordance with Polish Accounting Standards and the financial statements drawn up according to IFRS**

The Company is the Group's parent company, which has an obligation to prepare consolidated financial statements according to the IFRS standards endorsed by the EU. The Group in which the Company is the parent company prepared its first annual consolidated financial statements compliant with IFRS endorsed by the EU for the financial year ended 31 December 2013. The Group selected 1 January 2013 as the date of transition to IFRS.

The Company's date of transition to IFRS cannot be determined definitively because the Company has not made a decision on that date, nor has it prepared its first financial statements compliant with IFRS endorsed by the EU. Had the financial statements been prepared in accordance with IFRS, the main differences between the accounting standards accepted for the attached financial statements and IFRS, under the assumption that the date of transition to IFRS is 1 January 2013, would pertain in particular to the following areas:

- Determination of the residual value of fixed assets,
- Separation of components and determination of depreciation charges for the actual periods of use,
- Retraction of the calculated depreciation charges for trademarks as of the date of the Group's transition to IFRS,
- Recognition of fixed assets and lease liabilities under IFRS16.

The table below depicts the differences as at 31 December 2019:

<b>Adjustment as at 31 December 2019</b>	<b>Carrying amount according to PAS</b>	<b>Carrying amount according to IFRS</b>	<b>Value adjustment</b>
Property, plant and equipment	1,848,345	1,675,908	(172,437)
Right-of-use assets	-	589,227	589,227
Intangible assets	26,024	33,742	7,718
Deferred tax assets	30,186	-	(30,186)
<b>Total non-current assets</b>	<b>2,660,390</b>	<b>3,054,712</b>	<b>394,322</b>
<b>Equity</b>	<b>1,248,171</b>	<b>1,249,640</b>	<b>1,469</b>
Lease liabilities	48,789	390,159	341,370
Deferred tax liability	37,114	6,698	(30,416)
<b>Total non-current liabilities</b>	<b>720,700</b>	<b>1,031,654</b>	<b>310,954</b>
Trade and other payables	1,664,657	1,612,468	(52,189)
Lease liabilities	43,337	125,237	81,900
Income tax liabilities	-	52,189	52,189
<b>Total current liabilities</b>	<b>1,949,414</b>	<b>2,031,314</b>	<b>81,900</b>

Table depicting the effects of the disclosed differences in net profit and equity:

<b>Equity according to PAS</b>	<b>1,248,171</b>
Adjusted depreciation and amortization on account of residual value	1,431
Adjusted depreciation and amortization on account of the non-recurring retirement of fixed assets	45
Adjusted depreciation and amortization on account of the separation of components	(1,191)
Adjustment - amortization of trademarks	6,251
Adjustment - lease of fixed assets (IFRS 16)	(5,067)
<b>Equity according to IFRS</b>	<b>1,249,640</b>
<b>Net profit according to PAS</b>	<b>318,201</b>
Adjusted depreciation and amortization on account of residual value	210
Adjusted depreciation and amortization on account of the non-recurring retirement of fixed assets	(117)
Adjusted depreciation and amortization on account of the separation of components	(388)
Adjustment - amortization of trademarks	781
Adjustment - lease of fixed assets (IFRS 16)	(5,068)
Actuarial gains/losses pertaining to employee benefits	427
<b>Net profit according to IFRS</b>	<b>314,046</b>
<b>Other comprehensive income</b>	<b>(427)</b>

The presentation of some line items of the financial statements may differ between Polish Accounting Standards and IFRS. The differences in presentation do not affect the Company's equity and net result. The components of the various line items of the financial statements and the scope of additional information to the financial statements according to the Polish Accounting Standards and IFRS may differ to a material degree.

The identification and measurement of these differences require the preparation of estimates and assumptions that do affect the disclosed figures. Even though the accepted assumptions and estimates are based on the Company's best knowledge, the actual figures may vary from the anticipated figures. This note identifying the major areas of difference between Polish Accounting Standards and IFRS has been drawn up on the basis of IFRS in force as at 31 December 2019 and under the assumption that the date for transition to IFRS is 1 January 2013. Since work is still in progress on more standards and amending the current standards it is possible that the standards according to which the Company will prepare its first financial statements complying with IFRS will differ from the standards applicable to the preparation of this note. The assumption concerning the date as of which the values of assets and liabilities would be determined in the Company's financial statements complying with IFRS stems from the option for the Management Board to utilize the exemption contemplated by paragraph 24 of IFRS 1, according to which the Company may accept the values carried in the parent company's consolidated financial statements compliant with IFRS on the basis of the parent company's date of transition to IFRS, i.e. 1 January 2013; however, the Company's Management Board may in any event alter that decision and it may accept its own date for the transition to applying IFRS.

Moreover, according to IFRS, only complete financial statements containing a balance sheet, a statement of comprehensive income and/or a statement of profit or loss, a statement of changes in equity, a statement of cash flows with comparable data and notes may accurately present financial standing, business results and cash flow according to IFRS.

#### **4.3. Intangible assets**

Intangible assets are recognized if it is likely that they will precipitate receipt of economic benefits by the Company which may be directly linked to these assets. Intangible assets are initially captured at purchase price or production cost. After the initial capture, intangible assets are carried at purchase price or production cost minus accumulated depreciation and impairment charges. Intangible assets are depreciated by straight-line depreciation over the period corresponding to the estimated period of their useful life.

The anticipated period of useful life is as follows:

Patents, licenses and trademarks	2 - 20 years
Software	2 - 7 years
Other intangible assets	Not applicable

The estimates of the period of useful life and the depreciation method are reviewed at the end of every financial year to verify whether the applied methods and the depreciation period are consistent with the expected distribution of economic benefits generated by these intangible assets.

As at the balance sheet date, the Company evaluates whether the carrying amount of presented assets does not exceed the value of future expected economic benefits. If there are grounds indicating such a fact, the carrying amount of the assets is reduced to the net sale price level. Impairment charges are posted in other operating expenses.

#### **4.4. Fixed assets**

Fixed assets are carried at purchase price or production cost minus accumulated depreciation or impairment charges. In the case of perpetual usufruct right to land, the purchase price is construed as the price of purchase of the right from a third party or surplus of the first fee over the annual fee if the right was acquired for a fee from the municipality. Land is carried at purchase price minus any impairment charges.

As at 31 December 2019 the Company had no fixed assets subject to revaluation.

The costs incurred after commencing the usage of a fixed asset, such as the costs of repair, inspections and user fees, affect the financial result of the financial year in which they were incurred. However, if it is possible to prove that these costs increased the expected future economic benefits on account of holding the fixed asset, surpassing the benefits assumed originally, then they increase the initial value of the fixed asset.

Fixed assets, with the exception of land, are depreciated by using the straight-line method corresponding to the expected period of their useful life or over the shorter of the two periods:

Perpetual usufruct right to land	Not depreciated
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Buildings, premises, rights to premises and civil and marine engineering facilities	10 - 40 years
Technical equipment and machinery	3 - 12 years
Means of transport	5 - 7 years
Other fixed assets	3 - 12 years

The estimates of the period of useful life and the depreciation method are reviewed at the end of every financial year to verify whether the applied methods and the depreciation period are consistent with the expected distribution of economic benefits generated by that fixed asset over time.

As at the balance sheet date, the Company evaluates whether the carrying amount of presented assets does not exceed the value of future expected economic benefits. If there are grounds indicating such a fact, the carrying amount of the assets is reduced to the net sale price level. Impairment charges are posted in other operating expenses.

#### **4.5. Fixed assets under construction**

Fixed assets under construction are carried at the total amount of costs directly related to their purchase or manufacture, including financial expenses, minus impairment charges. Investment materials are also shown in fixed assets under construction. Fixed assets under construction are not depreciated until their construction is completed and they are commissioned.

#### **4.6. Related entities**

The Company construes related entities as two or more companies from a group where a group is understood as a parent company together with its subsidiaries.

#### **4.7. Investments in subordinated entities, capital exposure and other non-current investments**

Investments in subordinated entities comprise investments in subsidiaries, co-subsidiaries and affiliates. The Company construes subsidiaries as entities controlled by the Company, co-subsidiaries as entities under joint control by the shareholders under a shareholder agreement, and affiliates as entities in which it has capital exposure and on which it has significant influence. At the same time exposure to capital of another entity is understood by the Company as any share in the equity of such other entity that has the nature of a permanent relation. In the case of an affiliate, a permanent relation is present always unless disposal of the share soon after the date of its acquisition, purchase or obtaining in another form is highly probable.

Investments in subsidiaries, co-subsidiaries and affiliates are carried at historical cost minus any impairment.

Other non-current investments (excluding financial assets as described in note 4.8) are carried at historical cost minus any impairment.

Impairment of shares in subordinated entities and other non-current investments is estimated as at every balance sheet date. The carrying amount of such assets is each time reviewed to determine whether or not it exceeds the value of future economic benefits.

#### **4.8. Other current investments (excluding cash and financial assets)**

Other current investments, except for cash and financial instruments, are marked to the lower of the market price (value), while short-term investments for which there is no active market, are carried at fair value.

The effects of increase or decrease of the value of current investments at market prices (values) are posted directly to financial income or cost.

#### **4.9. Financial assets**

Financial assets, at the time they are entered in the accounting ledgers, are carried at cost (purchase price) constituting the fair value of the amount paid. Transaction costs are included in the initial value of the financial instruments. Financial assets are posted in the accounting ledgers as at the transaction date.

After the initial recognition, financial assets are classified in one of the four categories and measured as follows:

<i>Category</i>	<i>Valuation method</i>
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1. Financial assets held to maturity	At the adjusted purchase price (amortized cost) calculated using the effective interest rate
2. Granted loans and own receivables	At the adjusted purchase price (amortized cost) calculated using the effective interest rate. Receivables with a short-term maturity, for which no interest rate was defined, are carried at the required payment amount
3. Financial assets held for trading	At fair value and gains/losses on their revaluation are posted to the profit and loss account
4. Financial assets available for sale	At fair value, while gains/losses on their revaluation are recognized in the profit and loss account until the investment is sold or its value is impaired. At that moment, the overall revaluation gain/loss is recorded in the profit and loss account

The fair value of financial instruments traded on an active market is calculated in reference to the prices quoted on that market as at the balance sheet date. If no market price is quoted, then the fair value is estimated on the basis of a quoted market price of a similar instrument or according to the expected cash flows.

#### **Impairment of financial assets**

As at every balance sheet date, the Company evaluates whether there is objective evidence indicating impairment of a financial asset or a group of financial assets. If such evidence exists, the Company determines the asset value that may be estimated to be recoverable and posts an impairment loss in the amount of the difference between the recoverable amount and the carrying amount.

Impairment losses concerning a single financial asset or a portfolio of similar financial assets are determined:

- 1) for financial assets carried at adjusted purchase price – as the difference between the value of such assets resulting from the accounting ledgers as at the valuation date and the recoverable amount. The recoverable amount is the present value of future cash flows expected by the entity, discounted by the effective interest rate applied hitherto by the entity in its valuation of the financial asset being revalued or the portfolio of similar financial assets being revalued,
- 2) for financial assets carried at fair value – as the difference between the purchase price of the relevant asset and its fair value determined as at the valuation date, where the fair value of debt financial instruments as at the valuation date is construed as the present value of future cash flows expected by the entity, discounted by the current market interest rate applied to similar financial instruments. Accumulated loss captured hitherto in revaluation capital is posted to financial expenses in an amount of no less than the charge minus the part directly posted to financial expenses,
- 3) for other financial assets – as the difference between the value of the relevant asset resulting from the accounting ledgers and the present value of future cash flows expected by the entity, discounted by the current market interest rate applied to similar financial instruments.

#### **4.10. Leases**

The Company is a party to leasing agreements pursuant to which it accepts third party fixed assets or intangibles to use them or draw benefits from them against a charge for an agreed period of time.

In the case of lease agreements which transfer generally the entire risk and all benefits resulting from holding the assets subject to the agreement, the leased item is presented as a fixed asset in the balance sheet and at the same time a liability is posted in the amount equal to the present value of minimum lease payments set on the lease commencement date. Lease payments are allocated to financial expenses and to the reduction of principal debt balance in a manner enabling the achievement of a fixed interest rate on the outstanding liability. Financial expenses are captured directly in the profit and loss account.

Fixed assets subject to a financial lease agreement are depreciated according to the method applied to own fixed assets. However, if there is no control over the moment of transfer of the ownership title to the leased item or certainty whether such transfer has been effected, then fixed assets used under financial lease agreements are depreciated over the shorter of the two following periods: the expected utilization period or the leasing period.



#### **4.11. 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 the costs of purchase, the costs of conversion and other equipment costs incurred in bringing the inventories to make their present location and condition - both in terms of the current and the previous year - 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.

#### **4.12. Short and long-term receivables**

Trade receivables are shown as the amount of the required payment minus the impairment losses.

Receivables are revalued taking into account the probability of their payment, by posting an impairment loss. Impairment losses against receivables are carried to other operating expenses or financial expenses, respectively, depending on the type of receivables to which the impairment loss applies.

Receivables that have been forgiven, expired or are uncollectible reduce the impairment loss posted previously.

Receivables that have been forgiven, expired or are uncollectible, for which impairment losses were not posted or where they were posted at a less than full amount, are included in other operating expenses or financial expenses, respectively.

#### **4.13. Transactions denominated in a foreign currency**

Transactions denominated in currencies other than the Polish zloty are converted into Polish zloty at the exchange rate applied on the date of the transaction or, if it is impossible to apply such an exchange rate, at the average exchange rate announced for the relevant currency by the National Bank of Poland on the date preceding the date of the transaction.

As at the balance sheet date, the assets and liabilities denominated in currencies other than the Polish zloty are converted into Polish zloty using the average exchange rate in force on that date for the relevant currency as announced by the National Bank of Poland. The foreign exchange gains and losses resulting from such conversion are captured respectively as financial income or financial expense line items or, in the cases defined by the law, are capitalized in the value of assets.

