Report on Limited Review

DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A. AND SUBSIDIARIES
Condensed Interim Consolidated Financial Statements
and Consolidated Interim Management Report
for the six months ended
June 30, 2023

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REPORT ON LIMITED REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Translation of a report and annual accounts originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A. at the request of the Company's directors:

Report on the condensed interim consolidated financial statements

Introduction

We have carried out a limited review of the accompanying condensed interim consolidated financial statements (hereinafter the interim financial statements) of Distribuidora Internacional de Alimentación, S.A. (hereinafter the parent) and subsidiaries (hereinafter the Group), which comprise the statement of financial position at June 30, 2023, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement, and the explanatory notes thereto, all of which have been condensed and consolidated, for the six months then ended. The parent's directors are responsible for the preparation of these interim financial statements in accordance with the requirements established by IAS 34, "Interim Financial Reporting," as adopted by the European Union for the preparation of condensed interim financial reporting as per article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope

We have performed our limited review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Reporting Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists in making inquiries, primarily of personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit carried out in accordance with regulations on the auditing of accounts in force in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

During the course of our limited review, which under no circumstances can be considered an audit of accounts, no matter came to our attention which would cause us to believe that the accompanying interim financial statements for the six months ended June 30, 2023 have not been prepared, in all material respects, in accordance with the requirements established in International Accounting Standard (IAS) 34, "Interim Financial Reporting," as adopted by the European Union in conformity with article 12 of Royal Decree 1362/2007 for the preparation of condensed interim financial statements.

Emphasis-of-matter paragraph

We draw attention to the matter described in Note 2 of the accompanying explanatory notes, which indicates that the abovementioned accompanying interim financial statements do not include all the information that would be required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union. Therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2022. This matter does not modify our conclusion.

Report on other legal and regulatory requirements

The accompanying consolidated interim management report for the six months ended June 30, 2023 contains such explanations as the parent's directors consider necessary regarding significant events which occurred during this period and their effect on these interim financial statements, of which it is not an integral part, as well as on the information required in conformity with article 15 of Royal Decree 1362/2007. We have checked that the accounting information included in the abovementioned report agrees with the interim financial statements for the six months ended June 30, 2023. Our work is limited to verifying the consolidated interim management report in accordance with the scope described in this paragraph, and does not include the review of information other than that obtained from the accounting records of Distribuidora Internacional de Alimentación, S.A. and its subsidiaries.

Paragraph on other issues

This report has been prepared at the request of the Company's directors with regard to the publication of the semi-annual financial report required by article 119 of the consolidated text of the Securities Market Law 24/1988, approved by Legislative Royal Decree 4/2015, of October 23.

ERNST & YOUNG, S.L.

(Signed on the original Spanish version)

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María del Tránsito Rodríguez Alonso

August 3, 2023

Distribuidora Internacional de Alimentación, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements and Interim Condensed Consolidated Management Report

For the six months ended 30 June 2023

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Distribuidora Internacional de Alimentación, S.A. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (I)

As at 30 June 2023 and 31 December 2022

(Thousands of euros)

ASSETS	Notes	2023 30 June	2022 31 December
Property, plant and equipment	4	807,259	904,315
Goodwill	5.1	285,173	326,297
Right-of-use assets	5.2	409,845	492,677
Other intangible assets	5.3	33,207	37,289
Investments in an associate company	7	425	430
Trade and other receivables	6.1	10,513	11,316
Other non-current financial assets	6.2	57,550	60,476
Non-current tax assets	15	76,752	70,366
Non-current assets		1,680,724	1,903,166
Inventories	9	349,550	417,641
Trade and other receivables	6.1	157,234	199,087
Financial assets with customers		404	908
Current tax assets	15	45,574	49,704
Current income tax assets	15	4,468	8,303
Other current financial assets	6.2	8,345	7,673
Other assets	8	13,533	9,627
Cash and cash equivalents	10	156,579	215,819
		735,687	908,762
Assets held for sale	11	417,506	309,012
Current assets		1,153,193	1,217,774
TOTAL ASSETS		2,833,917	3,120,940

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (I)

As at 30 June 2023 and 31 December 2022

(Thousands of euros)

EQUITY AND LIABILITIES	Notes	2023 30 June	2022 31 December
Issued capital	12.1	580,655	580,655
Share premium	12.2	1,058,873	1,058,873
Reserves	12.3	(1,567,395)	(1,443,547)
Own shares	12.4 a)	(3,150)	(3,150)
Other equity instruments	12.4 b) and 16	795	250
Loss for the period	12.3	(67,203)	(123,848)
Foreign currency translation reserve	12.6	(56,479)	(64,960)
Cash flow hedges reserve		2,610	3,284
Equity attributable to equity holders of the Parent		(51,294)	7,557
Total Equity		(51,294)	7,557
Interest-bearing loans and borrowings	13.1	803,120	1,009,544
Provisions	14	86,258	83,515
Other non-current financial liabilities	13.2	586	710
Deferred tax liabilities	15	58,062	50,742
Non-current liabilities		948,026	1,144,511
Interest-bearing loans and borrowings	13.1	228,764	278,877
Trade and other payables	13.2	1,161,058	1,329,274
Current tax liabilities	15	42,858	56,072
Current income tax liabilities	15	20,755	14,191
Other current financial liabilities	13.3	175,417	212,727
		1,628,852	1,891,141
Liabilities directly associated with assets held for sale	11	308,333	77,731
Current liabilities		1,937,185	1,968,872
TOTAL EQUITY AND LIABILITIES		2,833,917	3,120,940

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (II)

For the six months ended 30 June 2023 and 2022
(Expressed in thousands of euros)

STATEMENT OF PROFIT OR LOSS	Notes	2023 30 June	Re-presented (*) 2022 30 June
Revenues	3 and 17	3,014,922	2,819,540
Other income	18.1	14,797	17,716
TOTAL REVENUES		3,029,719	2,837,256
Supplies	18.2	(2,281,795)	(2,098,186)
Personnel expenses	18.3	(320,426)	(338,332)
Operating expenses	18.4	(322,449)	(308,217)
Depreciation and amortization	18.5	(162,331)	(160,416)
Impairment of non-current assets	18.5	(29,615)	(4,281)
Impairment of trade debtors	6.1	(4,230)	(513)
Loss on disposal of fixed assets	18.6	(12,240)	(15,236)
RESULT FROM OPERATING ACTIVITIES		(103,367)	(87,925)
Finance income	18.7	36,990	21,984
Finance costs	18.7	(70,149)	(56,659)
Gain from net monetary positions	18.9	64,170	44,474
Share of profit/(loss) of an associate company	18.10	(5)	(39)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS		(72,361)	(78,165)
Income tax expenses	15	(27,054)	(10,268)
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(99,415)	(88,433)
Profit/(loss) after tax for the period from discontinued operations	11	32,212	(16,243)
LOSS FOR THE PERIOD		**(67,203)**	**(104,676)**
Attributable to:			
Equity holders of the Parent		(67,203)	(104,676)
Basic and diluted earnings per share, in euros			
Loss from continuing operations		(0.002)	(0.002)
Profit/(loss) from discontinued operations		0.001	0,000
Loss for the period		(0.001)	(0.002)

(*) Data re-presented as a result of classifying the Clarel business, the large-format store business sold to Alcampo and Portugal business as discontinued operations (see note 2.1).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (III)

For the six months ended 30 June 2023 and 2022

(Expressed in thousands of euros)

	2023 30 June	2022 30 June
Loss for the period	**(67,203)**	**(104,676)**
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):		
Items subject to reclassification to income statement		
Exchange differences on translation of foreign operations	**8,481**	**39,746**
	8,481	39,746
Net gain/(loss) on cash flow hedges	**(674)**	**-**
	(674)	-
Other comprehensive income, net of income tax	**7,807**	**39,746**
Total comprehensive income, net of income tax	**(59,396)**	**(64,930)**
Attributable to:		
Equity holders of the Parent	**(59,396)**	**(64,930)**
	(59,396)	**(64,930)**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IV)

For the six months ended 30 June 2023 and 2022

(Expressed in thousands of euros)

	Equity attributable to equity holders of the Parent									
	Issued capital	Share premium	Reserves and retained earnings	Loss for the period	Own shares	Other equity instruments	Value adjustments due to cash flow hedges	Foreign currency translation reserve	Equity attributable to the Parent	Total equity
As at 1 January 2022	**580,655**	**1,058,873**	**(1,185,937)**	**(257,331)**	**(3,842)**	**416**	**-**	**(99,264)**	**93,570**	**93,570**
Transfer of the losses of the previous year	-	-	(257,331)	257,331	-	-	-	-	-	-
Loss for the period	-	-	-	(104,676)	-	-	-	-	(104,676)	(104,676)
Other comprenshive income, net of income tax	-	-	-	-	-	-	-	39,746	39,746	39,746
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	39,746	39,746	39,746
Total comprehensive income for the period	**-**	**-**	**-**	**(104,676)**	**-**	**-**	**-**	**39,746**	**(64,930)**	**(64,930)**
Transacitions with equity holders or owners	-	-	(74)	-	230	(13)	-	-	143	143
Share-based payments	-	-	-	-	-	151	-	-	151	151
Delivery of own shares	-	-	(74)	-	230	(164)	-	-	(8)	(8)
As at 30 June 2022	**580,655**	**1,058,873**	**(1,443,342)**	**(104,676)**	**(3,612)**	**403**	**-**	**(59,518)**	**28,783**	**28,783**
As at 1 January 2023	**580,655**	**1,058,873**	**(1,443,547)**	**(123,848)**	**(3,150)**	**250**	**3,284**	**(64,960)**	**7,557**	**7,557**
Transfer of the losses of the previous year	-	-	(123,848)	123,848	-	-	-	-	-	-
Loss for the period	-	-	-	(67,203)	-	-	-	-	(67,203)	(67,203)
Other comprenshive income, net of income tax	-	-	-	-	-	-	(674)	8,481	7,807	7,807
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	8,481	8,481	8,481
Cash flow hedges	-	-	-	-	-	-	(674)	-	(674)	(674)
Total comprehensive income for the period	**-**	**-**	**-**	**(67,203)**	**-**	**-**	**(674)**	**8,481**	**(59,396)**	**(59,396)**
Other changes in equity	-	-	-	-	-	545	-	-	545	545
Share-based payments	-	-	-	-	-	545	-	-	545	545
As at 30 June 2023	**580,655**	**1,058,873**	**(1,567,395)**	**(67,203)**	**(3,150)**	**795**	**2,610**	**(56,479)**	**(51,294)**	**(51,294)**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (V)

For the six months ended 30 June 2023 and 2022
(Expressed in thousands of euros)

	Notes	2023 30 June	Re-presented* 2022 30 June
Operating activities			
LOSS BEFORE TAX FROM CONTINUING OPERATIONS		(72,361)	(78,165)
Profit/(loss) before tax from discontinued operations		46,154	(16,243)
Loss before tax		*(26,207)*	*(94,408)*
Adjustments to Profit and Loss:		*159,716*	*260,709*
Depreciation and amortization	18.5	162,331	160,416
Impairment of non-current assets	18.5	29,615	4,281
Impairment of trade debtors	6.1	4,230	513
Profit/(loss) on disposal of non-current assets	18.6	12,240	15,236
Finance income	18.7	(36,990)	(21,984)
Finance costs	18.7	70,149	56,659
Changes in provisions and grants		(569)	4,485
Other adjustments to profit and loss		(3,366)	(5,218)
Share of loss of an associate company	18.10	5	39
Other adjustments from discontinued operations	11	(77,929)	46,282
Changes in operating assets and liabilities:		*(10,475)*	*68,566*
Changes in trade and other receivables		14,699	(15,676)
Change in inventories		31,993	(18,569)
Changes in trade and other payables		(16,608)	104,369
Changes in financial assets with customers		504	409
Change in other assets		(8,350)	(11,665)
Change in other liabilities		(5,142)	14,248
Changes in working capital from discontinued operations		(18,341)	(3,524)
Taxes (paid)/proceed	11	(9,230)	(1,026)
Net cash flow from/(used in) operating activities		*123,034*	*234,867*
Investing activities			
Purcharse of intangible assets	5.3	(7,475)	(6,227)
Development cost	5.3	(1,107)	(3,585)
Payments of property, plant and equipment		(122,444)	(140,047)
Payments of financial instruments		(3,241)	721
Disposals of property, plant and equipment		3,362	16,091
Disposals from discontinued operations	11	244,334	-
Disposal/(payments) from other financial assets		(1,316)	1,372
Interest received		9,238	6,091
Net cash flows from discontinued investing activities	11	(830)	(6,696)
Net cash flows used in continuing investing activities		*120,521*	*(132,280)*
Financing activities			
Financial lease payments	13.1 c)	(111,945)	(109,101)
Cash repayments of loans		(159,746)	-
Cash received from loans		20,683	36,535
Cash repayments from other financial liabilities		4,692	2,627
Interest paid		(20,360)	(15,590)
Net cash flows from discontinued financing activities	11	(24,081)	(27,726)
Net cash flow from/(used in) continuing financing activities		*(290,757)*	*(113,255)*
Net changes in cash and cash equivalents		*(47,202)*	*(10,668)*
Net foreign exchanges differences		20,095	(22,378)
Cash and cash equivalents at the begining of the period		*215,819*	*361,065*
Cash and cash equivalents at the end of the period		*156,579*	*328,019*
Cash and cash equivalents from discontinued operations at the end of the period		*32,133*	*-*

(*) Data re-presented as a result of classifying the Clarel business, the large-format store business sold to Alcampo and Portugal business as discontinued operations (see note 2.1).

Explanatory notes to the Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2023 (VI)

1. CORPORATE INFORMATION

Distribuidora Internacional de Alimentación, S.A. (hereinafter the Parent Company or Dia) was incorporated in Spain on June 24, 1966 as a public limited company ("sociedad anónima") for an indefinite period of time. Its registered office is located in Las Rozas, Madrid.

Distribuidora Internacional de Alimentación, S.A. is the head of a group comprising subsidiaries (hereinafter Dia Group or the Group).

The main activity of Dia Group is the retail trade of food products by means of self-service stores, its own or under a franchise regime, using the brand name of establishments in the Dia Group. The parent company opened its first establishment in Madrid in 1979.

Dia Group currently uses the Dia, Minipreço and Clarel brands and operates in the markets of Spain, Portugal, Argentina and Brazil.

Dia shares have been listed on the Spanish stock exchanges since July 5, 2011.

Significant events occurring during the six-month period

a) Changes to the Board of Directors and its committees

On February 22, 2023 the Dia Group Board of Directors approved changes in its composition, considering that the maximum term of four years, set forth in the Spanish Corporate Companies Act for Mr José Wahnon Levy to serve as chairman of the Audit and Compliance Committee was about to expire. The Board therefore approved replacing him with Ms Gloria Hernández García as the new chairwoman of the committee. The Board also took note of the communication from its majority shareholder, LetterOne Investment Holdings S.A., that, as of April 1, 2023, Mr Sergio Dias would voluntarily retire from his executive positions at LetterOne Group and cease to represent it on the Board. As a result, from April 1, 2023 the aforementioned director has been classified as "other external director".

On May 24, 2023 the Board of Directors agreed to co-opt Mr Benjamin J. Babcock as a proprietary director to fill the vacancy following the resignation of Ms Basola Vallés Cerezuela, a position that the GMS of June 7, 2022 had resolved to vacate. Mr Babcock's appointment was subject to ratification by the Ordinary General Meeting of Shareholders of June 28, 2023 which ratified his appointment and re-elected him for the statutory term of two years.

As at June 30, 2023 the parent's Board of Directors and committees were thus made up as follows:

Board of Directors:

Chairman:	Mr Stephan DuCharme (external proprietary director and non-executive chairman).
Directors:	Mr Sergio Antonio Ferreira Dias (other external director).
	Ms Gloria Hernández García (independent director).
	Mr Marcelo Maia Tavares de Araújo (other external director).
	Mr José Wahnon Levy (independent director).
	Mr Vicente Trius Oliva (independent director).
	Ms Luisa Desplazes de Andrade Delgado (independent director).
	Mr Benjamin J. Babcock (external proprietary director).

Audit and Compliance Committee:

Chairwoman:	Ms Gloria Hernández García (independent director).
Directors:	Mr José Wahnon Levy (independent director).
	Mr Sergio Antonio Ferreira Dias (other external director).

Appointments and Remuneration Committee:

Chairwoman:	Ms Luisa Desplazes de Andrade Delgado (independent director).
Directors:	Mr Marcelo Maia Tavares de Araújo (other external director).
	Mr Vicente Trius (independent director).

b) Ordinary General Meeting of Shareholders of the Parent Company

The Ordinary General Meeting of Shareholders of the parent company was held on June 28, 2023 and the following resolutions were adopted: (i) Approval of the annual accounts and individual and consolidated management reports of the parent company and its consolidated Group for the fiscal year 2022; (ii) Approval of the non-financial reporting statement for the fiscal year 2022; (iii) Approval of the proposed distribution of results for the fiscal year 2022; (iv) Approval of the management of the Board of Directors during fiscal year 2022; (v) Reappointment of Ernst & Young, S.L. as auditor of the parent company and its consolidated Group for the fiscal year 2023; (vi) Ratification of the appointment by co-optation and reappointment of Mr Benjamin J. Babcock as a proprietary director; (vii) Consultative vote on the annual report on directors' remunerations for the fiscal year 2022; (viii) Authorisation to the Board of Directors regarding the Company's own shares acquisition under the terms established by the legislation in force; (ix) Approval through to next year's Ordinary General Meeting of the reduction to 15 days of the deadline for calling extraordinary general meetings, in accordance with art. 515 of the Spanish Corporate Companies Act; (x) Delegation of powers to formalise, interpret, correct and implement resolutions adopted by the Ordinary General Meeting of Shareholders.

c) Impact of the conflict in Ukraine

The Group does not have any operations or assets in Ukraine, Russia or Belarus and exposure to said markets is not considered material. However, the Group is affected, as are other sectors, by the macroeconomic consequences of the conflict, such as an increase in energy, fuel and raw material prices. The Group has not had any significant supply chain problems this fiscal year, although it is closely monitoring their evolution. However, it is difficult to estimate how all these variables will evolve in the coming months given the geopolitical implications of the conflict and its possible global implications, which make it difficult to make any reliable estimate of the potential impact it could have on Dia Group business.

The parent company informed the Spanish National Securities Market Commission (CNMV), through publications of Other Relevant Information, dated February 28, 2022, March 15, 2022 and March 22, 2022 that, within the framework of EU restrictive measures in response to the crisis in Ukraine and, specifically, in relation to the international sanctions imposed against Russia, the parent company is controlled by the Luxembourger company LetterOne Investment Holdings S.A. ("LIHS"), with a 77.704% stake in its share capital and, furthermore, that, according to the information available at the time from LIHS, no individual LIHS shareholder has, either individually or by agreement with other shareholders, control of LIHS. Consequently, the parent company is not affected by the international sanctions adopted in response to the crisis in Ukraine. This situation remains unchanged at the date of preparing these interim condensed consolidated financial statements.

d) Corporate Operations

In 2022, the Group announced two corporate operations in Spain (see details in note 11). The sale and purchase agreement, subject to certain conditions precedent, of a group of assets including the majority of the large-format store business to Alcampo, S.A. (hereinafter, **"Alcampo")** (which mainly operated under the brands Dia Maxi and La Plaza de Dia) was announced on August 2. Likewise, the sale and purchase agreement of the brand Clarel (the Group's business dedicated to personal and household care and which operated under the consolidated legal entity Beauty by Dia, S.A.U.), subject to certain conditions precedent, to C2 Private Capital, S.L. ("C2") was announced on December 23. At the close of the fiscal year 2022, these operations remained pending fulfillment of their closing conditions precedent.

In accordance with the requirements of IFRS 5 as at December 31, 2022 led to the classification of the assets and liabilities related to both operations within the consolidated statement of financial position as "Assets held for sale" and "Liabilities directly associated with assets held for sale" and the result generated by them in the period as "Results from discontinued operations".

As at June 30, 2023, the sale of large-format stores to Alcampo in Spain had been completed, and the corresponding assets and liabilities were derecognized in the first half of 2023. The result generated by this business in the first six months of the fiscal year and up to its separation from the Dia Group, amounted to 40,330 thousand of euros, which appear in the interim condensed consolidated statement of profit or loss as "Results from discontinued operations" (see note 11).

Meanwhile, the sale of Clarel to C2 has been resolved in accordance with the terms of the contract after the expiration of the maximum term extended by C2 for the fulfillment of all its conditions precedent as of the closing date (on or before July 31, 2023), without said circumstance having taken place. All of this has been communicated to the market through the Privileged Information published on August 1, 2023 on the CNMV. In any case, the Group will continue searching of strategic sales options for this business.

The Group has classified the assets and liabilities of its Portugal business as a disposal group held for sale as at June 30, 2023, taking into account (i) the existence of a sale plan that on the current date is very advanced so this sale is qualified as highly probable, (ii) related assets are available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and (iii) the sale must it's being marketed for sale at a price that is reasonable (see details in note 11). Therefore, in the presentation of these interim condensed consolidated financial statements at the end of the first half of 2023, the assets and liabilities related to this business have been classified within the consolidated statement of financial position as "Assets held for sale" and "Liabilities directly associated with assets held for sale" and the result generated by them in the period as "Results from discontinued operations ".

These corporate operations are included in the Group's strategy of focusing on local stores and the food distribution business, as well as simplifying the business to be in the markets that are relevant for it.

e) Evolution of the result for the six-month period

The results from the first half of the year demonstrate the success of proximity stores and the food distribution model adopted by Dia. Without considering the classification of the Clarel business and the large-format stores business sold to Alcampo as discontinued operations, net sales climbed 4% over the first half of 2022, reaching 3.603 millions of euros, with like-for-like sales of 5.7%. Adjusted EBITDA grew 27% to 65 millions of euros. This improvement in profitability assumes an adjusted EBITDA margin of 1.8% (0.3% up on the first half of 2022). The attributable net result improved by 36% compared to 2022, reducing losses by 38 millions of euros and coming in at 67 millions of euros compared to 105 millions of euros of losses of the previous year.

During this six-month period, Dia Group continued to move the dial on its roadmap, reaching a series of important milestones: 1) the transformation of Spain and Argentina was completed (with the remodelling of 421 stores and the opening of 57 stores during the first half of the year) and is now entering the stage of consolidating growth in these markets; 2) progress was made in defining the Brazil value proposition with the successful implementation of 15 pilot stores (9 of which will be refurbished during the first half of 2023), demonstrating the opportunity of the proximity model in the country; 3) we pushed ahead in our commitment to omnichannel retailing and the development of the online business with the launch of the new dia.es website and new mobile app in Spain, as well as the new mobile app in Argentina; 4) the sale operation of the large-format stores to Alcampo, in Spain, 5) searching of strategic options to sell the Clarel business will be continued, and 6) taking the decision to sell the Portugal business, as indicated in note 1.d).

