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, 2021

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REPORT ON LIMITED REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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, 2021, 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-month period then ended. The parent's directors are responsible for the preparation of said 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, 2021 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.

Matter-of-emphasis 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, 2020. 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, 2021 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, 2021. 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 parent'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 version in Spanish)

José Luis Ruiz

September 14, 2021

Distribuidora Internacional de Alimentación, S.A., and Subsidiaries

Condensed Consolidated Interim Financial Statements and Condensed Consolidated Interim Directors' Report

for the six-month period

ended 30 June 2021

(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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (I)

At 30 June 2021 and 31 December 2020

(Expressed in thousands of Euros)

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

ASSETS	Notes	2021 30 June	2020 31 December
Property, plant and equipment	4	856,832	837,312
Goodwill	5.1	482,872	482,872
Use of right	5.2	554,861	569,369
Other intangible assets	5.3	24,225	27,529
Investments accounted for using the equity method	7	566	473
Trade and other receivables	6.1	19,224	24,039
Other non-current financial assets	6.2	58,771	56,956
Non-current tax assets	14	51,805	46,070
Non-current assets		2,049,156	2,044,620
Inventories	9	434,595	445,763
Trade and other receivables	6.1	156,481	128,369
Consumer loans from financial activities		674	1,407
Current tax assets	14	48,707	56,065
Current income tax assets	14	1,667	1,205
Other current financial assets	6.2	13,829	3,945
Other assets	8	8,766	6,681
Cash and cash equivalents	10	245,615	346,985
		910,334	990,420
Non-current assets held for sale		103	359
Current assets		910,437	990,779
TOTAL ASSETS		2,959,593	3,035,399

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (I)

At 30 June 2021 and 31 December 2020

(Expressed in thousands of Euros)

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

EQUITY AND LIABILITIES	Notes	2021 30 June	2020 31 December
Capital	11.1	66,780	66,780
Share premium	11.2	544,997	544,997
Reserves	11.3	(1,181,509)	(815,387)
Own shares	11.4 a)	(3,368)	(5,763)
Other own equity instruments	11.4 b) and 15	302	250
Net losses for the period	11.3	(104,781)	(363,788)
Translation differences	11.6	(107,579)	(124,284)
Equity attributable to equity holders of the Parent		(785,158)	(697,195)
Total Equity		(785,158)	(697,195)
Non-current borrowings	12.1	1,662,607	1,625,790
Provisions	13	90,166	84,328
Other non-current financial liabilities	12.2	2,306	2,306
Deferred tax liabilities	14	36,685	20,157
Non-current liabilities		1,791,764	1,732,581
Current borrowings	12.1	536,489	589,032
Trade and other payables	12.3	1,173,914	1,183,353
Current tax liabilities	14	45,936	55,453
Current income tax liabilities	14	999	531
Other current financial liabilities	12.4	195,649	171,644
Current liabilities		1,952,987	2,000,013
TOTAL EQUITY AND LIABILITIES		2,959,593	3,035,399

CONDENSED CONSOLIDATED INCOME STATEMENTS (II)

For the six-month periods ended 30 June 2021 and 2020

(Expressed in thousands of Euros)

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

INCOME STATEMENT	Notes	2021 30 June	2020 30 June
Sales	3 and 16	3,193,703	3,515,218
Other income	17.1	14,443	30,559
TOTAL INCOME		3,208,146	3,545,777
Goods and other consumables used	17.2	(2,322,604)	(2,586,223)
Personnel expenses	17.3	(431,639)	(465,691)
Operating expenses	17.4	(312,460)	(313,673)
Depreciation and amortization	17.5	(192,540)	(223,530)
Impairment of non-current assets	17.5	(1,753)	(1,060)
Impairment of trade debtors	6.1	1,240	(3,255)
Losses on disposal of fixed assets	17.6	(4,105)	(4,374)
RESULT FROM OPERATING ACTIVITIES		(55,715)	(52,029)
Finance income	17.7	7,106	3,600
Finance expenses	17.7	(63,226)	(153,074)
Gain from net monetary positions	17.9	21,191	17,696
Profit/(losses) of companies accounts for using the equity method	17.10	93	123
LOSSES BEFORE TAX FROM CONTINUING OPERATIONS		(90,551)	(183,684)
Income tax	14	(14,230)	(4,002)
LOSSES AFTER TAX FROM CONTINUING OPERATIONS		(104,781)	(187,686)
NET LOSSES		(104,781)	(187,686)
Atributted to:			
Equity holders of the Parent		(104,781)	(187,686)
Basic and diluted earnings per share, in euros			
Losses for the period		(0.02)	(0.03)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (III)

For the six-month periods ended 30 June 2021 and 2020

(Expressed in thousands of Euros)

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

	2021 30 June	2020 30 June
Net losses for the period	(104,781)	(187,686)
Other comprehensive income:		
Items subject to reclassification to income statement		
Translation differences of financial statements of foreign operations	16,705	28,712
	16,705	28,712
Other comprehensive income, net of income tax	16,705	28,712
Total comprehensive income, net of income tax	(88,076)	(158,974)
Atitbuted to:		
Equityholders of the Parent	(88,076)	(158,974)
	(88,076)	(158,974)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (IV)

For the six-month periods ended 30 June 2021 and 2020

(Expressed in thousands of Euros)

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

	Equity attributable to equityholders of the Parent								
	Registered capital	Share premium	Reserves and accumulated earnings	Net losses	Own shares	Other own equity instruments	Translations differences	Equity attributable to the Parent	Total equity
At 31st December 2019	**66,780**	**544,997**	**(93,655)**	**(790,468)**	**(7,252)**	**89**	**(70,993)**	**(350,502)**	**(350,502)**
Reserves to translations differences reclasification	-	-	69,308	-	-	-	(69,308)	-	-
At 1st January 2020	**66,780**	**544,997**	**(24,347)**	**(790,468)**	**(7,252)**	**89**	**(140,301)**	**(350,502)**	**(350,502)**
Transfer of the losses of the previous year	-	-	(790,468)	790,468	-	-	-	-	-
Net losses for the period	-	-	-	(187,686)	-	-	-	(187,686)	(187,686)
Other comprenshive income, net of income tax	-	-	-	-	-	-	28,712	28,712	28,712
Translation differences of financial statements of foreign operations	-	-	-	-	-	-	28,712	28,712	28,712
Total comprehensive income for the period	**-**	**-**	**-**	**(187,686)**	**-**	**-**	**28,712**	**(158,974)**	**(158,974)**
Transacitions with equityholders or owners	-	-	(1,450)	-	1,489	61	-	100	100
Issuance net share-based payments	-	-	-	-	-	100	-	100	100
Delivery of own shares	-	-	(1,450)	-	1,489	(39)	-	-	-
At 30th June 2020	**66,780**	**544,997**	**(816,265)**	**(187,686)**	**(5,763)**	**150**	**(111,589)**	**(509,376)**	**(509,376)**
At 1st January 2021	**66,780**	**544,997**	**(815,387)**	**(363,788)**	**(5,763)**	**250**	**(124,284)**	**(697,195)**	**(697,195)**
Transfer of the losses of the previous year	-	-	(363,788)	363,788	-	-	-	-	-
Net losses for the period	-	-	-	(104,781)	-	-	-	(104,781)	(104,781)
Other comprenshive income, net of income tax	-	-	-	-	-	-	16,705	16,705	16,705
Translation differences of financial statements of foreign operations	-	-	-	-	-	-	16,705	16,705	16,705
Total comprehensive income for the period	**-**	**-**	**-**	**(104,781)**	**-**	**-**	**16,705**	**(88,076)**	**(88,076)**
Transacitions with equityholders or owners	-	-	(2,334)	-	2,395	52	-	113	113
Issuance net share-based payments	-	-	-	-	-	125	-	125	125
Delivery of own shares	-	-	(2,334)	-	2,395	(73)	-	(12)	(12)
At 30th June 2021	**66,780**	**544,997**	**(1,181,509)**	**(104,781)**	**(3,368)**	**302**	**(107,579)**	**(785,158)**	**(785,158)**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (V)

For the six-month periods ended 30 June 2021 and 2020

(Expressed in thousands of Euros)

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

	Notes	2021 30 June	2020 30 June
Operating activities			
LOSS BEFORE TAX FROM CONTINUING OPERATIONS		(90,551)	(183,684)
Loss before income tax		*(90,551)*	*(183,684)*
Adjusmtents to Profit and Loss:		*255,999*	*390,666*
Depreciation and amortization	17.5	192,540	223,530
Impairment of non current assets	17.5	1,753	1,060
Impairment of trade debtors	6.1	(1,240)	3,255
Losses on disposal of non current assets	17.6	4,105	4,374
Finance income	17.7	(7,106)	(3,600)
Finance expenses	17.7	63,226	153,074
Changes of provisions and grants		5,541	12,519
Other adjustments to Profit and Loss		(2,727)	(3,423)
Share of (Profit)/loss of companies accounted for using the equity method net of dividends	17.10	(93)	(123)
Adjusments to working capital:		*(32,860)*	*47,230*
Changes in trade and other receivables		(26,164)	13,167
Change in inventories		11,169	19,537
Changes in trade and other payables		(4,202)	7,470
Changes in consumer loan and refinancing commitments		733	464
Change in other assets		2,740	6,592
Change in other liabilities		(17,320)	3,801
Changes in working capital of discontinued operations		255	-
Current income tax payables (paid)		(71)	(3,801)
Net cash flow form/(used in) operating activities		*132,588*	*254,212*
Investing activities			
Purcharses of intangible assets	5.3	(2,944)	(1,133)
Development cost	5.3	(1,439)	(2,241)
Payments of property, plant and equipment		(58,610)	(40,498)
(Payments)/Collections of financial instruments		(2,532)	9,016
Disposals of intangible assets		-	43
Disposals of property, plant and equipment		7,412	5,857
(Payments)/Collections for other financial assets		(2,064)	669
Interest recevied		5,734	2,395
Net cash flow used in investing activities		*(54,443)*	*(25,892)*
Financing activities			
Financial lease payments	12.1 c)	(133,920)	(145,184)
Borrowings repaid		(23,312)	(22,991)
Borrowings made		-	220,463
Payments from other financial liabilities		8,350	12,098
Interest paid		(22,490)	(24,017)
Net cash flow form/(used in) financing activities		*(171,372)*	*40,369*
Net changes in cash and cash equivalents		*(93,227)*	*268,689*
Net foreign exchanges differences		(8,143)	(12,259)
Cash and cash equivalents at 1st January		*346,985*	*163,550*
Cash and cash equivalents at 30th June		*245,615*	*419,980*

Explanatory Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2021 (VI)

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

1. CORPORATE INFORMATION

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

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

The DIA Group's principal activity is the retail sale of food products through owned or franchised self-service stores under the DIA Group brand name. The Parent opened its first establishment in Madrid in 1979.

The DIA Group currently trades under the names of DIA Market, DIA Maxi, La Plaza de DIA, Clarel, Minipreço and DIA&go.

DIA shares have been traded on the Spanish stock exchanges since 5 July 2011.

Relevant events occurring during the six-month period

a) Changes to the Board of Directors and its committees

Christian Couvreux sadly passed away on 15 February 2021. Christian Couvreux had been a member of the DIA Group's Board since May 2019 and chairman of the Appointments and Remuneration Committee. He also sat on the Board's Capital Structure and Finance Committee.

On 10 December 2020, the Board of Directors approved the appointment by co-optation of Mr Marcelo Maia Tavares as other external director of the Parent company, effective from 1 January 2021.

On 26 May 2021, the Board of Directors appointed independent director Mr Jaime García-Legaz Ponce as Chair of the Appointments and Remuneration Committee and Coordinating Independent Director (positions which had become vacant as a result of the death of Mr Christian Couvreux) and external director Mr Marcelo Maia Tavares de Araujo as a new member of the Appointments and Remuneration Committee.