The following exchange rates have been adopted for the purposes of the valuation:

	<i>31 December 2019</i>	<i>31 December 2018</i>
EUR	4.2585	4.3000

#### **4.14. Cash and cash equivalents**

Cash at bank and in hand is valued at par value.

Cash and short-term deposits disclosed in the balance sheet include cash at bank and cash in hand, as well as short-term deposits with an original maturity of up to three months. The balance of cash and cash equivalents presented in the statement of cash flows consists of the aforementioned cash and cash equivalents.

#### **4.15. Deferred revenue**

The Company records accruals and prepayments of costs if they apply to future reporting periods. Accruals and pre-paid expenses are made at the amount of the probable liabilities for the current reporting period.

#### **4.16. Share capital**

Share capital is captured in the amount stated in the Company's articles of association and entered in the court register. If shares are subscribed for at a price exceeding their par value, the share premium is captured in supplementary capital. The costs incurred for the issue of new shares decrease supplementary capital from the issue of shares above par value to the amount of such capital. Other costs are classified as financial expenses.

Any advances toward the dividend disbursed during the year are presented in the accounting ledgers and in the balance sheet as profit distributions made during the financial year.

#### **4.17. Provisions**

Provisions are recognized when the Company has an obligation (legal or constructive) resulting from past events and when it is certain or highly probable that the discharge of this obligation will cause an outflow of funds embodying economic benefits, and when the amount of the obligation may be reliably estimated.

#### **4.18. Bank loans, other loans and financial liabilities held for trading**

At the time of initial recognition, bank loans and other loans are carried at cost, corresponding to the value of received cash, taking into account the costs associated with obtaining the loan (transaction costs). Next, all bank loans and other loans, except for liabilities held for trading, are carried at adjusted purchase price (amortized cost) calculated using the effective interest rate.

Financial liabilities held for trading, including derivative instruments, are carried at fair value. Gains or losses on revaluation to fair value are posted to the profit and loss account for the current period.

#### **4.19. Trade payables**

The amount of trade payables 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 a discounting-based method was used, an increase of a liability associated with passage of time is recognized as financial expenses. The Company assumes the discount rate at the level of the average interest rate on its financial liabilities in the period.

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 terms of payment. The assessment of whether a fundamental change in the conditions of payment has occurred is the Management Board's judgment described in the section professional judgment of the financial statements.

#### **4.20. Borrowing costs**

The cost of external funding related to construction, adjustment, installation or improvement of fixed assets is captured, throughout the construction, adjustment, installation or improvement period, at the value of such assets, provided that these liabilities have been incurred for that purpose.

Financial expenses pertaining to financing with trade liabilities adjust the value of goods sold, inventories, liabilities and receivables, and are captured in the profit and loss account as interest cost.

#### **4.21. Deferred tax**

Deferred income 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 financial statements.

The deferred income tax provision is recognized with reference to all positive temporary differences unless the deferred income tax provision is recognized as a result of depreciating goodwill or initial presentation of an asset or liability in a transaction which does not constitute a business combination and at the moment of its execution has no influence on the gross financial result and taxable income or taxable loss.

The deferred income tax provision is recognized with reference to all positive temporary differences ensuing from investments in subsidiaries or associates, and interests in joint ventures, except for situations in which the timing and amounts of the temporary differences being reversed are subject to control or it is probable that the temporary differences will not reverse in the foreseeable future.

The deferred income tax asset is carried, with respect to all negative temporary differences and unused tax losses brought forward to the subsequent years, at such a probable expected taxable income amount as will make it possible to use those differences and losses unless deferred tax assets are created as a result of an initial presentation of an asset or liability component in a transaction that does not constitute a merger of entities and at the moment of its execution it has no influence on the gross financial result, taxable income or taxable loss.

In the case of deductible temporary differences associated with shares in subsidiaries or associates and interests in joint ventures, the related deferred tax asset is recognized in the balance sheet only for the amount of the taxable income, in respect to which it is probable that it can be 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 the deferred income tax asset is verified on every balance sheet date and is gradually reduced by the amount by which the achievement of taxable income sufficient for the deferred income tax asset is partially or fully realized.

Deferred tax assets and deferred tax liabilities are measured using tax rates that will be applied according to the regulations enacted up to the balance sheet date at the time when the asset is realised or the liability is settled.

#### **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. These conditions mean that the tax risk in Poland is higher than in countries with a more mature fiscal system.

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 a provision 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.

Deferred tax assets and deferred tax provisions are presented separately in the balance sheet.

#### **4.22. Recognition of revenues**

Revenues are recognized in the amount to which it is probable that the Company will obtain the economic benefits which may be valued credibly.

##### **4.22.1. Sales of merchandise and products**

Revenues are captured when the significant risk and benefits arising from the title to the merchandise or products are transferred to the buyer. Revenues include due or obtained amounts from sales minus value added tax.

Revenues on sales of services are presented as revenues on sales of products. These revenues are recognized at the time of completion of the service. Revenues related to the benefits from the sale of services to suppliers of goods (e.g. marketing services), the Group presents as a deduction in cost of goods purchased from such vendors.

##### *Settlement of revenue under contracts with suppliers*

The Company enters into contracts with suppliers on whose basis rebates, discounts and additional remuneration and fees are awarded to the Company, hinging, among other things, on the volume of purchases and related to promotions and marketing. The Company recognizes the benefits derived from these contracts by subtracting them from the purchase price of merchandise from suppliers and accordingly a reduction in the cost of goods sold presented in the statement of profit or loss as cost of sales at the time of sale of the merchandise. The justified portion of the benefits received is allocated to unsold merchandise as at the balance sheet date as a reduction in the value thereof.

##### **4.22.2. Interest**

Interest income is recognized at the time it is accrued (using the effective interest rate) if its receipt is not doubtful.

##### **4.22.3. Dividends**

Dividends due are posted as financial income as at the date of adoption of the resolution, by the Shareholder Meeting of the company in which the entity has invested, to distribute the profit by way of a dividend unless the resolution specifies another dividend right day.

##### **4.22.4. Subsidies and grants**

Subsidies and grants are carried at fair value in situations where there is sufficient certainty that the subsidy will be obtained and that all the conditions necessary to obtain the subsidy will be fulfilled. If the subsidy or grant is related to a cost item, then it is deferred in the balance sheet and regularly captured in the relevant income item in a manner ensuring commensurability with the costs intended to be offset by the subsidy.

If the purpose of the subsidy or grant is to finance the purchase or manufacturing of a fixed asset, then it is deferred in the balance sheet and captured as income throughout the period of depreciation of the fixed asset.

##### **4.22.5. Social assets and liabilities of the Company Social Benefit Fund (ZFŚS)**

Pursuant to the Company Social Benefit Fund Act of 4 March 1994 (as amended), the Company Social Benefit Fund must be established by employers employing at least 20 employees on an FTE basis. The Company does not charge and does not have funds for the Social Fund in accordance with paragraph 15 of the Remuneration Bylaws (consolidated version of 31 October 2013, as amended).

DINO POLSKA S.A.  
Financial statements for the year ended 31 December 2019  
Balance sheet

**BALANCE SHEET**

**Assets**

(in thousands of PLN)

	Note	As at 31.12.2019	As at 31.12.2018*
<b>A. Non-current assets</b>		<b>2,660,390</b>	<b>2,031,010</b>
<b>I. Intangible assets</b>	<b>6</b>	<b>26,024</b>	<b>22,868</b>
3. Other intangible assets		26,024	22,868
<b>II. Property, plant and equipment</b>	<b>7</b>	<b>1,848,345</b>	<b>1,256,963</b>
1. Fixed assets		1,763,005	1,184,076
a) land (including the right of usufruct to land)		335,637	215,673
b) buildings, premises, rights to premises and civil and marine engineering facilities		971,051	608,108
c) technical equipment and machinery		256,928	204,103
d) means of transport		62,526	39,731
e) other fixed assets		136,863	116,461
2. Fixed assets under construction		85,340	72,887
<b>III. Non-current receivables</b>		-	-
<b>IV. Non-current investments</b>		<b>755,835</b>	<b>727,435</b>
3. Long-term financial assets		755,835	727,435
a) In related entities	8	755,835	727,435
- ownership interests or shares		755,835	727,435
- other securities		-	-
<b>V. Non-current deferred revenue</b>		<b>30,186</b>	<b>23,744</b>
1. Deferred tax assets	26	30,186	23,744
2. Other deferred revenue		-	-
<b>B. Current assets</b>		<b>1,257,896</b>	<b>948,885</b>
<b>I. Inventories</b>		<b>601,195</b>	<b>428,621</b>
4. Merchandise	24	601,195	428,621
<b>II. Current receivables</b>		<b>100,447</b>	<b>96,203</b>
1. Receivables from related entities	40	1,021	10,825
a) for goods and services with a term of payment:		991	8,620
- up to 12 months		991	8,620
b) other		30	2,205
2. Receivables from entities to which the company has equity exposure		-	-
3. Receivables from other entities		99,426	85,378
a) for goods and services with a term of payment:		44,591	13,101
- up to 12 months		44,591	13,101
b) on taxes, subsidies, customs duties, social security and health insurance or other public dues		25,683	51,470
c) other		29,152	20,807
<b>III. Current investments</b>		<b>554,276</b>	<b>421,645</b>
1. Current financial assets		554,276	421,645
a) In related entities	40	176,539	162,261
- other securities	8.2	-	27,570
- loans granted		176,539	134,691
b) in other entities		-	-
c) cash and other cash assets	33	377,737	259,384
- cash on hand and on accounts		79,330	79,726
- other cash		298,407	179,658
<b>IV. Current deferred revenue</b>	<b>9</b>	<b>1,978</b>	<b>2,416</b>
<b>C. Contributions due to share capital</b>		-	-
<b>D. Treasury stock</b>		-	-
<b>Total assets</b>		<b>3,918,286</b>	<b>2,979,895</b>

\* Restated data according to the description in note 3 and 4.

The balance sheet should be analyzed together with the notes and explanations, which constitute an integral part of the financial statements

DINO POLSKA S.A.  
Financial statements for the year ended 31 December 2019  
Balance sheet

**Equity and liabilities**

(in thousands of PLN)

	Note	As at 31.12.2019	As at 31.12.2018*
<b>A. Equity</b>		<b>1,248,171</b>	<b>929,970</b>
<b>I. Share capital</b>	<b>10</b>	<b>9,804</b>	<b>9,804</b>
<b>II. Supplementary capital</b>		<b>889,818</b>	<b>681,260</b>
<b>III. Revaluation reserve (fund)</b>		-	-
<b>IV. Other reserve capital (fund)</b>		-	-
<b>V. Profit (loss) brought forward</b>		-	-
<b>VI. Net profit (loss)</b>		<b>318,201</b>	<b>208,558</b>
<b>VII. Other items of equity</b>		<b>30,348</b>	<b>31,783</b>
<b>VIII. Charges to net profit during the financial year (negative figure)</b>		-	<b>(1,435)</b>
<b>B. Liabilities and provisions for liabilities</b>		<b>2,670,115</b>	<b>2,049,925</b>
<b>I. Provisions for liabilities</b>	<b>13</b>	<b>39,639</b>	<b>29,670</b>
1. Deferred tax liability	26	37,114	27,793
2. Provision for pension and similar benefits		2,525	1,877
- non-current		1,621	1,362
- current		904	515
<b>II. Non-current liabilities</b>		<b>681,932</b>	<b>600,881</b>
1. To related entities		-	-
2. To other entities in which the company has equity exposure		-	-
3. To other entities	11	681,932	600,881
a) loans and borrowings		463,217	443,130
b) for issue of debt securities		169,926	99,829
c) other financial liabilities		48,789	57,922
<b>III. Current liabilities</b>		<b>1,922,179</b>	<b>1,397,539</b>
1. Liabilities to related entities	40	387,921	308,314
a) for goods and services with a term of being due and payable:		237,852	170,087
- up to 12 months		237,852	170,087
b) other		150,069	138,227
2. Liabilities to other entities in which the company has equity exposure		-	-
3. Liabilities to other entities		1,534,258	1,089,225
a) loans and borrowings	11	113,461	89,476
b) for issue of debt securities		100,724	654
c) other financial liabilities	11	43,337	40,321
d) for goods and services with a term of being due and payable:		1,076,628	799,742
- up to 12 months		1,076,628	799,742
e) advances received for supplies and services		-	-
f) liabilities for bills of exchange		-	-
g) on taxes, customs duties, social security and health insurance or other public dues		112,531	91,940
h) payroll		53,741	40,394
i) other		33,836	26,698
<b>IV. Deferred revenue</b>		<b>26,365</b>	<b>21,835</b>
1. Negative goodwill		-	-
2. Other deferred revenue	17	26,365	21,835
- non-current		34	236
- current		26,331	21,599
<b>Total liabilities and equity</b>		<b>3,918,286</b>	<b>2,979,895</b>

\* Restated data according to the description in note 3 and 4.