For a better comparability of the result of the business, the main magnitudes without taking into account the classification as discontinued operations were the following:

For the six months ended 30 June 2023 and 2022
(Thousands of euros) (*)

	2023 30 June	2022 30 June	Variation Absolute	Variation %
Net sales	3,602.4	3,465.3	137.1	4.0%
Adjusted EBITDA	64.5	50.8	13.7	27.0%
Margin Adjusted EBITDA	1.8%	1.5%	0,3pp	22.1%
EBITDA	98.1	123.2	(25.1)	(20.4)%
EBIT	(50.7)	(98.4)	47.7	48.5%
Net result	(67.2)	(104.7)	37.5	35.8%

(*) The definition of alternative performance measures are including in the Interim Condensed Consolidated Management Report

Once the Clarel business, the large-format stores business agreed in the sale to Alcampo and Portugal business had been classified as discontinued operations, the main magnitudes of the income statement, which are presented in these interim condensed consolidated financial statements, are as follows:

For the six months ended 30 June 2023 and 2022
(Thousands of euros) (*)

	2023 30 June	2022 30 June	Variation Absolute	Variation %
Net sales	3,014.9	2,819.5	195.4	6.9%
Adjusted EBITDA	58.0	41.6	16.4	39.4%
Margin Adjusted EBITDA	1.9%	1.5%	0,4pp	26,7%
EBITDA	100.8	92.0	8.8	9.6%
EBIT	(103.4)	(87.9)	(15.5)	(17.5)%
Net result	(67.2)	(104.7)	37.5	35.8%

(*) The definition of alternative performance measures are including in the Interim Condensed Consolidated Management Report

2. BASIS OF PREPARATION

2.1. Basis of preparation of the interim condensed consolidated financial statements

The directors of the parent company have prepared these interim condensed consolidated financial statements for the six months ended June 30, 2023 from the accounting records of Distribuidora Internacional de Alimentación, S.A. and subsidiaries. These financial statements were prepared in accordance with IAS 34 Interim Financial Reporting and do not include all the financial reporting required for complete annual accounts prepared in accordance with International Financial Reporting Standards, as adopted by the EU (IFRS-EU). However, selected notes are included to explain facts and transactions relevant to understanding the changes in the consolidated financial situation of Dia Group and its consolidated financial performance since the last financial statements for the fiscal year ended December 31, 2022.

Dia Group has adopted the latest version of all applicable standards published by the IASB and adopted by the European Union Regulatory Commission, whose implementation was mandatory as at June 30, 2023.

The comparison of the interim condensed consolidated financial statements refers to the half year ended June 30, 2023 and 2022, except for the interim condensed consolidated statement of financial position that compares June 30, 2023 with December 31, 2022.

The interim condensed consolidated statement of profit or loss and the interim condensed consolidated statement of cash flows for the six months ended June 30, 2022 were re-presented due to the classification as discontinued operations of the Clarel business, the large-format store business sold to Alcampo and Portugal business, as indicated in note 1 paragraph d).

Dia Group subsidiaries consolidate under the full integration or equity method. The subsidiaries currently included in the Group are the same ones as at December 31, 2022.

On a half-year basis, the Group's activity does not generally disclose seasonal behaviour other than the historical pattern of consolidated results, according to which there was no differential behaviour in sales during the first half of each fiscal year with regards the second half (49% first half of the year compared with 51% second half of the year).

The figures contained in the documents comprising these interim condensed consolidated financial statements are expressed in thousands of euros unless stated otherwise. The parent company's functional and presentation currency is the euro.

2.2. Accounting policies

The accounting policies used in preparing these interim condensed consolidated financial statements are the same as those applied in the consolidated annual accounts for the year ended December 31, 2022, except for the following standard, interpretation and amendment which first application was this year, namely the amendments to IAS 12 - Deferred Taxes related to Assets and Liabilities arising from a Single Transaction. These amendments assume that the exemption from initial recognition does not apply to single transactions, giving rise to the same amount of deductible and taxable temporary differences. The Group has not had any significant impact from this amendment.

The Group intends to adopt the standards, interpretations and amendments to the standards issued by the IASB that are mandatory for the European Union when they come into effect, where applicable. Although the Group is currently analysing their impact based on analyses performed to date, it estimates that their initial application will not significantly impact its consolidated annual accounts or interim condensed consolidated financial statements.

2.3. Classification of Argentina as a hyperinflationary country

In 2018 a series of factors emerged in the Argentinian economy that prompted Dia Group to reconsider its treatment of the foreign currency translation of its subsidiaries' financial statements, and to recover the financial investments made in

Argentina. These factors included the inflation rate recorded in 2018 and the accumulated rate in the last three fiscal years and, lastly, the devaluation of the Argentinian peso in recent months.

Consequently, in accordance with IFRS-EU, Argentina is considered a hyperinflationary economy for accounting purposes for the years ending after July 1, 2018. The application of IAS 29 to the Group's consolidated annual accounts and these interim condensed consolidated financial statements was performed in accordance with the following criteria:

- Hyperinflation accounting was applied to all the assets and liabilities of the Dia Argentina subsidiary before translation.

- The historical cost of non-monetary assets and liabilities and the equity items of this company from their date of acquisition or inclusion in the consolidated statement of financial position to each period-end was adjusted to reflect changes in the purchasing power of the currency arising from inflation.

- The initial equity recorded in the uniform currency is subject to the accumulated effect of the restatement due to inflation of non-monetary items from the date they were first recognised and the effect of translating these balances to the closing rate at the start of year. The Group opted to recognise the difference between equity at the closing of the prior year and start of the year in reserves, together with the accumulated exchange differences up to that date, i.e., January 1, 2018. In 2020, as a result of the interpretation issued by the International Financial Reporting Standards Interpretations Committee, the parent company adopted the accounting policy of recording changes in equity relating to currency effects and the effect of inflation in full under “Foreign currency translation reserve”. Comparative figures were restated in 2019, although the net equity figure remained unchanged with this change in presentation. Therefore, the Group has adopted the accounting policy of recognition of changes in equity related to the currency effect and hyperinflation effect under “Foreign currency translation reserve” in their entirety.

- The Group has adjusted the interim condensed consolidated statement of profit or loss as at June 30, 2023 and June 30, 2022 to reflect the financial profit relating to the impact of inflation on net monetary assets.

- The different items in the consolidated income statement and the consolidated cash flow statement as at June 30, 2023 and June 30, 2022 have been adjusted by the inflation rate since their generation, with a balancing entry in financial results and net exchange differences, respectively.

The inflation rate considered for this calculation as at June 30, 2023 was 50.68% (36.15% as at June 30, 2022). This rate was obtained from information issued by the public organisation INDEC (National Statistics and Census Institute), an Argentinian public body, through the publication of the Consumer Price Index which measures variations in the price of goods and services comprised in domestic consumer spending.

The monthly evolution of the price index was as follows:

Month	Index	Month	Index
Jan-22	6.05032	Jan-23	12.02979
Feb-22	6.33434	Feb-23	12.82709
Mar-22	6.76057	Mar-23	13.81160
Apr-22	7.16940	Apr-23	14.97215
May-22	7.53147	May-23	16.13590
Jun-22	7.93028	Jun-23	17.09612
Jul-22	8.51761		
Aug-22	9.11132		
Sep-22	9.67308		
Oct-22	10.28706		
Nov-22	10.79279		
Dec-22	11.34588		

The most significant impacts on the consolidated statement of financial position deriving from inflation in Argentina related to the revaluation of property, plant and equipment (see note 4) and the effect this had on deferred taxes (see note 15). The impact of inflation on non-monetary items was included in “Foreign currency translation reserve”.

The impact of the change in net monetary position as at June 30, 2023 and June 30, 2022 was recognised as financial profit (see note 18.9).

2.4. Going concern

As at June 30, 2023 consolidated equity came to a negative amount of 51.3 millions of euros (a positive amount of 7.6 millions of euros as at December 31, 2022) and the consolidated working capital, calculated as current assets less current liabilities, excluding assets and liabilities held for sale, was negative, coming in at 893 millions of euros (982 millions of euros as at December 31, 2022). The consolidated result for first half of the year 2023 came to minus 67 millions of euros (minus 105 millions of euros in the same period in 2022) and the consolidated net variation in cash and cash equivalents came to minus 59 millions of euros (minus 33 millions of euros in the first half of 2022).

Meanwhile, as at June 30, 2023 the stand-alone equity of the parent company came to 614 millions of euros (667 millions of euros as at December 31, 2022), while at the consolidated level the Group had available liquidity of 340.2 millions of euros. The financial leverage as at the close of first half of the year 2023 was double EBITDA, and the company comfortably met its covenants and other commitments with its creditor bank.

In addition, the Group continues to focus on the implementation of its strategy, which is bearing fruit with improved outcomes, the focus on the food distribution of proximity and the simplification of the business.

In accordance with the above, the Board of Directors of the Parent Company, have prepared these interim condensed consolidated financial statements for the six months ended June 30, 2023 under the going concern basis.

3. SEGMENT INFORMATION

Information is provided on the following operating segments:

- Spain (including Swiss and Luxembourg operations)
- Portugal
- Brazil
- Argentina

The Global CEO monitors the operating results of its business units separately in order to make decisions on resource allocation and performance assessment. To assess the performance of each segment, the Group calculates an underlying operating profit or loss by segment, which the Group refers to as adjusted EBITDA.

This underlying operating result serves the Global CEO to analyse segment results by eliminating restructuring costs, the effect of IFRS 16 on leasing and the effect of IAS 29 on hyperinflation, which are lines on the income statement that do not directly depend on segment operations. This underlying operating result is the basis for the Group's decision-making focused on improving the segment operating result or certain corporate expenses.

Transfer prices between operating segments are on an arm's length basis similar to transactions with third parties.

Details of the key indicators split by segment are as follow:

Thousands of euros	SPAIN	PORTUGAL	ARGENTINA	BRAZIL	CONSOLIDATED
As at 30th June 2023					
Revenues (1)	1,948,108	-	701,406	365,408	3,014,922
Adjusted EBITDA	62,436	-	17,207	(21,666)	57,977
% of revenues	3.20%	-	2.45%	(5.93)%	1.92%
As at 30th June 2022-Re-presented (*)					
Revenues (1)	1,732,880	-	651,991	434,669	2,819,540
Adjusted EBITDA	36,382	-	16,414	(11,171)	41,625
% of revenues	2.10%	-	2.52%	(2.57)%	1.48%

(*) Re-presented data as result of classification to discontinued operations of the Clarel business, the large format store business sold to Alcampo and Portugal business (see note 2.1)

Thousands of euros	SPAIN	PORTUGAL	ARGENTINA	BRAZIL	CONSOLIDATED
As at 30th June 2023					
Assets	1,225,425	-	479,727	317,416	2,022,568
Assets held for sale	112,213	305,293	-	-	417,506
Liabilities	1,911,805	-	346,942	318,131	2,576,878
Liabilities directly associated with assets held for sale	46,194	262,139	-	-	308,333
Acquisition of non-current assets (2)	65,159	789	35,725	4,873	106,546
Number of stores (3)	2,334	460	1,029	602	4,425
Total number of stores	3,344	460	1,029	602	5,435
As at 31st December 2022					
Assets	1,251,316	250,279	477,607	356,681	2,335,883
Assets held for sale	309,012	-	-	-	309,012
Liabilities	2,085,664	263,414	358,891	327,683	3,035,652
Liabilities directly associated with assets held for sale	77,731	-	-	-	77,731
Acquisition of non-current assets (2)	181,261	5,085	73,704	9,158	269,208
Number of stores (3)	2,394	463	994	608	4,459
Total number of stores	3,634	463	994	608	5,699

(1) Sales eliminations arising from consilidation are included in segment Spain

(2) Rigth of use not incluided

(3) Number of stores excluding those whose sales have been reclassified as discontinued operations

A reconciliation between adjusted EBITDA and items in the consolidated income statement is as follows:

Thousands of euro	SPAIN	PORTUGAL	ARGENTINA	BRAZIL	TOTAL JUNE 2023
Profit/(Loss)	6,294	(8,347)	3,850	(69,000)	(67,203)
Financial result	29,701	-	(8,158)	11,616	33,159
Income tax	7,316	-	19,724	14	27,054
Depreciation and amortization	114,852	-	22,979	24,500	162,331
Profit/(loss) after tax for the period from discontinued operations	(40,559)	8,347	-	-	(32,212)
Gain from net monetary positions	-	-	(64,170)	-	(64,170)
Share of profit/(loss) of an associate company	5	-	-	-	5
Impairment of non-current assets	(2,023)	-	838	30,800	29,615
Gain/(loss) on disposal of non-current assets	4,410	-	8,274	(444)	12,240
Restructuring Cost and Long-Term Incentive Plans	**16,953**	**-**	**678**	**2,819**	**20,450**
Expenses related to the transfer of own shops to franchises	10,758	-	-	-	10,758
Expenses related to store and warehouses closings	-	-	-	2,245	2,245
Expenses related to efficiency projects	3,673	-	-	-	3,673
Other special projects					
Other expenses	-	-	74	167	241
Expenditure related to Long-Term Incentive Plans	2,522	-	604	407	3,533
IFRS 16 leases	(74,513)	-	(12,694)	(21,971)	(109,178)
IAS 29 hyperinflationary standard effect	-	-	45,886	-	45,886
Adjusted EBITDA	62,436	-	17,207	(21,666)	57,977

Thousands of euro	SPAIN	PORTUGAL	ARGENTINA	BRAZIL	(*) Re-presented TOTAL JUNE 2022
Profit/(Loss)	**(54,843)**	**(15,054)**	**2,707**	**(37,486)**	**(104,676)**
Financial result	24,992	-	(1,135)	10,818	34,675
Income tax	228	-	10,020	20	10,268
Depreciation and amortization	111,585	-	22,496	26,335	160,416
Profit/(loss) after tax for the period from discontinued operations	1,189	15,054	-	-	16,243
Gain from net monetary positions	-	-	(44,474)	-	(44,474)
Share of profit/(loss) of an associate company	39	-	-	-	39
Impairment of non-current assets	(478)	-	425	4,334	4,281
Gain/ (loss) on disposal of non-current assets	5,685	-	8,134	1,417	15,236
Restructuring Cost and Long-Term Incentive Plans	**19,367**	**-**	**2,145**	**5,497**	**27,009**
Expenses related to the transfer of own shops to franchises	8,041	-	-	-	8,041
Expenses related to store and warehouses closings	-	-	-	5,598	5,598
Expenses related to efficiency projects	7,651	-	636	-	8,287
Other special expenses					
Other expenses	568	-	429	789	1,786
Expenditure related to Long-Term Incentive Plans	3,107	-	1,080	(890)	3,297
IFRS 16 leases	(71,382)	-	(12,058)	(22,106)	(105,546)
IAS 29 hyperinflationary standard effect	-	-	28,154	-	28,154
Adjusted EBITDA	**36,382**	**-**	**16,414**	**(11,171)**	**41,625**

(*) Data re-presented as a result of classifying the Clarel business, the large-format store business sold to Alcampo and Portugal business as discontinued operations (see note 2.1).

For informational purposes, a reconciliation of adjusted EBITDA with the headings of the consolidated income statement for the six months ended of 2023 and 2022, without re-presenting the activities of the Clarel business, the large-format stores business agreed in the sale to Alcampo and Portugal business as discontinued, is shown below:

Thousands of euro	SPAIN	PORTUGAL	ARGENTINA	BRAZIL	TOTAL JUNE 2023
Profit/(Loss)	**6,294**	**(8,347)**	**3,850**	**(69,000)**	**(67,203)**
Financial result	31,375	4,489	(8,158)	11,616	39,322
Income tax	21,095	499	19,724	14	41,332
Depreciation and amortization	122,465	17,556	22,979	24,500	187,500
Result from net monetary positions	-	-	(64,170)	-	(64,170)
Share of profit/(loss) of an associate company	5	-	-	-	5
Impairment of non-current assets	(915)	(56)	838	30,800	30,667
Gain/(loss) on disposal of non-current assets	(77,342)	134	8,274	(444)	(69,378)
Restructuring Cost and Long-Term Incentive Plans	**47,839**	**1,070**	**678**	**2,819**	**52,406**
Expenses related to the transfer of own shops to franchises	10,758	750	-	-	11,508
Expenses related to store and warehouses closings	-	-	-	2,245	2,245
Expenses related to efficiency projects	12,206	320	-	-	12,526
Other special projects					
Other expenses	22,353	-	74	167	22,594
Expenditure related to Long-Term Incentive Plans	2,522	-	604	407	3,533
IFRS 16 leases	(86,239)	(10,983)	(12,694)	(21,971)	(131,887)
IAS 29 hyperinflationary standard effect	-	-	45,886	-	45,886
Adjusted EBITDA	**64,577**	**4,362**	**17,207**	**(21,666)**	**64,480**

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Thousands of euro	SPAIN	PORTUGAL	ARGENTINA	BRAZIL	TOTAL JUNE 2022
Profit/(Loss)	**(54,843)**	**(15,054)**	**2,707**	**(37,486)**	**(104,676)**
Financial expense	26,971	3,776	(1,135)	10,818	40,430
Income tax	228	51	10,020	20	10,319
Depreciation and amortization	134,778	18,289	22,496	26,335	201,898
Gain from net monetary positions	-	-	(44,474)	-	(44,474)
Share of profit/(loss) of an associate company	39	-	-	-	39
Impairment of non-current assets	(500)	408	425	4,334	4,667
Gain/(loss) on disposal of non-current assets	5,720	(310)	8,134	1,417	14,961
Restructuring Cost and Long-Term Incentive Plans	**20,150**	**4,762**	**2,145**	**5,497**	**32,554**
Expenses related to the transfer of own shops to franchises	8,041	3,694	-	-	11,735
Expenses related to store and warehouses closings	-	-	-	5,598	5,598
Expenses related to efficiency projects	8,434	954	636	-	10,024
Other special expenses					
Other expenses	568	-	429	789	1,786
Expenditure related to Long-Term Incentive Plans	3,107	114	1,080	(890)	3,411
IFRS 16 leases	(88,007)	(10,942)	(12,058)	(22,106)	(133,113)
IAS 29 hyperinflationary standard effect	-	-	28,154	-	28,154
Adjusted EBITDA	**44,536**	**980**	**16,414**	**(11,171)**	**50,759**

4. PROPERTY, PLANT AND EQUIPMENT

The composition and the movement of “Property, Plant and Equipment” during the first half of 2023 and 2022 were as follows:

Net carrying amount	30 June 2023	30 June 2022
As at 1 January	**904,315**	**898,398**
Additions	97,964	124,292
Amortisation and depreciation (note 18.5)(*)	(67,672)	(63,959)
Net Impairment (note 18.5)	(14,931)	(4,281)
Disposals	(7,422)	(22,581)
Transfers to assets held for sale	(105,314)	-
Foreign exchange difference	9,110	47,806
Other movements (*)	(8,791)	(18,032)
As at 30 June	**807,259**	**961,643**

(*)Re-presented data as result of classification to discontinued operations of the Clarel business, the large format store business sold to Alcampo and Portugal business (see note 2.1).

As at June 30, 2023 impairment tests were performed on the business in Dia Brasil, and as a result an impairment of 16,116 thousands of euros was recorded in property, plant and equipment, along with 14,378 thousands of euros in right-of-use assets (note 5.2) and 306 thousands of euros in other intangible assets (note 5.3).

5. INTANGIBLE ASSETS

5.1. Goodwill

The “Goodwill” allocation as at June 30, 2023 and December 31, 2022 was as follows:

Thousands of Euros	30 June 2023	31 December 2022
Spain	285,173	286,543
Portugal	-	39,754
Total	**285,173**	**326,297**

5.2. Right-of-use assets

The composition and movement of "Right-of-use assets" during the first half of 2023 and 2022 were as follows:

Net carrying amount	30 June 2023	30 June 2022
As at 1 January	**492,677**	**505,318**
Additions	81,625	140,883
Depreciation (note 18.5) (*)	(87,328)	(91,423)
Impairment	(14,378)	-
Disposals	(6,006)	(23,162)
Value update	12,524	12,510
Transfers to assets held for sale	(57,136)	-
Foreign exchange difference	(204)	8,528
Other movements (*)	(11,929)	(23,617)
As at 30 June	**409,845**	**529,037**

(*)Re-presented data as result of classification to discontinued operations of the Clarel business, the large format store business sold to Alcampo and Portugal business (see note 2.1).

5.3. Other intangible assets

The composition and movement of "Other intangible assets" during the first half of 2023 and 2022 were as follows:

Net carrying amount	30 June 2023	30 June 2022
As at 1 January	**37,289**	**24,434**
Additions/Internal development	8,582	9,945
Amortisation and depreciation (note 18.5) (*)	(7,331)	(5,034)
Impairment (note 18.5)	(306)	-
Disposals	60	(48)
Transfers to assets held for sale	(5,089)	-
Foreign exchange difference	419	638
Other movements (*)	(417)	(219)
As at 30 June	**33,207**	**29,716**

(*)Re-presented data as result of classification to discontinued operations of the Clarel business, the large format store business sold to Alcampo and Portugal business (see note 2.1).

Registrations recorded in the first six months of 2023 and 2022 essentially included development expenses for IT projects produced internally in Spain amounting to 1,107 thousands of euros (3,585 thousands of euros in 2022) and IT application acquisitions also in Spain amounting to 5,609 thousands of euros (4,875 thousands of euros in 2022).

6. FINANCIAL ASSETS

The composition of the financial assets included in the interim condensed consolidated financial statements was as follows:

Thousands of Euros	30 June 2023	31 December 2022
Non-current assets		
Trade and other receivables	10,513	11,316
Other Non-current financial assets	57,550	60,476
Current assets		
Trade and other receivables	157,234	199,087
Financial assets with customers	404	908
Other current financial assets	8,345	7,673
TOTAL	**234,046**	**279,460**

6.1. Trade and other receivables

The composition of current and non-current trade and other receivables is as follows:

Thousands of Euros	30 June 2023	31 December 2022
Trade and other receivables	10,513	11,316
Total non-current	**10,513**	**11,316**
Trade and other receivables (net of impaiment)	146,370	185,817
Other receivables (net of impairment)	4,204	7,471
Receivables from suppliers (net of impairment)	1,831	5,251
Advances to suppliers	4,829	541
Receivables from associates companies	-	7
Total current	**157,234**	**199,087**

a) Trade receivables

This heading sets out current and non-current trade receivables from goods sold to franchisees. The composition of these receivables is as follows:

Thousands of Euros	30 June 2023	31 December 2022
Trade and other receivables non current	10,513	11,316
Trade and other receivables current	198,157	239,619
Total Trade and other receivables	**208,670**	**250,935**
Impairment loss	(51,787)	(53,795)
Total	**156,883**	**197,140**

b) Receivables from suppliers

This heading includes balances with suppliers that have become debtors as a result of the charge notes issued for discounts of various kinds in accordance with the commercial conditions agreed with them, as well as goods returns.

The Group did not enter into any agreements for the assignment of trade receivables from non-recourse suppliers in the first six months of 2023 or 2022.

c) Trade receivables from other related parties

No transactions generating trade receivables from other related parties were carried out in the first six months of 2023. As at December 31, 2022 balances with trade receivables with the related company Holland & Barrett Benelux were recorded in the amount of 7 thousands of euros (see note 20).

d) Impairment

The movements in valuation corrections from impairment of accounts receivable in the first six months of 2023 and 2022 were as follows:

2023 Thousands of Euros	Customer for sales (note 6.1 a))	Other debtors	Credits receivable from suppliers	Total
As at 1 January 2023	**(53,795)**	**(1,613)**	**(4,311)**	**(59,719)**
Charge	(4,819)	(686)	(1,094)	(6,599)
Applications	301	-	-	301
Reversals	1,153	246	968	2,367
Transfers to assets held for sale	6,406	16	348	6,770
Other movements	(519)	(16)	-	(535)
Foreign exchange difference	(514)	(70)	(5)	(589)
As at 30 June 2023	**(51,787)**	**(2,123)**	**(4,094)**	**(58,004)**

2022 - Re-presented (*)

Thousands of Euros	Customer for sales (note 6.1 a))	Other debtors	Credits receivable from suppliers	Total
As at 1 January 2022	**(52,704)**	**(3,004)**	**(4,275)**	**(59,983)**
Charge	(1,886)	(22)	-	(1,908)
Applications	1,216	-	-	1,216
Reversals	1,043	79	273	1,395
Other movements	(311)	(15)	-	(326)
Foreign exchange difference	(2,739)	(359)	25	(3,073)
As at 30 June 2022	**(55,381)**	**(3,321)**	**(3,977)**	**(62,679)**

(*) Data re-presented as a result of classifying the Clarel business, the large-format store business sold to Alcampo and Portugal business as discontinued operations (see note 2.1).