On 29 April 2021, the Board of Directors agreed to dissolve the Board's Capital Structure and Finance Committee, deeming its purpose to have been successfully concluded as a result of the agreement reached in relation to the global capitalisation and refinancing transaction, the implementation of which will provide a stable long-term capital and financial structure for the DIA Group.

On 31 May 2021, the Parent company's General Shareholders' Meeting approved the appointment of Ms Luisa Desplazes de Andrade Delgado as independent director for the statutory term of three years, with effect from 1 November 2021.

At 30 June 2021, the Parent company's Board of Directors and committees are therefore structured as follows:

Board of Directors:

Chairperson:	Mr Stephan DuCharme (executive director).
Directors:	Ms Basola Vallés Cerezuela (independent director).
	Mr Jaime García-Legaz Ponce (coordinating independent director).
	Mr José Wahnon Levy (independent director).
	Mr Sergio Antonio Ferreira Dias (external proprietary director).
	Mr Marcelo Maia Tavares (other external director).

Audit and Compliance Committee:

Chairperson: Mr José Wahnon Levy (independent director).

Directors: Mr Sergio Antonio Ferreira Dias (external proprietary director).

Mr Jaime García-Legaz Ponce (independent director).

Appointments and Remuneration Committee:

Chairperson: Mr Jaime García-Legaz Ponce (independent director).

Directors: Ms Basola Vallés Cerezuela (independent director).

Mr Marcelo Maia Tavares (other external director).

b) General Meeting of Shareholders of the Parent company

The Parent company's General Meeting of Shareholders was held on 31 May 2021 and the following resolutions, among others, were adopted: (i) Approval of the annual accounts, individual and consolidated directors' reports, non-financial information statement and proposed distribution of 2020 profit/(loss); (ii) Approval of Board of Directors management during 2020; (iii) Ratification of the appointment by co-optation and re-appointment of Mr Marcelo Maia Tavares de Araújo as new external director of the Parent Company; (iv) Appointment of Ms Luisa Desplazes de Andrade Delgado as independent director with effect from 1 November 2021; (v) Advisory vote on the annual director remunerations report for 2020; (vi) Share capital increase which constitutes a core element of the Global Transaction announced by the Parent Company on 30 November 2020 for a cash amount of up to Euros 1,027,751,102, by issuing and placing into circulation 51,387,555,100 new ordinary shares of Euros 0.01 par value each, with a share premium of Euros 0.01 per share, i.e. a cash amount of Euros 0.02 each per share (nominal value plus share premium), in two separate tranches of (a) debt-for-equity swap, and (b) monetary contributions, with pre-emptive subscription rights and incomplete subscription forecast, (the "Capital Increase") and, delegation to the Board of Directors, with powers to sub-delegate, the express powers to execute the agreement and set the conditions thereof in any matters not foreseen by the General Meeting.

c) Global capitalisation and refinancing agreement

On 30 November 2020, the Parent company published a privileged information notification (register number 613), informing the market that, after the negotiations held between L1R Invest1 Holdings S.à.r.l. ("L1R"), DEA Finance S.à.r.l. ("DEA Finance"), DIA and its syndicated lenders (the "Syndicated Lenders"), DIA had reached an agreement with all the Syndicated Lenders in relation to a capitalisation and refinancing transaction (the "Original Transaction") in order to implement a stable long-term capital and financial structure for the DIA Group.

On 24 March 2021, as a result of certain subsequent negotiations held between DIA, L1R, DEA Finance and its Syndicated Lenders, DIA reached a new agreement with all its Syndicated Lenders (the "Lock-Up Agreement"), providing a pathway for a global capitalisation and refinancing transaction (the "Global Transaction"), the implementation of which guarantees a stable long-term capital and financing structure for the DIA Group and allows the management team to fully focus on executing the business plan.

The Global Transaction includes the following key elements (which are conditional on each other):

(i) the capital increase in DIA amounting to up to Euros 1,027.8 million , in two tranches, which was completed on 6 August 2021, as stated in note 21, Events after the Reporting Period :

(a) a credit capitalisation tranche of Euros 769.2 million to be subscribed by L1R by offsetting the loans corresponding to the following financial debt held by DIA Group (these loans were acquired in April 2021 by L1R from DEA Finance prior to its capitalisation), at the nominal value of that debt:

- Euros 200 million owed by DIA Finance, S.L. ("DIA Finance") to DEA Finance on account of principal under the super senior term loan facility (the "SS Facility") (this was transferred from DIA Finance, S.L. to DIA in April 2021):

- Euros 292.6 million owed by DIA to DEA Finance on account of principal under the bonds issued by DIA for an aggregate principal amount of Euros 300 million, with an interest coupon of 1.000% and maturity on 28 April 2021 (the "2021 Bonds") and which were transferred before maturity from DEA Finance to L1R for subsequent capitalisation. The remaining amount of 2021 Bonds not owned by DEA Finance was repaid by DIA upon maturity, on 28 April 2021.

- Euros 7.4 million of debt under a loan granted to DIA by L1R in April 2021 to finance (or refinance) the payment by DIA of the principal of the 2021 Bonds to holders of 2021 Bonds other than DEA Finance (or L1R) on 28 April 2021 (referred to in the paragraph (x) above); and

- Euros 269.2 million owed by DIA to DEA Finance on account of principal under the bonds issued by DIA for an aggregate principal amount of Euros 300 million, with an interest coupon of 0.875% and maturity on 6 April 2023 (the “2023 Bonds”) and which were transferred by DEA Finance to L1R in April 2021; and.

(b) a tranche in cash for Euros 258.6 million, reserved in the first instance to all shareholders other than L1R, to enable them to exercise their pre-emptive subscription right and subscribe new shares up to their share capital holding prior to the capital increase at the same issue price as the new shares to be issued in the credit capitalisation tranche. The funds obtained in the cash tranche would be at the disposal of DIA for general corporate purposes, including the acceleration of its business transformation plan. The cash tranche would be subject to the subscription rounds and apportionment rules in the event of over-subscription, which is common in this type of transaction, and would not be guaranteed in the event of incomplete subscription;

(ii) the modification and refunding of the current syndicated financing agreement for a total amount of Euros 973,219,190 (the “SFA”) in order to (a) extend the maturity date of the FA Facilities (totalling Euros 902,426,478) (the “Senior Facilities”) from 31 March 2023 to 31 December 2025, and (b) modify other terms and conditions of the SFA (mentioned in note 12.1);

(iii) the modification of the terms and conditions of the 2023 Bonds in order to (a) extend their maturity date from 6 April 2023 to 30 June 2026 and (b) increase the coupon from the modification date to an annual rate of 3.5% (3% in cash and 0.50% PIK), plus an increase in interest of 1% PIK in certain circumstances where applicable under the SFA (the “Modification of the 2023 Bonds”). On 20 April 2021, the Parent Company announced that the meeting of the bondholders of 2023 Bonds held on that date had approved the Modification of the 2023 Bonds, to come into effect upon fulfilment or waiving of the remaining conditions governing the Global Transaction and other conditions customary in these types of modifications; and

(iv) the extension of the maturity dates of certain bilateral facilities and credit facilities entered into between several DIA Group companies with certain Syndicated Lenders or entities in their respective groups (the “Bilateral Facilities”).

The effectiveness of the Global Transaction (and, therefore, the main (i) elements (iv) mentioned above) was subject to the fulfilment or waiving of certain conditions precedent on or before the deadlines stated therein and which were deemed to be met, rendering the Global Transaction effective on 2 September, as described in note 21 -Events after the Reporting Period.

The capitalisation of the DIA Group by up to Euros 1,027.8 million, together with the release of a financial liability of Euros 769.2 million relating to the cancellation of the principal amount under the SS Facility, the 2021 Bonds and the 2023 Bonds, as well as the extension of the maturity date of the Senior Facilities, the remaining 2023 Bonds and the Bilateral Facilities, and also the additional injection of liquidity of up to Euros 258.6 million of the cash tranche of the Capital Increase, and will enable the equity situation of the DIA Group (which was in negative equity at 30 June 2021) to recover and strengthen, substantially reducing the financial debt of the DIA Group, eliminating the risk of refinancing in the medium term, significantly reducing the Group’s interest charges, providing additional liquidity to ensure that the operational financing needs are covered, improving and accelerating DIA’s capacity to access financial debt markets under normalised conditions, and providing a viable long-term capital structure for DIA, which will allow its management team to focus solely on executing the business plan.

Conditions Precedent

The effectiveness of the Global Transaction (and, therefore of points (i) a (iv) at the beginning of this section), is subject to the fulfilment or waiving of certain conditions precedent before the deadlines stated hereinafter, including those outlined under the “Conditions Precedent”:

(i) evidence that the maturity date of the 2023 Bonds not currently held by L1R has been extended beyond 30 June 2026 and that the annual interest rate on the 2023 Bonds is not greater than the 3.5% (3% in cash and 0.5% PIK) plus an additional increase in interest of 1% PIK where applicable under the SFA;

(ii) evidence, to the satisfaction of the Parent company, that the lender of each of the Bilateral Facilities has committed to considering and negotiating in good faith a possible additional extension to the current maturity date (considering the extensions agreed on 18 December 2020);

(iii) evidence that the reverse factoring facilities, factoring or bilateral credit facilities that document the ancillary facilities have been modified to reflect the margin applicable in line with the changes agreed in the SFA amendment and refinancing;

(iv) evidence of the cancellation of the principal pending under the SS Facility, the 2021 Bonds and the instrument through which the 2023 Bonds held by L1R were exchanged by issuing new Parent Company shares in the Capital Increase and/or the funds obtained in the said Capital Increase;

(v) evidence that (a) the Parent company has cancelled its payment obligations of the principal pending with respect to the 2021 Bonds not held by DEA Finance, and (b) L1R (or DEA Finance) has placed a new loan at the Parent Company's disposal for an amount equal to the principal of the 2021 Bonds not held by DEA Finance, and the Parent Company's obligation to pay this new loan has been cancelled by issuance of new shares by the Parent Company to L1R;

(vi) signing of an ad hoc refinancing framework agreement solely for the purposes of applying for the legal certification thereof in Spain (after the Global Transaction takes effect);

(vii) extension and ratification of the existing guarantee package; and

(viii) other customary conditions precedent in this type of agreement (such as the subscription, public deed formalisation and delivery of certain documentation or the confirmation that no breach has been made or continues to be made).

The deadline for fulfilment or waiving of the Conditions Precedent was the latter of the following dates (or any other date that could be agreed upon between DIA and the Senior Facilities agent):

(i) 30 July 2021; or

(ii) 29 October 2021, in the event that the Capital Increase prospectus was not approved by the National Securities Market Commission on or before 15 June 2021 (provided the Parent Company has made reasonable efforts to obtain this approval on or before 15 June 2021).

On 2 September all Conditions Precedent were deemed fulfilled, rendering the Global Transaction effective, as described in note 21.

d) <u>Credit rating</u>

On 11 March 2021, the Parent company announced that the services relating to its corporate long-term credit rating, its default probability rating, its long-term senior unsecured rating and its rating for the senior unsecured MTN bonds program awarded by Standard & Poor's Financial Services ("S&P") and Moody's Investors Service ("Moody's") had been cancelled.

e) <u>Profit/(loss) evolution during the six-month period</u>

The evolution of the Group's result from operating activities during the first half of 2021 was affected by a reduction in revenue of approximately 9% with respect to the same period of 2020, when the Group had experienced extraordinary activity due to stockpile purchases caused by Covid-19 in the months of March to June 2020, hindering year-on-year comparison. Additionally, the Group's result from operating activities was affected by a reduction in the retail store network, the depreciation of the Argentine peso and, to a lesser extent, the depreciation of the Brazilian real.

Results have been supported by strict cost controls, a reinforced financial structure and effective exchange risk management which has contributed to improving the financial result. As a result, the net loss for the first half of the year was 44% down on the same period of the prior year.