The balance sheet should be analyzed together with the notes and explanations, which constitute an integral part of the financial statements

DINO POLSKA S.A.  
Financial statements for the year ended 31 December 2019  
Profit and loss account

**PROFIT AND LOSS ACCOUNT (COMPARABLE VERSION)**

(in thousands of PLN)

	Note	01.01.2019- 31.12.2019	01.01.2018- 31.12.2018
<b>A. Net revenues on sales and equivalents</b>	<b>21</b>	<b>7,624,411</b>	<b>5,832,221</b>
- from related entities		6,265	11,769
I. Net revenue on sales of products and services		15,973	19,638
IV. Net revenue on sales of goods and materials		7,608,438	5,812,583
<b>B. Operating expenses</b>		<b>7,178,889</b>	<b>5,524,871</b>
I. Depreciation and amortization		115,379	84,929
II. Consumption of materials and energy		104,124	84,337
III. External services		418,077	320,542
IV. Taxes and fees, including:		28,772	21,476
V. Employee benefits		632,459	485,310
VI. Social security and other benefits, of which:		138,032	106,480
- pension		61,317	46,728
VII. Other costs by nature		33,987	26,009
VIII. Cost of goods and materials sold		5,708,059	4,395,788
<b>C. Sales profit (loss) (A – B)</b>		<b>445,522</b>	<b>307,350</b>
<b>D. Other operating income</b>	<b>27</b>	<b>6,283</b>	<b>4,652</b>
I. Profit on disposal of non-financial non-current assets		-	-
II. Grants		202	202
III. Revaluation of non-financial assets		-	-
IV. Other operating income		6,081	4,450
<b>E. Other operating expenses</b>	<b>28</b>	<b>4,188</b>	<b>2,378</b>
I. Loss on disposal of non-financial non-current assets		2,585	1,475
II. Revaluation of non-financial assets		-	-
III. Other operating expenses		1,603	903
<b>F. Operating profit (loss) (C+D-E)</b>		<b>447,617</b>	<b>309,624</b>
<b>G. Financial income</b>	<b>29</b>	<b>7,218</b>	<b>5,234</b>
I. Dividends i profit sharing		-	-
II. Interest, including:		7,047	5,197
- from related entities		6,829	4,950
III. Profit on disposal of financial assets		-	-
IV. Revaluation of financial assets		-	-
V. Other		171	37
<b>H. Financial expenses</b>	<b>30</b>	<b>62,076</b>	<b>49,295</b>
I. Interest, including:		55,661	42,976
- to related entities		187	136
II. Loss on disposal of financial assets, including:		-	-
III. Revaluation of financial assets		-	-
IV. Other		6,415	6,319
<b>I. Profit / (loss) before tax (F + G - H)</b>		<b>392,759</b>	<b>265,563</b>
<b>J. Income tax</b>	<b>26</b>	<b>74,558</b>	<b>57,005</b>
<b>K. Other mandatory decreases of profit (increases of loss)</b>		<b>-</b>	<b>-</b>
<b>L. Net profit (loss) (I – J – K)</b>		<b>318,201</b>	<b>208,558</b>

The profit and loss account should be analyzed together with the notes and explanations, which constitute an integral part of the financial statements

DINO POLSKA S.A.  
Financial statements for the year ended 31 December 2019  
Statement of changes in equity

**STATEMENT OF CHANGES IN EQUITY**

<i>(in thousands of PLN)</i>	<i>Note</i>	<i>01.01.2019- 31.12.2019</i>	<i>01.01.2018- 31.12.2018</i>
<b>I. Equity at the beginning of the period (OB)</b>		<b>929,970</b>	<b>658,158</b>
- effect of the merger with a subsidiary		-	100,466
<b>I.a. Equity at the beginning of the period (OB), adjusted</b>		<b>929,970</b>	<b>758,624</b>
1. Share capital at the beginning of the period		9,804	9,804
1.1. Movement in share capital		-	-
<b>1.2. Share capital at the end of the period</b>	<b>10</b>	<b>9,804</b>	<b>9,804</b>
2. Supplementary capital at the beginning of the period		681,260	621,345
2.1. Changes to supplementary capital		208,558	59,915
(i) increase		208,558	120,704
- profit distribution	12.1	208,558	92,504
- effect of the merger with a subsidiary - subsidiary's transfer of profit to supplementary capital		-	28,200
b) decrease		-	(60,789)
- effect of the merger with a subsidiary - subsidiary's payout of an interim dividend from retained earnings and supplementary capital executed prior to the merger		-	(41,973)
- effect of the merger with a subsidiary - coverage of retained losses in a subsidiary		-	(18,816)
<b>2.2. Balance of supplementary capital at the end of the period</b>		<b>889,818</b>	<b>681,260</b>
3. Revaluation reserve at the beginning of the period		-	-
3.1. Changes in the revaluation reserve		-	-
3.2. Revaluation reserve at the end of the period		-	-
4. Other reserve capital at the beginning of the period		-	-
4.1. Change in other reserve capital		-	-
<b>4.2. Other reserve capital at the end of the period</b>		<b>-</b>	<b>-</b>
5. Profit (loss) brought forward at the beginning of the period		208,558	120,342
5.1. Profit brought forward at the beginning of the period		208,558	139,158
5.2. Profit brought forward at the beginning of the period, adjusted		208,558	139,158
(i) increase		-	-
b) decrease		(208,558)	(139,158)
- distribution of Dino Polska's profit	12.1	(208,558)	(92,504)
- effect of the merger with a subsidiary - subsidiary's transfer of profit to supplementary capital		-	(28,200)
- effect of the merger with a subsidiary - subsidiary's retained losses		-	(18,454)
5.3. Profit brought forward at the end of the period		-	-
5.4. Loss brought forward at the beginning of the period		-	(18,816)
5.5. Loss brought forward at the beginning of the period, adjusted		-	(18,816)
(i) increase		-	-
b) decrease		-	18,816
- effect of the merger with a subsidiary - coverage of retained losses in a subsidiary		-	18,816
5.6. Losses brought forward at the end of the period		-	-
<b>5.7. Profit (loss) brought forward at the end of the period</b>		<b>-</b>	<b>-</b>
<b>6. Net result</b>		<b>318,201</b>	<b>208,558</b>
a) net profit		318,201	208,558
b) net loss		-	-
c) charges to profit		-	-
<b>7. Other items of equity at the beginning of the period</b>		<b>31,783</b>	<b>7,133</b>
7.1 Change in other items of equity		(1,435)	24,650
(i) increase		(1,435)	24,650
- effect of settlement of the merger with a subsidiary		(1,435)	24,650
<b>7. Other items of equity at the end of the period</b>		<b>30,348</b>	<b>31,783</b>
<b>8. Charges to net profit during the financial year (negative figure)</b>		<b>-</b>	<b>(1,435)</b>
<b>II. Equity at the end of the period (CB)</b>		<b>1,248,171</b>	<b>929,970</b>
<b>III. Equity after considering the proposed distribution of profits (coverage of losses)</b>		<b>1,248,171</b>	<b>929,970</b>

The statement of changes in equity should be analyzed together with the notes and explanations, which constitute an integral part of the financial statements



DINO POLSKA S.A.  
Financial statements for the year ended 31 December 2019  
Statement of cash flows

**STATEMENT OF CASH FLOWS (INDIRECT METHOD)**

(in thousands of PLN)

	Note	01.01.2019- 31.12.2019	01.01.2018- 31.12.2018
<b>A. Cash flow from operating activities</b>			
<b>I. Net profit (loss)</b>		<b>318,201</b>	<b>208,558</b>
<b>II. Total adjustments</b>		<b>382,564</b>	<b>411,466</b>
1. Depreciation and amortization		115,379	84,929
2. Gains (losses) arising from changes in foreign currency exchange rates		-	-
3. Interest and profit sharing (dividends)	34	48,879	39,290
4. Profit (loss) on investing activity		2,585	1,475
5. Movement in provisions		9,969	9,133
6. Movement in inventories		(172,574)	(70,048)
7. Movement in receivables	34	(5,485)	1,040
8. Movement in current liabilities, except for loans and borrowings	34	385,285	314,597
9. Movement in prepayments, accruals and deferred revenue		(1,474)	31,050
10. Other adjustments		-	-
<b>III. Net cash flow from operating activities (I±II)</b>		<b>700,765</b>	<b>620,024</b>
<b>B. Cash flow from investing activities</b>			
<b>I. Inflows</b>		<b>115,683</b>	<b>11,245</b>
1. Sale of intangible assets and property, plant and equipment		2,570	634
2. Sale of investments in real property and intangible assets		-	-
3. From financial assets, of which:		113,113	10,611
a) in related entities		112,895	10,364
b) in other entities		218	247
- interest		218	247
<b>II. Outflows</b>		<b>(815,143)</b>	<b>(598,212)</b>
1. Purchase of intangible assets and property, plant and equipment		(666,838)	(500,280)
2. Investments in real property and intangible assets		-	-
3. Towards financial assets, of which:		(148,305)	(97,932)
a) in related entities		(148,305)	(97,932)
<b>III. Net cash flow from investing activities (I-II)</b>		<b>(699,460)</b>	<b>(586,967)</b>
<b>C. Cash flow from financing activities</b>			
<b>I. Inflows</b>		<b>319,137</b>	<b>345,364</b>
1. Net inflows on the delivery of shares (share issue) and other equity instruments and capital contributions		-	-
2. Loans and borrowings		149,137	345,364
3. Issue of debt securities		170,000	-
4. Other financial proceeds		-	-
<b>II. Outflows</b>		<b>(202,089)</b>	<b>(279,732)</b>
1. Purchase of treasury shares		-	-
2. Dividends and other distributions to owners		-	(5,662)
3. Profit-sharing expenditures other than distributions to owners		-	-
4. Repayment of loans and borrowings		(96,056)	(187,376)
5. Redemption of debt securities		-	-
6. On account of other financial liabilities		-	-
7. Payment of finance lease liabilities		(44,243)	(40,618)
8. Interest		(55,834)	(40,054)
9. Other financial expenditures		(5,956)	(6,022)
<b>III. Net cash from financing activities (I-II)</b>		<b>117,048</b>	<b>65,632</b>
<b>D. Total net cash flow (A.III±B.III±C.III)</b>		<b>118,353</b>	<b>98,689</b>
<b>E. Balance sheet movement in cash, including</b>		<b>118,353</b>	<b>98,689</b>
- movement in cash arising from changes in foreign currency exchange rates		-	-
<b>F. Cash at the beginning of the period</b>		<b>259,384</b>	<b>160,695</b>
<b>G. Cash at the end of the period (F±D), including</b>	<b>33</b>	<b>377,737</b>	<b>259,384</b>
- restricted cash		54	60

\* Restated data according to the description in note 3 and 4.

The statement of cash flows should be analyzed together with notes and explanations, which constitute an integral part of the financial statements

DINO POLSKA S.A.  
Financial statements for the year ended 31 December 2019  
Notes and explanations

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## FINANCIAL HIGHLIGHTS

	PLN 000s		EUR 000s*	
	<i>01.01.2019- 31.12.2019</i>	<i>01.01.2018- 31.12.2018</i>	<i>01.01.2019- 31.12.2019</i>	<i>01.01.2018- 31.12.2018</i>
Sales revenues	7,624,411	5,832,221	1,772,377	1,366,852
Operating profit	447,617	309,624	104,053	72,564
Profit before tax	392,759	265,563	91,301	62,238
Net profit	318,201	208,558	73,969	48,878
Number of shares	98,040,000	98,040,000	98,040,000	98,040,000
Basic / diluted earnings per share in PLN, EUR	3.25	2.13	0.75	0.50
Cash flow from operating activities	700,765	620,024	162,900	145,310
Cash flow from investing activities	(699,460)	(586,967)	(162,597)	(137,563)
Cash flow from financing activities	117,048	65,632	27,209	15,382
Net change in cash and cash equivalents	118,353	98,689	27,512	23,129

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

- NBP's average exchange rate in 2019: 4.3018 PLN/EUR
- NBP's average exchange rate in 2018: 4.2669 PLN/EUR

	PLN 000s		EUR 000s*	
	<i>as at 31 December 2019</i>	<i>as at 31 December 2018</i>	<i>as at 31 December 2019</i>	<i>as at 31 December 2018</i>
Total assets	3,918,286	2,979,895	920,109	692,999
Total non-current assets	2,660,390	2,031,010	624,725	472,328
Total current assets	1,257,896	948,885	295,385	220,671
Equity	1,248,171	929,970	293,101	216,272
Share capital	9,804	9,804	2,302	2,280
Non-current liabilities	681,932	600,881	160,134	139,740
Current liabilities	1,922,179	1,397,539	451,375	325,009

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 2019: 4.2585 PLN/EUR
- NBP's average exchange rate as at 31 December 2018: 4.3000 PLN/EUR

## NOTES AND EXPLANATIONS

### 1. INFORMATION ABOUT SIGNIFICANT EVENTS CONCERNING THE PREVIOUS YEARS CAPTURED IN THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR

Up to the date of preparing the financial statements for the financial year, i.e. until 12 March 2020, no significant events occurred during previous years that should be captured in the financial year's financial statements.

### 2. INFORMATION ABOUT SIGNIFICANT EVENTS THAT OCCURRED AFTER THE BALANCE SHEET DATE AND THAT HAVE NOT BEEN CAPTURED IN THE FINANCIAL STATEMENTS

After the balance sheet date and up to the date of drawing up the financial statements for the financial year, i.e. until 13 March 2020, no significant events other than described in Note 47 occurred that were not captured in the financial year's financial statements.

### 3. CHANGES IN THE ACCOUNTING PRINCIPLES (POLICIES) IN THE FINANCIAL YEAR

Financial statements for the current and previous financial year have been prepared using the same accounting principles (policies). The Company changed its accounting policy involving the presentation of receivables for payment cards in the balance sheet by recognizing these receivables in the line item entitled "Other current receivables" instead of in the line item entitled "Cash and cash equivalents". Accordingly, the pertinent reclassification has been made totaling PLN 25,283 thousand as at 1 January 2018. The amount subject to reclassification as at 31 December 2018 was PLN 16,441 thousand, while as at 31 December 2019 it was PLN 22,533 thousand. The foregoing change will provide for consistency between the balance of cash and cash equivalents in the balance sheet and the cash flow account providing for greater transparency of the financial statements and consistency with market practice.

### 4. CORRECTION OF ERRORS

*The presentation-related adjustment in the consolidated statement of cash flows in connection with the definition of cash and cash equivalents*

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

During the financial year there were no other corrections of errors which could have impact on comparability of the financial data for the previous year and the data from the financial statements for the current financial year.