6.2. Other financial assets

The composition of “Financial Assets” was as follows:

Thousands of Euros	30 June 2023	31 December 2022
Equity instruments	36	44
Guarantees	57,480	60,396
Other loans	34	36
Total non-current	**57,550**	**60,476**
Franchise deposits	137	160
Credits to personnel	1,809	1,604
Other loans	90	103
Loans on the sale of fixed assets	-	35
Interest rate hedge derivatives	4,607	4,341
Other finantial assets	1,702	1,430
Total current	**8,345**	**7,673**

The non-current heading “Guarantees” includes the amounts handed over to lessors as security for lease contracts and has decreased in Spain since December 2022 due to the delivery of the 223 large-format stores sold to Alcampo.

As at December 31, 2022 the Group evaluated and decided to apply hedge accounting to contracts arranged to cover the interest rate risk the Group has contracted regarding its debt, a situation still in place as at June 30, 2023.

7. OTHER INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The details of investments accounted for using the equity method as at June 30, 2023 and December 31, 2022 were as follows:

	As at 30 June 2023	As at 31 December 2022
ICDC Services Sárl in liquidation	50%	50%
Horizon International Services Sàrl	25%	25%

The main economic figures presented by these companies in the first half of 2023 and in the fiscal year 2022 were as follows:

Thousands of euros	ICDC Services Sárl in liquidation 30 June 2023	ICDC Services Sárl in liquidation 31 December 2022	Horizon International Services Sárl 30 June 2023	Horizon International Services Sárl 31 December 2022
Current assets				
Cash and cash equivalents	193	193	1,385	1,361
Other current assets	44	4	16	417
Total current assets	**237**	**197**	**1,401**	**1,778**
Non current assets	**-**	**-**	**-**	**-**
Current liabilities				
Other current liabilities	17	17	30	388
Total current liabilities	**17**	**17**	**30**	**388**
Net assets	**220**	**180**	**1,371**	**1,390**
Reconciliation with net carrying amount				
Net assets as at 1 January	**180**	**238**	**1,390**	**1,458**
Profit /(loss) for the period	-	(58)	(19)	(68)
Dividends paid	-	-	-	-
Shareholder contributions	-	-	-	-
Net assets at year end	**180**	**180**	**1,371**	**1,390**
Part of group %	50%	50%	25%	25%
Part of the group in thousands of euros	90	90	344	348
Allowance impairment of the invesment	(8)	(8)	-	-
Net carrying amount	**81**	**82**	**344**	**348**

8. OTHER ASSETS

The composition of "Other assets" was as follows:

Thousands of Euros	30 June 2023 Current	31 December 2022 Current
Prepayments for operating leases	2,645	2,509
Prepayments for insurance contracts	1,848	1,924
Other prepayments	9,040	5,194
Total other assets	**13,533**	**9,627**

The increase in "Other prepayments" is due to the financing by the Group of the reforms carried out in franchised stores, the advance payment of leasings in Argentina and large-volume material purchases for stores also in Argentina.

9. INVENTORIES

The composition of "Inventories" was as follows:

Thousands of Euros	30 June 2023	31 December 2022
Finished goods	346,641	413,774
Other supplies	2,909	3,867
Total inventories	**349,550**	**417,641**

As at June 30, 2023 there were no restrictions of any kind on the availability of stock.

10. CASH AND CASH EQUIVALENTS

The composition of "Cash and cash equivalents" was as follows:

Thousands of Euros	30 June 2023	31 December 2022
Cash and short-term deposits	85,411	114,443
Cash equivalents	71,168	101,376
Total	**156,579**	**215,819**

The "Cash equivalents" balance is for deposits with a maturity of less than three months, mainly in Argentina and Brazil as at June 30, 2023 as it was as at December 31, 2022.

11. OPERATIONS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

11.1. Assets and liabilities held for sale as at June 30, 2023

On August 2, 2022, the parent company and two of its indirectly wholly owned subsidiaries, namely Dia Retail España, S.A.U. and Grupo El Árbol, Distribución y Supermercados, S.A.U. (both of which, together with the parent company, are referred to as the "Sellers") reported that a sales agreement had been reached for real estate and moveable assets and the transfer of certain titles of possession, use and enjoyment of certain outlets (the "Agreement"), by virtue of which, subject to the fulfilment of certain conditions precedent, the Sellers agreed to sell, transfer or assign to Alcampo, S.A., as applicable, (i) a portfolio of up to a maximum of 235 supermarkets, (ii) two logistics facilities located in Villanubla (Valladolid) and (iii) certain contracts, licences, assets and employees related to said outlets and logistics facilities (the "Transaction"). The parent company reported on March 2, 2023 that all the conditions precedent to which the Transaction was subject had been fulfilled, namely: (i) acquisition by the purchaser of merger control authorisation by the National Markets and Competition Commission, (ii) the obtaining by the Sellers of authorisation by the financial entities of the syndicated financing of the Company for the implementation of the Transaction and (iii) transferability of a certain number of stores, varying in line with various parameters. Following fulfilment of the conditions precedent, the Transaction was closed by means of successive deliveries of batches of outlets the transfer of which, adjusted from 235 to 223 supermarkets, was completed by June 30, 2023. With the funds obtained from this Transaction, syndicated financing was repaid in an amount of 97,200 thousands of euros (note 13.1(b)).

On December 23, 2022, the parent company reported that its wholly owned subsidiary Dia Retail had signed a share purchase agreement (the "Clarel business sales agreement") whereunder Dia Retail would transfer to C2 Private Capital, S.L. (the "Purchaser") its wholly owned subsidiary, Beauty by Dia, S.A.U. ("Clarel") (the "Clarel Transaction"). The deal reached, amongst other assets, included 1,015 Clarel stores spread across the country and three distribution centres. Dia Retail is expected to dedicate the resources obtained to accelerate the implementation of its strategic plan by completing the process of remodelling the local stores of its current network, in addition to accelerating new openings within this same format. The completion of the Clarel transaction was initially subject to fulfilment or waiver, as governed by the terms of the Clarel business sales agreement, of the following conditions precedent on or before June 30, 2023 (the period was ultimately unilaterally extended by the purchaser for a further month to July 31, 2023 in accordance with the terms of the Agreement of sale of the Clarel business): (i) obtaining by the purchaser of merger control authorisation from the European Commission and/or the National Markets and Competition Commission, and (ii) adoption by the purchaser of certain measures for the financial insurance of Clarel goods. As at the date of formulating these consolidated financial statements, the buyer has not fulfilled with the conditions precedent and, therefore, the Clarel Operation has been resolved. In any case, the Group continues searching strategic options for the sale of the Clarel business.

The Group has classified the assets and liabilities of its Portugal business as a disposal group held for sale as at June 30, 2023, taking into account (i) the existence of a sale plan that on the current date is very advanced so this sale is qualified as highly probable, (ii) related assets are available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and (iii) the sale must it's being marketed for sale at a price that is reasonable.

The composition of the assets and liabilities of these businesses, reclassified as held for sale as at June 30, 2023, and December 31, 2022, is set out below:

Thousands of Euros	30 June 2023	Clarel Business	Portugal Business	31 December 2022	Clarel Business	Large Format Stores Business
Assets						
Property, plant and equipment	122,736	17,422	105,314	71,204	19,946	51,258
Goodwill	39,754	-	39,754	108,524	-	108,524
Right-of-use assets	73,376	16,240	57,136	53,453	16,447	37,006
Other intangible assets	5,462	373	5,089	289	192	97
Non-current trade and other receivables	1,258	1,258	-	1,480	1,480	-
Other non-current financial assets	3,741	3,157	584	3,133	3,133	-
Inventories	93,123	57,025	36,098	55,446	55,446	-
Current trade and other receivables	36,544	13,727	22,817	11,231	11,231	-
Other current financial assets	2,788	74	2,714	52	52	-
Other assets	3,724	70	3,654	42	42	-
Cash and cash equivalents	35,000	2,867	32,133	4,158	4,158	-
Assets held for sale	**417,506**	**112,213**	**305,293**	**309,012**	**112,127**	**196,885**
Liabilities						
Non-current interest-bearing loans and borrowings	60,845	11,672	49,173	31,890	11,756	20,134
Provisions	5,634	1,138	4,496	1,220	1,220	-
Pasivos por impuesto diferido	977	-	977	-	-	-
Current interest-bearing loans and borrowings	65,787	11,105	54,682	23,434	10,804	12,630
Trade and other payables	143,782	7,651	136,131	7,327	7,327	-
Current tax liabilities	8,868	2,670	6,198	2,337	2,337	-
Current income tax liabilities	239	-	239	-	-	-
Other financial liabilities	22,201	11,958	10,243	11,523	11,523	-
Liabilities directly associated with assets held for sale	**308,333**	**46,194**	**262,139**	**77,731**	**44,967**	**32,764**

As a result of carrying at fair value the non-current assets of the Clarel business, as at June 30, 2023 "Property, plant and equipment" in the amount of 564 thousands of euros were impaired, as well right-of-use assets in the amount of 530 thousands of euros and other intangible assets in the amount of 14 thousands of euros.

No impairment has been identified related to the classification of the Portugal business as a disposal group held for sale.

11.2. Information on earnings and cash flows from discontinued operations

The results of the Group's discontinued operations for the six months ended June 30, 2023 and 2022, for the purpose of presenting the comparative figures, are as follows:

Thousands of Euros	30 June 2023	Clarel Business	Large Format Stores Business	Portugal Business	30 June 2022	Clarel Business	Large Format Stores Business	Portugal Business
Income	589,200	133,701	159,397	296,102	648,455	126,579	236,375	285,501
Amortisation and depreciation	(17,556)	-	-	(17,556)	(41,482)	(8,690)	(14,503)	(18,289)
Impairment	(1,052)	(1,108)	-	56	(386)	3	19	(408)
Gain/(Loss) on disposal of fixed assets	81,618	16	81,736	(134)	275	(12)	(23)	310
Expenses	(599,556)	(131,056)	(186,673)	(281,827)	(617,299)	(118,016)	(220,942)	(278,341)
Gross Margin	**52,654**	**1,553**	**54,460**	**(3,359)**	**(10,437)**	**(136)**	**926**	**(11,227)**
Financial expenses	(6,164)	(988)	(687)	(4,489)	(5,755)	(899)	(1,080)	(3,776)
Profit/(loss) before tax for the period from discontinued operations	**46,490**	**565**	**53,773**	**(7,848)**	**(16,192)**	**(1,035)**	**(154)**	**(15,003)**
Income tax from discontinued operations	(14,278)	(336)	(13,443)	(499)	(51)	-	-	(51)
Profit/(loss) after tax for the period from discontinued operations	**32,212**	**229**	**40,330**	**(8,347)**	**(16,243)**	**(1,035)**	**(154)**	**(15,054)**

The line "Impairment" includes an accounting impact of 1,108 thousands of euros recorded in the interim condensed consolidated statement of profit or loss as at the close of June 30, 2023 under the heading "Profit/(loss) after tax for the period from discontinued operations" for the fair value adjustment of the Clarel business.

The effect on cash flows from activities discontinued by the Group in the six months ended June 30, 2023 and 2022 is presented in the consolidated statement of cash flows.

12. EQUITY

12.1. Issued Capital

As at June 30, 2023 Dia's share capital was 580,655,340.79 euros, represented by 58,065,534,079 shares of 0.01euros par value each, fully subscribed and paid up. The shares were freely transferable.

The Company's shares are listed on the Spanish stock markets. According to public information filed with the National Securities Market Commission, board members controlled approximately 0.09155% of the parent company's share capital.

The most significant shareholding interests reflected in the public information registered with the National Securities Market Commission were as follows:

- LetterOne Investment Holdings, S.A. indirectly held 77.704%
- Direct ownership was held by L1R Invest1 Holding, S.à.r.l. in the same percentage

12.2. Share premium

The Dia share premium as at June 30, 2023 amounted to 1,058,872,572.94 euros, represented by 6,055,522,466 shares with a share premium of 0.09 euros and 51,387,555,100 shares with a share premium of 0.01 euros.

12.3. Reserves and retained earnings

The details of "Reserves and retained earnings" are as follows:

Thousands of Euros	30 June 2023	31 December 2022
Other reserves non available	1,867	1,867
Other reserves	(1,569,262)	(1,445,414)
Profit attributable to equity holders of the parent company	(67,203)	(123,848)
Total	**(1,634,598)**	**(1,567,395)**

The distribution of the parent company's negative results for the fiscal year 2022, approved by the 2023 Ordinary General Meeting of Shareholders held on June 28, 2023 consisted of its full transfer for the amount of 170,814,933.95 euros to negative results from previous fiscal years.

12.4. Own shares and other equity instruments

a) Own shares

The movement of "Own shares" during the first six months of 2023 and the fiscal year 2022 was as follows:

	Number of shares	Average price	Total (€)
As at 31 December 2021	**28,908,084**	**0.1329**	**3,842,015.22**
Delivery of shares to Members of Board Director	(5,208,448)		(692,226.31)
As at 31 December 2022	**23,699,636**	**0.1329**	**3,149,788.91**
As at 30 June 2023	**23,699,636**	**0.1329**	**3,149,788.91**

No treasury stock deliveries were made during the first six months of 2023.

As at June 30, 2023 the parent company held 23,699,636 own shares with a rounded off average purchase price of 0.1329 euros per share, representing a total amount of 3,149,788.91 euros, the same as for December 31, 2022.

b) Other equity instruments

As at June 30, 2023, "Other equity instruments" included the reserve for deferred remuneration in shares to non-proprietary directors amounting to 394 thousands of euros, as well as the reserve for the 2023-2027 Long-Term Incentive Plan amounting to 401 thousands of euros (see notes 16 and 20).

12.5. Earnings per share

The amount of basic earnings per share was calculated by dividing the net income for the six months ended June 30, 2023 and 2022 attributable to the Group for each period by the weighted average number of common shares outstanding during the two periods.

	30 June 2023	30 June 2022
Average number of shares	**58,041,864,443**	**58,036,683,369**
Result for the period in thousands of Euros	(67,203)	(104,676)
Result per share in Euros	(0.001)	(0.002)

The weighted average number of common shares outstanding is determined as follows:

	Weighted average ordinary shares in circulation as at 30 June 2023	Ordinary shares as at 30 June 2023	Weighted average ordinary shares in circulation as at 30 June 2022	Ordinary shares as at 30 June 2022
Total shares issued	58,065,534,079	58,065,534,079	58,065,534,079	58,065,534,079
Own shares	(23,669,636)	(23,699,636)	(28,850,710)	(27,177,307)
Total shares	**58,041,864,443**	**58,041,834,443**	**58,036,683,369**	**58,038,356,772**

There are no equity instruments that could have a dilutive effect on earnings per share. Diluted earnings per share are therefore equal to basic earnings per share.

12.6. Foreign currency translation reserve

The details of “Foreign currency translation reserve” as at June 30, 2023 and December 31, 2022 were as follows:

Thousands of euros	30 June 2023	31 December 2022
Argentina	(29,326)	(31,384)
Brazil	(27,153)	(33,576)
Total	**(56,479)**	**(64,960)**

13. FINANCIAL LIABILITIES

The details of “Financial liabilities” in the interim condensed consolidated financial statements as at June 30, 2023 and December 31, 2022 were as follows:

Thousands of Euros	30 June 2023	31 December 2022
Non-current liabilities		
Non-current interest-bearing loans and borrowings	803,120	1,009,544
Other non-current financial liabilities	586	710
Current liabilities		
Current interest-bearing loans and borrowings	228,764	278,877
Trade and other payables	1,161,058	1,329,274
Other financial liabilities	175,417	212,727
Total financial liabilities	**2,368,945**	**2,831,132**

13.1. Interest-bearing loans and borrowings

The details of current and non-current "Interest-bearing loans and borrowings" were as follows:

As at 30 June 2023	Total	Current 1 year	2 years	3 years	4 years	5 years	> 5 years	Non Current Total
Debentures and bonds	**31,302**	**256**	-	31,046	-	-	-	**31,046**
Syndicated credits (Revolving credit facilities) (*)	**52,612**	**-**	-	52,612	-	-	-	**52,612**
Syndicated credits (Term loan)	**338,263**	**20,599**	-	317,664	-	-	-	**317,664**
Other bank loans	**37,550**	**36,708**	842	-	-	-	-	**842**
Credit facilities drawn down	**74,596**	**10,842**	-	63,754	-	-	-	**63,754**
Finance lease payables (***)	**468,099**	**150,580**	129,085	94,576	44,717	16,507	32,634	**317,519**
Guarantees and deposits received	**12,919**	**761**	-	-	-	-	12,158	**12,158**
Other interest-bearing loans and borrowings	**16,543**	**9,018**	2,892	2,059	2,059	515	-	**7,525**
Total interest-bearing loans and borrowings	**1,031,884**	**228,764**	**132,819**	**561,711**	**46,776**	**17,022**	**44,792**	**803,120**

As at 31 December 2022	Total	Current 1 year	2 years	3 years	4 years	5 years	> 5 years	Non Current Total
Debentures and bonds	**31,691**	**800**	-	-	30,891	-	-	**30,891**
Syndicated credits (Revolving credit facilities) (*)	**52,207**	**-**	-	52,207	-	-	-	**52,207**
Syndicated credits (Term loan) (**)	**392,899**	**25,000**	25,000	342,899	-	-	-	**367,899**
Other bank loans	**65,031**	**62,329**	2,702	-	-	-	-	**2,702**
Credit facilities drawn down	**170,161**	**6,051**	-	164,110	-	-	-	**164,110**
Finance lease payables (***)	**541,744**	**170,101**	134,790	97,062	54,834	18,766	66,191	**371,643**
Guarantees and deposits received	**15,269**	**3,175**	-	-	-	-	12,094	**12,094**
Other interest-bearing loans and borrowings	**19,419**	**11,421**	3,059	1,796	1,796	1,347	-	**7,998**
Total interest-bearing loans and borrowings	**1,288,421**	**278,877**	**165,551**	**658,074**	**87,521**	**20,113**	**78,285**	**1,009,544**

(*) The incremental costs linked to unaccrued new debt amounting to 5,132 thousands of euros as at June 30, 2023 and 6,168 thousands of euros as at December 31, 2022 were deducted from the balance of the "Syndicated loans (Revolving credit facilities)" heading explained further on in this note. Additionally, the increase in fair value adjustment of non-current debt pursuant to IFRS9 was included for an amount of 1,045 thousands of euros (1,676 thousands of euros as at December 31, 2022).

(**) As at June 30,2023 the incremental costs associated with the new "Incremental SS Facility" line were cancelled (173 thousands of euros as at December 31, 2022).

(***) The finance lease liability amount resulting from the application of IFRS 16 stood at 452,060 thousands of euros as at June 30, 2023 (Current: 144,605 thousands of euros and Non-current: 307,455 thousands of euros) and 524,149 thousands of euros as at December 31, 2022 (Current: 163,011 thousands of euros and Non-current: 361,138 thousands of euros).

a) Debentures and bonds

The details on bond issues outstanding for amortisation as at June 30, 2023 and which remained listed on the Irish Stock Exchange under a Euro Medium Term Note debt issuance programme was as follows:

Issuing Company	Issue date	Amount	PIK-Amount	Voucher	Maturity date
Dia, S.A.	07.04.2017	30,800	246	3.00%	30.06.2026

On April 6, 2023 the parent company paid the interest on the fifth coupon of the 2023 Euro Medium Term Notes ("2023 Bonds") in the amount of 927 thousands of euros and capitalised the corresponding interest on the PIK margin of 0.50% accrued from 06/04/2022 to 06/04/2023 in the amount of 155 thousands of euros.

The balance sheet value of these bonds was 31,046 thousands of euros, as detailed in the table at the start of this note and corresponded to their nominal value for a total of 30,800 thousands of euros, plus the capitalisation of the PIK for an amount of 91 thousands of euros from 2022 and the capitalisation of PIK for an amount of 155 thousands of euros from 2023. Additionally, the coupon and PIK accrued as at June 30, 2023 amounted to 256 thousands of euros.

b) Loans and borrowings

On December 31, 2018, the parent company formalised a Syndicated Financing Agreement ("SFA") with different syndicated lenders, which has been successively amended and redrafted on subsequent dates, the last amendment being dated September 2, 2021. The amount of the SFA (henceforth, the "Senior Facilities") at the start of the fiscal year 2022 came to 902,426 thousands of euros and a Super Senior Supplier line in the amount of 40,242 thousands of euros.

The margin applicable to the syndicated lenders under the SFA is 3.0% per annum, with a ratchet increase of 125 basis points per annum PIK of the margin on the interest of the syndicated lenders in the event that (a) the leverage ratio for the 12 months ended December 31, 2022 and/or June 30, 2023 is greater than 3.25:1, and (b) the leverage ratio for each 12 months ended on December 31, and June 30 thereafter is greater than 2.50:1, with the increase ceasing to apply in the event that the leverage ratio falls below the applicable threshold on any of the subsequent verification dates;

The SFA expires on December 31, 2025. The depreciation committed to by the parent company under the SFA is for 25,000 thousands of euros for Senior Facilities on March 31, 2023 and 25,000 thousands of euros on March 31, 2024. This reduces the amount of the advance repayments to which each syndicated lender is entitled by an amount equal to the amount by which the Bilateral Facility entered into by the lender is permanently reduced or cancelled on or before the date when the repayment is to be made. This potential reduction in the amount of advance repayments will not apply if the restated EBITDA (as defined in the SFA) for the fiscal year prior to the date when the repayment is to be made is greater than 300,000 thousands of euros.

The Super Senior Supplier line matured on July 17, 2022. Prior to said date, the parent company agreed with the syndicated lenders to extend the maturity until September 30, 2022, the date when said finance was fully settled.

On that date, the parent company proceeded to convert certain limits of the RCF commitments (included under the Senior Facilities) to reverse factoring facilities in the amount of 38,546 thousands of euros.

In addition, on September 2, 2021 the parent company arranged a Super Senior Incremental Facility in the form of reverse factoring agreements and term loan agreements (henceforth, “Term Loan”) with some of the syndicated lenders for a total sum of 50,000 thousands of euros, with a margin of 5.00% per year. Said funding has a super senior rank (in other words, it will be senior to the Senior Facilities).

With regards the sales agreement for real estate and moveable assets and the transfer of certain titles of possession, use and enjoyment of certain outlets, by virtue of which Alcampo, S.A. was ultimately sold, transferred or assigned (i) a portfolio of 223 supermarkets, (ii) two logistics facilities located in Villanubla (Valladolid) and (iii) certain contracts, licences, assets and employees connected with said outlets and logistics facilities, the Company, by virtue of the agreement with the syndicated lenders, proceeded during the first half of the year to repay syndicated financing in the amount of 97,200 thousands of euros, in the form of 50,000 thousands of euros to repay the Super Senior Incremental Facility financing and 47,200 thousands of euros to partially repay SFA tranche A.