The main priorities during 2021 continue to be focused on the ongoing development of DIA's commercial value proposal with the improvement of the fresh product range and the development of a new in-house brand that combines quality, value for money and attractive packaging. Furthermore, the Group has continued with the comprehensive roll-out of the updated franchise model in Spain and Portugal, which began in the second half of 2020 and has commenced with refurbishing the stores on both markets. It is also continuing with the expansion of the online sales service and the express delivery service in all countries, keeping a strict focus on cost-efficiency and cutting down on complexities in all business areas.

f) Impact of Covid-19

The World Health Organisation (WHO) declared a global public health emergency on 11 March 2020 as a result of the international Covid-19 pandemic.

On 25 October 2020, the Spanish Government declared a second nationwide state of emergency to stop the spread of the virus, which was extended until 9 May 2021. During this period, the general public's circulation on streets and public spaces was restricted to certain hours of the day and residents had to remain within their own autonomous region or city, unless travel was essential on certain limited grounds.

The various extraordinary measures approved have continuously acknowledged the importance and essential nature of the distribution of food and essential goods that constitutes the main activity of the DIA Group, especially within the framework of the social distancing strategy designed to stop the spread of the virus among the population.

The economic impacts of this exceptional situation on the Group's sales cannot be reliably and objectively quantified in the various markets where it operates. The costs associated with protecting staff and customers, such as providing masks and gloves, have been classified as recurring operating expenses from the second half of 2020.

Given the complexity of the situation in the various countries where the Group operates in terms of vaccinating the population and the appearance of new variants, there is much uncertainty surrounding how the pandemic will develop over the coming months and its potential impact on sales and production volumes, supply and distribution chains, businesses, consumers, capital markets and the economy in general, and it is not possible at this time to objectively and reliably estimate the potential impact on the Group. This impact will be recorded prospectively in the financial statements when it occurs.

In accordance with the above, to date, based on the best information available at this time and its current cash position, the Parent Company determines that this situation does not compromise the application of the going concern principle.

2. BASIS OF PRESENTATION

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

The Parent's directors have prepared these condensed consolidated interim financial statements for the six-month period ended 30 June 2021 on the basis of the accounting records of Distribuidora Internacional de Alimentación, S.A. and subsidiaries. These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required of a complete set of annual accounts prepared under International Financial Reporting Standards endorsed by the European Union ("IFRS-EU"). However, selected explanatory notes are included to explain events and transactions that are significant to enable an understanding of the changes in the DIA Group's financial position and performance since the last consolidated annual accounts for the year ended 31 December 2020.

The DIA Group has adopted the latest versions of all applicable standards issued by the IASB and endorsed by the European Union Regulatory Committee that are for mandatory application at 30 June 2021.

The condensed consolidated interim financial statements have been prepared using figures for the six-month periods ended 30 June 2021 and 2020, except for the consolidated statement of financial position, which is presented at 30 June 2021 and 31 December 2020.

As a result of the interpretation issued in 2020 by the International Financial Reporting Standards Interpretations Committee, the DIA Group has restated the translation differences of the Argentina business, which are now classified as reserves. The International Financial Reporting Standards Interpretations Committee clarified that the effects of inflation amended by IAS 29 on the equity of the country affected by hyperinflation (excluding the portion of the net monetary position directly affecting profits) have a similar currency impact to that of converting the financial statements of the country to the reporting currency, whereby both items should be reflected under translation differences. Taking into account the aforementioned decision, the Group deemed it appropriate to apply the same criteria retroactively to the comparative figures for 2019. In application thereof, at the start of 2019 the Group reclassified an amount of Euros 69,308 thousand from translation differences to reserves.

The subsidiaries forming part of the DIA Group have been either fully consolidated or equity-accounted. The subsidiaries comprising the Group do not differ significantly from those included therein at 31 December 2020.

On a half-yearly basis, the seasonal nature of the Group's activity is in line with historical trends in consolidated results, according to which there is no change in sales performance between the first half of each year and the second half.

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

2.2. Accounting Principles

The accounting policies used to prepare these condensed consolidated interim financial statements are the same as those used to prepare the consolidated annual accounts for the year ended 31 December 2020, as no standards, interpretations or amendments applicable for the first time this year have had any effect on the Group's accounting policies.

The Group intends to adopt the standards, interpretations and amendments to the standards issued by the IASB that are mandatory in the European Union when they come into effect, if applicable. Although the Group is currently analysing their impact, based on the analyses carried out to date, the Group estimates that their initial application will not have a significant impact on the consolidated annual accounts or on the condensed consolidated interim financial statements.

2.3. Classification of Argentina as a hyperinflationary country

In 2018 a series of factors emerged in the Argentinian economy that prompted the 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 include the inflation rate recorded in 2018 and the accumulated rate in the last three 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 ended after 1 July 2018. The application of IAS 29 in the Group's consolidated annual accounts and in the condensed consolidated interim financial statements was conducted in accordance with the following criteria:

- Hyperinflation accounting has been 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 Parent Company from their date of acquisition or inclusion in the consolidated statement of financial position to each period-end has been 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 the year. The Group opted to recognise the difference between equity at the closing of the prior year and at the start of the year in reserves, together with the accumulated exchange differences up to that date, 1 January 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 Translation differences. As a result, at 30 June 2020 the Group reclassified Euros 70,186 thousand from Reserves and retained earnings to Translation differences. This amount does not differ significantly from the reclassification in the consolidated annual accounts at 31 December 2020 for Euros 69,308 thousand, as it includes the effect of the whole of 2019. Equity is not altered as a result of this change in presentation. The Group therefore adopted the accounting policy of recording changes in equity relating to currency effects and the effect of inflation in full under Translation differences.
- The Group has adjusted the consolidated income statement at 30 June 2021 and 30 June 2020 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 at 30 June 2021 and 30 June 2020 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 at 30 June 2021 was 25.47% (13.66% at 30 June 2020). This rate was obtained from the information issued by INDEC (National Statistics and Census Institute), a 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	Month	Index	Month	Index	Month	Index
Jan-17	1.015859	Jan-18	1.26989	Jan-19	1.89706	Jan-20	2.89976	Jan-21	4.01507
Feb-17	1.036859	Feb-18	1.30061	Feb-19	1.96849	Feb-20	2.95815	Feb-21	4.15859
Mar-17	1.061476	Mar-18	1.33105	Mar-19	2.06061	Mar-20	3.05706	Mar-21	4.35865
Apr-17	1.089667	Apr-18	1.36751	Apr-19	2.13159	Apr-20	3.10281	Apr-21	4.53650
May-17	1.105301	May-18	1.39589	May-19	2.19680	May-20	3.15067	May-21	4.68725
Jun-17	1.118477	Jun-18	1.44805	Jun-19	2.25651	Jun-20	3.22314	Jun-21	4.84192
Jul-17	1.137852	Jul-18	1.49297	Jul-19	2.30601	Jul-20	3.28201		
Aug-17	1.153819	Aug-18	1.55103	Aug-19	2.39729	Aug-20	3.37063		
Sep-17	1.175719	Sep-18	1.65238	Sep-19	2.53838	Sep-20	3.46621		
Oct-17	1.193528	Oct-18	1.74147	Oct-19	2.62198	Oct-20	3.59657		
Nov-17	1.209940	Nov-18	1.79639	Nov-19	2.73354	Nov-20	3.71027		
Dec-17	1.247956	Dec-18	1.84255	Dec-19	2.84834	Dec-20	3.85883		

The most significant impacts on the consolidated statement of financial position deriving from inflation in Argentina relate to the revaluation of property, plant and equipment (see note 4) and the corresponding effect on deferred taxes (see note 14). The impact of inflation on non-monetary items has been included in Translation differences.

Furthermore, the impact of the change in the net monetary position at 30 June 2021 and 30 June 2020 has been recognised as a financial profit (see note 17.9).

2.4. Going concern

The Parent's directors have prepared these condensed consolidated interim financial statements for the six-month period ended 30 June 2021 on a going concern basis.

At 30 June 2021, consolidated equity stands at a negative amount of Euros 785 million (a negative amount of Euros 697 million at 31 December 2020) and working capital, calculated as current assets less current liabilities, excluding assets and liabilities held for sale, is also negative, amounting to Euros 1,043 million (Euros 1,010 million at 31 December 2020). Losses for the first half of 2021 amount to Euros 105 million (loss of Euros 188 million in the first six months of 2020) and the net variation in cash and cash equivalents was a negative amount of Euros 93 million (positive amount of Euros 269 million in the same period in 2020).

At 30 June 2021, the equity of the Parent company stood at a negative amount of Euros 50 million (negative amount of Euros 42 million at 31 December 2020). In accordance with the Spanish Companies Act, when losses bring a company's equity to less than half of share capital, unless capital is increased or reduced to a sufficient extent, the company has grounds for dissolution and the Directors must call a General Meeting within two months to adopt the dissolution agreement or reach the agreement or agreements deemed necessary to clear the grounds for dissolution.

Royal Decree-Law 3/2020 of 28 April 2020 on organisational and procedural measures to tackle Covid-19 in the area of administration of justice (the "RDL") establishes that 2020 losses posted, which for the Parent company amounted to losses of Euros 265 million at 31 December 2020, will not be considered in any accumulated losses bringing a company's equity to less than half of share capital which would, according to the Spanish Companies Act (article 363.1(e)), be grounds for the company to be wound up. As a result, the Parent company does not have grounds for winding-up at the date of preparation of these condensed consolidated interim financial statements for the six-month period ended 30 June 2021.

In the context of the Global Transaction announced by the Parent Company on 24 March 2021, by virtue of which the Parent Company had reached a new agreement with all lenders and its main shareholder to provide a pathway for the Company's global capitalisation and refinancing transaction for the Parent Company, as explained in note 1, on 31 May 2021 the Annual General Shareholders' Meeting approved the Capital Increase of Euros 1,028 million comprised of a credit capitalisation tranche of Euros 769 million to be subscribed by L1R by offsetting the loans owed to L1R at the capitalisation date, and a tranche in cash of up to Euros 259 million reserved in the first instance to all shareholders other than L1R. The Capital Increase was completed on 6 August comprising an increase in Share Capital of Euros 513.9 million and an increase in the Share Premium of Euros 513.9 million (see note 21).

Additionally, on 2 September all Conditions Precedent of the Global Transaction were deemed fulfilled, rendering it effective, as described in note 21.

Although the equity and financial position of the Parent company at 30 June 2021 presents the impairment situation described in the previous paragraphs, the Parent company's Directors consider that the Capital Increase and the fact of having completed various elements of the Global Transaction mean that, to date, no doubts exist regarding the long-term continuity of the Parent Company's operations. The Global Transaction restores the Parent company's equity balance by altering its capital structure and financial profile.

The Directors of the Parent company therefore consider that the capitalisation of the DIA Group, together with the release from a substantial part of its financial liability relating to the cancellation of the SS Facility, the 2021 Bonds and the majority of the 2023 Bonds, as well as the extension to the maturity date of the Senior Facilities and the Bilateral Facilities, will significantly restore and reinforce the equity situation of the Parent company, substantially reduce the DIA Group's financial indebtedness, eliminate the risk of refinancing in the medium term, significantly reduce the DIA Group's interest burden, provide additional liquidity to ensure that operational financing needs are covered, improve and speed up the DIA Group's capacity to access financial debt markets on standardised terms and provide a viable long-term capital structure for the DIA Group, which will enable the management team to fully focus on the execution of the business plan.

Furthermore, on 30 June 2021 the Group had available liquidity of Euros 303,3 million at consolidated level.Give all the above, the Directors consider that the Group will continue to operate on a going concern basis.