### 5. COMPARABILITY OF THE FINANCIAL DATA FOR THE PREVIOUS YEAR AND THE DATA FROM THE FINANCIAL STATEMENTS FOR THE CURRENT FINANCIAL YEAR

#### Other changes and/or adjustments

Save for the change mentioned in items 3 and 4, in the current year the Company did not make any changes to the accounting policies or correct any errors and consequently it was not obligated to present figures ensuring comparability of the financial statements for the previous financial year with the financial statements for the current financial year.

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**6. INTANGIBLE ASSETS**

**Year ended 31 December 2019**

<i>(in thousands of PLN)</i>	<i>Costs of completed development work</i>	<i>Goodwill</i>	<i>Other intangible assets</i>	<i>Advance payments towards intangible assets</i>	<i>Total</i>
<b><u>Initial value</u></b>					
<b>Opening balance</b>	-	-	42,118	-	42,118
Increases, including:	-	-	7,759	-	7,759
Purchase	-	-	7,759	-	7,759
Decreases	-	-	-	-	-
<b>Closing balance</b>	-	-	<b>49,877</b>	-	<b>49,877</b>
<b><u>Depreciation</u></b>					
<b>Opening balance</b>	-	-	19,250	-	19,250
Increases, including:	-	-	4,603	-	4,603
Depreciation in the period	-	-	4,603	-	4,603
Decreases	-	-	-	-	-
<b>Closing balance</b>	-	-	<b>23,853</b>	-	<b>23,853</b>
<b><u>Net value</u></b>					
<b>Opening balance</b>	-	-	<b>22,868</b>	-	<b>22,868</b>
<b>Closing balance</b>	-	-	<b>26,024</b>	-	<b>26,024</b>

**Year ended 31 December 2018**

<i>(in thousands of PLN)</i>	<i>Costs of completed development work</i>	<i>Goodwill</i>	<i>Other intangible assets</i>	<i>Advance payments towards intangible assets</i>	<i>Total</i>
<b><u>Initial value</u></b>					
<b>Opening balance</b>	-	-	<b>38,398</b>	-	<b>38,398</b>
Increases, including:	-	-	3,720	-	3,720
Purchase	-	-	3,720	-	3,720
Decreases	-	-	-	-	-
<b>Closing balance</b>	-	-	<b>42,118</b>	-	<b>42,118</b>
<b><u>Depreciation</u></b>					
<b>Opening balance</b>	-	-	<b>15,912</b>	-	<b>15,912</b>
Increases, including:	-	-	3,338	-	3,338
Depreciation in the period	-	-	3,338	-	3,338
Decreases	-	-	-	-	-
<b>Closing balance</b>	-	-	<b>19,250</b>	-	<b>19,250</b>
<b><u>Net value</u></b>					
<b>Opening balance</b>	-	-	<b>22,486</b>	-	<b>22,486</b>
<b>Closing balance</b>	-	-	<b>22,868</b>	-	<b>22,868</b>

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**7. PROPERTY, PLANT AND EQUIPMENT**

**Year ended 31 December 2019**

	<i>Land and buildings</i>	<i>Machinery and equipment</i>	<i>Means of transport</i>	<i>Other fixed assets</i>	<i>Fixed assets under construction</i>	<i>Total</i>
<b>Gross value as at 1 January</b>	<b>849,043</b>	<b>310,022</b>	<b>58,708</b>	<b>217,506</b>	<b>72,887</b>	<b>1,508,166</b>
Purchases	-	-	-	-	706,216	706,216
Sales	(158)	(960)	(420)	(1,706)	(12)	(3,256)
Liquidation	(2,126)	(1,409)	(616)	(440)	(1,657)	(6,248)
Transfer from fixed assets under construction	504,071	95,446	33,471	59,106	(692,094)	-
<b>Gross value as at 31 December</b>	<b>1,350,830</b>	<b>403,099</b>	<b>91,143</b>	<b>274,466</b>	<b>85,340</b>	<b>2,204,878</b>
<b>Accumulated depreciation and impairment losses as at 1 January</b>	<b>25,262</b>	<b>105,919</b>	<b>18,977</b>	<b>101,045</b>	<b>-</b>	<b>251,203</b>
Depreciation charge for the period	20,427	41,567	10,598	38,184	-	110,776
Sales	-	(452)	(342)	(1,311)	-	(2,105)
Liquidation	(1,547)	(863)	(616)	(315)	-	(3,341)
<b>Accumulated depreciation and impairment losses as at 31 December</b>	<b>44,142</b>	<b>146,171</b>	<b>28,617</b>	<b>137,603</b>	<b>-</b>	<b>356,533</b>
<b>Net value as at 1 January</b>	<b>823,781</b>	<b>204,103</b>	<b>39,731</b>	<b>116,461</b>	<b>72,887</b>	<b>1,256,963</b>
<b>Gross value as at 31 December</b>	<b>1,306,688</b>	<b>256,928</b>	<b>62,526</b>	<b>136,863</b>	<b>85,340</b>	<b>1,848,345</b>

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**Year ended 31 December 2018**

	<i>Land and buildings</i>	<i>Machinery and equipment</i>	<i>Means of transport</i>	<i>Other fixed assets</i>	<i>Fixed assets under construction</i>	<i>Total</i>
<b>Gross value as at 1 January</b>	<b>462,495</b>	<b>221,550</b>	<b>40,523</b>	<b>175,577</b>	<b>51,453</b>	<b>951,598</b>
Purchases	-	-	-	-	566,821	566,821
Sales	-	(890)	(17)	(13)	-	(920)
Liquidation	(531)	(1,212)	(568)	(6,095)	(927)	(9,333)
Transfer from fixed assets under construction	387,079	90,574	18,770	48,037	(544,460)	-
<b>Gross value as at 31 December</b>	<b>849,043</b>	<b>310,022</b>	<b>58,708</b>	<b>217,506</b>	<b>72,887</b>	<b>1,508,166</b>
<b>Accumulated depreciation and impairment losses as at 1 January</b>	<b>12,655</b>	<b>76,251</b>	<b>11,419</b>	<b>77,430</b>	-	<b>177,755</b>
Depreciation charge for the period	12,661	31,010	8,105	29,815	-	81,591
Sales	-	(529)	(6)	(9)	-	(544)
Liquidation	(54)	(813)	(541)	(6,191)	-	(7,599)
<b>Accumulated depreciation and impairment losses as at 31 December</b>	<b>25,262</b>	<b>105,919</b>	<b>18,977</b>	<b>101,045</b>	-	<b>251,203</b>
<b>Net value as at 1 January</b>	<b>449,840</b>	<b>145,299</b>	<b>29,104</b>	<b>98,147</b>	<b>51,453</b>	<b>773,843</b>
<b>Gross value as at 31 December</b>	<b>823,781</b>	<b>204,103</b>	<b>39,731</b>	<b>116,461</b>	<b>72,887</b>	<b>1,256,963</b>

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As at 31 December 2019, the value of land in perpetual usufruct was PLN 24,836 thousand (as at 31 December 2018, the corresponding value was PLN 18,982 thousand).

As at 31 December 2019, fixed assets with the net value of PLN 147,378 thousand were used on the basis of financial lease agreements (PLN 147,674 thousand as at 31 December 2018).

As at 31 December 2019, based on operational lease, rental, lease and other agreements (except for financial lease agreements), the Company used fixed assets with the value of approx. PLN 905,192 thousand (PLN 840,576 thousand as at 31 December 2018).

Capital expenditures carried out in the current financial year were PLN 706,216 thousand (PLN 566,821 thousand in 2018). In 2019 and 2018, there were no expenditures related to environmental protection. The capital expenditures planned for 2020 are PLN 650-700 million.

As at 31 December 2019 and 31 December 2018, the Company did not have any liabilities towards the state budget or local government units by virtue of obtaining the ownership right to buildings and structures or cost of service (including exchange gains and losses) of liabilities incurred to finance fixed assets under construction captured in the manufacturing cost (purchase price).

## 8. INVESTMENTS

### 8.1. Non-current investments

#### Year ended 31 December 2019

<i>(in thousands of PLN)</i>	<i>Real estate</i>	<i>Intangible assets</i>	<i>Long-term financial assets in related entities</i>	<i>Long-term financial assets in other entities in which the entity has capital exposure</i>	<i>Total</i>
<b>Opening balance, including:</b>	-	-	<b>727,435</b>	-	<b>727,435</b>
Gross value	-	-	727,435	-	727,435
Increases, including:	-	-	28,400	-	28,400
Purchase	-	-	28,400	-	28,400
Decreases	-	-	-	-	-
<b>Closing balance, including:</b>	-	-	<b>755,835</b>	-	<b>755,835</b>
Gross value	-	-	755,835	-	755,835

#### Year ended 31 December 2018

<i>(in thousands of PLN)</i>	<i>Real estate</i>	<i>Intangible assets</i>	<i>Long-term financial assets in related entities</i>	<i>Long-term financial assets in other entities in which the entity has capital exposure</i>	<i>Total</i>
<b>Opening balance, including:</b>	-	-	<b>728,943</b>	-	<b>728,943</b>
Gross value	-	-	728,943	-	728,943
Increases, including:	-	-	31,750	-	31,750
Purchase	-	-	31,750	-	31,750
Decreases, including:	-	-	(33,258)	-	(33,258)
Other (merger with Pol-Food Polska sp. z o.o.)	-	-	(33,258)	-	(33,258)
<b>Closing balance, including:</b>	-	-	<b>727,435</b>	-	<b>727,435</b>
Gross value	-	-	727,435	-	727,435

In 2019, Dino Polska S.A. acquired an additional stake in its subsidiary Centrum Wynajmu Nieruchomości sp. z o.o.

In 2018, movement in the line item "Long-term financial assets in related entities" was related to the merger of the Company with a subsidiary. On 26 October 2018, the Company acquired from its subsidiaries: Agro-Rydzyna sp. z o.o. and Centrum Wynajmu Nieruchomości sp. z o.o. the 0.1% and 10% stakes held by them in Pol-Food Polska sp. z o.o., respectively, for PLN 31,550 thousand, thus becoming the sole shareholder of Pol-Food Polska sp. z o.o. In compliance with Article 44 of the Accounting Act, the shares in Pol-Food Polska sp. z o.o. were eliminated.

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## 8.2. Current investments

Current investments, net of cash and other cash assets involve the following:

### Year ended 31 December 2019

<i>(in thousands of PLN)</i>	<i>Ownership interests and shares</i>	<i>Other securities</i>	<i>Loans granted</i>	<i>Total</i>
<b>Opening balance, including:</b>	-	27,570	134,691	162,261
Gross value	-	27,570	134,691	162,261
Increases, including:	-	-	149,030	149,030
Purchase	-	-	149,030	149,030
Decreases, including:	-	(27,570)	(107,182)	(134,752)
Other	-	(27,570)	(107,182)	(134,752)
<b>Closing balance, including:</b>	-	-	<b>176,539</b>	<b>176,539</b>
Gross value	-	-	176,539	176,539

### Year ended 31 December 2018

<i>(in thousands of PLN)</i>	<i>Ownership interests and shares</i>	<i>Other securities</i>	<i>Loans granted</i>	<i>Total</i>
<b>Opening balance, including:</b>	-	<b>24,121</b>	<b>47,323</b>	<b>71,444</b>
Gross value	-	24,121	47,323	71,444
Increases, including:	-	3,449	101,723	105,172
Purchase	-	3,449	101,723	105,172
Decreases, including:	-	-	(14,355)	(14,355)
Repayments	-	-	(14,355)	(14,355)
<b>Closing balance, including:</b>	-	<b>27,570</b>	<b>134,691</b>	<b>162,261</b>
Gross value	-	27,570	134,691	162,261

## 9. ACCRUALS AND PREPAYMENTS

<i>(in thousands of PLN)</i>	<i>31.12.2019</i>	<i>31.12.2018</i>
Deferred tax assets	30,186	23,744
<b>Total non-current</b>	<b>30,186</b>	<b>23,744</b>
Costs of rental-related fees	-	36
Insurance costs	1,224	1,933
Other	754	447
<b>Total current</b>	<b>1,978</b>	<b>2,416</b>

## 10. CAPITAL

As at 31 December 2019 the Company's share capital was PLN 9,804 thousand and was divided into 98,040,000 shares with a nominal value of PLN 0.10 each.

As at 31 December 2018 the Company's share capital was PLN 9,804 thousand and was divided into 98,040,000 shares with a nominal value of PLN 0.10 each.

As at the balance sheet date, the ownership structure of the Company's share capital was as follows:



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<i>Shareholder</i>	<i>Number of shares</i>	<i>Percentage of share capital</i>	<i>Percentage of votes at the Shareholder Meeting</i>
Tomasz Biernacki with a subsidiary	50,103,000	51.1%	51.1%
Other shareholders	47,937,000	48.9%	48.9%
<b>Total</b>	<b>98,040,000</b>	<b>100.0%</b>	<b>100.0%</b>

**31 December 2018**

<i>Shareholder</i>	<i>Number of shares</i>	<i>Percentage of share capital</i>	<i>Percentage of votes at the Shareholder Meeting</i>
Tomasz Biernacki with a subsidiary	50,103,000	51.1%	51.1%
Other shareholders	47,937,000	48.9%	48.9%
<b>Total</b>	<b>98,040,000</b>	<b>100.0%</b>	<b>100.0%</b>

**11. INTEREST-BEARING BANK CREDIT AND LOANS AND OTHER FINANCIAL LIABILITIES**

The table below presents financial liabilities to unrelated entities. Transactions involving obtained loans and other payables to related entities are presented in Note 40.