The 25,000 thousands of euros, stipulated in the syndicated financing contract was repaid in March 2023.

Following these debt amortisations, on June 30, 2023 the Super Senior Incremental financing was definitively cancelled and SFA tranche A remained in force in the amount of 15,159 thousands of euros.

Other terms & conditions

Hive Down

The parent company acknowledges that the Group’s hive down obligations under the SFA have been satisfied and it has no further obligation to take further action with respect to the hive down except for:

- the transfer of any Group assets (other than shares in other subsidiaries) not transferred to Dia Retail España, S.A.U. for applying one or more of the restrictions agreed under the SFA. The Group must seek to implement the transfer to the extent that all restrictions cease to apply;
- the transfer of the shares held by the parent company in its Portuguese subsidiary to the fully owned Luxembourg company. The parent company shall make its best efforts to seek to implement this as soon as possible, once any legal, regulatory or tax impediments preventing the transfer cease to apply; and
- the transfer of the shares held by the parent company in its Brazilian and Argentine subsidiaries to the fully owned Luxembourg companies. The parent company should seek to implement to the extent that there is a change in the law or applicable tax regime allowing the shares to be transferred.

Guarantees

The parent company's security obligations as at the end of the first half of 2023 under the SFA were as follows:

- Personal guarantee of the parent company, Dia Retail España, S.A., Beauty By Dia, S.A., Pe-Tra Servicios a la Distribución, S.L.U. and Grupo El Árbol Distribución y Supermercados, S.A.U.
- Pledge on shares owned by the parent company in Luxembourg Investment Company 317 S.à r.l. and Dia Brazil Sociedade Ltda.
- Pledge on shares owned by Luxembourg Investment Company 317 S.à r.l. in Luxembourg Investment Company 318 S.à r.l.
- Pledge on shares owned by Luxembourg Investment Company 318 S.à r.l. in Dia Finance, S.L.U.
- Pledge on shares owned by Dia Finance, S.L.U. in Luxembourg Investment Company 319 S.à r.l.
- Pledge on shares owned by Luxembourg Investment Company 319 S.à r.l. in Luxembourg Investment Company 320 S.à r.l., Luxembourg Investment Company 321 S.à r.l., Luxembourg Investment Company 322 S.à r.l., and Luxembourg Investment Company 323 S.à r.l.
- Pledge on shares owned by Luxembourg Investment Company 320 S.à r.l. in Dia Retail España, S.A.U.
- Pledge on shares owned by the parent company and Luxembourg Investment Company 322 S.à r.l. in Dia Portugal Supermercados, S.A.
- Pledge on shares owned by Dia Retail España, S.A.U. in Beauty By Dia, S.A.U., Grupo El Árbol Distribución y Supermercados, S.A., Pe-Tra Servicios a la Distribución, S.L.U. and Dia Word Trade SA.
- Personal guarantee of Dia World Trade, S.A.
- Pledge on shares owned by the parent company and Pe-Tra Servicios a la Distribución S.L.U. in Dia Argentina, S.A.
- Pledge on credit claims arising from financing agreements between Group companies awarded by the parent company.
- Pledge on certain current accounts of the parent company, Dia Retail España, S.A.U., Beauty By Dia, S.A.U., Pe-Tra Servicios a la Distribución, S.L.U. and Dia Finance, S.L.U.
- Mortgage guarantees on certain real estate assets located in Spain and guarantees on certain intellectual property rights registered in Spain.
- Pledge on credit claims on certain loans between Group companies in which Dia Finance, S.L.U. and/or Luxembourg Investment Company 317 S.à r.l., Luxembourg Investment Company 318 S.à r.l., Luxembourg Investment Company 319 S.à r.l., Luxembourg Investment Company 320 S.à r.l., Luxembourg Investment Company 321 S.à r.l., Luxembourg Investment Company 322 S.à r.l. and Luxembourg Investment Company 323 S.à r.l. are creditors.
- Pledge on the current accounts of Luxembourg Investment Company 317 S.à r.l., Luxembourg Investment Company 318 S.à r.l., Luxembourg Investment Company 319 S.à r.l., Luxembourg Investment Company 320 S.à r.l., Luxembourg Investment Company 321 S.à r.l., Luxembourg Investment Company 322 S.à r.l. and Luxembourg Investment Company 323 S.à r.l.

On September 2, 2021, this guarantee package in favour of the syndicated lenders was ratified and extended until December 2025.

Debt baskets

The SFA in force as at June 30, 2023 allows the Group to incur some financial debt in addition to the existing debt:

- Additional Super Senior Debt ("Additional Super Senior Financing") provided that the total amount of the Super Senior Debt does not exceed 75,000 thousands of euros. Any amount borrowed under the SS Incremental Facility sould count for the purposes of the Additional Super Senior Debt Basket of 75,000 thousands of euros;

- The borrower under the Super Senior Incremental Facility is Dia Retail España, S.A.U. Dia Finance S.L.U. will also be the borrower of any additional Super Senior Debt.

The SFA formalised with the syndicated lenders establishes that amounts granted under the SS supplier tranche and any other SS additional debt be classified as on an equal footing with each other and with seniority over the other SFA tranches.

To dispel any doubts, this is not a fully comprehensive description of the SFA and includes some other "baskets" of typically permitted debts.

Other commitments

The SFA includes certain commitments and obligations, including:

- Not to distribute parent company dividends to shareholders without the agreement of the syndicated lenders until the debt held with them has been repaid in full.
- Personal obligations to act and not act and to deliver information typical of this type of financing operation in accordance with the Company's current rating, such as, example, restrictions on the parent company granting encumbrances or rights of guarantee over assets, selling or disposing of certain assets, performing sale/leaseback transactions, modifying the Group's line of business, mergers and consolidations with other companies, transactions with subsidiaries and restricted payments (including dividends, swaps, reimbursements and advance payments of loans to members of the Group). If the parent company wishes to breach any of these commitments, it would need the prior consent of syndicated lenders whose commitments account for more than 75% of the total commitments.
- At least 80% of the Group's cash must be held in bank accounts subject to guarantees securing the financing and held by syndicated lenders (if applicable) providing cash deposit services in the jurisdiction where the Group company operates.
- Extension of the due date of the Bilateral Facilities owed by Dia or any of its subsidiaries to the syndicated lenders to a later date satisfactory to the parent company and always on terms substantially consistent with each Bilateral Facility agreement in question;

The SFA also includes typical commitments including (i) authorisations, (ii) legal compliance, (iii) sanctions and anticorruption, (iv) taxes, (v) environmental compliance and (vi) applicable registration requirements.

Details are set out below of the financial lines comprising the Syndicated Financing by company, along with other credit lines drawn down as at June 30, 2023 and December 31, 2022:

As at 30 June 2023	Limit	Amount used	Fact./Rev. Fact.	Amount available
DIA RETAIL	**510,560**	**145,696**	**187,222**	**177,642**
Loan Facility (Term loan) - Syndicated Financing	***87,175***	***87,175***	-	-
Tranche B	*87,175*	*87,175*	-	-
Revolving Credit Facility (RCF) - Syndicated Financing	***20,653***	-	-	***20,653***
Tranche A	-	-	-	-
Tranche B	*20,653*	-	-	*20,653*
Credit Facility - Syndicated Financing	***215,439***	***58,521***	-	***156,918***
Credit Lines	***14,500***	***921***	-	***13,579***
Tranche B (*)	*14,500*	*921*	-	*13,579*
Credit Lines which may be utilised as reverse factoring	***156,717***	***57,600***	-	***99,117***
Tranche A	*4,401*	*4,401*	-	-
Tranche B	*58,016*	*3,111*	-	*54,905*
Tranche C	*94,300*	*50,088*	-	*44,212*
Credit Lines which may be utilised as factoring	***44,222***	-	-	***44,222***
Tranche D	*44,222*	-	-	*44,222*
Reverse Factoring - Syndicated Financing	***187,293***	-	***187,222***	**71**
Tranche A and B	*35,559*	-	*35,543*	*16*
Tranche C	*148,387*	-	*148,333*	*54*
Tranche F	*3,347*	-	*3,346*	*1*
DIA FINANCE	**317,666**	**317,516**	-	**150**
Loan Facility (Term loan) - Syndicated Financing	***251,088***	***251,088***	-	-
Tranche D	*251,088*	*251,088*	-	-
Revolving Credit Facility (RCF) - Syndicated Financing	***56,699***	***56,699***	-	-
Tranche D	*31,699*	*31,699*	-	-
Tranche F	*25,000*	*25,000*	-	-
Credit Facility - Syndicated Financing	***9,879***	***9,729***	-	***150***
Credit Lines which may be utilised as reverse factoring	***9,879***	***9,729***	-	***150***
Tranche D	*9,879*	*9,729*	-	*150*
DIA S.A.	**2,000**	-	-	**2,000**
Credit Facility - Syndicated Financing	***2,000***	-	-	***2,000***
Credit Lines	***1,000***	-	-	***1,000***
Tranche B	*1,000*	-	-	*1,000*
Credit Lines which may be utilised as reverse factoring	***1,000***	-	-	***1,000***
Tranche B	*1,000*	-	-	*1,000*
Total Multiproduct Syndicated Financing	**830,226**	**463,212**	**187,222**	**179,792**
Other Credit lines (not included in syndicated credits)	**6,441**	**6,441**	-	-

(*) Limit distributed between DIA Retail, BBD and GEA

As at 31 december 2022	Limit	Amount used	Fact./Rev. Fact.	Amount available
DIA RETAIL	**582,759**	**273,075**	**182,589**	**127,095**
Loan Facility (Term loan) - Syndicated Financing	***119,144***	***119,144***	-	-
Tranche A	*31,969*	*31,969*	-	-
Tranche B	*87,175*	*87,175*	-	-
Revolving Credit Facility (RCF) - Syndicated Financing	***24,437***	-	-	***24,437***
Tranche A	*3,784*	-	-	3,784
Tranche B	*20,653*	-	-	20,653
Credit Facility - Syndicated Financing	***255,598***	***153,931***	-	***101,667***
Credit Lines	***14,500***	***28***	-	***14,472***
Tranche B (*)	*14,500*	*28*	-	*14,472*
Credit Lines which may be utilised as reverse factoring	***196,876***	***109,681***	-	***87,195***
Tranche A	*31,560*	-	-	*31,560*
Tranche B	*64,316*	*9,763*	-	*54,553*
Tranche C	*101,000*	*99,918*	-	*1,082*
Credit Lines which may be utilised as factoring	***44,222***	***44,222***	-	-
Tranche D	*44,222*	*44,222*	-	-
Reverse Factoring - Syndicated Financing	***183,580***	-	***182,589***	**991**
Super Senior Supplier Tranche	-	-	-	-
Tranche A and B	*38,546*	-	*38,303*	*243*
Tranche C	*141,687*	-	*140,940*	*747*
Tranche F	*3,347*	-	*3,346*	*1*
DIA FINANCE	**317,666**	**317,584**	-	**82**
Loan Facility (Term loan) - Syndicated Financing	***251,088***	***251,088***	-	-
Tranche D	*251,088*	*251,088*	-	-
Revolving Credit Facility (RCF) - Syndicated Financing	***56,699***	***56,699***	-	-
Tranche D	*31,699*	*31,699*	-	-
Tranche F	*25,000*	*25,000*	-	-
Credit Facility - Syndicated Financing	***9,879***	***9,797***	-	***82***
Credit Lines which may be utilised as reverse factoring	***9,879***	***9,797***	-	***82***
Tranche D	*9,879*	*9,797*	-	*82*
DIA S.A.	**2,000**	**382**	-	**1,618**
Credit Facility - Syndicated Financing	***2,000***	***382***	-	***1,618***
Credit Lines	***1,000***	-	-	***1,000***
Tranche B	*1,000*	-	-	*1,000*
Credit Lines which may be utilised as reverse factoring	***1,000***	***382***	-	***618***
Tranche B	*1,000*	*382*	-	*618*
Total Multiproduct Syndicated Financing	**902,425**	**591,041**	**182,589**	**128,795**
DIA RETAIL	**50,000**	**22,840**	**26,906**	**254**
Loan Facility (Term loan) - Syndicated Financing	***50,000***	***22,840***	***26,906***	***254***
Loan Facility (Term loan)	*22,840*	*22,840*	-	-
Credit Lines reverse factoring	*27,160*	-	*26,906*	*254*
Total Multiproduct Syndicated Financing	**50,000**	**22,840**	**26,906**	**254**
Other Credit lines (not included in syndicated credits)	**6,051**	**6,051**	-	-

(*) Limit distributed between DIA Retail, BBD and GEA

The credit lines not included in syndicated loans for the amount of 6,441 thousands of euros as at June 30, 2023 (fully drawn down) and 6,051 thousands of euros as at December 31, 2022 (fully drawn down) refer to various credit lines held with financial institutions by Dia Brasil Sociedade Limitada, all maturing during the fiscal years of 2023 and 2024.

Financial covenants

The general terms and conditions described below are those established in the Syndicated Financing Agreement in force on June 30, 2023:

- Financial leverage ratio: to be calculated each June 30 and December 31. The first calculation was on December 31, 2020. The covenant level sets a deviation margin at up to 35% of the Adjusted Net Debt / Adjusted EBITDA ratio forecast in the Covenant plan, according to the definition of these concepts in the syndicated financing.
- Capital expenditure ratio and restructuring costs: it was established that from December 31, 2022 capital expenditure and restructuring costs could not exceed 12.5% and 20%, respectively, of the aggregate total of both items included in the Updated Covenant Plan delivered in December 2022.

Prior to December 31, 2022, the parent company complied with its obligation to deliver an updated covenant plan to the syndicated lenders that included the fiscal years 2023, 2024 and 2025.

On the basis of said updated covenant plan, the parent company's financial covenants for the fiscal years 2023 to 2025 were updated, complying with the requirement that the new leverage covenant for said fiscal years should be lower than the leverage covenant included in the parent company's original business plan for the fiscal year 2022 (5.60:1);

Under the Syndicated Financing Agreement, the Group must comply with the following ratios:

- **Financial Leverage Ratio:**

The Group undertakes to meet a given financial leverage ratio. This would be measured half-yearly every June 30 and December 31.

The covenant level establishes a deviation margin of up to 35% with regard to the ratio of Adjusted Group Net Debt/Restated EBITDA established in the Group Covenant Plan and Updated Covenant Plan, setting the following limits:

Thousands of Euros	2022	2023	2024	2025
Covenant Level	5.6x	4.8x	3.7x	2.9x

As at June 30, 2023 the required financial leverage ratio had been fulfilled regarding the Dia Group consolidated annual accounts and interim condensed consolidated financial statements, which was as follows:

Total adjusted net debt / Restated EBITDA < 5.6x

Total adjusted net debt and restated Ebitda figures are calculated according to the definition included in the loan agreement and therefore do not match the figures included in notes 3 and 13.1.

Investment ratio (capex) and restructuring costs:

The Group undertakes, as a whole, during the period January 1, 2023 to December 31, 2025, the following:

- the total investment expenditure (capex) shall not exceed the total amount foreseen in the Updated Covenant Plan by more than 85 millions of euros, which equates to a 12.5% deviation, setting a maximum capex amount of 759 millions of euros for this period and

- restructuring charges shall not exceed the amount set out in the Covenant Plan by more than 26 millions of euros, with the overall limit of restructuring charges for this period being set at 152 millions of euros.

As at June 30, 2023, the Group complied with the Covenants required under the Syndicated Financing Agreement.

Bank loans

Details of the maturity of the Group's mortgages and other bank loans, grouped by type of transaction and company, as at June 30, 2023 and December 31, 2022 were as follows:

As at 30 June 2023

Type	Owner	Currency	Total	Current 1 year	2 years	Non-Current Total
Loan	DIA Brasil	EUR	**37,550**	**36,708**	842	**842**
	Other Loans		**37,550**	**36,708**	**842**	**842**

As at 31 December 2022

Type	Owner	Currency	Total	Current 1 year	2 years	Non-Current Total
Loan	DIA Portugal	EUR	**39,190**	**39,190**	-	**-**
Loan	DIA Brasil	EUR	**25,841**	**23,139**	2,702	**2,702**
	Other Loans		**65,031**	**62,329**	**2,702**	**2,702**

The following transactions have been carried out in the 2023 year:

Thousands of Euros Type	31 December 2022	New financing	Paybacks	Valuation Fx	30 June 2023
Loan Brasil	25,841	2,886	(6,329)	1,761	**24,159**
Confirming Brasil	**-**	13,391	-	-	**13,391**
Total	**25,841**	**16,277**	**(6,329)**	**1,761**	**37,550**

- On January 11, 2023 Dia Brasil signed a bilateral loan for 24 months, with monthly amortisation and final maturity in January 2025 in the amount of 2,886 thousands of euros (15,000 thousands of Brazilian reals).
- During the first half of 2023, loans amounting to 6,329 thousands of euros were amortised (the equivalent value of which is 33,409 thousands of Brazilian reals).
- In June 2023, the reverse factoring of Dia Brasil was tied to financing of the subsidiary itself for Financial Debt.

c) Finance lease payables

The composition and changes in “Finance lease payables” during the first six months of 2023 and 2022 were as follows:

	Short-term debt	Long-term debt	Total
As at 1 January 2023	**170,101**	**371,643**	**541,744**
Additions	-	81,634	**81,634**
Disposals and impairment	-	(6,909)	**(6,909)**
Interesest expenses	27,573	-	**27,573**
Transfers	81,241	(81,241)	**-**
Transfers to assets held for sale	(14,830)	(49,029)	**(63,859)**
Value update	-	12,524	**12,524**
Other movements	(662)	(11,558)	**(12,220)**
Payments	(111,945)	-	**(111,945)**
Foreign exchange difference	(898)	455	**(443)**
As at 30 June 2023	**150,580**	**317,519**	**468,099**

Re-presented (*)	Short-term debt	Long-term debt	Total
As at 1 January 2022	**198,142**	**350,337**	**548,479**
Additions	-	140,707	**140,707**
Disposals and impairment	-	(25,302)	**(25,302)**
Interesest expenses	21,452	-	**21,452**
Transfers	108,453	(108,453)	**-**
Value update	-	12,510	**12,510**
Other movements	(23,113)	-	**(23,113)**
Payments	(109,101)	-	**(109,101)**
Foreign exchange difference	3,711	5,680	**9,391**
As at 30 June 2022	**199,544**	**375,479**	**575,023**

(*)Re-presented data as result of classification to discontinued operations of the Clarel business, the large format store business sold to Alcampo and Portugal business (see note 2.1).

13.2. Trade and other payables

The details are as follows:

Thousands of Euros	30 June 2023	31 December 2022
Suppliers	922,088	1,081,130
Suppliers, other related parties (note 20)	16	300
Advances received from receivables	427	459
Trade payables	227,187	231,960
Onerous contracts provisions	11,340	15,425
Total Trade and other payables	**1,161,058**	**1,329,274**

"Suppliers" and "Trade payables" essentially comprise current payables to suppliers of merchandise and services, including accepted giro bills and promissory notes.

"Trade and other payables" do not bear interest.

As at June 30, 2023 the Group had reverse factoring facilities with a limit of 213,025 thousands of euros (December 31, 2022: 253,545 thousands of euros) of which 209,024 thousands of euros had been used (December 31, 2022: 246,729 thousands of euros).

	30 June 2023			31 December 2022		
Thousands of Euros	Limit	Amount used	Amount available	Limit	Amount used	Amount available
Reverse Factoring - Syndicated Financing (notes 13.1 b) and 19.2)	187,293	187,222	71	183,580	182,589	991
Reverse Factoring - Syndicated Financing (Term loan) (notes 13.1 b) and 19.2)	-	-	-	27,160	26,906	254
Reverse Factoring - not included Syndicated Financing (note 19.2)	25,732	21,802	3,930	42,805	37,234	5,571
Total	**213,025**	**209,024**	**4,001**	**253,545**	**246,729**	**6,816**

13.3. Other financial liabilities

The details of "Other financial liabilities" are as follows:

Thousands of Euros	30 June 2023	31 December 2022
Personnel	63,768	77,392
Suppliers of fixed assets	61,430	87,451
Other current liabilities	50,219	47,884
Total other financial liabilities	**175,417**	**212,727**

The "Personnel" line is mainly reduced, by 7,787 thousands of euros, as a result of paying staff remuneration under the Short-Term Incentive Plan (see note 16).

The "Suppliers of fixed assets" line posted a decrease with respect to the close of 2022, essentially in Spain as a result of a reduction in the expected volume of invoices pending receipt given the lower amount of investment made as the refurbishment of the store network was almost completed.

"Other current liabilities" as at June 30, 2023, as per December 31, 2022, mainly included deposits received from franchises in the amount of 48,746 thousands of euros (47,630 thousands of euros as at December 31, 2022). Upon termination of the contractual relationship with Dia, the amounts already paid and deposited as security shall be deducted from the franchisee's final debt.

13.4. Estimates of fair value

The fair value of financial assets and liabilities is determined by the amount for which the instrument could be exchanged between willing parties in a normal transaction and not in a forced transaction or liquidation.

The Group generally applies the following systematic hierarchy to determine the fair value of financial assets and liabilities:

- Level 1: firstly, the Group applies the quoted prices of the most advantageous active market to which it has immediate access, adjusted where necessary to reflect any difference in credit risk between the instruments commonly traded and the instrument being measured. The current bid price is used for assets held or liabilities to be issued and the asking price for assets to be acquired or liabilities held. If the Group has assets and liabilities that offset market risks, it uses average market prices for the offsetting risk positions and applies the bid or asking price to the net position, as appropriate.
- Level 2: When current bid and asking prices are unavailable, the price of the most recent transaction is used, adjusted to reflect changes in economic circumstances.
- Level 3: Otherwise, the Group applies generally accepted valuation techniques using, insofar as is possible, market data and, to a lesser extent, specific Group data.

The carrying amount of financial assets of the Group, based on the different categories, is as follows:

Thousands of Euros	Loans and receivables	
	30 June 2023	31 December 2022
Financial assets		
Trade and other receivables	167,747	210,403
Other financial assets	65,895	68,149
Financial assets with customers	404	908
Total	**234,046**	**279,460**

The carrying amount of assets classified as loans and receivables does not significantly differ from their fair value.

The carrying amount and fair value of the Group's financial liabilities, based on the different categories and hierarchy levels, is as follows:

	Carrying amount			
Thousands of Euros	Financial debts at amortised cost		Fair value	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Financial liabilities				
Trade and other payables	1,161,058	1,329,274	1,161,058	1,329,274
Debentures and bonds	31,302	31,691	24,445	25,256
Syndicated credits (Revolving credit facilities)	52,612	52,207	52,612	52,207
Syndicated credits (Term loan)	338,263	392,899	338,263	392,899
Credit facilities drawn down	74,596	170,161	74,596	170,161
Bank loans and credits	37,550	65,031	37,550	65,031
Guarantees and deposits received	12,919	15,269	12,919	15,269
Other financial liabilities	192,546	232,856	192,546	232,856
Total	**1,900,846**	**2,289,388**	**1,893,989**	**2,282,953**

The carrying amount of liabilities classified as loans and payables does not significantly differ from their fair value.

The fair value of current and non-current listed bonds is measured in accordance with their market price (level 1).