3. INFORMATION ON OPERATING SEGMENTS

Information is provided on the following operating segments:

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

The Executive Chairperson monitors the operating results of the business units separately in order to make decisions on resource allocation and performance assessment. In order 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 profit or loss enables the Executive Chairperson to analyse the results of the segments, eliminating the lines of the income statement that do not directly depend on the segment's operations, but are based on Group decisions geared towards improving the operating results of the segment or certain corporate expenses.

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

A breakdown of key segment data is as follows:

Thounsands of Euro	SPAIN	PORTUGAL	ARGENTINA	BRAZIL	Consolidated
At 30th June 2021					
Sales (1)	2,089,725	296,323	425,956	381,699	3,193,703
Adjusted EBITDA	37,369	5,024	11,220	(5,873)	47,740
% of sales	1.8%	1.7%	2.6%	(1.5)%	1.5%
At 30th June 2020					
Sales (1)	2,264,153	309,191	458,301	483,573	3,515,218
Adjusted EBITDA	52,517	6,040	8,795	(7,662)	59,690
% of sales	2.3%	2.0%	1.9%	(1.6)%	1.7%

Thounsands of Euro	SPAIN	PORTUGAL	ARGENTINA	BRAZIL	Consolidated
At 30th June 2021					
Non-current assets	1,411,003	242,429	150,477	245,247	2,049,156
Liabilities	2,956,286	272,042	219,991	296,432	3,744,751
Acquisition of non-current assets (2)	58,577	10,157	7,287	10,733	86,754
Number of outlets	3,837	499	904	753	5,993
At 31st December 2020					
Non-current assets	1,431,362	246,029	137,990	229,239	2,044,620
Liabilities	2,989,308	236,450	184,723	322,113	3,732,594
Acquisition of non-current assets (2)	59,988	10,376	7,569	5,397	83,330
Number of outlets	3,918	565	907	779	6,169

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

(2) Use of Rigth no incluided

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

Thousands of euro	SPAIN	PORTUGAL	ARGENTINA	BRAZIL	TOTAL JUNE 2021
Net profit/(losses) of the period	**(64,262)**	**(8,933)**	**(9,331)**	**(22,255)**	**(104,781)**
Net financial expense	37,944	3,847	5,400	8,929	56,120
Income tax	263	966	13,683	(682)	14,230
Depreciation and amortization	137,647	18,620	13,867	22,406	192,540
Gain from net monetary positions	-	-	(21,191)	-	(21,191)
Losses of companies accounts for using the equity method	(93)	-	-	-	(93)
Impairment of non-current assets	999	(227)	981	-	1,753
Losses on disposal of fixed assets	280	898	892	2,035	4,105
Reestructuring Cost and expenses related to Long-Term Incentive Plans	**16,983**	**1,473**	**1,862**	**2,306**	**22,624**
Expenses related to transfer of own stores to franchised stores	3,375	142	-	-	3,517
Expenses related to store and warehouses closings	-	-	132	1,218	1,350
Expenses related to efficiency projects	8,562	761	645	49	10,017
Other special expenses					
Other expenses	2,034	-	-	37	2,071
Expenses related to Long-Term Incentive Plans	3,012	570	1,085	1,002	5,669
IFRS 16 leases	(92,392)	(11,620)	(8,141)	(18,612)	(130,765)
NIC 29 hiperinflacionaty standard effect	-	-	13,198	-	13,198
Adjusted EBITDA	**37,369**	**5,024**	**11,220**	**(5,873)**	**47,740**

Thousands of euro	SPAIN	PORTUGAL	ARGENTINA	BRAZIL	TOTAL JUNE 2020
Net profit/(losses) of the period	**(51,095)**	**(6,629)**	**(11,224)**	**(118,738)**	**(187,686)**
Net financial expense	32,831	3,706	14,346	98,591	149,474
Income tax	(359)	124	4,206	31	4,002
Depreciation and amortization	152,049	20,391	15,512	35,578	223,530
Gain from net monetary positions	-	-	(17,696)	-	(17,696)
Losses of companies accounts for using the equity method	(123)	-	-	-	(123)
Impairment of non-current assets	1,021	38	-	1	1,060
Losses on disposal of fixed assets	1,534	575	2,424	(159)	4,374
Reestructuring Cost and expenses related to Long-Term Incentive Plans	**10,942**	**669**	**888**	**1,441**	**13,940**
Expenses related to efficiency projects	7,176	96	368	375	8,015
Expenses related to Long-Term Incentive Plans	3,766	573	520	1,066	5,925
IFRS 16 leases	(94,283)	(12,834)	(9,048)	(24,407)	(140,572)
NIC 29 hiperinflacionaty standard effect	-	-	9,387	-	9,387
Adjusted EBITDA	**52,517**	**6,040**	**8,795**	**(7,662)**	**59,690**

4. PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment for the first half of 2021 and 2020 are as follows:

Net carrying amount	30th june 2021	30th june 2020
At 1 January	**837,312**	**1,055,580**
Additions	82,371	27,987
Amortisation and depreciation (note 17.5)	(73,978)	(91,925)
Impairment (note 17.5)	(1,728)	(613)
Disposals	(12,826)	(8,616)
Translation differences	23,332	(56,009)
Other movements	2,349	5,333
At 30 June	**856,832**	**931,737**

Increased additions in both periods are due to the remodelling of the Group's stores during the first six months of 2021.

The strong impact on translation differences is due to changes in the exchange rate of the Argentine peso and, to a lesser extent, the Brazilian real in the first six months of 2021.

5. INTANGIBLE ASSETS

5.1. Goodwill

At 30 June 2021 and 31 December 2020, goodwill has been allocated as follows:

Thousands of Euro	30th june 2021	31st December 2020
Spain	443,118	443,118
Portugal	39,754	39,754
Total	**482,872**	**482,872**

5.2. Right of use

Details of Right of use items for the first half of 2021 and 2020 are as follows:

Net carrying amount	30th june 2021	30th june 2020
At 1 January	**569,369**	**700,037**
Additions	96,624	64,632
Amortisation and depreciation (note 17.5)	(110,792)	(123,247)
Disposals	(7,873)	(7,608)
Value update	3,916	13,440
Translation differences	3,617	(31,877)
Other movements	-	5
At 30 June	**554,861**	**615,382**

The strong impact on translation differences is due to changes in the exchange rate of the Argentine peso and, to a lesser extent, the Brazilian real in the first six months of 2021.

5.3. Other intangible assets

Details of other intangible assets in the first half of 2021 and 2020 are as follows:

Net carrying amount	30th june 2021	30th june 2020
At 1 January	**27,529**	**40,593**
Additions/Internal development	4,383	3,374
Amortisation and depreciation (note 17.5)	(7,770)	(8,358)
Impairment (note 17.5)	(25)	11
Disposals	(86)	(3,741)
Translation differences	104	(820)
Other movements	90	202
At 30 June	**24,225**	**31,261**

Additions recorded in the first six months of 2021 and 2020 mainly include development expenses corresponding to in-house IT projects produced in Spain for an amount of Euros 1,439 thousand (Euros 2,241 thousand in 2020) and acquisitions of software also in Spain for a total of Euros 2,680 thousand (Euros 1,056 thousand in 2020).

6. FINANCIAL ASSETS

Details of financial assets included in the statements of financial position are as follows:

Thousands of Euro	30th June 2021	31st December 2020
Non-current assets		
Trade and other receivables	19,224	24,039
Other Non-current financial assets	58,771	56,956
Current assets		
Trade and other receivables	156,481	128,369
Consumer loans from financing activities	674	1,407
Other current financial assets	13,829	3,945
TOTAL	**248,979**	**214,716**

The current trade receivables balance at 30 June 2021 has increased due to the inclusion of franchises in Spain and Portugal with the new 2020 management model, according to which the payment of deliveries invoiced to franchises is collected on the basis of the cash generated at the franchisees' point-of-sale terminal.

6.1. Trade and other receivables

Details of current and non-current trade and other receivables are as follows:

Thousands of Euro	30th June 2021	31st December 2020
Trade and other receivables	19,224	24,039
Total non-current	**19,224**	**24,039**
Trade and other receivables (net of impairment)	130,196	111,004
Other receivables (net of impairment)	5,257	4,402
Receivables from suppliers (net of impairment)	18,323	10,941
Advances to suppliers	2,537	46
Receivables with associates companies	168	1,976
Total current	**156,481**	**128,369**

a) Trade receivables from sales

This balance comprises current and non-current trade receivables for merchandise sales to customers. Details are as follows:

Thousands of Euro	30th June 2021	31st December 2020
Trade and other receivables non current	19,224	24,039
Trade and other receivables current	184,262	165,481
Total Trade and other receivables	**203,486**	**189,520**
Impairment loss	(54,066)	(54,477)
Total	**149,420**	**135,043**

b) Receivables from suppliers

This heading includes balances with suppliers that are receivables and are pending collection.

In the first half of 2020, the Group entered into agreements to transfer supplier trade receivables without recourse, with a balance at 31 December 2020 of Euro zero. No agreements were entered into in the first six months of 2021. The accrued finance cost of the transfer of these payables in the previous period was Euros 63 thousand (see note 17.7).

The Group believed that it retained neither the default risk nor the credit risk on these transfers without recourse, therefore writing off these amounts from receivables from suppliers.

c) Trade receivables from other related parties

In the first half of 2021, transactions have been carried out with the companies ICDC and Horizon (see note 19), mainly relating to trade operations. Balances at 30 June 2021 and 31 December 2020 are shown below:

Thousands of Euro	30th June 2021	31st December 2020
ICDC	-	132
Horizon	168	1,844
Commercial debts with other related parties	**168**	**1,976**

d) Impairment

Movements in the provision for impairment of receivables in the first six months of 2021 and 2020 were as follows:

2021 Thousands of Euro	Customer for sales (note 6.1 a))	Other debtors	Credits receivable from suppliers	Total
At 1st January	**(54,477)**	**(6,896)**	**(6,835)**	**(68,208)**
Charge	(3,598)	(1,351)	(20)	(4,969)
Applications	215	3,610	-	3,825
Reversals	4,858	155	1,196	6,209
Translation differences	(1,064)	(194)	25	(1,233)
A 30th June de 2021	**(54,066)**	**(4,676)**	**(5,634)**	**(64,376)**

2020 Thousands of Euro	Customer for sales	Other debtors	Credits receivable from suppliers	Total
At 1st January	**(56,315)**	**(7,242)**	**(5,260)**	**(68,817)**
Charge	(6,391)	(107)	(1,825)	(8,323)
Applications	100	-	(60)	40
Reversals	3,871	123	1,074	5,068
Transfers	(5,878)	1,225	-	(4,653)
Translation differences	8,974	241	136	9,351
A 30th June de 2020	**(55,639)**	**(5,760)**	**(5,935)**	**(67,334)**

6.2. Other financial assets

Details of financial assets are as follows:

Thousands of Euro	30th June 2021	31st December 2020
Equity instruments	1,177	1,080
Guarantees	57,520	55,757
Other loans	74	119
Total non-current	**58,771**	**56,956**
Franchise deposits	677	752
Credits to personnel	2,444	2,033
Other loans	24	12
Loans on the sale of fixed assets	33	31
Current account with majority shareholders	7,400	-
Other finantial assets	3,251	1,117
Total current	**13,829**	**3,945**

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Details of equity-accounted investees at 30 June 2021 and 31 December 2020 are as follows:

	30th june 2021	31st December 2020
ICDC Services Sárl en liquidation	50%	50%
Horizon International Services Sàrl	25%	25%

On 16 July 2020, the shareholders of the company "ICDC Services Sàrl" decided to put the company into liquidation, changing its registered name to "ICDC Services Sàrl, en liquidation".

In April 2021, the partners of Horizon announced the gradual end of its joint partnership. Although all partners will comply with the commitments acquired until the end of 2021, each one will implement a purchasing policy directly aligned with its own strategic priorities.