*(in thousands of PLN)*

	<i>31.12.2019</i>	<i>31.12.2018</i>
<i>Current</i>		
Liabilities under finance lease agreements and hire-purchase agreements	43,337	40,321
Investment loans	93,007	79,591
Loans to finance current activity	19,998	9,455
Borrowing	456	430
Bonds	100,724	654
<b>Total current</b>	<b>257,522</b>	<b>130,451</b>
<i>Non-current</i>		
Liabilities under finance lease agreements and hire-purchase agreements	48,789	57,922
Investment loans	402,990	419,940
Loans to finance current activity	60,071	22,569
Borrowing	156	621
Bonds	169,926	99,829
<b>Total non-current</b>	<b>681,932</b>	<b>600,881</b>

**12. PROFIT DISTRIBUTION**

**12.1. Profit distribution for the previous year**

The Ordinary Shareholder Meeting held on 13 February 2019 adopted a resolution to allocate the profit for the previous year to supplementary capital.

**12.2. Profit distribution**

The 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.

### 13. PROVISIONS

The following movements in provisions transpired in the reporting periods covered by the financial statements:

#### Year ended 31 December 2019

(in thousands of PLN)

	<i>Deferred tax liability</i>	<i>Provision for pension and similar benefits</i>	<i>Total</i>
<b>As at 1 January 2019</b>	<b>27,793</b>	<b>1,877</b>	<b>29,670</b>
Increases	-	648	<b>648</b>
Reversal	9,321	-	<b>9,321</b>
<b>As at 31 December 2019, including:</b>	<b>37,114</b>	<b>2,525</b>	<b>39,639</b>
Non-current	37,114	1,621	<b>38,735</b>
Current	-	904	<b>904</b>

#### Year ended 31 December 2018

(in thousands of PLN)

	<i>Deferred tax liability</i>	<i>Provision for pension and similar benefits</i>	<i>Total</i>
<b>As at 1 January 2018</b>	<b>19,167</b>	<b>1,370</b>	<b>20,537</b>
Increases	8,626	507	<b>9,133</b>
Reversal	-	-	-
<b>As at 31 December 2018, including:</b>	<b>27,793</b>	<b>1,877</b>	<b>29,670</b>
Non-current	27,793	1,362	<b>29,155</b>
Current	-	515	<b>515</b>

### 14. IMPAIRMENT LOSSES FOR RECEIVABLES

#### Year ended 31 December 2019

(in thousands of PLN)

	<i>Impairment losses for non-current receivables</i>	<i>Impairment losses for current receivables</i>
<b>As at 1 January 2019</b>	-	<b>224</b>
Increases	-	127
- on account of cash shortages	-	-
- impairment losses for settlements	-	127
Utilization	-	(162)
- on account of cash shortages	-	-
- impairment losses for settlements	-	(162)
Reversal	-	(1)
- impairment losses for settlements	-	(1)
<b>As at 31 December 2019</b>	-	<b>188</b>

#### Year ended 31 December 2018

(in thousands of PLN)

	<i>Impairment losses for non-current receivables</i>	<i>Impairment losses for current receivables</i>
<b>As at 1 January 2018</b>	-	<b>407</b>

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Increases	-	62
- on account of cash shortages	-	-
- impairment losses for settlements	-	62
Utilization	-	(210)
- on account of cash shortages	-	-
- impairment losses for settlements	-	(210)
Reversal	-	(35)
- impairment losses for settlements	-	(35)
<b>As at 31 December 2019</b>	<b>-</b>	<b>224</b>

## 15. NON-CURRENT LIABILITIES

Structure of the due and payable date of non-current liabilities:

### 31 December 2019

<i>(in thousands of PLN)</i>	<i>up to 1 year</i>	<i>1 - 3 years</i>	<i>3 - 5 years</i>	<i>more than 5 years</i>	<i>Total</i>
Non-current liabilities to related entities	-	-	-	-	-
To other entities in which the company has equity exposure	-	-	-	-	-
Non-current liabilities to related entities, including:	257,522	429,729	198,716	53,487	939,454
a) bank loans and borrowings	113,461	216,176	193,554	53,487	576,678
b) for issue of debt securities	100,724	169,926	-	-	270,650
d) for finance leases	43,337	43,627	5,162	-	92,126
<b>Non-current liabilities, total as at 31 December 2019</b>	<b>257,522</b>	<b>429,729</b>	<b>198,716</b>	<b>53,487</b>	<b>939,454</b>

### 31 December 2018

<i>(in thousands of PLN)</i>	<i>up to 1 year</i>	<i>1 - 3 years</i>	<i>3 - 5 years</i>	<i>more than 5 years</i>	<i>Total</i>
Non-current liabilities to related entities	-	-	-	-	-
To other entities in which the company has equity exposure	-	-	-	-	-
Non-current liabilities to related entities, including:	130,451	351,474	167,381	82,026	731,332
a) bank loans and borrowings	89,476	197,893	163,211	82,026	532,606
b) for issue of debt securities	654	99,829	-	-	100,483
d) for finance leases	40,321	53,752	4,170	-	98,243
<b>Non-current liabilities, total as at 31 December 2018</b>	<b>130,451</b>	<b>351,474</b>	<b>167,381</b>	<b>82,026</b>	<b>731,332</b>

## 16. SOCIAL ASSETS AND LIABILITIES

The Act on the Company Social Benefits Fund of 4 March 1994, as amended requires companies employing 20 or more people to establish and run a company social benefits fund.

Social assets and liabilities did not occur in the year ended 31 December 2019 and 31 December 2018. The Company does not assess or carry any assets in the Company Social Benefits Fund in accordance with paragraph 15 of the Remuneration Bylaws (consolidated version of 31 October 2013, as amended).

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**17. ACCRUALS AND DEFERRED REVENUE**

*(in thousands of PLN)*

	<i>31.12.2019</i>	<i>31.12.2018</i>
<b>1. Negative goodwill</b>	-	-
<b>2a. Total other non-current deferred revenue</b>	<b>34</b>	<b>236</b>
- grants	34	236
<b>2b. Total other current deferred revenue</b>	<b>26,331</b>	<b>21,599</b>
Other, including:	26,331	21,599
- provision for unused holiday leave	26,061	21,307
- provision for auditing the financial statements	68	90
- grants	202	202
<b>Deferred revenue – total</b>	<b>26,365</b>	<b>21,835</b>

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**18. LIABILITIES SECURED ON THE ENTITY'S ASSETS**

The Company had the following types of liabilities secured on its assets (in thousands of PLN):

**31 December 2019**

<i>Type of liability</i>	<i>Date agreement signed</i>	<i>Outstanding liability as at 31 December 2019* (thousands of PLN)</i>	<i>Interest rate</i>	<i>Date of repayment</i>	<i>Collateral type</i>
1. Credit facility with mBank	2013-11-22	1,404	WIBOR + margin	2023-10-31	joint contractual mortgage, assignment of rights to an insurance policy
2. Credit facility with mBank	2012-03-08	3,026	WIBOR + margin	2021-12-31	joint contractual mortgage, assignment of rights to an insurance policy
3. Credit facility with PKO BP	2012-01-26	-	WIBOR + margin	2019-10-28	joint contractual mortgage, assignment of rights to an insurance policy
4. Credit facility with PKO BP	2011-04-13	1,463	WIBOR + margin	2021-04-12	joint contractual mortgage, assignment of rights to an insurance policy
5. Credit facility with PKO BP	2013-05-23	21,667	WIBOR + margin	2021-12-31	joint contractual mortgage, assignment of rights to an insurance policy
6. Credit facility with PKO BP	2016-10-25	39,031	WIBOR + margin	2024-10-24	joint contractual mortgage, assignment of rights to an insurance policy
7. Credit facility with BZ WBK	2018-02-19	58,803	WIBOR + margin	2023-02-18	joint contractual mortgage, assignment of rights to an insurance policy
8. Credit facility with mBank	2014-01-09	12,141	WIBOR + margin	2023-11-30	joint contractual mortgage, assignment of rights to an insurance policy
9. Credit facility with ING	2014-04-15	20,838	WIBOR + margin	2022-04-14	joint contractual mortgage, assignment of rights to an insurance policy
10. Credit facility with Bank Millennium	2014-12-18	4,319	WIBOR + margin	2020-06-17	joint contractual mortgage, assignment of rights to an insurance policy
11. Credit facility with mBank	2015-04-17	13,461	WIBOR + margin	2025-03-31	joint contractual mortgage, assignment of rights to an insurance policy
12. Credit facility with ING	2014-04-15	-	WIBOR + margin	2020-04-14	joint contractual mortgage, assignment of rights to an insurance policy
13. Credit facility with Millennium	2018-08-09	-	WIBOR + margin	2021-08-08	joint contractual mortgage, assignment of rights to an insurance policy
14. Credit facility with mBank	2016-08-16	3,237	WIBOR + margin	2021-07-30	joint contractual mortgage, assignment of rights to an insurance policy
15. Credit facility with mBank	2016-11-04	-	WIBOR + margin	2019-10-08	joint contractual mortgage, assignment of rights to an insurance policy
16. Credit facility with Millennium	2016-05-12	18,250	WIBOR + margin	2021-05-11	joint contractual mortgage, assignment of rights to an insurance policy

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17. Borrowing from Siemens	2016-02-24	611	WIBOR + margin	2021-02-28	bill of exchange
18. Credit facility with PKO BP	2016-10-25	112,941	WIBOR + margin	2025-04-24	joint contractual mortgage, assignment of rights to an insurance policy
19. Credit facility with ING	2016-04-15	14,062	WIBOR + margin	2024-04-14	joint contractual mortgage, assignment of rights to an insurance policy
20. Credit facility with BGŻ BNP Paribas	2017-03-20	-	WIBOR + margin	2019-03-19	joint contractual mortgage, assignment of rights to an insurance policy
21. Credit facility with BGŻ BNP Paribas	2017-03-20	69,524	WIBOR + margin	2025-12-31	joint contractual mortgage, assignment of rights to an insurance policy
22. Credit facility with ING	2018-07-03	50,000	WIBOR + margin	2026-07-02	joint contractual mortgage, assignment of rights to an insurance policy
23. Credit facility with Bank Handlowy CITI	2018-10-03	-	WIBOR + margin	2021-10-01	joint contractual mortgage, assignment of rights to an insurance policy, statement of submission to enforcement under art. 777 par. 1 item 5 of the Code of Civil Procedure
24. Credit facility with PKO BP	2019-02-11	75,294	WIBOR + margin	2026-08-11	joint contractual mortgage, assignment of rights to an insurance policy
25. Credit facility with Millennium	2018-08-09	37,500	WIBOR + margin	2023-08-08	joint contractual mortgage, assignment of rights to an insurance policy
26. Credit facility with Millennium	2019-08-08	20,000	WIBOR + margin	2024-07-21	joint contractual mortgage, assignment of rights to an insurance policy
<b>TOTAL</b>		<b>577,572</b>			

\* Balance of liabilities net of commissions.

**31 December 2018**

<i>Type of liability</i>	<i>Date agreement signed</i>	<i>Outstanding liability as at 31 December 2018*</i>	<i>Interest rate</i>	<i>Date of repayment</i>	<i>Collateral type</i>
		(thousands of PLN)			
1. Credit facility with mBank	2013-11-22	1,770	WIBOR + margin	2023-10-31	joint contractual mortgage, assignment of rights to an insurance policy
2. Credit facility with mBank	2012-03-08	4,539	WIBOR + margin	2021-12-31	joint contractual mortgage, assignment of rights to an insurance policy
3. Credit facility with PKO BP	2012-01-26	-	WIBOR + margin	2019-10-28	joint contractual mortgage, assignment of rights to an insurance policy
4. Credit facility with PKO BP	2011-04-13	2,579	WIBOR + margin	2021-04-12	joint contractual mortgage, assignment of rights to an insurance policy
5. Credit facility with PKO BP	2013-05-23	32,500	WIBOR + margin	2021-12-31	joint contractual mortgage, assignment of rights to an insurance policy
6. Credit facility with PKO BP	2016-10-25	47,248	WIBOR + margin	2024-10-24	joint contractual mortgage, assignment of rights to an insurance policy

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7. Credit facility with BZ WBK	2018-02-19	66,310	WIBOR + margin	2023-02-18	joint contractual mortgage, assignment of rights to an insurance policy
8. Credit facility with mBank	2014-01-09	15,327	WIBOR + margin	2023-11-30	joint contractual mortgage, assignment of rights to an insurance policy
9. Credit facility with ING	2014-04-15	29,170	WIBOR + margin	2022-04-14	joint contractual mortgage, assignment of rights to an insurance policy
10. Credit facility with Bank Millennium	2014-12-18	7,167	WIBOR + margin	2020-06-17	joint contractual mortgage, assignment of rights to an insurance policy
11. Credit facility with mBank	2015-04-17	16,025	WIBOR + margin	2025-03-31	joint contractual mortgage, assignment of rights to an insurance policy
12. Credit facility with ING	2014-04-15	-	WIBOR + margin	2020-04-14	joint contractual mortgage, assignment of rights to an insurance policy
13. Credit facility with Millennium	2018-08-09	28	WIBOR + margin	2021-08-08	joint contractual mortgage, assignment of rights to an insurance policy
14. Credit facility with mBank	2016-08-16	3,753	WIBOR + margin	2021-07-30	joint contractual mortgage, assignment of rights to an insurance policy
15. Credit facility with mBank	2016-04-11	-	WIBOR + margin	2019-10-08	joint contractual mortgage, assignment of rights to an insurance policy
16. Credit facility with Millennium	2016-05-12	24,858	WIBOR + margin	2021-05-11	joint contractual mortgage, assignment of rights to an insurance policy
17. Borrowing from Siemens	2016-02-24	1,051	WIBOR + margin	2021-02-28	bill of exchange
18. Credit facility with PKO BP	2016-10-25	134,118	WIBOR + margin	2025-04-24	joint contractual mortgage, assignment of rights to an insurance policy
19. Credit facility with ING	2016-04-15	17,186	WIBOR + margin	2024-04-14	joint contractual mortgage, assignment of rights to an insurance policy
20. Credit facility with BGŻ BNP Paribas	2017-03-20	-	WIBOR + margin	2019-03-19	joint contractual mortgage, assignment of rights to an insurance policy
21. Credit facility with BGŻ BNP Paribas	2017-03-20	80,000	WIBOR + margin	2025-12-31	joint contractual mortgage, assignment of rights to an insurance policy
22. Credit facility with ING	2018-07-03	50,000	WIBOR + margin	2026-07-02	joint contractual mortgage, assignment of rights to an insurance policy
23. Credit facility with Bank Handlowy CITI	2018-10-03	-	WIBOR + margin	2021-10-01	joint contractual mortgage, assignment of rights to an insurance policy, statement of submission to enforcement art. 777 par. 1 item 5 of the Code of Civil Procedure
<b>TOTAL</b>		<b>533,629</b>			

\* Balance of liabilities net of commissions.