14. PROVISIONS

The changes in the "Provisions" heading under non-current liabilities are as follows:

Thousands of Euros	Provisions for long-term employee benefits under defined benefit plans	Tax provisions	Social security provisions	Legal contingencies provisions	Other provisions	Total provisions
As at 1 January 2023	**2,603**	**46,394**	**14,075**	**19,048**	**1,395**	**83,515**
Charge	3,154	432	3,909	5,927	264	**13,686**
Applications	-	(153)	(999)	(661)	-	**(1,813)**
Reversals	(851)	(493)	(1,886)	(2,360)	-	**(5,590)**
Transfers	-	-	14	(14)	-	**-**
Transfers to liabilities directly associated with held for sale	(933)	(2,100)	(81)	(1,382)	-	**(4,496)**
Other movements	20	848	(1)	(387)	3	**483**
Foreign exchange difference	15	1,489	(390)	(497)	(144)	**473**
As at 30 June 2023	**4,008**	**46,417**	**14,641**	**19,674**	**1,518**	**86,258**
As at 1 January 2022	**26,038**	**34,498**	**10,002**	**22,805**	**1,069**	**94,412**
Charge	3,102	2,033	2,215	2,518	564	**10,432**
Applications	-	(1,057)	-	(6,896)	-	**(7,953)**
Reversals	-	(987)	(882)	(1,303)	(44)	**(3,216)**
Transfers	(8,903)	9,250	2,140	1,902	-	**4,389**
Other movements	122	52	(26)	916	3	**1,067**
Foreign exchange difference	122	1,564	898	314	(5)	**2,893**
As at 30 June 2022- Re-presented (*)	**20,481**	**45,353**	**14,347**	**20,256**	**1,587**	**102,024**

(*) Data re-presented as a result of classifying the Clarel business, the large-format store business sold to Alcampo and Portugal business as discontinued operations (see note 2.1).

The provisions for long-term employee benefits in the first six months of 2023 and 2022 related mainly to the Long-Term Incentive Plan, as detailed in note 16. The line of transfers in the first half of 2022 included the short-term amount payable for this same item, which was reclassified to other current financial liabilities (see note 13.3).

Endowments, applications and reversals of provisions for lawsuits (filed by ex-employees) during the first six months of the 2023 and 2022 years included labour contingencies mainly in Brazil and Argentina.

With regards legal provisions to cover other third-party disputes, 1,305 thousands of euros was set aside in Spain in first half of the year 2023 (585 thousands of euros in the same period in 2022), 3,114 thousands of euros in Argentina (1,261 thousands of euros in the first six months of 2022), 17 thousands of euros in Portugal (936 thousands of euros in the same period in 2022) and 1,508 thousands of euros in Brazil (672 thousands of euros in first half of the year 2022).

Reversals of legal provisions in the two fiscal years were the result of contract risks which did not materialise: in Argentina for an amount of 784 thousands of euros in the first six months of 2023 (548 thousands of euros in the same period in 2022), in Brazil for an amount of 1,104 thousands of euros in the first six months of 2023 (457 thousands of euros in same period in 2022), in Spain for an amount of 472 thousands of euros in the first six months of 2023 (298 thousands of euros in the same period in 2022) and in Portugal for an amount of 404 thousands of euros in the first six months of 2023 (20 thousands of euros in the same period in 2022).

Court proceedings in Argentina

In December 2018, the Argentinian Social Security Authorities (Directorate for Social Security Resources), attached to the Federal Administration of Public Revenue (AFIP), brought a proceeding against Dia Argentina SA and certain executives for alleged tax evasion in relation to Social Security payment obligations. Specifically, the AFIP's Social Security department questioned the status of franchisees as employers, given their apparent lack of financial solvency.

Based on AFIP's hypothesis, the franchisees would be Dia Argentina, S.A. employees and therefore their Social Security debts could be claimed from Dia Argentina, S.A. This hypothesis is refuted by the company's defence, based essentially on (i) similar court proceedings resolved in the Company's favour in the past and (ii) favourable resolutions by the National Ministry of Labour recognising the autonomous and independent nature of franchisor and franchisee.

The total amount determined by AFIP was 808 millions of Argentine pesos for the 2014-2018 period. However, the court ordered that 462 millions of Argentine pesos be deducted from the total debt due to amounts already paid by former franchisees.

In December 2020, the prosecutor assigned to the case asked the judge to proceed with the charges against Dia Argentina, S.A. and some of its directors and former directors. At the same time, Dia Argentina, S.A. deposited the debt of its former franchisees as part of the tax amnesty regime in force at the time, in its capacity of joint and several liability, for a total of 156 millions of Argentine pesos.

On April 6, 2022, the criminal court judge summoned Dia Argentina, S.A. and its former directors, in connection with the prosecutor's request to proceed with the formal prosecution for the month of October and November 2022. However, these summonses have been suspended pending a decision by the Criminal Court as a result of the granting of the tax amnesty and payment of amounts referred to in the following paragraphs.

On April 29, 2022, three of the former directors called by the court (as they were sued jointly and severally) asked to be accepted under the new tax amnesty in force at the time (Law 27,653). 175 millions of Argentine pesos of nominal capital was paid in this regard, whereby the calculation of interest (calculated at a maximum of 75%) and elimination of a penalty on the basis of the benefits of the tax regulations established a total of 257 millions of Argentina pesos.

By dint of the previous payment and that made in December 2020, Dia Argentina, S.A. requested the benefits of said inclusion in the new tax amnesty, requesting on May 17, 2022 the termination of the criminal action due to debt satisfaction. Should this application be accepted and the termination of the criminal action ordered, the substantive discussion would be reduced or limited to the original administrative file.

On December 21, 2022, Dia Argentina, S.A. was notified of the favourable pre-opinion of the prosecutor (prosecuting body) investigating this case, validating its requesting of the termination of the criminal action due to satisfaction of the debt, recognising the timely payments made by the franchisees, as well as the payment of all the amounts paid in all the tax amnesties.

On February 24, 2023 the public prosecutor issued a ruling, considering that, by dint of the facts set out by Dia Argentina in its application of May 17, 2022, the requirements had been met to provide for the termination of the criminal action brought against Dia Argentina and its former directors.

On March 23, 2023 the judge in the case ruled that the criminal actions brought against Dia Argentina, S.A. and its former directors regarding the alleged evasion of the payment of social security contributions and contributions by the company with respect to periods 1/2014 to 12/2018 were extinguished, and consequently dismissed the above directors, providing for the closure of the case.

Although this decision was expressly agreed by the prosecutor in the case, the defendant lodged an appeal and for that reason, the matter must be reviewed by the Court of Appeal.

If the judgment is upheld, the criminal action against Dia Argentina, S.A. and the former directors would be extinguished. As at the date of these interim condensed consolidated financial statements, no accounting provision had been established for the reasons set out.

Civil proceedings brought by minority shareholders

On June 12, 2020, the parent company was notified of the filing of a civil action suit for damages by another individual minority shareholder, whereby the shareholder was claiming 110,605 in damages, alleging breach by the Company of the obligation to reflect a true and fair view of its equity in the 2016 and 2017 annual accounts, and the decrease in share value within the context of the restatement of the annual accounts in 2018. The Company responded to the lawsuit in a timely and appropriate manner. On June 25, 2021, the first session of the trial proceedings was held, and ended on July 19, 2021. On September 30, 2021, a judgment was handed down from the court of first instance dismissing the suit. On November 9, 2021, the parent company received notice of an appeal against the judgment. On January 7, 2022 the parent company proceeded to file its objection to the appeal. The appeal is currently pending a decision by the Provincial Court of Madrid.

Other civil proceedings

In March 2019, Ricardo Currás de Don Pablos filed a civil action suit against Dia, claiming a total of 567,226 euros plus interest, of which: (i) 505,500 euros was for the non-competition agreement pending payment to Mr Currás; and (ii) 61,726 euros was for the settlement of his remuneration as a director. As at December 31, 2021, Dia had an accounting provision for these amounts.

In May 2019, Dia responded to the claim brought by Mr Currás, objecting to the amounts claimed, and filed a counterclaim for a total of 2,785,620 euros plus interest, of which: (i) 834,120 euros was for the Annual Variable Remuneration (AVR) received by Mr Currás in the years 2016 and 2017; and (ii) 1,951,500 euros was for the compensation received by Mr Currás upon his resignation as Dia chief executive. Mr Currás responded to the counterclaim by opposing Dia's claims.

Following the relevant proceedings, a judgment handed down by the Court of First Instance on May 10, 2021 dismissed the claim brought by Mr Currás against Dia, with costs being awarded against Mr Currás, and partially upheld the counterclaim brought by Dia against Mr Currás, ordering him to pay Dia the following amounts: (i) 275,232 euros for AVR in the years

2016 and 2017, plus interest accrued since its receipt; and (ii) 1,951,500 euros for the compensation received by Mr Currás, plus the interest accrued since its receipt.

The abovementioned judgment was fully revoked by the judgment of the Provincial Court of Madrid of February 25, 2022 by virtue of which: (i) the lawsuit filed by Mr Currás against Dia was fully upheld, with Dia ordered to pay 505,500 euros as compensation for the post-contractual non-competition agreement and 61,726 as director remuneration, plus the legal interest since the legal proceedings, as well as the costs of the lawsuit; and (ii) the counterclaim filed by Dia was fully rejected, with the latter being awarded the costs occasioned to the other party. In addition, the costs incurred by Mr Currás with the Dia appeal were imposed on Dia.

An extraordinary appeal for procedural infringement and/or cassation may be lodged against the abovementioned judgment of the Provincial Court of Madrid.

On March 31, 2022 Dia filed both appeals which, as at the date of preparing these interim condensed consolidated financial statements, were pending a ruling as to their acceptance by the Supreme Court.

On March 10, 2023 the parent company was served notice of demand for a sum claimed by Mr Antonio Coto Gutiérrez, former executive and CEO of the parent company against Dia S.A. for an amount of 4,748,561.04 plus interest for different concepts connected with sums he considers owed to him as a consequence of the termination of his relationship as chief executive of the parent company in December 2018.

The parent company filed a statement of defence on April 12, 2023. The proceedings are pending prior hearing, scheduled for January 9, 2024. These consolidated financial statements include the provision the Group's legal advisers have deemed reasonable in connection with this dispute.

Other procedures

In addition to the above, Group companies have other non-significant legal proceedings with third parties which have been provisioned.

15. TAX ASSETS AND LIABILITIES AND INCOME TAX

The breakdown of balances relating to tax assets and liabilities as at June 30, 2023 and December 31, 2022 is as follows:

Thousands of Euros	30 June 2023	31 December 2022
Non current tax assets	76,752	70,366
Taxation authorities, VAT	37,747	43,131
Taxation authorities	7,827	6,573
Current income tax assets	4,468	8,303
Total tax assets	**126,794**	**128,373**
Deferred tax liabilities	58,062	50,742
Taxation authorities, VAT	6,870	17,029
Taxation authorities	35,988	39,043
Current income tax liabilities	20,755	14,191
Total tax liabilities	**121,675**	**121,005**

Non-current tax assets correspond entirely to ICMS tax in Brazil in the amount of 405,156 thousands of Brazilian reals as at June 30, 2023 related to the circulation of goods and services and tax on the purchase of property, plant and equipment, equivalent to VAT in other jurisdictions. The current amount of this tax, amounting to 56,862 thousands of Brazilian reals, forms part of the heading "Public Tax Office, VAT receivable" as at June 30, 2023.

In relation to the tax on circulation of goods and services (ICMS-ST), in March 2017 the Supreme Court judgment of October 2016 was ratified, allowing companies to recover a portion of the tax paid. This decision was confirmed by the final court ruling of May 2019 in favour of Dia Brasil.

As at December 31, 2019, Dia Brasil had an estimated total amount of ICMS assets to be recovered comprising 372,670 thousands of Brazilian reals and an impairment test provision for the recoverability of loans within 10 years amounting to 93,000 thousands of Brazilian reals, the final balance on its balance sheet thus coming to 279,670 thousands of Brazilian reals.

During the fiscal years 2020, 2021 and 2022 and with the assistance of external advisors, the amount of ICMS assets regarding the periods 2009 to 2021 (both inclusive) for the state of São Paulo was re-evaluated, along with the 2017, 2018, 2019 and 2020 periods for the state of Rio, because the amount entered for these periods had been calculated on a precautionary basis. As a result, there was an increase in non-current assets amounting to 38,638 thousands of Brazilian reals in 2020, 29,066 thousands of Brazilian reals in 2021 and 31,432 thousands of Brazilian reals in 2022.

The corresponding update was also performed in the years 2020, 2021 and 2022 for late-payment interest entered in the amount of 85,757 thousands of Brazilian reals and net compensation of recurrent balances in the amount of 83,052 thousands of Brazilian reals. Finally, the 10-year recoverability test performed at the end of 2020 and 2021 enabled the reversal of all the impairment previously recorded in 2019 for 93,000 thousands of Brazilian reals.

To speed up the offsetting of ICMS credits, at the close of fiscal year 2022 a process of credit sales began, with a negative adjustment amounting to 18,009 thousands of Brazilian reals to present the ICMS credits at their fair realisable value.

During first half of the year 2023 the final amount relating to the periods 2009 to 2021 for the state of São Paulo was re-evaluated. As a consequence, there was an increase of 8,535 thousands of Brazilian reals and the value of late-payment interest was updated in the amount of 23,307 thousands of Brazilian reals.

The net compensation of recurrent balances amounted to 26,327 thousands of Brazilian reals resulting from the difference in credits generated in the period (10,297 thousands of Brazilian reals) and the amounts of compensation (36,624 thousands of Brazilian reals).

As a result of all the movements described, Dia Brasil had a non-current asset for ICMS amounting to 405,156 thousands of Brazilian reals (76,752 thousands of euros) recorded on its balance sheet as at June 30, 2023 and under current assets an amount of 56,862 thousands of Brazilian reals (10,772 thousands of euros), with the total balance on its balance sheet for this tax of 462,018 thousands of Brazilian reals (87,523 thousands of euros valued at the exchange rate of June 30, 2023).

During the first half of 2023, the Spanish companies Distribuidora Internacional de Alimentación S.A. (parent company) and DIA Retail, S.A.U., Pe-Tra Servicios a la Distribución, S.L.U., Beauty by Dia, S.A.U., Grupo El Árbol Distribución y Supermercados S.A.U., DIA Finance S.L.U. and Finandia S.A.U. (subsidiaries) filed consolidated tax returns as part of tax group 487/12, pursuant to Title VII, Chapter VI of the Spanish Corporate Income Tax Law 27/2014 of November 27, 2014.

The details of income tax expense included in the interim condensed consolidated statement of profit or loss is as follows:

Thousands of Euros	30 June 2023	Re-presented (*) 30 June 2022
Current income taxes		
Current period	17,838	9,524
Prior periods' current income taxes	2,701	1,951
Total current income taxes	**20,539**	**11,475**
Deferred taxes		
Source of taxable temporary differences	5,547	2,223
Source of deductible temporary differences	(12,701)	(28,311)
Reversal of taxable temporary differences	(472)	(1,807)
Reversal of deductible temporary differences	14,141	26,688
Total deferred taxes	**6,515**	**(1,207)**
TOTAL INCOME TAX EXPENSES	**27,054**	**10,268**

(*) Data re-presented as a result of classifying the Clarel business, the large-format store business sold to Alcampo and Portugal business as discontinued operations (see note 2.1).

Regarding inspection proceedings in Brazil:

As a result of the inspections closed in 2014, Dia Brasil received two notifications from the Brazilian tax authorities regarding 2010, one for an updated amount of 15,886 thousands of euros (83,859 thousands of Brazilian reals) in relation to the discrepancy in income tax from supplier discounts, and the other for an updated amount of 76,623 thousands of euros (404,478 thousands of Brazilian reals) for omission of income mainly from the circulation of goods. In relation to the first issue (regarding tax on income from supplier discounts), an unfavourable decision was passed down in the administrative proceedings and the company filed an appeal in 2016. In 2020 a favourable ruling by the examining magistrate was received to annul the notification. This decision has been appealed by the authorities. Based on reports from external lawyers, the company considers there are sufficient grounds to secure a ruling in this lawsuit in favour of Dia Brasil. In relation to the second issue (on the circulation of goods), the administrative proceedings resulted in an unfavourable ruling, which was subsequently appealed. As a result, the administrative court of second instance (CARF) recognised deficiencies in the inspection process and ordered another inspection, which concluded in June 2019 with a favourable ruling for DIA Brasil in 80% of its claims. In November 2022, CARF decided to initiate a new procedure with the aim of reviewing the remaining 20%, with Dia Brasil presenting its reply in June 2023, and it will be subject to analysis by the tax authority to then refer the process back to CARF for a new judicial process. The external lawyers continue to deem the likelihood of losing this case as remote.

In 2017 Dia Brasil received notification from the tax authorities questioning the offsetting of negative tax bases in corporate income tax for the fiscal years 2012 and 2013 for an updated amount of 6,894 thousands of euros (36,393 thousands of Brazilian reals). External legal advisors classified this risk as possible in the main, and a provision was therefore established for an updated amount of 650 thousands of euros (3,433 thousands of Brazilian reals).

As a result of the inspection proceedings closed in January 2019, Dia Brasil received a notification from the Brazilian tax authorities in relation to the 2014 period for an updated amount of 103,736 thousands of euros (547,599 thousands of Brazilian reals) regarding different items of the PIS and COFINS taxes. The Company presented a defence which was partially upheld in the administrative court of first instance - DRJ. On November 25, 2021, the Company submitted its Voluntary Appeal, which will be heard by CARF. The Company has appealed this ruling through administrative proceedings and will if necessary file a court appeal, since it considers there are sufficient grounds to obtain a favourable outcome. Based on reports drawn up by two legal firms, the Company has deemed the risk of loss of the items disputed in this appeal as remote/possible in the most part and had therefore only recorded a provision of 2,607 thousands of euros (13,761 thousands of Brazilian reals) as at June 30, 2023. Furthermore, approximately 30% of the amount of the ruling corresponds to the discrepancy regarding the tax on income from supplier discounts, which had already been raised in the 2010 inspection.

As a result of the tax inspections at Dia Brasil, notification was received in 2021 from the Brazilian tax authorities regarding the 2017 period for an updated amount of 5,424 thousands of euros (28,632 thousands of Brazilian reals) in connection with ancillary obligations under the PIS/COFINS tax. In May 2021, the corresponding appeal was filed, which was unfavourable to Dia Brasil. As a result of the above, in October 2021 the Company filed its Voluntary Appeal, which will be heard by CARF. The external legal advisors continue to deem the likelihood of losing this case as remote.

As a result of the tax inspections in Dia Brasil in 2022, the following notifications were received:

- For a total amount of 40,102 thousands of euros (211,688 thousands of Brazilian reals) in connection with the payment and use of the ICMS tax credit for the fiscal years 2017-2018. The Company has filed an administrative appeal and will be tried by the Court of First Administrative Instance of the State of São Paulo. The Company, based on the report by external legal advisors, has assessed the risk of loss as remote/possible for the most part.
- For a total amount of 38,104 thousands of euros (201,143 thousands of Brazilian reals) in relation to different discrepancies of the PIS and COFINS taxes for the fiscal years 2019-2020. The Company has appealed via administrative channels and is pending a decision. The Company, based on the report produced by external legal advisors, has valued the risk of loss as possible, and as a result a provision amounting to 201 thousands of euros (1,061 thousands of Brazilian reals) was recorded as at June 30, 2023.

Regarding inspection proceedings in Spain:

Subsequent to the closure of these interim condensed consolidated financial statements, the Company received notification two inspection:

- The parent company for corporation tax from 2018 to 2020 and for value added tax, withholdings and non-resident income tax from June 2019 to December 2020.
- The subsidiary Dia Retail España, S.A., for corporation tax from 2018 to 2020, for value added tax from June 2019 to December 2020, and withholdings and non-resident income tax from July 2019 to December 2020.

The notice was addressed to the company via the parent company, as the controlling company of the tax group for corporation tax and VAT, meaning that the time-barring of public authority rights and actions for the entire tax group is therefore interrupted with regards these taxes for the stated periods.

Also after the closure of these interim condensed consolidated financial statements, the Company received notification of the Supreme Court judgment regarding corporation tax for the fiscal years 2008 to 2010, upholding its claims in full. This dispute, the updated amount of which as at December 31, 2022 came to 1,778 thousands of euros, was not provisioned.

Lastly, as at the date of closing these interim condensed consolidated financial statements, the Company still had two lawsuits in administrative litigation for corporate income tax for the following periods and updated amounts: 2011 to 2012, 1,129 thousands of euros; and 2013 to 2014, 2,083 thousands of euros. These disputes are not provisioned, as the Company has assessed the probability of loss as possible.

Regarding inspection proceedings in Portugal and Argentina:

As a result of the general inspection proceedings regarding the fiscal year 2019 at Dia Portugal, notice was received from the Portuguese tax authorities in 2022 for an updated amount of 317 thousands of euros essentially connected with discrepancies in the VAT rate applied to certain products. The company filed an administrative appeal in May 2023, considering there were sufficient arguments to achieve a favourable outcome. This amount has already been paid.

In 2022, notice was received of the value-added tax for the fiscal year 2016 for an updated amount of 492 thousands of euros of principal (137,962 thousands of Argentine pesos). As an unfavourable decision was obtained in the administrative court in December 2022, an appeal was filed in 2023. The external legal advisors continue to deem the likelihood of losing this case as remote.

Also in 2022, Dia Argentina received notification of the value added tax for the 2017 fiscal year in a total amount of 710 thousands of euros of principal (199,041 thousands of Argentine pesos). The Company has filed an administrative appeal.

Subsequent to the closure of these interim condensed consolidated financial statements, Dia Argentina received:

- notification regarding a limited VAT verification for the 2018 fiscal year for a total amount of 1,035, thousands of euros of principal (290,121 thousands of Argentine pesos). The Company will appeal this liquidation through administrative channels, and
- notification of a general inspection regarding corporation tax and VAT for the fiscal years 2018 and 2019.

In addition, it should be noted that the lawsuit in relation to payment obligations in Argentina to the Social Security directorate, dependent on the Federal Administration of Public Revenue (AFIP), is explained in note 14 "Provisions".

The directors do not expect that any major additional liabilities in relation to the interim condensed consolidated financial statements taken as a whole will arise as a result of the years open to inspection or the appeals submitted.

16. LONG-TERM INCENTIVE PLANS AND SHARE-BASED PAYMENT TRANSACTIONS

On October 26, 2022 the Board of Directors approved a Long-Term Incentive Plan for the period 2023-2025 (LTIP 2023-25), adapted to the Group's strategy and aimed at motivating and rewarding key executives for their commitment to the Dia project and attracting and committing the talent required to achieve the sustainability medium-term business. As a consequence of this LTIP 2023-2025 a long-term provision of 2,999 thousands of euros was established as at June 30, 2023.

Likewise, on May 23, 2023, the Board of Directors approved a new Long-Term Incentive Plan for the period 2023-2027 (LTIP 2023-2027) structured in shares intended for a restricted number of key executives to incentivise value creation by increasing the value of the parent company 's shares. As at June 30, 2023, an expense amounting to 401 thousands of euros was registered under LTIP 2023-2027 against equity instruments.

All Board decisions were taken at the proposal of the Appointments and Remuneration Committee.