The key financial indicators of these companies in the first half of 2021 and in 2020 are as follows:

	ICDC Services Sárl en liquidation		Horizon	
Thousands of euro	30th june 2021	31st December 2020	30th june 2021	31st December 2020
Current assets				
Cash and cash equivalents	141	104	2,472	830
Other current assets	164	302	20,532	36,079
Total current assets	**305**	**406**	**23,004**	**36,909**
Non current assets	**-**	**-**	**8**	**10**
Current liabilities				
Other current liabilities	27	148	21,315	28,273
Total current liabilities	**27**	**148**	**21,315**	**28,273**
Net assets	**278**	**258**	**1,697**	**8,646**
Reconciliation with net carrying amount				
Net assets at 1 January	**258**	**294**	**1,367**	**1,177**
Profit (losses) of the period	20	4	333	189
Dividends paid	-	(40)	-	-
Shareholder contributions	-	-	-	-
Net assets at the end of the period	**278**	**258**	**1,700**	**1,367**
Part of group %	50%	50%	25%	25%
Part of the group in thousands of euro	140	129	426	344
Net carrying amount	**140**	**129**	**426**	**344**

8. OTHER ASSETS

Details of other assets are as follows:

	30th June 2021	31st December 2020
Thousands of Euro	Current	Current
Prepayments for operating leases	2,803	2,908
Prepayments for guarantees	132	275
Prepayments for insurance contracts	1,964	745
Other prepayments	3,867	2,753
Total other assets	**8,766**	**6,681**

9. INVENTORIES

Details of inventories are as follows:

Thousands of Euro	30th June 2021	31st December 2020
Goods for resale	431,709	442,428
Other supplies	2,886	3,335
Total inventories	**434,595**	**445,763**

At 30 June 2021 there are no restrictions of any kind on the availability of inventories.

10. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

Thousands of Euro	30th June 2021	31st December 2020
Cash and current account balances	193,778	290,915
Cash equivalents	51,837	56,070
Total	**245,615**	**346,985**

The balance of cash equivalents reflects the deposits maturing in under three months, primarily in Argentina and Brazil at 30 June 2021 (mainly in Brazil at 31 December 2020).

11. EQUITY

11.1. Capital

At 30 June 2021, DIA's share capital is Euros 66,779,789.79, represented by 6,677,978,979 shares of Euros 0.01 par value each, subscribed and fully paid up. The shares are freely transferable.

The Parent's shares are listed on the Spanish stock markets. According to public information filed with the Spanish National Securities Market Commission (CNMV), the members of the board of directors control approximately 0.001% of the Parent's share capital.

The same public information shows that the most significant interests in the Company's share capital are as follows:

- Indirect stake by Letterone Investment Holdings, S.A. of 74.819%
- The direct stake is held by L1R Invest1 Holding S.á.r.l. for the same percentage.

11.2. Share premium

DIA's share premium at 30 June 2021 is Euros 544,997,021.94, corresponding to 6,055,522,466 shares with a share premium of Euros 0.09.

11.3. Reserves and retained earnings

Details of reserves and retained earnings are as follows:

Thousands of Euro	30th June 2021	31st December 2020
Other reserves non available	1,867	15,170
Other reserves	(1,183,376)	(830,557)
Profit attributable to equity holders ot the parent	(104,781)	(363,788)
Total	**(1,286,290)**	**(1,179,175)**

The application of the Parent company's 2020 losses, approved by shareholders at their Ordinary General Meeting held on 31 May 2021, is to take the full amount of Euros 264,719,596.21 to prior years' losses.

11.4. Own shares and other own equity instruments

a) Own shares

Changes in own shares in the first six months of 2021 and in 2020 are as follows:

	Number of shares	Average price	Total
At 31st December 2019	**1,238,790**	**5.8540**	**7,251,906.75**
Delivery of shares to Members of Board Directors	(254,310)		(1,488,736.91)
At 31st December 2020	**984,480**	**5.8540**	**5,763,169.84**
Delivery of shares to Members of Board Directors	(409,177)		(2,395,332.10)
At 30th June 2021	**575,303**	**5.8540**	**3,367,837.74**

During the first half of 2021 the directors received 409,177 shares, amounting to Euros 2,395 thousand as remuneration. The difference between the value of the shares delivered and the value of own shares, amounting to a negative amount of Euros 2,334 thousand, has been taken to voluntary reserves.

In 2020, 254,310 shares were delivered for an amount of Euros 1,489 thousand, on account of remuneration paid to directors in accordance with the previous policy and which were pending payment at 31 December 2019. The difference between the value of the shares delivered and the value of own shares, amounting to a negative amount of Euros 1,450 thousand, has been taken to voluntary reserves.

At 30 June 2021 the Company holds 575,303 own shares of the Parent with an average purchase price of Euros 5.8540 per share, representing a total amount of Euros 3,367,837.74.

Subsequently, on 30 June 2021 the Company acquired 409,177 new shares for an average purchase price of Euros 0.0617 per share, representing a total amount of Euros 25,246.22.

b) Other own equity instruments

At 30 June 2021, Other own equity instruments includes the reserve for deferred remuneration in shares for non-proprietary directors (see notes 15 and 19).

11.5. Earnings per share

Basic earnings per share are calculated by dividing net profit/(loss) attributable to the Group for the six-month periods ended 30 June 2021 and 2020 by the weighted average number of ordinary shares outstanding during the two periods.

	30th June 2021	30th June 2020
Average number of shares	**6,677,213,782**	**6,676,972,756**
Profit for the period in Thousands of Euro	(104,781)	(187,686)
Profit per share in Euros	(0.02)	(0.03)

The weighted average number of ordinary shares was calculated as follows:

	Weighted average ordinary shares in circulation at 30th June 2021	Ordinary shares at 30th June 2021	Weighted average ordinary shares in circulation at 30th June 2020	Ordinary shares at 30th June 2020
Total shares issued	6,677,978,979	6,677,978,979	6,677,978,979	6,677,978,979
Own shares	(765,197)	(575,303)	(1,006,223)	(984,480)
Total shares	**6,677,213,782**	**6,677,403,676**	**6,676,972,756**	**6,676,994,499**

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.

11.6. Translation differences

Details of translation differences at 30 June 2021 and 31 December 2020 are as follows:

Thousands of euro	30th June 2021	31st December 2020
Argentina	(63,140)	(76,996)
Brazil	(44,439)	(47,288)
Total	**(107,579)**	**(124,284)**

As mentioned in the consolidated annual accounts for the year ended 31 December 2019 in note 2.5, as a result of applying IAS 29 for Argentina, the Group chose the accounting policy of recording changes in equity relating to currency effects in full under the Reserves heading, treating them as adjustments to equity balances.

In March 2020, the International Financial Reporting Standards Interpretations Committee concluded that the currency effect of economies declared as hyperinflationary must be recorded under the translation differences heading in equity. As a result, at 30 June 2020 the Group reclassified Euros 70,186 thousand from Reserves and retained earnings to Translation differences. This amount does not differ significantly from the reclassification in the annual accounts at 31 December 2020 for Euros 69,308 thousand, as it includes the effect of the whole of 2019 (see notes 2.1 and 2.3). Equity is not altered as a result of this change in presentation. The Group therefore adopted the accounting policy of recording changes in equity relating to currency effects and the effect of inflation in full under Translation differences.

12. FINANCIAL LIABILITIES

Details of financial liabilities in the consolidated statements of financial position at 30 June 2021 and 31 December 2020 are as follows:

Thousands of Euro	30th June 2021	31st December 2020
Non-current liabilities		
Non-current borrowings	1,662,607	1,625,790
Other non-current financial liabilities	2,306	2,306
Current liabilities		
Current borrowings	536,489	589,032
Trade and other payables	1,173,914	1,183,353
Other financial liabilities	195,649	171,644
Total financial liabilities	**3,570,965**	**3,572,125**

12.1. Borrowings

Details of current and non-current borrowings are as follows:

At 30th june 2021	Total	Current 1 year	2 years	3 years	4 years	5 years	> 5 years	Non Current Total
Debentures and bonds	27,433	63	27,370	-	-	-	-	27,370
Majority shareholder loan	775,263	305,170	470,093	-	-	-	-	470,093
Syndicated credits (Revolving credit facilities) (*)	137,009	-	137,009	-	-	-	-	137,009
Syndicated credits (Term loan)	387,288	-	387,288	-	-	-	-	387,288
Other bank loans	69,082	12,836	56,246	-	-	-	-	56,246
Credit facilities drawn down and others	182,025	3,407	178,618	-	-	-	-	178,618
Lease payables (**)	601,022	207,959	172,111	108,757	47,052	16,651	48,492	393,063
Guarantees and deposits received	13,373	991	-	-	-	-	12,382	12,382
Other current borrowings	6,601	6,063	538	-	-	-	-	538
Total borrowings	**2,199,096**	**536,489**	**1,429,273**	**108,757**	**47,052**	**16,651**	**60,874**	**1,662,607**

At 31th december 2020	Total	Current 1 year	2 years	3 years	4 years	5 years	> 5 years	Non Current Total
Debentures and bonds	599,394	303,795	-	295,599	-	-	-	295,599
Syndicated credits (Revolving credit facilities) (*)	136,193	3,153	-	133,040	-	-	-	133,040
Syndicated credits (Term loan)	387,289	-	-	387,289	-	-	-	387,289
Other bank loans	273,118	72,982	200,136	-	-	-	-	200,136
Credit facilities drawn down and others	186,667	3,158	-	183,509	-	-	-	183,509
Lease payables (**)	611,960	197,373	163,606	123,679	51,242	18,556	57,504	414,587
Guarantees and deposits received	12,081	1,026	-	-	-	-	11,055	11,055
Other current borrowings	8,120	7,545	575	-	-	-	-	575
Total borrowings	**2,214,822**	**589,032**	**364,317**	**1,123,116**	**51,242**	**18,556**	**68,559**	**1,625,790**

(*) The incremental costs linked to the new debt unaccrued at 30 June 2021 amounting to Euros 2,885 thousand, and at 31 December 2020 amounting to Euros 3,702 thousand, are deducted from the balance of the Revolving credit facilities heading.

(**) The lease liability amount resulting from the application of IFRS 16 stands at Euros 583,074 thousand at 30 June 2021 (current: Euros 201,821 thousand and non-current: Euros 381,253 thousand) and Euros 591,492 thousand at 31 December 2020 (current: Euros 190,306 thousand and non-current: Euros 401,186 thousand).

a) Debentures and bonds

On 6 April 2021, the Parent company paid the interest on the fourth coupon of the 2023 “Euro Medium Term Notes” (the “2023 Bonds”), amounting to Euros 2,625 thousand.

On 20 April 2021 a meeting of the 2023 Bondholders was held, which approved, subject to the completion of the Global Transaction, the extension of the maturity date of the 2023 Bonds to 30 June 2026, and an increase in the coupon from the effective date of the Global Transaction to an annual rate of 3.5% (3% in cash and 0.50% PIK), plus an additional increase in interest of 1% PIK where applicable under the syndicated lending agreement.

Additionally, on 23 April 2021, the following agreements were carried out:

- L1R and the Parent company agreed that the credit claim of L1R by virtue of the Obligations on the 2021 Bond notes it holds, amounting to a principal sum of Euros 292,600 thousand, will continue to exist, accrue interest and remain in force at the maturity date of 28 April 2021, and the total of the capital principal owed by virtue thereof will be due and payable for the purposes of capitalisation in the Capital Increase as part of the credit capitalisation tranche. Interest payable under the private debt insturmentis at an annual rate of 1.000%.
- L1R and the Parent company entered into a loan agreement with L1R for Euros 7,400 thousand to finance the payment of the principal owed by DIA on account of the 2021 Bonds not held by L1R (Euros 7,400 thousand). The capital of this loan, by virtue thereof, will be due and payable for the purposes of capitalisation in the Capital Increase as part of the First Tranche.
- The Parent company received an assignment notification for the creditor position in favour of L1R under a private debt instrument originally issued in exchange for the 2023 Bonds held by DEA Finance S.à r.l. for an amount of Euros 269,200 thousand. Interest payable on account of the private debt instrument is at an annual rate of 0.875%. Once the Global Transaction is complete, only the Obligations on the 2023 Bond notes not held by L1R for Euros 30,800 thousand will continue to be listed on the Irish Stock Market and will be subject to the terms agreed by the bondholder committee meeting on 20 April 2021.