In addition, the liabilities for loans and lease agreements also have security interests in the form of blank bills of exchange.

## **19. CONTINGENT LIABILITIES, ALSO INCLUDING THE GUARANTEES AND SURETIES EXTENDED BY THE ENTITY, ALSO ON BILLS OF EXCHANGE**

As at 31 December 2019 the Company had the following contingent liabilities:

1. surety for amortization of an investment loan drawn down by Agro-Rydzyna sp. z o.o., agreement of 14 December 2011 entered into with BRE Bank S.A. (mBank SA) for the amount of PLN 14,750 thousand. The loan has a floating interest rate. The final date of repayment is 31 August 2021. The surety covers the principal, interest on the principal and other costs.
2. surety for amortization of an investment loan drawn down by Dino Krotoszyn sp. z o.o., agreement of 15 January 2018 entered into with PKO BP S.A. for the amount of PLN 16,137 thousand. The loan has a floating interest rate. The final date of repayment is 24 October 2024. The surety covers the principal, interest on the principal and other costs.
3. surety for amortization of an investment loan drawn down by Centrum Wynajmu Nieruchomości sp. z o.o., agreement of 16 August 2016 entered into with mBank S.A. for the amount of PLN 32,000 thousand. The loan has a floating interest rate. The final date of repayment is 30 July 2021. The surety covers the principal, interest on the principal and other costs.
4. surety for amortization of an overdraft agreement drawn down by Agro-Rydzyna sp. z o.o., agreement of 13 November 2018 entered into with BGŻ BNP Paribas SA for the amount of PLN 15,000 thousand. The loan has a floating interest rate. The final date of repayment is 13 November 2020. The surety covers the principal, interest on the principal and other costs.

As at 31 December 2018 the Company had the following contingent liabilities:

1. surety for amortization of an investment loan drawn down by Agro-Rydzyna sp. z o.o., agreement of 14 December 2011 entered into with BRE Bank S.A. for the amount of PLN 14,750 thousand. The loan has a floating interest rate. The final date of repayment is 31 August 2021. The surety covers the principal, interest on the principal and other costs.
2. surety for amortization of an investment loan drawn down by Dino Krotoszyn sp. z o.o., agreement of 25 October 2016 entered into with PKO BP S.A. for the amount of PLN 11,350 thousand. The loan has a floating interest rate. The final date of repayment is 24 October 2024. The surety covers the principal, interest on the principal and other costs.
3. surety for amortization of an investment loan drawn down by Centrum Wynajmu Nieruchomości sp. z o.o., agreement of 16 August 2016 entered into with mBank S.A. for the amount of PLN 32,000 thousand. The loan has a floating interest rate. The final date of repayment is 30 July 2021. The surety covers the principal, interest on the principal and other costs.

## **20. OTHER AGREEMENTS NOT INCORPORATED IN THE BALANCE SHEET**

As at 31 December 2019 and as at 31 December 2018 the Company did not have any material off-balance sheet liabilities not disclosed in the financial statements.

## **21. SALES SPLIT BY NATURE AND TERRITORY**

The sales revenue split by nature in 2019 and 2018 was as follows:

<i>Type of activity (in thousands of PLN)</i>	<i>01.01.2019-31.12.2019</i>	<i>01.01.2018-31.12.2018</i>
1. Sales of services	15,973	19,638
2. Sales of merchandise	7,608,438	5,812,583
<b>Net sales revenues, total</b>	<b>7,624,411</b>	<b>5,832,221</b>

All the sales revenues in the current and previous financial year were generated domestically.

## **22. IMPAIRMENT LOSSES FOR FIXED ASSETS**

The Company did not take any impairment losses for fixed assets.



**23. INTEREST AND FX GAINS AND LOSSES ADDED TO THE PRICE OF BUYING MERCHANDISE OR THE COST OF MANUFACTURING PRODUCTS IN THE FINANCIAL YEAR**

In the financial year ending 31 December 2019 and in the previous year the Company did not add interest or FX gains and losses to the price of buying merchandise or the cost of manufacturing products.

**24. INVENTORIES AT PURCHASE PRICE**

(in thousands of PLN)

	31.12.2019	31.12.2018
1. Merchandise	601,195	428,621
<b>Total inventories measured at the net sales price</b>	<b>601,195</b>	<b>428,621</b>

The Group allocates the relevant portion of the costs of delivering goods to points of sales to specify the purchase price of inventories in the Group's commercial facilities. The Company conducts a periodic inventory of inventories. To restate them at the end of the period the inventory provision is estimated. As at 31 December 2019, the value of this provision was PLN 15,767 thousand (PLN 12,623 thousand as at 31 December 2018). As at 31 December 2019, the Company established an impairment to the net sales price of PLN 600 thousand (there was no impairment as at 31 December 2018).

**25. INFORMATION CONCERNING REVENUES, EXPENSES AND THE RESULTS OF DISCONTINUED ACTIVITY IN THE FINANCIAL YEAR OR OF ACTIVITY THAT IS EXPECTED TO BE DISCONTINUED IN THE SUBSEQUENT YEAR**

The Company did not discontinue any activity in the financial year, nor does it intend to discontinue any type of activity in the following year.

**26. INCOME TAX**

The reconciliation of profit before tax to taxable income is as follows:

	01.01.2019- 31.12.2019	01.01.2018- 31.12.2018
<b>A. Gross profit (loss) for the year</b>	<b>392,759</b>	<b>265,563</b>
<b>B. Tax exempt revenues (permanent differences between profit/loss for accounting purposes and the profit/loss for taxation purposes) including:</b>	-	-
<b>C. Revenues not subject to taxation in the current year, including:</b>	<b>(18,794)</b>	<b>41,023</b>
- accrued interest	(5,573)	(3,221)
- foreign exchange gains	(42)	(203)
- inventory adjustment at purchase price	453	(3,458)
- deferred income	(13,380)	(14,570)
- discount of trade payables	(252)	(318)
- license fees	-	62,793
<b>D. Revenues subject to taxation in the current year, recognized in the accounting ledgers of previous years, including:</b>	<b>1,439</b>	<b>277</b>
- interest on loan agreements / accrued interest	1,236	267
- foreign exchange gains	203	10
<b>E. Expenses not constituting tax-deductible expenses (permanent differences between profit/loss for accounting purposes and the profit/loss for taxation purposes) including:</b>	<b>1,047</b>	<b>(6,716)</b>
- other (including interest, donations, other costs)	1,047	(6,716)
<b>F. Expenses not recognized as tax-deductible expenses in the current year, including:</b>	<b>26,124</b>	<b>(13,861)</b>
- differences between depreciation for tax purposes and for balance sheet purposes	7,530	(28,230)
- provision for unused holiday leave and other employee benefits (including salaries / bonuses)	10,023	7,721
- social security contributions, payroll for November - December	23,434	17,928
- mandate contracts paid in the subsequent year	788	807
- finance leases / operation leases in fiscal terms	(40,612)	(36,708)
- provision for other expenses (including security services, energy costs, liabilities requiring safety deposits)	24,235	24,189
- accrued interest, foreign exchange gains and losses	726	432
<b>G. Expenses recognized as tax-deductible expenses in the current year, recognized in the accounting ledgers of previous years, including:</b>	<b>(25,317)</b>	<b>(22,180)</b>

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- provision for employee benefits / bonuses	(4,041)	(3,149)
- social security contributions, payroll for November - December	(17,928)	(13,767)
- mandate contracts paid in the subsequent year	(707)	(898)
- provision for other costs (including energy)	(2,332)	(2,825)
- other (including interest, foreign exchange gains and losses)	(309)	(1,541)
<b>H. Loss brought forward</b>	-	-
<b>I. Other changes to taxable income</b>	-	-
<b>J. Taxable income</b>	<b>377,258</b>	<b>264,106</b>
<b>K. Income tax</b>	<b>71,679</b>	<b>50,180</b>

In 2013, the Company prepaid rents for the lease of investment property within the Group. According to analysis performed by the Management Board, tax regulations stipulate that prepaid rents became taxable revenue on the date of their receipt, whereas tax-deductible expense is settled throughout the term of the lease agreement. As at 31 December 2019 and 31 December 2018, the accruals on account of prepaid rent were settled in full.

In 2015, the Management Board made a decision to concentrate its marketing and trademark management activities in Pol-Food Polska sp. z o.o., a company which had previously been engaged in private label management activities within the Group. As a result of this decision, intangible assets in the form of "Dino" and "Agro – Rydzyna" trademarks were transferred Pol-Food Polska sp. z o.o. Also transferred to this company were employees in charge of discharging those functions who had previously been employed by other member companies of the Group. Among the reasons for the reorganization decision was the objective to create within the Group an entity specialized in carrying out marketing and trademark management activities. The utilization of existing competence of the staff of Pol-Food Polska sp. z o.o. reinforced by that of other companies' employees is intended to enable the creation, within the Group, of a professional competence center streamlining the Group's operations, reducing its operating expenses and ensuring better legal protection for its trademarks. Transactions related to the transfer of the said trademarks to Pol-Food Polska sp. z o.o. were effected on the basis of the fair values of the trademarks as at the transaction date. These values were also used as the basis for the depreciation of the trademarks for tax purposes by the entity that became their new owner as a result of the reorganization. Consequently, a negative temporary difference was created between the carrying amount and the tax value of these trademarks. The Management Board estimated future tax results of both Pol-Food Polska sp. z o.o. and the Group and applied its discretion to the possibility of recognizing trademark depreciation charges as tax-deductible expenses. In 2018 Pol – Food Polska sp. z o.o. was merged with Dino Polska S.A.

In 2016 the Company received a dividend from a subsidiary in which the Company holds 100% of its shares. The dividend was tax exempt because the Company holds 100% of its shares for more than 2 years (according to Article 22 of the Corporate Income Tax Act).

Regulations regarding VAT, corporate and personal income tax and social security contributions are subject to frequent changes. As a result, there is frequently no reference to entrenched regulations or legal precedents. The binding regulations also contain uncertainties resulting in differences in opinions regarding the legal interpretation of tax regulations between government authorities and between government authorities and companies. Tax settlements and others (e.g. customs or foreign currency related issues) may be subject to inspection by administrative authorities authorized to impose high penalties, and any additional liabilities assessed as a result of such an inspection must be paid together plus high interest. These conditions mean that the tax risk in Poland is higher than usually exists in countries with a more mature fiscal system. Tax settlements may be subject to inspection for five years. As a result, 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.

Differences by virtue of the following form part of the provision / deferred tax asset:

	<i>Balance sheet</i>		<i>Statement of profit or loss for the year ended</i>	
	<i>31.12.2019</i>	<i>31.12.2018</i>	<i>31.12.2019</i>	<i>31.12.2018</i>
<i>Deferred tax liability</i>				
Accelerated tax depreciation	25,298	18,573	6,725	4,902
Accrued interest unpaid as at the balance sheet date	1,756	1,673	83	921
Deferred income	10,052	7,510	2,542	2,768
Foreign exchange gains	8	37	(29)	35
<b>Deferred tax liability</b>	<b>37,114</b>	<b>27,793</b>	<b>9,321</b>	<b>8,626</b>

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*Deferred tax assets*

Provisions for jubilee awards and retirement severance benefits	480	356	124	96
Provision for unused holiday leave	4,952	4,048	904	603
Provision for employee benefits / bonuses	877	767	110	168
Mandate contracts paid in the subsequent year	150	134	16	(37)
Social security contributions, payroll for November - December	4,452	3,406	1,046	788
Provision reducing inventories	15,915	11,687	4,228	3,191
Provision for auditing the financial statements	13	90	(77)	(5)
Provision for interest to be paid	2,350	2,272	78	(86)
Provision for other costs	996	965	31	(449)
Losses deductible from future taxable income	-	-	-	(2,447)
Impairment losses established for current receivables	-	18	(18)	(21)
Foreign exchange losses	1	1	-	-
<b>Deferred tax assets</b>	<b>30,186</b>	<b>23,744</b>	<b>6,442</b>	<b>1,801</b>

**Deferred tax expense**

**2,879**

**6,825**

**Income tax**

**71,679**

**50,180**

**Total income tax**

**74,558**

**57,005**

**27. OTHER OPERATING INCOME**

*(in thousands of PLN)*

	<i>01.01.2019-31.12.2019</i>	<i>01.01.2018-31.12.2018</i>
Grants	202	202
Other operating income, including:	6,081	4,450
- reversal of impairment losses for receivables	1	35
- received payments for damages	1,056	1,117
- income for making timely payments (0.3%)	135	108
- revenues on the sales of PMEF certificates	-	632
- rounding	140	44
- other (including debit/credit notes)	4,749	2,514
<b>Other operating income, total</b>	<b>6,283</b>	<b>4,652</b>

**28. OTHER OPERATING EXPENSES**

*(in thousands of PLN)*

	<i>01.01.2019-31.12.2019</i>	<i>01.01.2018-31.12.2018</i>
Loss on disposal of non-financial non-current assets, including:	2,585	1,475
- loss on the disposal of fixed assets and intangible assets	2,585	1,475
Other operating expenses, including:	1,603	903
- losses resulting from inventory shortages	454	391
- donations	400	270
- other	622	179
- written off receivables	127	63
<b>Other operating expenses, total</b>	<b>4,188</b>	<b>2,378</b>

**29. FINANCIAL INCOME**

*(in thousands of PLN)*

	<i>01.01.2019-31.12.2019</i>	<i>01.01.2018-31.12.2018</i>
Interest, including:	7,047	5,197
- interest from related companies	6,829	4,950
- bank interest	218	247
Other, including:	171	37
- foreign exchange gains and losses	171	37

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<b>Financial income, total</b>	<b>7,218</b>	<b>5,234</b>
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### 30. FINANCIAL EXPENSES

<i>(in thousands of PLN)</i>	<i>01.01.2019-31.12.2019</i>	<i>01.01.2018-31.12.2018</i>
Interest, including:	55,661	42,976
- interest paid to related companies	187	136
- interest on trade payables	27,078	20,710
- bank interest	19,006	15,484
- interest on lease agreements	3,173	3,610
- interest on bonds	6,173	3,011
- other interest	44	25
Other, including:	6,415	6,319
- other financial expenses (commissions, sureties)	6,415	6,319
<b>Financial expenses, total</b>	<b>62,076</b>	<b>49,295</b>

Interest on trade payables includes amounts charged for discounting them and interest on factoring

### 31. COST OF MANUFACTURING FIXED ASSETS UNDER CONSTRUCTION

<i>(in thousands of PLN)</i>	<i>Year ended 31.12.2019</i>	<i>Year ended 31.12.2018</i>
Cost of manufacturing fixed assets under construction, including:	11,047	6,718
- costs of the investment department	11,047	6,718

### 32. INCOME AND COSTS OF AN EXTRAORDINARY AMOUNT OR THAT OCCURRED INCIDENTALLY

In the financial year ending 31 December 2019 and in the previous year there were no income and costs of an extraordinary amount or that occurred incidentally.