As at December 31, 2022 the total amount of the provision made for Long-Term Incentive Plan amounts to 8,720 thousands of euros. This amount is recorded for an amount of 933 thousands of euros as Long-Term Incentive Plan and for 7,787 thousands of euros corresponding to the amount in cash recognised for the beneficiaries of the ILP 2020-2022. This amount was paid to the plan´s beneficiaries in first half of 2023.

As at December 31, 2022 the total amount of the provision for the Long-Term Incentive Plans following the decision taken by the Board of Directors on October 26, 2022 to terminate the LTIP 2021-2024 was cancelled.

In addition, in application of the approved remuneration policy, deferred remuneration in shares established for non-proprietary directors amounting to 144 thousands of euros was accrued in first half of the year 2023 (151 thousands of euros in first half of the year 2022). See note 20.

17. NET TURNOVER

17.1. Revenue from contracts with customers

Net turnover corresponds to sales income from own stores, sales and service provisions to franchises and online sales from the Group's activity, focused mainly on the markets in Spain, Brazil and Argentina. As at June 30, 2023 and 2022, net turnover came to 3,014,922 thousands of euros and 2,819,540 thousands of euros, respectively. Distribution by geographical segment is shown in the following table:

	As at 30 June 2023			Re-presented (*) As at 30 June 2022		
	Ordinary income of the segment	Ordinary income between segments	Ordinary income of external clients	Ordinary income of the segment	Ordinary income between segments	Ordinary income of external clients
Sales in own stores	**1,634,658**	**80**	**1,634,578**	**1,685,368**	**195**	**1,685,173**
Spain	831,391	80	831,311	836,932	195	836,737
Brazil	221,565	-	221,565	302,054	-	302,054
Argentina	581,702	-	581,702	546,382	-	546,382
Sales to franchise stores	**1,288,259**	**-**	**1,288,259**	**1,049,303**	**-**	**1,049,303**
Spain	1,041,902	-	1,041,902	828,878	-	828,878
Brazil	131,725	-	131,725	121,220	-	121,220
Argentina	114,632	-	114,632	99,205	-	99,205
On line sales	**91,343**	**-**	**91,343**	**83,896**	**-**	**83,896**
Spain	74,322	-	74,322	66,097	-	66,097
Brazil	11,949	-	11,949	11,395	-	11,395
Argentina	5,072	-	5,072	6,404	-	6,404
Other sales	**742**	**-**	**742**	**1,168**	**-**	**1,168**
Spain	573	-	573	1,168	-	1,168
Brazil	169	-	169	-	-	-
Total revenues	**3,015,002**	**80**	**3,014,922**	**2,819,735**	**195**	**2,819,540**

(*)Re-presented data as result of classification to discontinued operations of the Clarel business, the large format store business sold to Alcampo and Portugal business (see note 2.1).

18. OTHER INCOME AND EXPENSES

18.1. Other income

The composition of "Other income" is as follows:

Thousands of Euros	30 June 2023	Re-presented (*) 30 June 2022
Fees and interest to finance companies	19	39
Service and quality penalties	2,675	772
Revenue from lease agreement and other revenues from franchises	5,401	4,533
Revenue from information services to suppliers	2,891	3,173
Revenue from the sale of packaging	2,203	4,139
Other revenues	1,608	5,060
Total other operating income	**14,797**	**17,716**

(*)Re-presented data as result of classification to discontinued operations of the Clarel business, the large format store business sold to Alcampo and Portugal business (see note 2.1).

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18.2. Consumption of goods and other consumables

This heading includes purchases, less volume discounts and other trade discounts and variations in stock.

The composition of the main items in this heading is as follows:

Thousands of Euros	30 June 2023	Re-presented (*) 30 June 2022
Supplies	2,514,238	2,339,302
Disccounts	(275,399)	(270,455)
Inventory variation	19,073	8,179
Other cost of sales	23,883	21,160
Total supplies	**2,281,795**	**2,098,186**

(*)Re-presented data as result of classification to discontinued operations of the Clarel business, the large format store business sold to Alcampo and Portugal business (see note 2.1).

18.3. Personnel expenses

The composition of "Personnel expenses" is as follows:

Thousands of Euros	30 June 2023	Re-presented (*) 30 June 2022
Salaries and wages	229,610	241,529
Social Security	60,206	65,504
Indemnizaciones	21,389	22,109
Defined contribution plans	3,656	3,637
Other employee benefits expenses	5,019	5,402
Parcial total personnel expenses	**319,880**	**338,181**
Expenses for share-based payment transactions (Notes 16 and 20)	546	151
Total personnel expenses	**320,426**	**338,332**

(*)Re-presented data as result of classification to discontinued operations of the Clarel business, the large format store business sold to Alcampo and Portugal business (see note 2.1).

18.4. Operating expenses

The composition of "Operating expenses" is as follows:

Thousands of Euros	30 June 2023	Re-presented (*) 30 June 2022
Repairs and maintenance	55,116	49,899
Utilities	38,141	56,838
Fees	37,351	32,328
Advertising	22,739	22,670
Taxes	11,316	12,316
Rentals, property	15,380	14,709
Rentals, equipment	3,304	4,004
Transport	82,203	69,375
Travel expenses	5,729	5,937
Security	14,366	12,266
Other general expenses	36,804	27,875
Total operating expenses	**322,449**	**308,217**

(*)Re-presented data as result of classification to discontinued operations of the Clarel business, the large format store business sold to Alcampo and Portugal business (see note 2.1).

18.5. Amortisation, depreciation and impairment

The composition of the expenses included under this heading in the consolidated income statements is as follows:

Thousands of Euros	30 June 2023	Re-presented (*) 30 June 2022
Amortisation of intangible assets (Note 5.3)	7,331	5,034
Depreciation of property, plant and equipment (Note 4)	67,672	63,959
Depreciation of right-of-use assets (Note 5.2)	87,328	91,423
Total amortisation and depreciation	**162,331**	**160,416**
Impairment of intangible assets (Note 5.3)	306	-
Impairment of property, plant and equipment (Note 4)	14,931	4,281
Impairment of right-of-use assets (Note 5.2)	14,378	-
Total impairment	**29,615**	**4,281**

(*)Re-presented data as result of classification to discontinued operations of the Clarel business, the large format store business sold to Alcampo and Portugal business (see note 2.1).

18.6. Profit/(loss) on disposal of non-current assets

The losses recorded in the first six months of 2023 came mainly from Argentina and Spain, as per the same period in 2022.

18.7. Financial income/expenses

The composition of “Financial income” is as follows:

Thousands of Euros	30 June 2023	Re-presented (*) 30 June 2022
Interest on other loans and receivables	20,631	11,635
Gains on foreign exchange difference (note 18.8)	1,190	643
Other finance income	15,169	9,706
Total finance income	**36,990**	**21,984**

(*)Re-presented data as result of classification to discontinued operations of the Clarel business, the large format store business sold to Alcampo and Portugal business (see note 2.1).

The composition of “Financial expenses” is as follows:

Thousands of Euros	30 June 2023	Re-presented (*) 30 June 2022
Interest on bank loans	21,222	16,632
Intereses on debentures and bonds	537	535
Finance costs for finance leases	28,714	22,157
Loss on foreign exchange difference (note 18.8)	2,831	892
Other finance costs	16,845	16,443
Total finance costs	**70,149**	**56,659**

(*)Re-presented data as result of classification to discontinued operations of the Clarel business, the large format store business sold to Alcampo and Portugal business (see note 2.1).

18.8. Foreign currency transactions

The details of the exchange rate differences on foreign currency transactions are as follows:

Thousands of Euros	30 June 2023	Re-presented (*) 30 June 2022
Loss on foreign exchange difference (note 18.7)	(2,831)	(892)
Gains on foreign exchange difference (note 18.7)	1,190	643
Trade loss on foreign exchange difference	(2,244)	(602)
Trade gains on foreign exchange difference	431	1,276
Total	**(3,454)**	**425**

(*)Re-presented data as result of classification to discontinued operations of the Clarel business, the large format store business sold to Alcampo and Portugal business (see note 2.1).

18.9. Profit/(loss) on net monetary position

This heading includes the positive financial effect of the impact of inflation at Dia Argentina on et monetary assets, which amounted to 64.2 millions of euros in the first six months of 2023 and 44.5 millions of euros in the same period in 2022. The causes of this increase are mainly due to the change in the inflation index and the change in net monetary positions:

• As indicated in note 2.3, the inflation considered for the determination of this impact as at June 30, 2023 was 50.68%, well above the 36.15% as at June 30, 2022. This rate was obtained from information issued by the public organisation INDEC (National Statistics and Census Institute), an Argentinian public body, through the publication of the Consumer Price Index which measures variations in the price of goods and services comprised in domestic consumer spending. This causes the inflationary effect, without considering changes in monetary items, to be greater than that of the six-month period the previous year.

• While the inflation adjustment methodology indicates that, in order to perform the calculation, it must first be performed by means of the inflation adjustment calculation of non-monetary items, the items generating this effect are monetary items, since they are those which, while remaining at face value, suffer the effects of inflation. Dia Argentina generally holds a passive monetary position, the upshot of a greater amount of monetary liabilities compared to monetary assets. This is generated by the nature of the business, where liabilities are cancelled more slowly than monetary assets, as collections from sales are collected in the short term or immediately, while liabilities are cancelled in longer periods according to the different agreements with suppliers. Average liability positions during the period amounted to 38,500 and 17,100 millions of Argentine pesos for 2023 and 2022, respectively (137 and 61 millions of euros for first half of the year 2023 and 2022, respectively). This variation occurs naturally due to the increase in all prices in the economy, which increase nominal values under all headings. For monetary positions at the close of each six-month period, we find that for 2023 the liability position was approximately 49,300 millions of Argentine pesos (176 millions of euros), while for 2022 it was 20,600 millions of Argentine pesos (73 millions of euros), mainly as a result of the increase in the balances of trade and other payables.

The profit margin in Argentina came to 12.7% in first half of the year 2023 (13.4% in the same period in 2022). The profit margin for the first half of 2023 when isolated from the effect of the application of IAS 29 would be 19.0% (17.8% in the same period in 2022). The profit margin differences in the two periods is due mainly to an improved gross margin, which essentially reflects a smaller promotional effort. The method of updating the cost of goods sold is based on the measurement of the initial stock at the rate corresponding to the period immediately prior to the start of year, in this case December 2022. Assuming an average stock rotation of 30 days. This methodology means that the update adjustment has a greater effect on the cost of goods sold than the rest of the lines in the income statement, with the margin deteriorating because of the application of IAS 29.

18.10. Profit/(loss) of equity-accounted investees

This heading records the result attributable to companies that consolidate under the equity method, with a loss of 5 thousands of euros as at June 30, 2023 (loss of 39 thousands of euros as at June 30, 2022).

19. COMMITMENTS AND CONTINGENCIES

a) Commitments

Commitments pledged and received by the Group but not recognised in the interim condensed consolidated financial statements comprise contractual obligations not yet executed. The two types of commitments relate to cash and expansion operations. The Group also has lease contracts that represent future commitments undertaken and received.

Off-balance-sheet cash commitments comprise:

- available credit lines and revolving syndicated loans unused at reporting date;
- bank commitments received.

Expansion operation commitments are undertaken for expansion at Group level.

The details of commitments, in thousands of euro, are as follows:

19.1. Pledged:

Thousands of Euros - 30 June 2023	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	>5 YEARS	TOTAL
Guarantees	404	597	1,809	8,565	11,375
Mortgage security	27,275	-	-	-	27,275
Cash	**27,679**	**597**	**1,809**	**8,565**	**38,650**
Purchase options	6,636	-	-	550	7,186
Commitments related to commercial contracts	3,242	862	878	11	4,993
Other commitments	-	-	-	6,426	6,426
Transactions / properties / expansion	**9,878**	**862**	**878**	**6,987**	**18,605**
Total	**37,557**	**1,459**	**2,687**	**15,552**	**57,255**

Thousands of Euros - 30 June 2022	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	>5 YEARS	TOTAL
Guarantees	17	75	1,309	10,129	11,530
Mortgage security	25,296	-	-	-	25,296
Credit facilities to customers (finance companies)	30,543	-	-	-	30,543
Cash	**55,856**	**75**	**1,309**	**10,129**	**67,369**
Purchase options	-	6,636	-	25,827	32,463
Commitments related to commercial contracts	4,576	2,499	1,507	271	8,853
Other commitments	-	-	-	5,835	5,835
Transactions / properties / expansion	**4,576**	**9,135**	**1,507**	**31,933**	**47,151**
Total	**60,432**	**9,210**	**2,816**	**42,062**	**114,520**

Moreover, the minimum payments for non-cancellable leases were as follows:

Thousands of Euros	30 June 2023	31 December 2022
Less than one year	378	697
Total minimum lease payments , property	**378**	**697**
Less than one year	1,235	1,118
One to five years	642	727
Over five years	13	5
Total minimum lease payments , property	**1,890**	**1,850**

As at June 30, 2023 and 2022, only minimum payments linked to lease agreements not included in the scope of IFRS 16 or which are not provisioned for as onerous contracts were listed.

Cash and bank guarantees mainly comprise those that secure commitments relating to store and warehouse leases.

Mortgage loans include the value of assets placed as collateral for bilateral loans in Dia Portugal in "commercial paper" and reverse factoring lines (see note 13).

On June 30, 2023, customers were informed of the withdrawal of the Finandia card, after which it was no longer functional, thus eliminating the lines of credit to customers linked to the card.

The purchase options included warehouse options amounting to 6,636 thousands of euros as at June 30, 2023 (31,913 thousands of euros as at June 30, 2022).

Sales contract commitments include commitments acquired with franchises regarding compliance with certain conditions and payment obligations in the event of noncompliance by the franchisee with financing operations with third parties.

In addition, the Company has granted a guarantee with regard to certain obligations with the subsidiary in Portugal, a guarantee by Société Générale for a maximum amount of 30,990 thousands of euros, expiring on September 30, 2023.

19.2. Received:

Thousands of Euros - 30 June 2023	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	> 5 YEARS	TOTAL
Available Credit Facility - Syndicated Financing	159,069	-	-	-	159,069
Available Revolving Credit Facility - Syndicated Financing	20,653	-	-	-	20,653
Available Reverse Factoring	71	-	-	-	71
Available Reverse Factoring (not included Syndicated credits)	3,930	-	-	-	3,930
Cash	**183,723**	**-**	**-**	**-**	**183,723**
Guarantees received for commercial contracts	12,878	2,770	5,976	50,774	72,398
Other commitments	-	-	-	131	131
Transactions / properties / expansion	**12,878**	**2,770**	**5,976**	**50,905**	**72,529**
Total	**196,601**	**2,770**	**5,976**	**50,905**	**256,252**

Thousands of Euros - 30 June 2022	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	> 5 YEARS	TOTAL
Available Credit Facility - Syndicated Financing	98,950	-	-	-	98,950
Available Revolving Credit Facility - Syndicated Financing	24,437	-	-	-	24,437
Available Reverse Factoring	104	-	-	-	104
Available Credit Facility (not included Syndicated Financing)	2,582	-	-	-	2,582
Available Reverse Factoring (not included Syndicated credits)	4,613	-	-	-	4,613
Cash	**130,686**	**-**	**-**	**-**	**130,686**
Guarantees received for commercial contracts	13,011	3,260	4,057	47,251	67,579
Other commitments	35	-	-	131	166
Transactions / properties / expansion	**13,046**	**3,260**	**4,057**	**47,382**	**67,745**
Total	**143,732**	**3,260**	**4,057**	**47,382**	**198,431**

b) Contingencies

The Group is undergoing legal proceedings and tax inspections in a number of jurisdictions, some of which had been completed by the tax authorities as at June 30, 2022 and appealed by Group companies (see note 15). The Group recognises a provision if it is probable that an obligation will exist at period end which will give rise to an outflow of resources embodying economic benefits provided the outflow can be reliably estimated. As a result, management uses significant judgement when determining whether i) the process will likely result in an outflow of resources and ii) when estimating the amount.

Note 14 contains details of legal contingencies and note 15 includes details of tax contingencies.

20. RELATED PARTIES

The details of related party balances and transactions are as follows:

Related party balances and transactions

Related parties balances as at June 30, 2023 and December 31, 2022 are presented in notes 6.1(c) and 13.2. The balances in both periods are presented below:

Thousands of Euros	30 June 2023	30 June 2023
Holland & Barrett Benelux	-	7
Commercial loans with other related parties (note 6.1 c))	**-**	**7**
LetterOne Group	(16)	(300)
Commercial debts with other related parties (note 13.2)	**(16)**	**(300)**

During the first six months of the 2023 and 2022 fiscal years, the Group recorded the following transactions with its related companies: Horizon and LetterOne Group.

Thousands of Euros	30 June 2023	30 June 2022
Horizon	-	85
LetterOne Group (*)	(75)	(2,570)
Total transactions	**(75)**	**(2,485)**

(*) The impact in the consolidated income statement of (24) thousands of euros with LetterOne Group entities for first half of the year 2023 corresponds to transactions amounting to (75) thousands of euros in connection with the service provision contract and 51 thousands of euros for the difference between the provision endowed as at December 31, 2022 amounting to 300 thousands of euros and the amount of subsequent charges received for services received prior to December 31, 2022, amounting to 249 thousands of euros.

Transactions with directors and senior management personnel

The directors of the Company during the six months ended June 30, 2023 accrued an amount of 357 thousands of euros as remuneration for the performance of their functions as directors (355 thousands of euros in the first six months of the 2022 fiscal year).

In addition, in application of the approved remuneration policy, a deferred share remuneration established for non-proprietary directors accrued in the amount of 144 thousands of euros (151 thousands of euros in the first six months of 2022) (see notes 12.4 b) and 16). No shares were delivered in the first half of 2023, while in first half of the year 2022 shares for a gross amount of 32 thousands of euros were delivered to Mr Jaime García-Legaz Ponce in accordance with the remuneration policy approved by the Board on June 7, 2022.

In the six months ended June 30, 2023, the Group recorded salary remunerations accrued by the directors and other senior management personnel amounting to 5,656 thousands of euros (8,612 thousands of euros in the first six months of 2022). The decrease in the first half of 2023 was primarily due to the lower number of senior managers and the lesser impact of the new 2023-2025 incentive plan compared to the impact the 2021-2024 plan had on the first half of 2022.

As at June 30, 2023 and 2022 there were no advances or loans granted to directors or senior management personnel nor any obligations incumbent on them by way of guarantee.

21. OTHER INFORMATION

Employee information

The average headcount of full-time equivalent personnel, distributed by professional category, is as follows:

	30 June 2023	30 June 2022
Management	143	155
Middle management	2,352	2,434
Other employees	27,464	32,169
Total	**29,959**	**34,758**

The average headcount includes 6,847 employees from the businesses of Clarel, large-format stores and Portugal in June 2023 (8,136 employees in June 2022), whose personnel expenses are presented in the result of discontinued operations in the consolidated income statement.

22. SUBSEQUENT EVENTS

Subsequent to the closure of these interim condensed consolidated financial statements, the Company and the subsidiary Dia Retail, S.A. received notice of inspections. See note 15 for further details.

The following financing arrangements have been renewed:

- In Dia Brasil, the reverse factoring facility amounting to 91 millions of Brazilian reals and the 85 millions of Brazilian reals bank loan were extended for 12 months, with a partial amortisation of 15% to be performed in the months of April, May and June 2024.
- In Dia Portugal, the commercial paper line amounting to 8.3 millions of euros, and the reverse factoring line amounting to 11.3 millions of euros was extended for an additional six months.

Before the formulation of these interim condensed consolidated financial statements, on August 1, 2023, the Group has communicated through the Privileged Information published in the CNMV, that the sale operation of Clarel to C2 has been resolved in accordance with the terms of its contract after the expiration of the maximum term extended by C2 for compliance of all its conditions precedent to closing, without said circumstance having taken place. In any case, the Group will continue working on the search of strategic sales options for this business.

On August 3, 2023, the Dia Group has signed an agreement subject to the compliance of certain conditions precedent, with Auchan Portugal, S.A., for the purchase of the Portugal business. As a consequence of the economic conditions of the operation, no value correction of the assets has been needed as at June 30, 2023.

INTERIM CONDENSED CONSOLIDATED MANAGEMENT REPORT

GROUP OPERATIONAL UPDATE FIRST HALF 2023

Dia Group faces 2023 with a strategy focused on proximity food distribution, which is why there were taken the decisions announced in 2022 for the sale of the large format stores in Spain to Alcampo and the sale of the beauty and hygiene business of Clarel, focusing on simplification to be present in the relevant markets, with the decision taken over the sale of the operations of the Group in Portugal.

These strategic decisions are supported by other decisions with the objective of continuing improving operational and financial figures to make the company profitable again in the short term

One of the milestones set for the fiscal year was the completion of the turnaround in Spain and Argentina, achieved in the first half of 2023 evidenced by the good performance of the business and the gain of market share in Argentina and at comparable surfaces in Spain.

Dia's ambition is to be the customers' favorite neighborhood and online store. A place within the neighborhood in which to make a complete purchase, fast and easy, leveraging on a wide assortment in which manufacturer brands, fresh products from local suppliers and a Dia's high quality brand coexist at affordable prices. The company drives this differentiating value proposition by placing the customer at the center of the strategy. The performance of the business and client satisfaction prove to us that the decision we made to face the changes in consumer behavior and the conditioning factors of a complex environment, such as the current one, was right.

The Group's Net Sales taking into account all the activities, including the activities of the Clarel Business, the Large Format Store Business sold to Alcampo and Portugal Business (hereinafter Discontinued Operations) grew 4% compared to the first half of 2022, with a positive like-for-like of 5.7% at Group level and with an improved Adjusted EBITDA margin reaching 1.8%, compared to 1.5% at the end of the first half of the previous year. The Net Loss in the first half of 2023 stands at 67 millions of euros, 35.8% less than at the end of 2022.

Net financial debt has been reduced in the first half of the year by 21,6% (equivalent to 116,2 millions of euros), reaching 426,1 millions of euros, as a result of the amortization of 122 millions of euros in debt and the generation of cash from the business that compensates the investment effort of the period.

In this regard, during the first half of the year there have been 57 openings and 430 refurbishments globally. By country, Spain opened 16 stores and refurbished 264 stores; and Argentina opened 41 stores, and made 157 refurbishments. In addition, in Brazil, 9 stores have been refurbished during the first semester, reaching a total of 15 stores operating under the new value proposition in the country. With these openings and refurbishments, the Group closed the semester with 5,435 stores. Excluding Clarel, 62% of them are franchises and 64% operate under the new concept.

2023 FIRST HALF PROFIT/(LOSS)

The following tables show the main figures of the income statement considering all activities of Dia Group, that is, including those derived from the Clarel business, the large-format store business that have been sold to Alcampo and the Portugal business.