On 28 April 2021, the Parent company redeemed the 2021 “Euro Medium Term Notes” (the “2021 Bonds”) not held by L1R for an amount of Euros 7,400 thousand, with an interest coupon of 1.000% and a 5-year term maturing at that date, as well as the payment of the fifth and final coupon for Euros 74 thousand.

Details of bond issues pending repayment at 30 June 2021 are therefore as follows:

Issuer	Issue date	Term (years)	Coupon	Ownership	2023
DIA, S.A.	07.04.2017	6	0.875%	Bondholders	30,800

The balance sheet value of these bonds amounted to Euros 27,433 thousand, as detailed in the table at the beginning of this note 12.1 and corresponds to their nominal value for a total of Euros 30,800 thousand less the initial expenses of the issuance of the bond, which is being accruing.

b) Bank borrowings

Multi-product Syndicated Loan and other credit facilities

The Group has entered into a Syndicated Financing Agreement with a series of Financial Lenders for a total amount of Euros 973,219 thousand, originally signed on 31 December 2018, modified and refinanced on various occasions and, as at 30 June 2021, maturing on 31 March 2023. This financing includes a Super Senior supplier lending facility of Euros 70,793 thousand with initial maturity on 17 July 2021 and the option to extend for one additional year. At 30 June 2021, this maturity date had been effectively extended until 17 July 2022.

On 23 June 2020, in compliance with the obligations imposed by the syndicated financing to execute the Hive Down, the Parent company formalised the transfer to DIA Retail España, S.A of the portion of syndicated debt linked to the Spanish business, as well as the portion of syndicated debt relating to reverse factoring and other debt linked to the Parent company's commercial operations. As a result of these transfers, DIA Retail España, S.A. became the borrower of a total syndicated debt amount of Euros 653,553 thousand.

Continuing with the implementation of the final Hive Down structure, on 15 July 2020 the Parent company transferred to DIA Finance, S.L. the remaining portion of the syndicated debt drawn down by the Parent company (except a minimum amount of Euros 2,000 thousand held for operating purposes). As a result of this transfer, DIA Finance, S.L. became the holder of a total syndicated debt amount of Euros 317,667 thousand.

On 30 December 2020, an amount of Euros 3,607 thousand was redistributed from the revolving tranche to the term loan tranche at DIA Retail España, S.A., and an amount of Euros 6,412 thousand from the revolving tranche to the term loan tranche at DIA Finance, S.L.

The Financing Agreement in force at 30 June 2021, prior to the effectiveness of the Global Transaction, contains certain commitments and obligations, including the following:

- Personal obligations (to do and not to do certain things) and the provision of information customary in this type of financing transaction in accordance with the Parent Company's current rating.
- Not to distribute Parent company dividends to shareholders without the agreement of the financing institutions until the debt held with them has been repaid in full.
- Financial covenants:
  - Financial Leverage Ratio: calculated on 30 June and 31 December of every year. The first calculation will take place on 31 December 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.
  - Liquidity Ratio: a minimum of Euros 30 million in cash and cash equivalents is fixed, excluding trapped cash, to be verified on 31 December 2019 for each quarter of the following 12-month period up to 31 December 2020.
  - Capital expenditure ratio and restructuring costs: from 31 December 2019 capital expenditure and restructuring costs may not exceed 12.5% and 20%, respectively, of the aggregate total of both items included in the Covenant Plan delivered in December 2019.
- From 31 December 2021 onwards, an annual cash sweep of excess free cash flow will be applied, with the first repayment, if applicable, from the second quarter of 2022 onwards, calculated on the basis of 50% of available cash flow once the investment and restructuring costs provided for in the updated business plan have been fully paid. These amounts will be used to repay early and cancel any outstanding amounts in the following order: a) firstly, the Supplier Facility, b) secondly, any other New Financing Facilities (if required to do so under the terms of such New Financing Facilities), and c) thirdly, the tranches under the Financing Agreement.
- The obligation to repay the syndicated financing facilities with (a) the funds obtained from the divestment of Max Descuento and Clarel (b) the funds obtained from the proposed capital increase of Euros 600 million (c) any participating loan that L1R grants prior to the capital increase is removed.
- 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 in which the Group company operates.

The Parent Company is granted the authority to obtain additional financing of Euros 400 million to refinance the bonds maturing in 2021 and part of the debt under the Financing Agreement, although the Parent Company is obliged to make considerable efforts to only refinance Facility A under the Financing Agreement prior to refinancing the bonds maturing in 2021 (for further information, see the Debt Baskets sub-section below).

Debt baskets

The Syndicated Financing Agreement in force at 30 June 2021 allows the Group to incur in a certain amount of financial debt in addition to the existing debt:

- Additional Super Senior debt ("Additional Super Senior Financing"), provided the total amount of the Super Senior debt does not exceed Euros 380,000 thousand (reducing the amount as the Super Senior borrowing is cancelled or permanently paid off and/or to the extent that the Super Senior commitments outstanding at 17 July 2022 are less than Euros 380,000 thousand), provided that, in terms of the debt that exceeds Euros 280,000 thousand, the total Super Senior leveraging is less than 4.5 times the leveraging on a pro forma basis of the last twelve months upon entering into the new financing and in addition, that it is granted under standard market terms.

In this regard, in addition to the Super Senior tranche for Suppliers amounting to Euros 70,793 thousand, on 31 January 2020, the Group signed a binding Super Senior financing agreement for up to Euros 200,000 thousand with DEA Finance S.à r.l. (replacing the Committed Financing from L1R amounting to up to Euros 200,000 thousand).

The lender of the Super Senior tranche for Suppliers is the Parent company, however, as part of the Hive Down proc ess, the obligations will be passed on to DIA Retail España, S.A.

DIA Finance, S.L. was initially the lender of the Committed Financing of Euros 200,000 thousand, transferred to the Parent Company in April 2021, and was additionally the lender of any additional Super Senior Debt until the Super Senior Suppliers tranche had been fully repaid and settled, at which time a portion of the said debt amount may be granted or passed on to DIA Retail España, S.A. At 30 June 2021, the amount of the balance on this loan amounts to Euros 200,893 thousand non-current and Euros 1,166 thousand current, including interest accrued and not paid.

The Financing Agreement entered into with the syndicated lenders establishes that the amounts granted under the Super Senior Suppliers tranche, the Super Senior loan of Euros 200,000 thousand and any other additional Super Senior Debt will be classified pari-passu between them, and as senior with regards the remaining tranches of the Financing Agreement.

On 18 December 2020, within the framework of the refinancing, the Parent Company reached an agreement with its Syndicated Lenders to reduce the Additional Super Senior Financing basket from Euros 380,000 thousand to Euros 75,000 thousand, plus any amount of the Suppliers Facility Commitments that has not yet been repaid by the Parent Company. This reduction takes effect once all the conditions precedent of the refinancing agreement are met.

- The Financing Agreement also allows the Group to arrange additional financing of up to Euros 400,000 thousand to refinance the 2021 Bonds, and if the requested financing exceeds Euros 300,000 thousand, it will be used to prepay part of the Syndicated Financing Agreement debt, provided that the following conditions are met:
    - The maturity date of the new loans cannot be before the end date of any financing entered into under the Syndicated Financing Agreement. The loans cannot be secured, unless classified after the tranche A and B financing and before the C, D, E and F tranches. If the loans are not secured, the debt must be formalised by the Parent Company; if the loans are secured, the debt must be formalised by DIA Finance, S.L.

On 18 December 2020, within the framework of the refinancing, the Parent Company reached the agreement with its Syndicated Lenders to eliminate this additional senior and junior debt basket of Euros 400,000 thousand, effective once the conditions precedent of the refinancing agreement are met.

To clarify, this is not a comprehensive description of the Financing Agreement and certain other generally-accepted financial debt baskets are also included.

Guarantees

Certain guarantees are also set up in relation to financing during, including:

- Personal guarantee from the Parent company, Dia Retail, S.A., Beauty By DIA, S.A., Pe-Tra Servicios a la Distribución, S.L., Grupo El Árbol Distribución y Supermercados, S.A.
- Pledge on the shares owned by the Parent company in Luxembourg Investment Company 317 S.à r.l. and DIA Brasil Sociedade Ltda..
- Pledge on the shares owned by the Parent company and Luxembourg Investment Company 322 S.à r.l. in DIA Portugal Supermercados, S.A.
- Pledge on the shares owned by the Parent company and Pe-Tra Servicios a la Distribución S.L. in DIA Argentina, S.A.
- Pledge on the shares owned by Luxembourg Investment Company 317 S.à r.l in Luxembourg Investment Company 318 S.à r.l.
- Pledge on the shares owned by Luxembourg Investment Company 318 S.à r.l in DIA Finance, S.L.
- Pledge on the shares owned by DIA Finance, S.L. in Luxembourg Investment Company 319 S.à r.l.
- Pledge on the 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 the shares owned by Luxembourg Investment Company 320 S.à r.l in DIA Retail España, S.A.
- Pledge on the shares owned by DIA Retail España, S.A. in Beauty By DIA, S.A., Grupo El Árbol Distribución y Supermercados, S.A., Pe-Tra Servicios a la Distribución, S.L. and DIA Word Trade, S.A.
- Pledge on receivables arising from financing agreements between Group companies granted by the Parent company.

- Pledge on certain current accounts held by the Parent company, Dia Retail, S.A., Beauty By DIA, S.A., and Pe-Tra Servicios a la Distribución, S.L.
- Personal guarantee by DIA World Trade, S.A.
- Mortgage guarantees on certain real estate assets located in Spain and Portugal and guarantees on certain intellectual property rights registered in Spain and Portugal.