### 33. COMPOSITION OF CASH IN THE STATEMENT OF CASH FLOWS

<i>(in thousands of PLN)</i>	<i>31.12.2019</i>	<i>31.12.2018*</i>
<b>Cash in the bank</b>	<b>39,600</b>	<b>62,600</b>
- current accounts	23,360	48,831
- cash <i>en route</i>	16,240	13,769
<b>Cash on hand</b>	<b>39,730</b>	<b>17,126</b>
<b>Other cash</b>	<b>298,407</b>	<b>179,658</b>
- current deposits	298,407	179,658
<b>Cash, total</b>	<b>377,737</b>	<b>259,384</b>

\* Restated data according to the description in note 3 and 4.

### 34. REASONS FOR DIFFERENCES BETWEEN THE BALANCE SHEET MOVEMENTS IN SOME LINE ITEMS AND THE MOVEMENTS FOLLOWING FROM THE STATEMENT OF CASH FLOWS

<i>Interest and profit sharing (in thousands of PLN)</i>	<i>01.01.2019-31.12.2019</i>	<i>01.01.2018-31.12.2018</i>
Result on financing activity for interest	48,614	37,779
Financial expenses - commissions and sureties received	265	1,461
Liquidation of shares	-	50

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<b>Interest and profit sharing in the statement of cash flows</b>	<b>48,879</b>	<b>39,290</b>
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<i>Receivables (in thousands of PLN)</i>	<i>01.01.2019-31.12.2019</i>	<i>01.01.2018-31.12.2018*</i>
Balance sheet movement in net non-current and current receivables	(4,244)	(613)
Movement in receivables on the sale of fixed assets	(1,241)	1,653
<b>Movement in receivables in the statement of cash flows</b>	<b>(5,485)</b>	<b>1,040</b>

\* Restated data according to the description in note 3 and 4.

<i>Liabilities (in thousands of PLN)</i>	<i>01.01.2019-31.12.2019</i>	<i>01.01.2018-31.12.2018</i>
Balance sheet movement of current and non-current liabilities	605,691	530,632
Balance sheet movement of current and non-current loans and borrowings	(44,072)	(157,988)
Movement in finance lease liabilities	6,117	22,122
Movement in liabilities for the fees for received sureties	6,150	4,797
Movement in settlements on the purchase of fixed assets	(17,878)	(53,416)
Movement in bonds	(170,723)	-
Purchase of a stake in subsidiary	-	(31,550)
<b>Movement in liabilities in the statement of cash flows</b>	<b>385,285</b>	<b>314,597</b>

### 35. INFORMATION CONCERNING HEADCOUNT WITH A BREAKDOWN INTO OCCUPATIONAL GROUPS

<i>Group of employees</i>	<i>Year ended 31.12.2019</i>	<i>Year ended 31.12.2018</i>
Management Board	3	2
White-collar employees	1,498	1,221
Blue-collar employees	17,745	14,299
<b>Headcount, total</b>	<b>19,246</b>	<b>15,522</b>

### 36. INFORMATION CONCERNING THE FEE CHARGED BY THE STATUTORY AUDITOR OR THE ENTITY AUTHORIZED TO AUDIT THE FINANCIAL STATEMENTS

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 2019 and 31 December 2018 split by the types of services:

<i>Type of services</i>	<i>Year ended 31.12.2019</i>	<i>Year ended 31.12.2018</i>
Obligatory audit of the annual financial statements	282	162
Review of the interim financial statements	71	71
Other services	-	-
Tax advisory services	-	-
<b>Total, including:</b>	<b>353</b>	<b>233</b>
<b>- due as at the balance sheet date</b>	<b>176</b>	<b>70</b>

- paid as at the balance sheet date	177	163
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**37. INFORMATION CONCERNING COMPENSATION, INCLUDING COMPENSATION FROM PROFIT AND PENSION BENEFITS PAID OR DUE TO PERSONS IN THE MANAGING AND SUPERVISING OR ADMINISTERING BODIES**

The compensation of the persons in the Company's managing and supervising or administering bodies was as follows:

<i>Compensation (in thousands of PLN)</i>	<i>Year ended 31.12.2019</i>	<i>Year ended 31.12.2018</i>
Company's Management Board	1,678	1,278
Supervisory Board	346	405
<b>Compensation, total</b>	<b>2,024</b>	<b>1,683</b>

**38. INFORMATION ABOUT LOANS AND BENEFITS OF A SIMILAR NATURE EXTENDED TO PERSONS IN THE MANAGING AND SUPERVISING OR ADMINISTERING BODIES**

In the financial year ending 31 December 2019 and in the previous year the Company did not extend any loans or benefits of a similar nature to persons in the managing and supervising or administering bodies.

**39. INFORMATION ABOUT JOINT VENTURES NOT SUBJECT TO CONSOLIDATION**

The Company did not undertake any joint ventures not subject to consolidation.

**40. INFORMATION ABOUT THE GROUP AND TRANSACTIONS WITH RELATED ENTITIES**

**a) Group**

The Company functions within the DINO Polska Group.

The Company prepares consolidated financial statements for the group in which it is the parent company.

**b) Parent company**

Tomasz Biernacki doing business as Zakłady Mięsne "Biernacki" Tomasz Biernacki with its registered office in Czeluścin, Czeluścin 6, 63-830 Pępowa is the Company's parent company.

The size of transactions with the parent company was as follows:

<i>(in thousands of PLN)</i>	<i>Year ended 31.12.2019</i>	<i>Year ended 31.12.2018</i>
	<i>Total</i>	<i>Total</i>
Procurements	379	493
Sales	4	20

<i>(in thousands of PLN)</i>	<i>31.12.2019</i>	<i>31.12.2018</i>
	<i>Total</i>	<i>Total</i>
Receivables on account of goods, work and services	2	3
Payables on account of goods, work and services	74	97

**c) Transactions with other related parties, including parties along with the Company that are under the parent company's joint control**

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The size of transactions with subsidiaries and associates was as follows:

*"Agro-Rydzyna" spółka z ograniczoną odpowiedzialnością*  
(in thousands of PLN)

	Year ended 31.12.2019	Year ended 31.12.2018
	<i>Total</i>	<i>Total</i>
Procurements	951,391	747,060
Sales	3,138	8,918

(in thousands of PLN)

	31.12.2019	31.12.2018
	<i>Total</i>	<i>Total</i>
Receivables on account of goods, work and services	93	7,951
Payables on account of goods, work and services	196,953	130,332
Other payables	-	31,330

*Vitrena Holdings Ltd*  
(in thousands of PLN)

	31.12.2019	31.12.2018
	<i>Total</i>	<i>Total</i>
Other payables	1	1

*Centrum Wynajmu Nieruchomości spółka z ograniczoną odpowiedzialnością*  
(in thousands of PLN)

	Year ended 31.12.2019	Year ended 31.12.2018
	<i>Total</i>	<i>Total</i>
Procurements	30,576	25,930
Sales	1,745	1,379
Interest – financial income	3,097	1,898

(in thousands of PLN)

	31.12.2019	31.12.2018
	<i>Total</i>	<i>Total</i>
Receivables on account of goods, work and services	362	397
Payables on account of goods, work and services	3,707	1,993
Loans granted	81,252	12,605
Other receivables	-	6
Other payables	4,755	1,546
Other securities	-	27,570

*Centrum Wynajmu Nieruchomości I S.A.*  
(in thousands of PLN)

	Year ended 31.12.2019	Year ended 31.12.2018
	<i>Total</i>	<i>Total</i>
Procurements	15,238	6,757
Sales	66	222
Interest - financial expenses	119	96
Interest – financial income	27	-

(in thousands of PLN)

	31.12.2019	31.12.2018
	<i>Total</i>	<i>Total</i>

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Receivables on account of goods, work and services	3	8
Payables on account of goods, work and services	2,581	5,516
Loans granted	27	-
Loans received	13,615	2,496
Other receivables	1	30
Other payables	653	357

*Centrum Wynajmu Nieruchomości 2 S.A.*

(in thousands of PLN)

	<i>Year ended</i> 31.12.2019	<i>Year ended</i> 31.12.2018
	<i>Total</i>	<i>Total</i>
Procurements	14,909	10,107
Sales	20	28
Interest – financial income	637	724

(in thousands of PLN)

	31.12.2019	31.12.2018
	<i>Total</i>	<i>Total</i>
Receivables on account of goods, work and services	2	5
Payables on account of goods, work and services	2,867	2,628
Loans granted	11,424	14,787
Loans received	-	-
Other receivables	2	5
Other payables	2,185	1,118

*Centrum Wynajmu Nieruchomości 3 S.A.*

(in thousands of PLN)

	<i>Year ended</i> 31.12.2019	<i>Year ended</i> 31.12.2018
	<i>Total</i>	<i>Total</i>
Procurements	13,211	9,445
Sales	15	18
Interest – financial income	238	369

(in thousands of PLN)

	31.12.2019	31.12.2018
	<i>Total</i>	<i>Total</i>
Receivables on account of goods, work and services	-	5
Payables on account of goods, work and services	2,549	2,341
Loans granted	640	4,902
Other receivables	-	5
Other payables	1,844	954

*Centrum Wynajmu Nieruchomości 4 S.A.*

(in thousands of PLN)

	<i>Year ended</i> 31.12.2019	<i>Year ended</i> 31.12.2018
	<i>Total</i>	<i>Total</i>
Procurements	12,470	6,756
Sales	16	22
Interest – financial income	991	441

(in thousands of PLN)

	31.12.2019	31.12.2018
	<i>Total</i>	<i>Total</i>
Receivables on account of goods, work and services	-	6



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Payables on account of goods, work and services	1,221	2,126
Loans granted	51,067	9,776
Other receivables	-	5
Other payables	1,354	711

*Centrum Wynajmu Nieruchomości 5 S.A.*

(in thousands of PLN)

	Year ended 31.12.2019	Year ended 31.12.2018
	Total	Total
Procurements	11,806	5,560
Sales	162	27
Interest - financial expenses	47	40
Interest – financial income	154	51

(in thousands of PLN)

	31.12.2019	31.12.2018
	Total	Total
Receivables on account of goods, work and services	-	9
Payables on account of goods, work and services	2,314	3,031
Loans granted	206	2,052
Loans received	4,591	1,040
Other receivables	-	5
Other payables	1,331	663

*Centrum Wynajmu Nieruchomości 6 S.A.*

(in thousands of PLN)

	Year ended 31.12.2019	Year ended 31.12.2018
	Total	Total
Procurements	13,942	8,627
Sales	25	23
Interest – financial income	308	256

(in thousands of PLN)

	31.12.2019	31.12.2018
	Total	Total
Receivables on account of goods, work and services	1	7
Payables on account of goods, work and services	2,307	2,891
Loans granted	2,086	6,678
Other receivables	9	5
Other payables	2,063	1,061

*PIK Finanse spółka z ograniczoną odpowiedzialnością*

(in thousands of PLN)

	Year ended 31.12.2019	Year ended 31.12.2018
	Total	Total
Sales	8	7

(in thousands of PLN)

	31.12.2019	31.12.2018
	Total	Total
Receivables on account of goods, work and services	-	1
Loans received	10,896	10,896

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*Dino Krotoszyn spółka z ograniczoną odpowiedzialnością*

(in thousands of PLN)

	<i>Year ended</i> <i>31.12.2019</i>	<i>Year ended</i> <i>31.12.2018</i>
	<i>Total</i>	<i>Total</i>
Procurements	22,168	24,849
Sales	268	99
Interest - financial expenses	21	-
Interest – financial income	10	68

(in thousands of PLN)

	<i>31.12.2019</i>	<i>31.12.2018</i>
	<i>Total</i>	<i>Total</i>
Receivables on account of goods, work and services	20	7
Payables on account of goods, work and services	5,823	15,478
Loans granted	-	1,797
Loans received	10,021	-
Other receivables	1	7

*Dino Oil spółka z ograniczoną odpowiedzialnością*

(in thousands of PLN)

	<i>Year ended</i> <i>31.12.2019</i>	<i>Year ended</i> <i>31.12.2018</i>
	<i>Total</i>	<i>Total</i>
Procurements	2	-
Sales	7	7
Interest – financial income	3	1