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(millions of euros)	30th june 2023	30th june 2022	Charge (%)
Gross sales under banner	**4,437.4**	**4,984.3**	**-11.0%**
Like-for-like sales growth (%)	5.7%	2.6%	n/a
Net sales	**3,602.4**	**3,465.3**	**4.0%**
Cost of goods sold & other income	(2,873.5)	(2,711.4)	6.0%
Gross profit	**728.9**	**753.9**	**-3.3%**
Labour costs	(332.4)	(355.3)	-6.4%
Other operating expenses & leases	(246.0)	(242.8)	1.3%
Restructuring and LTI costs	(52.4)	(32.6)	60.7%
EBITDA	**98.1**	**123.2**	**-20.4%**
D&A	(187.5)	(201.9)	-7.1%
Impairment	(30.7)	(4.7)	553.2%
Write-offs	69.4	(15.0)	-562.7%
EBIT	**(50.7)**	**(98.4)**	**-48.5%**
Net financial results	24.8	4.0	520.0%
Losses before tax from continuing operations	**(25.9)**	**(94.4)**	**-72.6%**
Income tax	(41.3)	(10.3)	301.0%
Losses after tax from continuing operations	**(67.2)**	**(104.7)**	**-35.8%**
Discontinuing operations	-	-	n/a
Net attributable Result	**(67.2)**	**(104.7)**	**-35.8%**

The reconciliation between the EBITDA indicated in the interim financial statements and that indicated in the table above, for the six-month periods ended June 30, 2023 and 2022 and if Discontinued Activities had not been classified, is explained in the following table:

(millions of euros)	Income statement	Logistics cost	Restructuring cost	Total 30th june 2023
Net sales	**3,602.4**	**-**	**-**	**3,602.4**
Cost of goods sold & other income	**(2,684.5)**	**(189.1)**	**0.1**	**(2,873.5)**
Goods and other consumables used	(2,696.2)	(188.8)	-	(2,885.0)
Other income	16.5	(0.3)	-	16.2
Impairment of trade debtors	(4.8)	-	0.1	(4.7)
Gross profit	**917.9**	**(189.1)**	**0.1**	**728.9**
Labour costs	(413.3)	58.3	22.6	(332.4)
Other operating expenses	(384.1)	129.7	29.6	(224.8)
Leased property expenses	(22.4)	1.1	0.1	(21.2)
Restructuring and LTI costs	-	-	(52.4)	(52.4)
EBITDA	**98.1**	**-**	**-**	**98.1**

(millions of euros)	Income statement	Logistics cost	Restructuring cost	Total 30th june 2022
Net sales	**3,465.3**	**-**	**-**	**3,465.3**
Cost of goods sold & other income	**(2,517.3)**	**(194.4)**	**0.3**	**(2,711.4)**
Goods and other consumables used	(2,536.9)	(194.1)	-	(2,731.0)
Other income	20.4	(0.3)	-	20.1
Impairment of trade debtors	(0.8)	-	0.3	(0.5)
Gross profit	**948.0**	**(194.4)**	**0.3**	**753.9**
Labour costs	(443.5)	63.1	25.1	(355.3)
Other operating expenses	(358.9)	130.2	5.0	(223.7)
Leased property expenses	(22.4)	1.1	2.2	(19.1)
Restructuring and LTI costs	-	-	(32.6)	(32.6)
EBITDA	**123.2**	**-**	**-**	**123.2**

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The Group's Like-for-Like Sales reached 5.7%, driven by growth in Spain (13.3%) and Portugal (7.3%). The number of tickets sustains a positive trend, with an increase of 4.8% between January and June at Group level, with a 2.9% reduction in the size of the basket. Once again, commitment to the proximity store model, combined with a complete assortment and high quality Dia brand products at affordable prices, have allowed the company to endorse its strategy in a complex economic context in which households opt for smaller sized baskets, although shopping more frequently and in which the private label brand continues to be an ally for the customers.

The Group's Net Sales increased by 4.0%, offsetting the negative currency effect in Argentina and the 5% reduction in the store network during the fiscal year. Revenues from own stores represent 55.9% of the Group's Net Sales, compared to 39.3% from franchised stores and 4.9% from online and other activity. The revenue share of franchised stores has advanced 5.3pp compared to the first half of 2022, evidencing the focus on expanding the franchise network.

Gross profit decreased by 3.3% and has fallen to 20.2%, as a percentage of Net Sales, from 21.8% year-on-year impacted by inflation, not having passed through to customers all of our suppliers' prices increases, the increase in franchised stores and the weight increase of our private label in the basket.

Labor costs decreased by 1.1pp to 9.2% as a percentage of Net Sales, sustaining the reductions observed during 2022, despite the salary increases agreed with the Unions but offset by the volume of outsourcing and the closure of less profitable stores.

Other operating expenses and leases were also reduced, from 7.0% to 6.8% as a percentage of Net Sales, due to the decrease in the cost of electricity (where we have hedged energy prices until 2026).

EBITDA has decreased 20.4% compared to the same period of 2022 and falls to 2.7% of Net Sales (0.9pp below first half of 2022) due to the increase in restructuring costs, mainly derived from the transfer of stores to Alcampo.

Net Income closed at -67 millions of euros, representing an improvement of 38 millions of euros compared to the end of the first half of 2022. This loss reduction is due to the results of the business as well as the sale of stores to Alcampo.

If the impacts of Discontinued Operations are reclassified, the main figures of the income statement, which are those presented in the interim condensed consolidated financial statements, remain as follows:

(millions of euros)	30th June 2023	%	30th June 2022	%	Charge (%)
Gross sales under banner	**3,691.9**		**4,179.3**		**-11.7%**
Like-for-like sales growth (%)	5.3%		-0.8%		n/a
Net sales	**3,014.9**	**100.0%**	**2,819.5**	**100.0%**	**6.9%**
Cost of goods sold & other income	(2,457.9)	-81.5%	(2,258.5)	-80.1%	8.8%
Gross profit	**557.0**	**18.5%**	**561.0**	**19.9%**	**-0.7%**
Labour costs	(241.8)	-8.0%	(259.5)	-9.2%	-6.8%
Other operating expenses & leases	(194.0)	-6.4%	(182.5)	-6.5%	6.3%
Restructuring and LTI costs	(20.5)	-0.7%	(27.0)	-1.0%	-24.1%
EBITDA	**100.7**	**3.3%**	**92.0**	**3.3%**	**9.5%**
D&A	(162.3)	-5.4%	(160.4)	-5.7%	1.2%
Impairment	(29.6)	-1.0%	(4.3)	-0.2%	588.4%
Write-offs	(12.2)	-0.4%	(15.2)	-0.5%	-19.7%
EBIT	**(103.4)**	**-3.4%**	**(87.9)**	**-3.1%**	**17.6%**
Net financial results	31.0	1.0%	9.8	0.3%	216.3%
Losses before tax from continuing operations	**(72.4)**	**-2.4%**	**(78.2)**	**-2.8%**	**-7.4%**
Income tax	(27.0)	-0.9%	(10.3)	-0.4%	162.1%
Losses after tax from continuing operations	**(99.4)**	**-3.3%**	**(88.4)**	**-3.1%**	**12.4%**
Discontinuing operations	32.2	1.1%	(16.2)	-0.6%	n/a
Net attributable Result	**(67.2)**	**-2.2%**	**(104.7)**	**-3.7%**	**-35.8%**

(1) With the activities of the Clarel Business, the Large Format Store Business sold to Alcampo, and Portugal Business presented as discontinued operations

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The reconciliation between the EBITDA indicated in the interim condensed consolidated financial statements and that indicated in the table above, due to the allocation of logistics costs imputed to the warehouses for their nature and the restructuring costs for the six- month periods ended June 30, 2023 and 2022, is explained in the following tables:

(millions of euros)	Income statement	Logistics cost	Restructuring cost	Total 30th June 2023
Net sales	**3,014.9**	**-**	**-**	**3,014.9**
Cost of goods sold & other income	**(2,271.3)**	**(186.7)**	**0.1**	**(2,457.9)**
Goods and other consumables used	(2,281.8)	(186.4)	-	(2,468.2)
Other income	14.8	(0.3)	-	14.5
Impairment of trade debtors	(4.3)	-	0.1	(4.2)
Gross profit	**743.6**	**(186.7)**	**0.1**	**557.0**
Labour costs	(320.4)	58.2	20.4	(241.8)
Other operating expenses	(307.1)	127.1	-	(180.0)
Leased property expenses	(15.4)	1.4	-	(14.0)
Restructuring and LTI costs	-	-	(20.5)	(20.5)
EBITDA	**100.7**	**-**	**-**	**100.7**

(1) With the activities of the Clarel Business, the Large Format Store Business sold to Alcampo, and Portugal Business presented as discontinued operations

(millions of euros)	Income statement	Logistics cost	Restructuring cost	Total 30th June 2022
Net sales	**2,819.5**	**-**	**-**	**2,819.5**
Cost of goods sold & other income	**(2,081.0)**	**(177.8)**	**0.3**	**(2,258.5)**
Goods and other consumables used	(2,098.2)	(177.5)	-	(2,275.7)
Other income	17.7	(0.3)	-	17.4
Impairment of trade debtors	(0.5)	-	0.3	(0.2)
Gross profit	**738.5**	**(177.8)**	**0.3**	**561.0**
Labour costs	(338.3)	58.0	20.8	(259.5)
Other operating expenses	(293.5)	118.7	4.6	(170.2)
Leased property expenses	(14.7)	1.1	1.3	(12.3)
Restructuring and LTI costs	-	-	(27.0)	(27.0)
EBITDA	**92.0**	**-**	**-**	**92.0**

(1) With the activities of the Clarel Business, the Large Format Store Business sold to Alcampo, and Portugal Business presented as discontinued operations

The evolution of the Adjusted EBITDA during the period and its reconciliation with the EBIT taking into account all the activities of Dia Group is detailed below:

EBITDA to Adjusted EBITDA reconciliation

(millions of euros)	30th june 2023	30th june 2022	Change
EBIT	(50.7)	(98.4)	47.7
Depreciation & Amortization	187.5	201.9	(14.4)
Impairment of fixed assets	30.7	4.7	26.0
Losses on write-down of fixed assets	(69.4)	15.0	(84.4)
EBITDA	**98.1**	**123.2**	**(25.1)**
Restructuring costs	48.9	29.2	19.7
Long-term incentive program (LTI)	3.5	3.4	0.1
IFRS 16 lease effect	(131.9)	(133.1)	1.2
IAS 29 hyperinflation effect	45.9	28.1	17.8
Adjusted EBITDA	**64.5**	**50.8**	**13.7**

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Adjusted EBITDA improved by 27% reaching 65 millions of euros versus 51 millions of euros in the previous year. Adjusted EBITDA margin reached 1.8% as a percentage of Net Sales, improving by 0.3pp vs the previous year. This reflects the positive results of the progress of ongoing operational management and cost control.

Reclassifying the impacts derived from Discontinued Activities as presented in the interim condensed consolidated financial statements, the evolution is as follows:

EBITDA to Adjusted EBITDA reconciliation

(millions of euros)	30th June 2023	30th June 2022	Change
EBIT	(103.4)	(87.9)	(15.5)
Depreciation & Amortization	162.3	160.4	1.9
Impairment of fixed assets	29.6	4.3	25.3
Losses on write-down of fixed assets	12.2	15.2	(3.0)
EBITDA	**100.7**	**92.0**	**8.7**
Restructuring costs	17.0	23.7	(6.7)
Long-term incentive program (LTI)	3.5	3.3	0.2
IFRS 16 lease effect	(109.1)	(105.5)	(3.6)
IAS 29 hyperinflation effect	45.9	28.1	17.8
Adjusted EBITDA	**58.0**	**41.6**	**16.4**

(1) With the activities of the Clarel Business, the Large Format Store Business sold to Alcampo, and Portugal Business presented as discontinued operations

INFORMATION BY COUNTRY

SPAIN

SPAIN (millions of euros) (*)	30th june 2023	%	30th june 2022	%	Change
Gross sales under banner	**2,673.7**		**2,501.3**		**6.9%**
Like-for-like sales growth	12.8%		2.4%		
Net sales	**2,241.0**		**2,095.6**		**6.9%**
Adjusted EBITDA	**64.6**	**2.9%**	**44.6**	**2.1%**	**44.8%**

(*) All activities of DIA Group included

Net sales grew by 6.9% in the first half of 2023, reaching 2,241 millions of euros, with a like-for-like sales growth of 12.8% (13.3% excluding transferred stores to Auchan and Clarel stores) and sales density increase of 20%.

This growth in sales allowed Dia to grow market share at comparable sales surface, leveraging its proximity model and the increased frequency and smaller basket trend in Spain (growth in like-for-like tickets at 9.8%).

Focus on our private label continues to be a key pillar for Dia, having launched 184 new SKUs in the semester, and reaching a total of 2.049 renewed SKUs in the assortment since May 2020. The improvement of the quality of our private label at affordable prices continues to be a crucial element in our value proposition, and is obtaining the recognition of our customers, who are increasing the share of Marca Dia in their baskets (from 52.6% in December 2022 to 54.1% in June 2023 – excluding fresh).

Adjusted EBITDA reached 65 millions of euros, 20 million more than 22H1. This growth is due to the increase of 145 million in net sales and an Adjusted EBITDA margin improvement of 0.8pp. The Adjusted EBITDA margin improvement comes from a better store mix (higher share of franchisees and closure of non-performing stores) together with a strict control over costs, allowing margin to grow from 2.1% to 2.9% between June 2022 and June 2022.

In the second semester of 2023, Dia Spain enters a phase of consolidation of the improvements achieved and a start of its growth. This new phase will leverage the developments done in the digital space, where Dia was able to launch its new website Dia.es which, together with an updated App, form the new ecommerce platform, offering customers a unique shopping experience with an omnichannel approach. In addition, after the sale of a group of large-format stores to Auchan, we are confident we will be able to recover the lost market share by continue to outperform the market in like-for-like sales and through new openings.

In 2022, two corporate operations fully aligned with the Group's strategy were announced in Spain: focus on local stores and food distribution. On the one hand, the agreement for the sale of large-format stores to Alcampo, S.A. and, on the other hand, the agreement for the sale of Clarel. On June 30, 2023, the first corporate operation has been completed with the delivery to Alcampo of the assets subject to the transaction, while the contract for the sale of Clarel has been resolved with C2. In any case, the Group will continue working on the search options to sale this business.

As a consequence, the net assets corresponding to the Clarel transaction are classified as held for sale assets on June 30, 2023 in the interim condensed consolidated financial statements, as well as the sale and results of the two corporate operations, for the six-months periods ended June 30, 2023 and 2022, classified as discontinued operations. The main figures for Spain, considering these activities as interrupted are included below:

SPAIN (millions of euros)	30th June 2023	%	30th June 2022	%	Change
Gross sales under banner	2,330.1		2,083.2		11.9%
Like-for-like sales growth	13.3%		3.1%		
Net sales	1,948.1		1,732.9		12.4%
Adjusted EBITDA	62.4	3.2%	36.4	2.1%	71.4%

(1) With the activities of the Clarel Business and the Large Format Store Business sold to Alcampo presented as discontinued operations

PORTUGAL

PORTUGAL (millions of euros)	30th june 2023	%	30th june 2022	%	Change
Gross sales under banner	401.9		386.9		3.9%
Like-for-like sales growth	7.8%		-1.8%		
Net sales	294.6		283.1		4.1%
Adjusted EBITDA	4.4	1.5%	1.0	0.4%	340.0%

(*) All activities of Portugal included if discontinued activities had not been classified

Net sales grew in the first semester of 2023 4.1% with a like-for-like of 7.8%, despite the challenging environment in the country from the fierce competition of local incumbents and the significant investment pressure from new entrants, reversing the decrease of 1.8% observed in the first half of 2022.

Private label continued its growth reaching 54.7% share of basket, 11 percentual points above December 2022, proof of the appreciation of its quality ana affordable prices by consumers. At the end of the first half of 2023, the company had renewed more than 1,300 SKUs from the Dia brand since 2020, more than 80% of the Dia brand assortment.

Adjusted EBITDA grew to 4 millions of euros, 4 times higher than the first semester of 2022, with a 1.1 pp margin improvement over net sales.

During the period, the decision of sale the Portugal business has been taken. Assets related to this business have been classified as "Non-current assets held for sale" and the result generated by them in the six-month periods ended June 30, 2023 and 2022 as "Results of discontinued operations " in the Interim Condensed Consolidated Financial Statements.

BRAZIL

BRAZIL (millions of euros)	30th june 2023	%	30th june 2022	%	Change
Gross sales under banner	454.6		480.0		-5.3%
Like-for-like sales growth	-8.6%		6.9%		
Net sales	365.4		434.6		-15.9%
Adjusted EBITDA	(21.7)	-5.9%	(11.2)	-2.6%	93.8%

Brazil is going through a transition period to a more profitable model, with an assortment and a store model aligned to our concept of proximity. With the aim of curating our assortment we reduced our share of less profitable categories and less aligned with the proximity proposal, like commodities. In addition, we tested a total of 15 new pilot store, where we implemented our renewed proximity model, achieving strong performance improvements of like-for-like sales of 22%. This gives us confidence that there is an opportunity to expand the proximity model in Brazil.

Net sales declined by 15.9%, mainly from the assortment change impacts and the reduction of 2% in our store footprint, along with the strategic approach on Gran Sao Paulo where the proximity model is more suitable. This has also impacted our Adjusted EBITDA by 11 millions of euros with a margin decline of 3.4pp.

ARGENTINA

ARGENTINA (millions of euros)	30th june 2023	%	30th june 2022	%	Change
Gross sales under banner	**907.2**		**1,616.1**		**-43.9%**
Like-for-like sales growth	-0.8%		3.4%		
Net sales	**701.4**		**652.0**		**7.6%**
Adjusted EBITDA	**17.2**	**2.5%**	**16.4**	**2.5%**	**4.9%**

During the first semester of 2023, Dia has been able to successfully navigate the complex macroeconomic context of Argentina and its impact in the food retail distribution sector. Net sales grew 7.6% (in euros) during the first semester of 2023, and despite a decline in like-for-like sales of 0.8% (measured in units), Dia has continued to grow market share, consolidating its position in the country. Measured in Argentine pesos, the growth of Net Sales was 129.6%, impacted by the existing inflation in the country.

Adjusted EBITDA reached 17 millions of euros and a margin over net sales of 2.5%. This represents a stable level of profitability compared to the first half of 2022 and demonstrates the good management of commercial margins and fixed costs, helping offset inflationary impacts.

Dia Argentina starts the second semester of 2023 with more than 70% of its network operating under the new model of store. In addition, the launch of the new Dia app, the first omnichannel platform for a supermarket in Argentina, allows customers to make their purchases from their phone while enjoying the advantages of ClubDia. An operational in continuous improvement thanks to its franchisees and a team that has known how to navigate in a complex environment since it access in Argentina, more than 26 years ago. Furthermore, the recent launch of the Dia App, allows customers to operate through their mobile phones. This is the first omnichannel application for a supermarket in Argentina that allows customers to make their purchases from their phone while enjoying the personalized advantages of ClubDia, among other features that significantly improve the experience and usability for customers.

BALANCE SHEET

(millions of euros)	30th June 2023	2022
Non-current assets	1,680.7	1,903.2
Inventories	349.6	417.6
Trade & Other receivables	157.2	199.1
Other current assets	72.3	76.2
Cash & Cash equivalents	156.6	215.8
Non-current assets held for sale	417.5	309.0
Total assets	**2,833.9**	**3,120.9**
Total equity	(51.3)	7.6
Non-current borrowings	803.1	1,009.5
Current borrowings	228.8	278.9
Trade & Otherpayables	1,161.1	1,329.3
Provisions & Other	383.9	417.9
Liabilities directly associated with non-current assets held for sale	308.3	77.7
Total equity & liabilities	**2,833.9**	**3,120.9**

(1) With the activities of the Clarel Business, the Large Format Store Business sold to Alcampo, and Portugal Business presented as discontinued operations

(millions of euros)	30th june 2023	2022
Non-current assets	1,927.1	2,141.3
Inventories	442.6	473.0
Trade & Other receivables	193.8	210.3
Other current assets	78.8	76.3
Cash & Cash equivalents	191.6	220.0
Total assets	**2,833.9**	**3,120.9**
Total equity	(51.3)	7.6
Non-current borrowings	864.0	1,041.4
Current borrowings	294.5	302.3
Trade & Otherpayables	1,304.9	1,336.6
Provisions & Other	421.8	433.0
Total equity & liabilities	**2,833.9**	**3,120.9**

(1) With the activities of the Clarel Business, the Large Format Store Business sold to Alcampo, and Portugal Business not presented as discontinued operations

As of June 30, 2023, the equity balance in the Parent Company's individual financial statements (which are those used to calculate the legal dissolution or capital increase obligations) amounted to 614 millions of euros (667 millions of euros as of December 2022) affected by an impairment of 65.2 millions of euros in the investment of the brasilian subsidiary.

NET FINANCIAL DEBT

The Group's strong deleveraging continues. Total Net Financial Debt (excluding IFRS 16 effect) decreased by 125.5 millions of euros down to 418.6 millions of euros, mainly due to the payment of debt to our financial creditors, the positive cash contribution of the business and working capital, as well as the sale of assets in Spain to Alcampo, partially offset by the strong Capex investment effort.

139.0 millions of euros of debt have been amortized in the first half of 2023, of which 122.2 millions of euros correspond to syndicated financing (25.0 millions of euros correspond to ordinary amortization and 97.2 millions of euros correspond to the extraordinary amortization agreed with the banks for the Alcampo transaction).

The Group’s leverage ratio (Total Net Financial Debt / Adjusted EBITDA) stood at 2.0 times at the end of June 2023, an improvement of 27% compared to the previous year's debt (2.7 times as of December 31st, 2022).

(millions of euros)	30th June 2023	2022	Change
Non-current borrowings	495.6	648.4	(152.8)
Current borrowings	84.2	115.9	(31.7)
Cash & Cash equivalents	(156.6)	(215.8)	59.2
Derivatives	(4.6)	(4.3)	(0.3)
Total net debt (excluding IFRS 16)	**418.6**	**544.1**	**(125.5)**
IFRS 16 related debt effect	452.1	524.1	(72.0)
Net financial debt (including IFRS 16)	**870.7**	**1,068.3**	**(197.5)**

(1) With the activities of the Clarel Business, the Large Format Store Business sold to Alcampo, and Portugal Business presented as discontinued operations

Actual gross debt maturity profile at December 31, 2022 (excl. IFRS16) in the amount of 579.8 millions of euros

(millions of euros)	1 year	2 years	3 years	4 years	5 years onward	Total
Non syndicated facilities & other	23.3	7.5	6.2	3.5	13.4	53.9
Financing from Syndicated Lenders	60.6	-	434.0	-	-	494.6
Bonds	0.3	-	31.0	-	-	31.3
SS Incremental Financing	-	-	-	-	-	-
Net financial debt	**84.2**	**7.5**	**471.2**	**3.5**	**13.4**	**579.8**

(1) With the activities of the Clarel Business, the Large Format Store Business sold to Alcampo, and Portugal Business presented as discontinued operations

The financial debt of not having been presented as non-current assets and liabilities held for sale the activities of the Clarel Business, the Large Format Store Business sold to Alcampo, and Portugal Business is detailed below:

(millions of euros)	30th june 2023	2022	Change
Non-current borrowings	497.4	649.9	(152.5)
Current borrowings	124.9	116.7	8.2
Cash & Cash equivalents	(191.6)	(220.0)	28.4
Derivatives	(4.6)	(4.3)	(0.3)
Total net debt (excluding IFRS 16)	**426.1**	**542.3**	**(116.2)**
IFRS 16 related debt effect	536.2	577.2	(41.0)
Net financial debt (including IFRS 16)	**962.3**	**1,119.5**	**(157.2)**

Actual gross debt maturity profile at June 30, 2023 (excluding IFRS16) in the amount of 622 millions of euros.