The Group has additional credit facilities that are not part of the financing agreements previously mentioned. Below are details of the syndicated financing and other credit facilities drawn down at 30 June 2021 and at 31 December 2020:

At 30th june 2021	Limit	Amount used	Conf/Fact	Amount avaible
DIA RETAIL	**653,553**	**387,843**	**212,407**	**53,303**
Revolving Credit Facility (RCF) - Syndicated Financing	*83,196*	*83,196*	-	-
Super Senior Supplier Tranche	*3,153*	*3,153*	-	-
Tranche A	*55,390*	*55,390*	-	-
Tranche B	*11,626*	*11,626*	-	-
Tranche D	*13,027*	*13,027*	-	-
Loan Facility (Term loan) - Syndicated Financing	*136,200*	*136,200*	-	-
Tranche A	*31,969*	*31,969*	-	-
Tranche B	*77,891*	*77,891*	-	-
Tranche D	*26,340*	*26,340*	-	-
Credit Facility - Syndicated Financing	*221,483*	*168,447*	-	*53,036*
Credit Lines	***12,500***	***1,823***	**-**	***10,677***
*Tranche B**	*12,500*	*1,823*	-	*10,677*
Credit Lines which may be utilised as reverse factoring	***164,761***	***122,542***	**-**	***42,219***
Tranche B	*63,761*	*22,180*	-	*41,581*
Tranche C	*101,000*	*100,362*	-	*638*
Credit Lines which may be utilised as factoring	***44,222***	***44,082***	**-**	***140***
Tranche D	*44,222*	*44,082*	-	*140*
Reverse Factoring - Syndicated Financing	*212,674*	-	*212,407*	267
Super Senior Supplier Tranche	*67,640*	-	*67,399*	*241*
Tranche C	*141,687*	-	*141,661*	*26*
Tranche F	*3,347*	-	*3,347*	-
DIA FINANCE	**317,667**	**317,604**	**-**	**62**
Revolving Credit Facility (RCF) - Syndicated Financing	*56,699*	*56,699*	-	-
Tranche D	*31,699*	*31,699*	-	-
Tranche F	*25,000*	*25,000*	-	-
Loan Facility (Term loan) - Syndicated Financing	*251,088*	*251,088*	-	-
Tranche D	*251,088*	*251,088*	-	-
Credit Facility - Syndicated Financing	*9,879*	*9,817*	-	*62*
Credit Lines which may be utilised as reverse factoring	***9,879***	***9,817***	**-**	***62***
Tranche D	*9,879*	*9,817*	-	*62*
DIA S.A.	**2,000**	**353**	**-**	**1,647**
Credit Facility - Syndicated Financing	*2,000*	*353*	-	*1,647*
Credit Lines	***1,000***	***353***	**-**	***647***
Tranche B	*1,000*	*353*	-	*647*
Credit Lines which may be utilised as reverse factoring	***1,000***	**-**	**-**	***1,000***
Tranche B	*1,000*	-	-	*1,000*
Total Multiproduct Syndicated Financing	**973,219**	**705,800**	**212,407**	**55,012**
Other Credit lines (not included in syndicated credits)	**3,407**	**3,407**	**-**	**-**

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

At 31st december 2020	Limit	Amount used	Conf/Fact	Amount avaible
DIA RETAIL	**653,553**	**392,789**	**212,553**	**48,211**
Revolving Credit Facility (RCF) - Syndicated Financing	*83,196*	*83,196*	-	-
Super Senior Supplier Tranche	*3,153*	*3,153*	-	-
Tranche A	*55,390*	*55,390*	-	-
Tranche B	*11,626*	*11,626*	-	-
Tranche D	*13,027*	*13,027*	-	-
Loan Facility (Term loan) - Syndicated Financing	*136,200*	*136,200*	-	-
Tranche A	*31,969*	*31,969*	-	-
Tranche B	*77,891*	*77,891*	-	-
Tranche D	*26,340*	*26,340*	-	-
Credit Facility - Syndicated Financing	*221,483*	*173,393*	-	*48,090*
Credit Lines	***12,500***	***2,823***	**-**	***9,677***
*Tranche B**	*12,500*	*2,823*	-	*9,677*
Credit Lines which may be utilised as reverse factoring	***164,761***	***126,489***	**-**	***38,272***
Tranche B	*63,761*	*26,134*	-	*37,627*
Tranche C	*101,000*	*100,355*	-	*645*
Credit Lines which may be utilised as factoring	***44,222***	***44,081***	**-**	***141***
Tranche D	*44,222*	*44,081*	-	*141*
Reverse Factoring - Syndicated Financing	*212,674*	-	*212,553*	*121*
Super Senior Supplier Tranche	*67,640*	-	*67,607*	*33*
Tranche C	*141,687*	-	*141,625*	*62*
Tranche F	*3,347*	-	*3,321*	*26*
DIA FINANCE	**317,667**	**317,604**	**-**	**63**
Revolving Credit Facility (RCF) - Syndicated Financing	*56,699*	*56,699*	-	-
Tranche D	*31,699*	*31,699*	-	-
Tranche F	*25,000*	*25,000*	-	-
Loan Facility (Term loan) - Syndicated Financing	*251,088*	*251,088*	-	-
Tranche D	*251,088*	*251,088*	-	-
Credit Facility - Syndicated Financing	*9,879*	*9,816*	-	*63*
Credit Lines which may be utilised as reverse factoring	***9,879***	***9,816***	**-**	***63***
Tranche D	*9,879*	*9,816*	-	*63*
DIA S.A.	**2,000**	**301**	**-**	**1,699**
Credit Facility - Syndicated Financing	*2,000*	*301*		*1,699*
Credit Lines	***1,000***	***301***	**-**	***699***
Tranche B	*1,000*	*301*	-	*699*
Credit Lines which may be utilised as reverse factoring	***1,000***	**-**	**-**	***1,000***
Tranche B	*1,000*	-	-	*1,000*
Total Multiproduct Syndicated Financing	**973,219**	**710,693**	**212,553**	**49,973**
Other Credit lines (not included in syndicated credits)	**3,158**	**3,158**	**-**	**-**

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

Credit facilities not included in syndicated loans amounting to Euros 3,407 thousand at 30 June 2021 and Euros 3,158 thousand at 31 December 2020 refer to several credit facilities arranged with banks by DIA Brasil Sociedade Limitada. All of these facilities mature in under one year.

Financial covenants

Under the financing agreement in force at 30 June 2021, the Group must comply with the following ratios:

- Financial Leverage Ratio:

  The Group undertakes to meet a set financial leverage ratio from 31 December 2020.

  This will be measured quarterly, each 30 June and 31 December.

  Deviation is set at up to 35% of the Adjusted Net Group Debt / Restated EBITDA ratio forecast in the Group's Covenant Plan for the years 2020 to 2024 (the "Covenant Plan"). This was presented to the lenders on 27 December 2019, establishing the following limits:

Thousand Euros	2020	2021	2022	2023
Covenant level	1,025.9x	14.2x	5.6x	4.2x

  At 30 June 2021 the financial leverage ratio required of the DIA Group's consolidated annual accounts has been met. Details are as follows:

  Total adjusted net debt / Restated EBITDA < 1,025.9x

  Total adjusted net debt and restated EBITDA figures are calculated according to the definition included in the loan agreement. Thus, these figures do not agree with the figures included in notes 3 and 12.1 in this document.

- Investment ratio (capex) and restructuring costs:

  The Group undertakes, as a whole, during the period from 1 January 2020 to 31 December 2023, the following: (i) total investment costs (capex) shall not exceed the amount set out in the Covenant Plan by more than Euros 187,500 thousand, equivalent to 12.5% deviation and; (ii) restructuring costs shall not exceed the amount set out in the Covenant Plan by more than Euros 23,300 thousand, equivalent to 20.0% deviation.

  At 30 June 2021, the Company has met the established ratios.

Global Transaction

On 30 November 2020, the Parent company, L1R, DEA Finance and its syndicated lenders reached an agreement regarding a comprehensive capitalisation and refinancing transaction in order to provide a long-term stable capital structure for the Parent company and the Group, the effectiveness of which was subject to the fulfilment of certain conditions precedent by (i) 18 December 2020 in certain cases, and (ii) 28 April 2021 in others.

On 18 December 2020, the Group signed an implementation Agreement with the syndicated lenders, amending the main terms and conditions of the Syndicated Financing Agreement and which will take effect when the conditions precedent are met.

On 24 March 2021, after the negotiations held between L1R Invest1 Holdings S.à. r.l., DEA Finance S.à. R.l., the Syndicated Lenders and the DIA Group, the Parent company reached a new agreement with all the Syndicated Lenders (the "Lock-Up Agreement"), which overrides the previous agreements of November and December 2020, providing a pathway for a global refinancing and capitalisation transaction (the "Global Transaction") in order to secure a stable long-term capital structure for the Parent company and its Group.

The Global Transaction, once it enters into effect, entails the amendment and reformulation of the Group's current Syndicated Lending agreement of Euros 973 million into an updated Syndicated Lending Contract that includes the following key elements (which are conditional on each other):

- an increase in equity of Euros 769,200 thousand which will release the DIA Group of an equivalent amount of financial debt, and in particular of:

a. the debt corresponding to the super senior loan of Euros 200,000 thousand granted by DEA Finance to DIA Finance (indicated below in this same note), has been transferred in April 2021 to the Parent company DIA:
b. the debt corresponding to the bonds issued by DIA for an aggregate principal amount of Euros 300,000 thousand with an interest coupon of 1.000% and maturity on 28 April 2021 ("2021 Bonds"), which in April 2021 became a L1R loan (as indicated previously in this note);
c. the debt corresponding to the bonds issued by DIA for an aggregate principal amount of Euros 269,200 thousand held by DEA Finance and subsequently transferred by DEA Finance to L1R, with a coupon of 0.875% and maturity on 6 April 2023 (as stated previously in this note). The Euros 30,800 thousand remaining to reach the Euros 300,000 thousand of the 2023 Bonds, extend their maturity beyond 30 June 2026 and increase their coupon from the modification date to an annual rate of 3.5% (3% in cash and 0.50% PIK), plus an increase in interest from 1% PIK in certain circumstances.

- extension of the maturity date of the Senior Facilities of Euros 902,426 thousand from 31 March 2023 to 31 December 2025;

- repayment of (a) up to Euros 35,000 thousand of the commitments of the super senior suppliers facility once the transaction comes into effect, and (b) the remaining amount of the Suppliers Facility Commitments (i.e. at least Euros 35,793 thousand) no later than 17 July 2022, reducing the amount of repayments for which each Syndicated Lender is eligible by an amount equivalent to that by which the Bilateral Facility signed by the Syndicated Lender is reduced or permanently cancelled, on or before the date the said repayment is due;

- extension of the maturity date of the Bilateral Facilities owed by DIA or any of its subsidiaries to the Syndicated Lenders (or entities in their respective groups) at a subsequent date that is satisfactory for the Parent Company and, in any event, in terms that are substantially consistent with each Bilateral Facility agreement in question;

- increase in the total amount of the Syndicated Lending available for use through reverse factoring facilities or bilateral lending facilities by an amount equal to (a) the amount by which the Commitments of the Suppliers Facility are reduced and cancelled at the given time (without the increase leading to a rise in the overall aggregate sum of the Syndicated Lending) and conversion of certain revolving credit facility (RCF) commitments into term loan commitments; (b) a Super Senior Incremental lending facility ("SS Incremental Facility") which, subject to an agreement being reached with the syndicated lenders regarding the granting and terms of this SS Incremental Facility, will be applicable in the form of reverse factoring, bilateral facilities, revolving credit facilities or loans, based on the amount the Parent company receives in the cash tranche of the Capital Increase, in line with the following table:

Cash received by DIA in the Capital Increase	**SS Incremental Facility amount**
Equal to or less than Euros 50 million	Nil
More than Euros 50 million, but less than Euros 100 million	Euros 15 million
Equal to or more than Euros 100 million, but less than Euros 150 million	Euros 30 million
Equal to or more than Euros 150 million, but less than Euros 200 million	Euros 40 million
Equal to or more than Euros 200 million	Euros 50 million

This Super Senior Incremental Facility of up to Euros 50,000 thousand will have a super senior range (i.e. it will be senior to the Senior Facilities and the commitments of the Supplier Facilities) and will be subject to a maximum margin of 7% and the rest of its terms and conditions will be subject to negotiation with the Syndicated Lenders. The amount ultimately received by DIA in the cash tranche of the Capital Increase completed in August 2021 was Euros 258.6 million and therefore the SS Incremental Facility has amounted to Euros 50 million.