(in thousands of PLN)

	<i>31.12.2019</i>	<i>31.12.2018</i>
	<i>Total</i>	<i>Total</i>
Receivables on account of goods, work and services	-	2
Payables on account of goods, work and services	2	-
Loans granted	202	45

*Dino Północ spółka z ograniczoną odpowiedzialnością*

(in thousands of PLN)

	<i>Year ended</i> <i>31.12.2019</i>	<i>Year ended</i> <i>31.12.2018</i>
	<i>Total</i>	<i>Total</i>
Sales	3	7

(in thousands of PLN)

	<i>31.12.2019</i>	<i>31.12.2018</i>
	<i>Total</i>	<i>Total</i>
Receivables on account of goods, work and services	33	29

*Dino Południe spółka z ograniczoną odpowiedzialnością*

(in thousands of PLN)

	<i>Year ended</i> <i>31.12.2019</i>	<i>Year ended</i> <i>31.12.2018</i>
	<i>Total</i>	<i>Total</i>
Procurements	29,183	676
Sales	154	2,200
Interest – financial income	1,364	1,142

(in thousands of PLN)

	<i>31.12.2019</i>	<i>31.12.2018</i>
	<i>Total</i>	<i>Total</i>

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Receivables on account of goods, work and services	11	10
Payables on account of goods, work and services	14,266	707
Loans granted	29,635	82,049
Other receivables	-	2,115

*Dino Najbliżej Ciebie Foundation*

(in thousands of PLN)

	<i>Year ended 31.12.2019</i>	<i>Year ended 31.12.2018</i>
	<i>Total</i>	<i>Total</i>
Sales	2	-

The amount of the transactions with other related parties was:

*TBE spółka z ograniczoną odpowiedzialnością*

(in thousands of PLN)

	<i>Year ended 31.12.2019</i>	<i>Year ended 31.12.2018</i>
	<i>Total</i>	<i>Total</i>
Sales	5	5

(in thousands of PLN)

	<i>31.12.2019</i>	<i>31.12.2018</i>
	<i>Total</i>	<i>Total</i>
Receivables on account of goods, work and services	1	1

*Krot Invest KR Inżynieria sp. z o.o. SKA*

(in thousands of PLN)

	<i>Year ended 31.12.2019</i>	<i>Year ended 31.12.2018</i>
	<i>Total</i>	<i>Total</i>
Procurements	339,940	260,438
Sales	732	863

(in thousands of PLN)

	<i>31.12.2019</i>	<i>31.12.2018</i>
	<i>Total</i>	<i>Total</i>
Receivables on account of goods, work and services	463	173
Payables on account of goods, work and services	-	11
Other receivables	17	22
Other payables	96,545	85,740

*Krot Invest 2 KR Inżynieria sp. z o.o. sp.k.*

(in thousands of PLN)

	<i>Year ended 31.12.2019</i>	<i>Year ended 31.12.2018</i>
	<i>Total</i>	<i>Total</i>
Procurements	16,571	13,632
Sales	4	7

(in thousands of PLN)

	<i>31.12.2019</i>	<i>31.12.2018</i>
	<i>Total</i>	<i>Total</i>
Receivables on account of goods, work and services	-	6
Payables on account of goods, work and services	3,188	2,936
Other payables	215	314

#### 41. TRANSACTIONS WITH OTHER RELATED PARTIES ON A NON-ARM'S LENGTH BASIS

Transactions concluded by the Company with its related entities in the year ended 31 December 2019 and in the preceding year were concluded on an arm's length basis.

#### 42. LIST OF ENTITIES IN WHICH THE COMPANY IS A SHAREHOLDER INCURRING UNLIMITED MATERIAL LIABILITY

In the financial year ended 31 December 2019 and in the previous year the Company was not a shareholder incurring unlimited material liability in any entity.

#### 43. LIST OF ENTITIES IN WHICH THE COMPANY HOLDS CAPITAL OR VOTES IN THE ENTITY'S DECISION-MAKING BODY

##### 31 December 2019

<i>Name of the entity</i>	<i>Registered office</i>	<i>Book value of the ownership interest / shares</i>	<i>Share in equity (%)</i>	<i>Net profit / (loss) for the year ended 31 December 2019</i>	<i>Equity as at 31 December 2019</i>
"Agro-Rydzyna" sp. z o.o.*	Poland, Kłoda	99,771	100%	22,623	154,037
Vitrema Holdings Ltd.**	Cyprus, Limassol	4	100%	-	-
Centrum Wynajmu Nieruchomości sp. z o.o.	Poland, Krotoszyn	28,451	100%	11,174	58,147
Dino Krotoszyn sp. z o.o.	Poland, Krotoszyn	4,000	100%	5,194	35,310
Dino Najbliżej Ciebie Foundation**	Poland, Krotoszyn	10	100%	-	-
Dino Oil Sp. z o.o.**	Poland, Krotoszyn	5	100%	178	146
Dino Południe sp. z o.o.**	Poland, Krotoszyn	10,005	100%	2,622	20,108
Dino Północ sp. z o.o.**	Poland, Krotoszyn	5	100%	(4)	(33)
Centrum Wynajmu Nieruchomości 1 S.A.	Poland, Krotoszyn	139,061	99%	11,768	163,171
Centrum Wynajmu Nieruchomości 2 S.A.	Poland, Krotoszyn	91,195	99%	8,331	125,785
Centrum Wynajmu Nieruchomości 3 S.A.	Poland, Krotoszyn	90,147	99%	7,936	122,667
Centrum Wynajmu Nieruchomości 4 S.A.	Poland, Krotoszyn	99,944	99%	7,390	129,481
Centrum Wynajmu Nieruchomości 5 S.A.	Poland, Krotoszyn	98,198	99%	7,711	128,972
Centrum Wynajmu Nieruchomości 6 S.A.	Poland, Krotoszyn	94,839	99%	7,958	124,761
PIK Finanse sp. z o.o.**	Poland, Krotoszyn	200	100%	201	9,865

##### 31 December 2018

<i>Name of the entity</i>	<i>Registered office</i>	<i>Book value of the ownership interest / shares</i>	<i>Share in equity (%)</i>	<i>Net profit / (loss) for the year ended 31 December 2018</i>	<i>Equity as at 31 December 2018</i>
"Agro-Rydzyna" sp. z o.o.*	Poland, Kłoda	99,771	100%	65,996	131,418
Vitrema Holdings Ltd.**	Cyprus, Limassol	4	100%	(63)	1
Centrum Wynajmu Nieruchomości sp. z o.o.*	Poland, Krotoszyn	51	100%	7,544	18,566
Dino Krotoszyn sp. z o.o.*	Poland, Krotoszyn	4,000	100%	6,506	30,116
Dino Najbliżej Ciebie Foundation**	Poland, Krotoszyn	10	100%	-	-
Dino Oil Sp. z o.o.**	Poland, Krotoszyn	5	100%	(8)	(32)
Dino Południe sp. z o.o.**	Poland, Krotoszyn	10,005	100%	7,563	17,512
Dino Północ sp. z o.o.**	Poland, Krotoszyn	5	100%	(10)	(28)
Centrum Wynajmu Nieruchomości 1 S.A.*	Poland, Krotoszyn	139,061	99%	11,170	151,403
Centrum Wynajmu Nieruchomości 2 S.A.*	Poland, Krotoszyn	91,195	99%	7,813	117,454
Centrum Wynajmu Nieruchomości 3 S.A.*	Poland, Krotoszyn	90,147	99%	7,406	114,731
Centrum Wynajmu Nieruchomości 4 S.A.*	Poland, Krotoszyn	99,944	99%	7,542	122,091
Centrum Wynajmu Nieruchomości 5 S.A.*	Poland, Krotoszyn	98,198	99%	7,301	121,259
Centrum Wynajmu Nieruchomości 6 S.A.*	Poland, Krotoszyn	94,839	99%	7,480	116,802
PIK Finanse sp. z o.o.**	Poland, Krotoszyn	200	100%	(23)	9,663

\* Company's tentative data before audit by auditor

\*\* Company not subject to audit by a statutory auditor

The percentage of voting rights corresponds to the shareholding in the share capital.

#### 44. AVOIDANCE OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company prepares consolidated financial statements.

#### 45. MERGER OF COMMERCIAL COMPANIES

The company did not merge with other entities during the financial year ending 31 December 2019.

In the previous financial year, a merger between Dino Polska S.A. and Pol-Food Polska sp. z o.o. was transacted. A detailed description of this transaction was presented in the 2018 financial statements (note 45).

#### 46. FINANCIAL INSTRUMENTS

##### Objectives and principles of managing financial risk

The Company is exposed to market risk, which encompasses mostly the risk of changing interest rates, but is not exposed to foreign exchange rate fluctuation risk. The Company does not hold and does not issue any financial derivatives held for trading.

The Company has guidelines and recommendations in place for managing financial risk, which define its comprehensive operating strategies, risk tolerance level and the overall risk management philosophy.

##### *Interest rate risk*

The Company's exposure to market risk caused by volatility of interest rates concerns primarily received loans and concluded lease contracts. The Company does not hedge its investment portfolio using financial derivatives.

##### *Foreign exchange risk*

Since a predominant part of the revenues and costs is on Polish zloty, the Company is not exposed to any material foreign exchange risk on account of its transactions.

##### *Credit risk*

Due to the nature of the Company (predominant part of the turnover is in cash) credit risk is insignificant. The Company does not use and hedging against credit risk. Potential credit risk pertains to trade receivables and granted loans, including loans granted to subsidiaries which, as at 31 December 2019, amount to PLN 176,539 thousand.

##### *Interest income and costs following from concluded contracts*

The table below presents the interest income and costs following from concluded contracts and pertaining to all of the Company's financial instruments, which were in the financial statements.

##### Year ended 31 December 2019

Financial asset / liability category	Realized interest	Accrued interest (unrealized)		
		up to 3 months	from 3 to 12 months	over 12 months
Granted loans and own receivables	3,657	3,390	-	-
Liabilities held for trading	27,078	-	-	-
Other short-term financial liabilities	28,268	315	-	-

##### Year ended 31 December 2018

Financial asset / liability category	Realized interest	Accrued interest (unrealized)		
		up to 3 months	from 3 to 12 months	over 12 months
Granted loans and own receivables	248	4,949	-	-
Liabilities held for trading	20,710	-	-	-
Other short-term financial liabilities	21,224	1,042	-	-

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**Description of financial instruments**

**31 December 2019**

	<i>Financial assets held to maturity</i>	<i>Granted loans and own receivables</i>	<i>Financial assets held for trading</i>	<i>Financial assets available for sale</i>	<i>Other financial liabilities</i>
Quantity of financial instruments	6	43	-	-	939
Value of financial instruments	298,407	176,539	-	-	939,454
Material terms and dates, which may influence the size, time distribution and certainty of future cash flows	Current bank term deposits	Loans granted for up to one year, fixed interest rate			Current financing loans received from related entities for up to 4 years, fixed interest rate. Operating and financial lease agreements entered into with, among others, ING Leasing, BRE Leasing, PKO Leasing, Santander Leasing - agreements concluded for a term from 2 to 5 years. Loan agreements (notes 11, 18) Outstanding bonds bearing interest at a floating-rate plus margin.

**31 December 2018**

	<i>Financial assets held to maturity</i>	<i>Granted loans and own receivables</i>	<i>Financial assets held for trading</i>	<i>Financial assets available for sale</i>	<i>Other financial liabilities</i>
Quantity of financial instruments	4	84	-	-	1,067
Value of financial instruments	179,658	134,691	-	-	731,332
Material terms and dates, which may influence the size, time distribution and certainty of future cash flows	Current bank term deposits	Loans granted for up to one year, fixed interest rate			Current financing loans received from related entities for up to 4 years, fixed interest rate. Operating and financial lease agreements entered into with, among others, ING Leasing, BRE Leasing, SG EQUIPMENT, SGB Leasing, Nordea Finance - agreements concluded for a term from 2 to 5 years. Loan agreements (note 11, 18)

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**Fair value**

The Company believes that the carrying amounts of all the financial instruments presented in the financial statements are no different from their fair values.

	<i>Carrying amount</i>	
	<i>31.12.2019</i>	<i>31.12.2018*</i>
<i>Financial assets</i>		
Cash	377,737	259,384
Trade receivables	45,582	21,721
Other financial assets (non-current)	755,835	727,435
<b>Total</b>	<b>1,179,154</b>	<b>1,008,540</b>
<i>Financial liabilities</i>		
Trade payables	1,314,480	969,829
Interest-bearing bank credit and loans:		
- finance lease and hire-purchase liabilities	92,126	98,243
- Loans and borrowings based on floating interest rate	576,678	532,606
Bonds	270,650	100,483
<b>Total</b>	<b>2,253,934</b>	<b>1,701,161</b>

\* Restated data according to the description in note 3 and 4.

#### 47. EVENTS AFTER THE REPORTING PERIOD

On 7 February 2020, an investment loan agreement was executed between the Company and Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna with its registered office in Warsaw, ul. Puławska 15, for the amount of PLN 150 million. The agreement was signed to finance the ongoing rollout of the store network run by the Company under the Dino brand. The loan was extended in the Polish currency for a period from 7 February 2020 to 6 November 2023. The interest on the loan will be set using at a floating interest rate equal to the WIBOR 3M reference rate plus PKO BP SA's margin.

The business of Dino Polska S.A. and the Group may be affected by the epidemiological situation. The Company is monitoring this on an ongoing basis and we submit to the advice provided by the Chief Sanitary Inspector and other services in Poland. The Company applies and recommends that our employees apply special preventive measures aimed at reducing the risk of infection. As at the date of these financial statements, all areas of the Company's operating activity are performing efficiently and there are no significant reasons for revising the performance targets or plans set by the Company's Management Board for 2020.

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