(millions of euros)	1 year	2 years	3 years	4 years	5 years onward	Total
Non syndicated facilities & other	27.7	7.6	6.4	3.7	14.6	60.0
Financing from Syndicated Lenders	96.9	-	434.1	-	-	531.0
Bonds	0.3	-	31.0	-	-	31.3
SS Incremental Financing	-	-	-	-	-	-
Net financial debt	**124.9**	**7.6**	**471.5**	**3.7**	**14.6**	**622.3**

As of June 30th, 2023, the most relevant maturity of the gross financial debt corresponds to syndicated financing (70% of the overall gross debt) and matures on December 31st 2025 (average maturity of 2.5 years). A total of 20% of the gross financial debt matures in the next 12 months and mainly consists of local financing from syndicated lenders which is renewed annually.

AVAILABLE LIQUIDITY

Available Liquidity at the end of the semester reached 340.2 millions of euros, 354.7 millions of euros at the end of 2022, of which 156.6 millions of euros correspond to cash and cash equivalents and 183.6 millions of euros to undrawn bank financing and confirming facilities.

AVAILABLE LIQUIDITY

(millions of euros)	30th june 2023	2022	Change
Cash & Cash equivalents	156.6	215.8	(59.2)
Available credit facilities	183.6	134.7	48.9
Total liquidity	**340.2**	**350.5**	**(10.3)**

(1) With the activities of the Clarel Business, the Large Format Store Business sold to Alcampo, and Portugal Business presented as discontinued operations

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Available Liquidity at the end of the semester reached 375.2 millions of euros, if Discontinued Activities had not been classified, 354.7 millions of euros at the end of 2022, of which 191.6 millions of euros correspond to cash and cash equivalents and 183.6 millions of euros to undrawn bank financing and confirming facilities.

AVAILABLE LIQUIDITY (millions of euros)	30th june 2023	2022	Change
Cash & Cash equivalents	191.6	220.0	(28.4)
Available credit facilities	183.6	134.7	48.9
Total liquidity	**375.2**	**354.7**	**20.5**

WORKING CAPITAL

(millions of euros)	30th June 2023 (1)	30th June 2023	2022 (1)	2022	Change with discontinued operations	Change withouth discontinued operations
Inventories (A)	349.6	442.6	417.6	473.0	(68.0)	(30.4)
Trade & other receivables (B)	157.2	193.8	199.1	210.3	(41.9)	(16.5)
Trade & other payables (C)	1,161.1	1,304.9	1,329.3	1,336.6	(168.2)	(31.7)
Total working capital (A+B-C)	**(654.3)**	**(668.5)**	**(712.5)**	**(653.2)**	**58.2**	**(15.3)**

(1) With the activities of the Clarel Business, the Large Format Store Business sold to Alcampo, and Portugal Business presented as discontinued operations

Working capital for the first half of 2023 has gotten worse by 58 millions of euros, mainly due to the lower trade and other accounts payable amounting to 168.2 millions of euros, partly offset by the optimization of the level of stocks for a total amount of 68.0 millions of euros (good inventory management) and the improvement of trade and other accounts receivable by 41.9 millions of euros.

As of June 2023 and December 2022, the Group had no non-recourse factoring lines used. At the end of June 2023, the amount of confirming used by the Group stood at 209 millions of euros (December 2022: 247 millions of euros).

CAPEX

(millions of euros)	30th june 2023	30th june 2022	Change (%)
Spain	65.1	94.7	-31.3%
Portugal	0.8	1.3	-38.5%
Argentina	35.7	35.3	1.1%
Brazil	4.9	3.0	63.3%
Total Capex	**106.5**	**134.3**	**-20.7%**

Capex in the first six months of the year decreased by 20,7%, mainly due to the lower number of refurbishments in Spain, given the effort of previous years, with 84% of the network already operating under the new model.

The overall investment in refurbishment has been 49 millions of euros. The 57 new store openings carried out in the first half of the year have required an investment of 21 millions of euros and the investment in technology amounts to 10 millions of euros. The remaining investment of 31 millions of euros corresponds to Capex for recurring maintenance of the business.

STORE NETWORK

DIA GROUP	Owned	Franchised	Total
Total stores 31 December 2022	**2,752**	**2,947**	**5,699**
New openings	5	52	57
Net change from franchised to owned stores	13	-13	0
Large Format Store Business agreed in the sale to Alcampo	-217	-6	-223
Closings	-64	-34	-98
Total DIA GROUP stores at 30 June 2023	**2,489**	**2,946**	**5,435**
Clarel stores	-798	-212	-1,010
Portugal stores	-172	-288	-460
Total DIA GROUP stores at 30 June 2023	**1,519**	**2,446**	**3,965**

SPAIN	Owned	Franchised	Total
Total stores 31 December 2022	**1,948**	**1,686**	**3,634**
New openings	5	11	16
Net change from franchised to owned stores	-20	20	0
Large Format Store Business agreed in the sale to Alcampo	-217	-6	-223
Closings	-63	-20	-83
Total tiendas DIA España a 30 June 2023	**1,653**	**1,691**	**3,344**
Clarel stores	-798	-212	-1,010
Total DIA Spain stores at 30 June 2023 whithout Clarel Business	**855**	**1,479**	**2,334**

PORTUGAL	Owned	Franchised	Total
Total stores 31 December 2022	**172**	**291**	**463**
New openings	0	0	0
Net change from franchised to owned stores	0	0	0
Closings	0	-3	-3
Total DIA Portugal stores at at 30 June 2023	**172**	**288**	**460**

BRAZIL	Owned	Franchised	Total
Total stores 31 December 2022	**365**	**243**	**608**
New openings	0	0	0
Net change from franchised to owned stores	26	-26	0
Closings	-1	-5	-6
Total DIA Brazil stores at at 30 June 2023	**390**	**212**	**602**

ARGENTINA	Owned	Franchised	Total
Total stores 31 December 2022	**267**	**727**	**994**
New openings	0	41	41
Net change from franchised to owned stores	7	-7	0
Closings	0	-6	-6
Total DIA Argentina stores at 30 June 2023	**274**	**755**	**1,029**

In Spain, there has been a sharp reduction in the store network (excluding Clarel). A part of the footprint reduction is a result of the transfer of 223 large-format stores to Auchan and to the closure of 79 non-performing stores during the first half of the year. Regarding to our network improvement, we remodeled 264 stores, opened 16 new stores and transferred (net) 20 stores to our franchisees partners. This means, 84% of Dia's network in Spain is operating under the new model. The share of franchises has increased 11 percentual points since June 2022, to 63% of the network (71% considering only the proximity network), and reaching 1.479 franchises and more than 1,000 franchisees. The growth of the model has been possible thanks to the trust and satisfaction of our franchisees. This is measured through our NPS surveys, which has reached 44 points in June 2023 (+5 points vs June 2022), a new series record-high.

With regard to Argentina, during the first six months, the company remodeled 157 stores. Efforts to open stores continued and opened 41 new stores, reaching the milestone of 1,000 store in February (finishing 23H1 with 1,029 stores). Dia was a pioneer in franchising in the food distribution sector in Argentina, and accounts today for 75% of its network under this model. The satisfaction level of the franchisees also continues to grow, reaching an NPS of 72 points Exceeding the NPS level of 67 measured at the country level. This is an evidence of the excellent collaboration with the franchisee and it proofs the Dia's commitment with them and with this operating model.

EVETS FOLLOWING THE CLOSE OF THE PERIOD

Subsequent to the closure of these interim condensed consolidated financial statements, the Company and the subsidiary Dia Retail, S.A. received notice of inspections. See note 15 on the interim condensed consolidated financial statements, for further details.

The following financing arrangements have been renewed:

- In Dia Brasil, the reverse factoring facility amounting to 91 million of Brazilian reals and the 85 millions of Brazilian reals bank loan were extended for 12 months, with a partial amortisation of 15% to be performed in the months of April, May and June 2024.
- In Dia Portugal, the commercial paper line amounting to 8.3 millions of euros, and the reverse factoring line amounting to 11.3 millions of euros was extended for an additional six months.

Before the formulation of these interim condensed consolidated financial statements, on August 1, 2023, the Group has communicated through the Privileged Information published in the CNMV, that the sale operation of Clarel to C2 has been resolved in accordance with the terms of its contract after the expiration of the maximum term extended by C2 for compliance of all its conditions precedent to closing, without said circumstance having taken place. In any case, the Group will continue working on the search of strategic sales options for this business.

On August 3, 2023, the Dia Group has signed an agreement subject to the compliance of certain conditions precedent, with Auchan Portugal, S.A., for the purchase of the Portugal business. As a consequence of the economic conditions of the operation, no value correction of the assets has been needed as at June 30, 2023.

DEFINITION OF APMs

When preparing the financial information reported internally and externally, DIA's Board of Directors has adopted a series of Alternative Performance Measures (APMs) to gain a better understanding of business performance. These APMs have been selected according to the nature of the Company's business and the APMs commonly used by listed companies in the sector internationally. Nevertheless, these APMs may or may not be totally comparable with those of other companies in the same industry. In any event, these APMs are metrics used by the company in its day-to-day management and are not intended to replace, or be more important than, the measures presented under IFRS regulations.

The purpose of these APMs is to help better understand the underlying performance of the business through comparable information across different periods and geographies. APMs are therefore used by Directors and Senior Management for performance analysis, planning, reporting, and incentive-setting purposes.

Gross Sales Under Banner: Total value of in-store turnover, including indirect taxes (value of sales receipts) in all the Company's stores, both owned and franchised. This concept therefore includes among others:

- Franchisees' turnover from sales to end customer. Net Sales record the value of sales of goods by DIA to the franchisee. In addition to the sale of goods and associated discounts and incentives, amounts invoiced as a percentage of the franchisee's final sales figure are recorded in net sales for licensed rights and ancillary technical and commercial assistance services, and for the provision for the assignment of commercial use and monthly operation of the 2020 and 2021 franchise models.

- Mobile phone top-up transactions. Net sales only include the amount of commission associated with these transactions.

- Concessions' turnover from sales to end customer (meat and fish counters among others). In general, the concession-holder makes use of the at the point of sale space for which it is invoiced for a sublease recorded as "other income". In addition, Dia charges a commission to the concession-holder for point-of-sale terminal collection management, which is registered as "net sales". As for the purchase of goods, the concession-holder may purchase goods from a third party or otherwise from Dia. Group net sales include sales of Dia goods to the concession-holder and the collection management fee. Gross sales under banner nonetheless include all sales by the concession-holder to the end customer.

In the case of Argentina, the Gross Sales under banner are adjusted using domestic price inflation to isolate the hyperinflationary effect.

Gross sales under banner is a metric used to monitor turnover at the Group's points of sale compared to its competitors in terms of market share and total sales to the end consumer.

NET SALES TO GROSS SALES UNDER BANNER RECONCILIATION

(millions of euros)	30th June 2023	30th June 2022	Change (%)
Net sales	**3,014.9**	**2,819.5**	**6.9%**
VAT	421.5	382.6	10.2%
Others	255.5	134.4	90.1%
Interim inflation adjustment in Argentina	-	842.8	n/a
Total Gross sales under banner	**3,691.9**	**4,179.3**	**-11.7%**

(1) With the activities of the Clarel Business, the Large Format Store Business sold to Alcampo, and Portugal Business presented as discontinued operations

If the reclassification to discontinued operations had not occurred, the evolution would have been as follows:

NET SALES TO GROSS SALES UNDER BANNER RECONCILIATION

(millions of euros)	30th june 2023	30th june 2022	Change (%)
Net sales	**3,602.4**	**3,465.3**	**4.0%**
VAT	511.0	481.8	6.1%
Others	323.9	194.4	66.6%
Interim inflation adjustment in Argentina	-	842.8	-100.0%
Total Gross sales under banner	**4,437.3**	**4,984.3**	**-11.0%**

The different components of the growth of the Gross Sales under banner are disclosed below - following adjustment for domestic inflation in Argentina - and include:

a) Comparable Sales Growth (Like-for-Like or "LFL"): the calculation of the LFL sales growth is performed daily and is based on the growth of the gross sales figure under banner for that day compared with the same day of the period being compared and at constant exchange rates, for all those stores that have operated for a period of over twelve months and a day under similar business conditions.

   A store is not considered to have operated under similar business conditions, and therefore does not form part of the LFL calculation basis, in the event that it has been temporarily closed throughout the period considered to carry out refurbishment work or has been significantly affected by objective external causes (e.g. force majeure events such as flooding, among others).

   As an illustrative example, if a store opened on 1 May 2022, its sales are excluded from the daily basis for LFL sales until 30 April 2023. From 1 May 2023 onwards, the store's sales will be considered in the basis of the LFL sales calculation, and for the purposes of assessing growth over the same period of the previous year, the store's sales on the same day of the previous year are taken into account. As an additional illustrative example, if a store remains closed for three days during the six-month period ended June 30, 2023 for painting and cleaning tasks, the basis for calculation excludes sales by that store on the same days the previous fiscal year when it was open.

   In addition, as indicated above, the gross sales figures under banner for Argentina have been adjusted previously using domestic inflation to reflect the LFL in volume terms, avoiding miscalculations due to hyperinflation.

Like-for-Like comparable sales growth is used to analyse the evolution of sales in a period compared to a previous period for a comparable sales area and isolating the effects of changes in exchange rates.

b) The growth in gross sales is due to changes in the perimeter of stores due to openings and closures during the period.

c) Currency effect growth related to the devaluation or appreciation of the currencies in which the Group operates.

Gross profit: Profit calculated mainly by deducting from Net Sales and Other Income: (i) goods sold and other consumables; (ii) impairment of trade receivables; and (iii) labour costs, other operating expenses and lease expenses related with logistics activities, as per the reconciliation presented in the 2023 first half profit/(loss) section of this Interim Condensed Consolidated Management Report. This metric is used as an indicator of the return obtained from the sale of goods after deducting the acquisition costs of the goods sold, including the logistics costs incurred to deliver the goods to the point of sale, irrespective of the nature of the cost (labour, other operating costs, etc.).

The Company presents in its Interim Condensed Consolidated Management Report a functional profit and loss account in order first of all to show the operational performance of the activity once the logistics costs required to deliver the goods to the point of sale have been reclassified (including, among others, the cost of warehouse personnel and transport costs), which form part of the Gross Profit, and secondly to be able to isolate the restructuring costs and long-term incentive plans, which are exceptional in nature.

Adjusted EBITDA: Adjusted EBITDA is the net operating result (EBIT) plus amortisation and depreciation, impairment of non-current assets, gains/(losses) on disposal of non-current assets, restructuring costs (as described below), costs related with the long-term incentive programme (LTI) and the effects of applying IAS 29 and IFRS 16. Note 3 to the Interim Condensed Consolidated Financial Statements includes a complete reconciliation of Adjusted EBITDA with the captions in the consolidated income statement.

EBITDA to Adjusted EBITDA reconciliation

(millions of euros)	30th June 2023	30th June 2022	Change
EBIT	(103.4)	(87.9)	(15.5)
Depreciation & Amortization	162.3	160.4	1.9
Impairment of fixed assets	29.6	4.3	25.3
Losses on write-down of fixed assets	12.2	15.2	(3.0)
EBITDA	**100.7**	**92.0**	**8.7**
Restructuring costs	17.0	23.7	(6.7)
Long-term incentive program (LTI)	3.5	3.3	0.2
IFRS 16 lease effect	(109.1)	(105.5)	(3.6)
IAS 29 hyperinflation effect	45.9	28.1	17.8
Adjusted EBITDA	**58.0**	**41.6**	**16.4**

(1) With the activities of the Clarel Business, the Large Format Store Business sold to Alcampo, and Portugal Business presented as discontinued operations

If the reclassification to discontinued operations had not occurred, the evolution would have been as follows:

EBITDA to Adjusted EBITDA reconciliation

(millions of euros)	30/06/2023	30/06/2022	Variación
EBIT	(50.7)	(98.4)	47.7
Depreciation & Amortization	187.5	201.9	(14.4)
Impairment of fixed assets	30.7	4.7	26.0
Losses on write-down of fixed assets	(69.4)	15.0	(84.4)
EBITDA	**98.1**	**123.2**	**(25.1)**
Restructuring costs	48.9	29.2	19.7
Long-term incentive program (LTI)	3.5	3.4	0.1
IFRS 16 lease effect	(131.9)	(133.1)	1.2
IAS 29 hyperinflation effect	45.9	28.1	17.8
Adjusted EBITDA	**64.5**	**50.8**	**13.7**

Restructuring costs comprise costs classified as non-recurrent due to their exceptional nature, either because they arise from events that cannot be controlled by the Company (e.g. costs incurred due to strike action or natural disasters) or because they concern one-off store/warehouse/central office restructuring plans and the procurement of one-off independent advisory services that are strategic to the Group. The main restructuring costs considered by the company are as follows:

- Costs directly associated with scheduled store/warehouse/central office restructuring or closure plans and the conversion of owned stores into franchised stores and vice versa. These costs mainly comprise compensation to staff and penalties for early cancellation of lease agreements.
- Occasionally, other strategic advisory costs such as those associated with drawing up strategic plans or the refinancing of financial debt.

The IFRS 16 effect on rents of 109.1 millions of euros and 105.6 millions of euros in the first six months of 2023 and 2022, respectively, corresponds to costs that would have been accounted for as lease expenses had IFRS16 not been implemented. The difference between these amounts and the payments for leases according to note 13.1 on the interim condensed consolidated financial statements, Financial debt, amounting to 112.0 millions of euros and 109.2 millions of euros in the first six months of 2023 and 2022, respectively, is due to the fact that the payments include financial leases that were already part of the tangible fixed assets before the application of the new standard, as well as adjustments for hyperinflation and others.

RENTALS WITHOUT IFRS 16 APLICATION

(millions of euros)	30th June 2023	30th June 2022
Rentals without IFRS 16 aplication	**109.1**	**105.6**
Lease payments for financial leases prior to the implementation of the standard	4.7	4.5
Hiperinflation adjustment related to rentals	(2.0)	(1.5)
Others	0.2	0.6
Lease payments for financial leases	**112.0**	**109.2**

(1) With the activities of the Clarel Business, the Large Format Store Business solda to Alcampo, and Portugal Business presented as discontinued operations

The IFRS 16 effect on rents of 131.9 millions of euros and 133.1 millions of euros in the first six months of 2023 and 2022, respectively, corresponds to costs that would have been accounted for as lease expenses had IFRS16 not been implemented, considering all activities. The difference between these amounts and the payments for leases, financial debt, amounting to 134.9 millions of euros and 136.8 millions of euros in the first six months of 2023 and 2022, respectively, is due to the fact that the payments include financial leases that were already part of the tangible fixed assets before the application of the new standard, as well as adjustments for hyperinflation and others.

RENTALS WITHOUT IFRS 16 APLICATION

(millions of euros)	30th june 2023	30th june 2022
Rentals without IFRS 16 aplication	**131.8**	**133.1**
Lease payments for financial leases prior to the implementation of the standard	4.8	4.6
Hiperinflation adjustment related to rentals	(2.0)	(1.5)
Others	0.2	0.6
Lease payments for financial leases	**134.8**	**136.8**

The IAS 29 effect represents the impact of hyperinflation in Argentina based on the application of indices and involving the use of the closing exchange rate of the period instead of the average exchange rate, for the conversion of each of the income statement lines to Euros. This effect is adjusted in the calculation of the Adjusted EBITDA as if it were not a hyperinflationary economy and one could therefore evaluate the performance of business unit activity evolution.

The Adjusted EBITDA attempts to explain the Group's operating performance by isolating those non-operational effects that are exceptional in nature or are effects derived from the application of specific accounting regulations (application of IFRS16, IAS 29), restructuring costs and incentive plans.

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Capex: investment calculated as the sum of additions of property, plant and equipment and other intangible assets as described in notes 4 and 5 to the interim condensed consolidated financial statements. Capex is a measure of the Company's investment in fixed assets to contribute to the future growth of its business.

CAPEX RECONCILIATION

(millions of euros)	30th june 2023	30th june 2022	Change (%)
Additions - Property, plant and equipment	98.0	124.3	-21.2%
Additions - Other intangible asset	8.5	10.0	-15.0%
Total Capex	**106.5**	**134.3**	**-20.7%**

Net Financial Debt: The Company's financial position calculated by deducting the total value of cash and cash equivalents, the interest rate derivate hedge asset and the effect of applying IFRS 16 from the total value of outstanding current and non-current financial debt, as explained in note 13.1 to the interim condensed consolidated financial statements.

NET FINANCIAL DEBT RECONCILIATION

(millions of euros)	30th June 2023	2022	Change
Non-current borrowings	497.4	649.9	(152.5)
Current borrowings	124.9	116.7	8.2
Cash & Cash equivalents	(191.6)	(220.0)	28.4
Derivates	(4.6)	(4.3)	(0.3)
Total net debt	**426.1**	**542.3**	**(116.2)**
IFRS 16 related debt effect	536.2	577.2	(41.0)
Net financial debt	**962.3**	**1,119.5**	**(157.2)**

NET FINANCIAL DEBT RECONCILIATION

(millions of euros)	30th June 2023	2022	Change
Non-current borrowings	495.6	648.4	(152.8)
Current borrowings	84.2	115.9	(31.7)
Cash & Cash equivalents	(156.6)	(215.8)	59.2
Derivates	(4.6)	(4.3)	(0.3)
Total net debt	**418.6**	**544.1**	**(125.5)**
IFRS 16 related debt effect	452.1	524.1	(72.0)
Net financial debt	**870.7**	**1,068.3**	**(197.5)**

(1) With the activities of the Clarel Business, the Large Format Store Business sold to Alcampo, and Portugal Business presented as discontinued operations

Net financial debt is an indicator of the Group's financial leverage excluding liabilities related with finance leases that result from applying IFRS 16.

Available liquidity: this is the result of adding together the Cash and cash equivalents as described in note 10 to the interim condensed consolidated financial statements, and the undrawn balance of available lines of finance and reverse factoring described in note 18 to the interim condensed consolidated financial statements. Available liquidity is a metric used to measure the Group's capacity to honour its payment commitments using available liquid assets and finance.

AVAILABLE LIQUIDITY

(millions of euros)	30th June 2023	2022	Change
Cash & Cash equivalents	191.6	220.0	(28.4)
Available credit facilities	183.6	134.7	48.9
Total liquidity	**375.2**	**354.7**	**20.5**

AVAILABLE LIQUIDITY

(millions of euros)	30th June 2023	2022	Change
Cash & Cash equivalents	156.6	215.8	(59.2)
Available credit facilities	183.6	134.7	48.9
Total liquidity	**340.2**	**350.5**	**(10.3)**

(1) With the activities of the Clarel Business, the Large Format Store Business sold to Alcampo, and Portugal Business presented as discontinued operations

Working capital: This is the sum of inventories and trade and other receivables less trade and other payables. Working capital is a metric used to measure the amount of callable assets available to settle the Group's short-term payables in everyday operations.

TRADE WORKING CAPITAL

(millions of euros)	30th June 2023 (1)	30th June 2023	2022 (1)	2022	Change with discontinued operations	Change withouth discontinued operations
Inventories (A)	349.6	442.6	417.6	473.0	(68.0)	(30.4)
Trade & other receivables (B)	157.2	193.8	199.1	210.3	(41.9)	(16.5)
Trade & other payables (C)	1,161.1	1,304.9	1,329.3	1,336.6	(168.2)	(31.7)
Total working capital (A+B-C)	**(654.3)**	**(668.5)**	**(712.5)**	**(653.2)**	**58.2**	**(15.3)**

(1) With the activities of the Clarel Business, the Large Format Store Business sold to Alcampo, and Portugal Business presented as discontinued operations

In the retail sector, this figure tends to be negative given the fast rotation of produce in stores and the fact that customer collection periods are very short compared to supplier payment terms.