- fixed amortisation of Euros 25,000 thousand of the Senior Facilities on 31 March 2023 and Euros 25,000 thousand on 31 March 2024. Reducing the amount of these Early Repayments to which each Syndicated Lender is eligible by an amount equivalent to that by which the Bilateral Facility signed by the Syndicated Lender is reduced or permanently cancelled, on or before the date the said Early Repayment is due. This possible reduction in the amount of the Early Repayments will not be applicable if the Restated EBITDA, as defined in the Syndicated Financing Agreement, for the year prior to the date on which the Early Repayment is due is higher than Euros 300,000 thousand;

- initial reduction in the additional super senior debt currently in place by virtue of the Syndicated Financing Agreement (the "Additional Super Senior Debt Basket") from Euros 380,000 thousand to Euros 75,000 thousand plus any amount of the Suppliers Facility Commitments that has not yet been repaid by the Group. Any amount borrowed under the SS Incremental Facility would count towards the Super Senior Debt Basket of Euros 75,000 thousand;

- elimination of the additional senior and junior debt basket of Euros 400,000 thousand (the "Additional Senior and Junior Debt Basket") which was used, inter alia, for refinancing the 2021 Bonds;

- increase in the interest margin applicable to the Syndicated Lenders under the Senior Facilities from 250 annual basis points up to the lower of the following; (a) margin of 325 annual basis points; or (b) 300 annual basis points provided that i) the principal amount of the 2023 Bonds originally held by DEA Finance, which were subsequently transferred by DEA Finance to LetterOne and ultimately replaced by a private debt substitution instrument for the purposes of capitalisation in the First Tranche of the Capital Increase) for an amount of Euros 269 million, and (ii) the amount of the cash deposits received by DIA in the Second Tranche of the Capital Increase is equal to or greater than Euros 125 million;

- ratchet increase of 125 annual basis points PIK in the interest margin of the Syndicated Lenders in the event that (a) the leverage ratio for the 12-month period ending 31 December 2022 and/or 30 June 2023 is higher than 3.25:1, and (b) the leverage ratio for each 12-month period ending thereafter on 31 December and 30 June is higher than 2.50:1, no longer applying this increase if the leverage ratio falls below the applicable threshold on any of the subsequent verification dates;

- obligation to submit to the Syndicated Lenders, as a condition for closing the Transaction, a budget for 2021 and 2022, and the obligation to submit an updated business plan (covering 2023, 2024 and 2025) by no later than 31 December 2022 (the "Updated Business Plan");

- restating the financial covenants of the Parent Company DIA, S.A. based on the Updated Business Plan, with the Parent Company's covenant for 2023 to 2025 being equal to or less than the leveraging covenant included in the Parent Company's existing business plan for 2022;

- extension of the permitted debt baskets, investments in equity, to permit certain investments by the DIA Group in Portugal and Argentina (as well as Brazil), and divestments permitted;

- elimination of certain cash distribution obligations (cash sweep) from the operating foreign subsidiaries that exceed certain agreed minimum cash levels, as currently set out in the SFA;

- increase of the maximum limit of disposals permitted by the Group, which means that from 2021 to 2025, the Group can sell a maximum of Euros 40 million assets per year;

- acknowledging that the Group's Hive Down obligations under the Syndicated Financing Agreement have been fully settled and that the Group has no other obligation to undertake additional actions with respect to the Hive Down other than:
  a) the transfer of any Group asset (except shares in other subsidiaries) not transferred to DIA Retail España, S.A. due to applying one or more of the restrictions agreed under the Syndicated Lending Agreement. The Group must strive to execute any such transfers, as long as the restrictions no longer apply;
  b) the transfer of shares held by the Parent Company DIA, S.A. in its Portuguese subsidiary to the corresponding wholly-owned Luxembourgian company, which the Parent Company will make its best efforts to execute as soon as possible, once the legal, regulatory or tax impediments hindering the transfer no longer apply; and
  c) the transfer of the shares owned by the Parent Company in its Brazilian and Argentine subsidiaries to the corresponding wholly-owned Luxembourgian companies, which the Parent Company must strive to

execute as long as there is a change in the applicable legislation or tax regime that allows the pertinent shares to be transferred at no additional cost); and

- obligation to (a) present before the competent Spanish courts the request for judicial certification of an ad hoc refinancing agreement to be signed, inter alia, between the Group and the Syndicated Lenders, and (b) to make reasonable efforts to obtain the confirmation of judicial certification of the ad hoc refinancing agreement by a competent Spanish court, but without guaranteeing or committing to any result.

The effectiveness of the Transaction is subject to the fulfilment (or waiving) of certain conditions precedent before the following dates (or any other date that may be agreed upon between DIA and the Senior Facilities agent):

(i) 30 July 2021; or

(ii) 29 October 2021, in the event that the Capital Increase prospectus was not approved by the National Securities Market Commission on or before 15 June 2021 (provided the Parent Company has made reasonable efforts to obtain this approval on or before 15 June 2021).

including those listed below (the "Conditions Precedent"):

(i) evidence that the maturity date of the 2023 Bonds not currently held by L1R has been extended beyond 30 June 2026 and that the annual interest rate on the 2023 Bonds is not greater than the 3.5% (3% in cash and 0.5% PIK) plus an additional increase in interest of 1% PIK where applicable under the SFA. See bonds note

(ii) evidence, to the satisfaction of the Parent Company, that the lender of each of the Bilateral Facilities has committed to considering and negotiating in good faith a possible additional extension to the current maturity date (considering the extensions agreed on 18 December 2020);

(iii) evidence that the reverse factoring facilities, factoring or bilateral credit facilities that document the ancillary facilities have been modified to reflect the margin applicable in line with the changes agreed in the SFA amendment and refinancing;

(iv) evidence of the cancellation of the principal pending under the SS Facility, the 2021 Bonds and the instrument through which the 2023 Bonds held by L1R were exchanged by issuing new Parent Company shares in the Capital Increase and/or the funds obtained in the said Capital Increase;

(v) evidence that (a) the Parent Company has cancelled its payment obligations of the principal pending with respect to the 2021 Bonds not held by DEA Finance, and (b) L1R (or DEA Finance) has placed a new loan at the Parent Company's disposal for an amount equal to the principal of the 2021 Bonds not held by DEA Finance, and the Parent Company's obligation to pay this new loan has been cancelled by issuance of new shares by the Parent Company to L1R;

(vi) signing of an ad hoc refinancing framework agreement solely for the purposes of applying for the legal certification thereof in Spain (after the Global Transaction takes effect);

(vii) extension and ratification of the existing guarantee package; and

(viii) other customary conditions precedent in this type of agreement (such as the subscription, public deed formalisation and delivery of certain documentation or the confirmation that no breach has been made or continues to be made).

On 2 September all Conditions Precedent were deemed fulfilled, rendering the Global Transaction effective, as described in note 21.

Bank loans

Details of the maturity of the Group's mortgages and other bank loans, grouped by type of operation and company, at 30 June 2021 and 31 December 2020 are as follows:

At 30th June 2021

Type	Owner	Currency	Total	Current 1 year	2 years	Non-Current Total
Loan	DIA Portugal	EUR	**43,739**	**4,450**	39,289	**39,289**
Loan	DIA Brasil	EUR	**25,343**	**8,386**	16,957	**16,957**
	Other Loans		**69,082**	**12,836**	**56,246**	**56,246**

At 31st December 2020

Type	Owner	Currency	Total	Current 1 year	2 years	Non-Current Total
Loan	DIA Finance	EUR	**199,171**	**-**	199,171	**199,171**
Loan	DIA Portugal	EUR	**8,300**	**8,300**	-	**-**
Loan	DIA Brasil	EUR	**65,647**	**64,682**	965	**965**
	Other Loans		**273,118**	**72,982**	**200,136**	**200,136**

During 2021 the following transactions were carried out:

- On 29 March 2021, DIA Brazil repaid two bilateral loans for Euros 23,626 thousand and Euros 11,813 thousand.
- On 1 April 2021, DIA Portugal signed a bilateral loan with an 18-month term, maturing on 30 September 2022, for an amount of Euros 35,439 thousand.
- On 23 April 2021, the Parent Company, DIA Finance, L1R and DEA Finance signed a deed of amendment, transfer, assumption and release corresponding to the SS Facility of Euros 200 million, which specifies:

  (i) allocation of the creditor position in the framework of the DEA Finance SS Facility to L1R,
  (ii) transfer of the debtor position corresponding to the DIA Finance SS Facility to the Parent company, and
  (iii) modification of the terms of the SS Facility to render it matured and payable upon capitalisation in the credit capitalisation tranche of the Capital Increase.

  At 30 June 2021, the balance of this loan amounted to Euros 200,893 thousand non-current and Euros 1,166 thousand current, including interest accrued and unpaid at an annual rate of 7%. This balance has been reclassified at 30 June 2021 to the "Loans with majority shareholder" caption.

- On 7 July 2020, the DIA Brazil loan for Euros 26,352 miles was repaid and cancelled upon maturity.

c) Loans with the majority shareholder

As explained in the note above, at 30 June 2021, this caption includes the portion of the SS Facility owed to L1R amounting to Euros 200,893 thousand non-current and Euros 1,166 thousand current, including interest accrued and unpaid at an annual rate of 7%.

In addition, at 23 April 2021, in the framework of the Global Transaction, the following debt transactions were entered into:

(i) L1R and the Parent company agreed that the credit claim of L1R by virtue of the Obligations on the 2021 Bond notes it holds, amounting to a principal sum of Euros 292,600 thousand, will continue to exist, accrue interest and remain in force at the maturity date of 28 April 2021, and the total of the capital owed by virtue thereof will be due and payable for the purposes of capitalisation in the Capital Increase as part of the credit capitalisation tranche. Interest payable as per the 2021 Marketable Securities is at an annual rate of 1.000%.
(ii) L1R and the Parent company entered into a loan agreement with L1R for Euros 7,400 thousand to finance the payment of the principal owed by DIA on account of the 2021 Bonds not held by L1R (Euros 7,400 thousand). The capital of this loan, by virtue thereof, will be due and payable for the purposes of capitalisation in the Capital Increase.
(iii) The Parent company received an assignment notification for the creditor position in favour of L1R under a private debt instrument originally issued in exchange for the 2023 Bonds held by DEA Finance for an amount of Euros 269,200 thousand. Interest payable on account of the private debt instrument is at an annual rate of 0.875%. Once the Global Transaction is complete, only the Obligations on the 2023 Bond

notes not held by L1R for Euros 30,800 thousand will continue to be listed on the Irish Stock Market and will be subject to the terms agreed by the bondholder committee meeting on 20 April 2021.

d) Lease payables

Details of lease payables and movement during the first six months of 2021 and 2020 are as follows:

	Short-term debt	Long-term debt	Total
At 1st January 2021	**197,373**	**414,587**	**611,960**
Additions	-	96,891	**96,891**
Disposals	-	(8,459)	**(8,459)**
Interesest expenses	26,568	-	**26,568**
Transfers	116,300	(116,300)	**-**
Value update	-	3,916	**3,916**
Payments	(133,920)	-	**(133,920)**
Translation differences	1,638	2,428	**4,066**
At 30th June 2021	**207,959**	**393,063**	**601,022**

	Short-term debt	Long-term debt	Total
At 1st January 2020	**225,973**	**506,295**	**732,268**
Additions	-	64,606	**64,606**
Disposals	-	(7,690)	**(7,690)**
Interesest expenses	31,153	-	**31,153**
Transfers	101,804	(101,804)	**-**
Value update	-	13,440	**13,440**
Payments	(145,184)	-	**(145,184)**
Translation differences	(11,517)	(24,378)	**(35,895)**
At 30th June 2020	**202,229**	**450,469**	**652,698**

12.2. Other non-current financial liabilities

Details of other non-current financial liabilities are as follows:

Thousands of Euro	30th June 2021	31st December 2020
Other non-current financial liabilities	2,306	2,306
Total grants and other non-current financial liabilities	**2,306**	**2,306**

At 30 June 2021 and 31 December 2020 Other non-current financial liabilities include the entire debt with Caixa Bank for the purchase of 50% of the Finandia subsidiary on 19 July 2019.

12.3. Trade and other payables

Details are as follows:

Thousands of Euro	30th June 2021	31st December 2020
Suppliers	981,811	1,012,854
Suppliers, other related parties	2,500	2,638
Advances received from receivables	2,427	2,355
Trade payables	171,068	146,441
Onerous contracts provisions	16,108	19,065
Total Trade and other payables	**1,173,914**	**1,183,353**

Suppliers and Trade payables essentially include current payables to suppliers of goods and services, including those represented by accepted giro bills and promissory notes.

Trade and other payables do not bear interest.

At 30 June 2021 the Group has reverse factoring facilities with a limit of Euros 252,702 thousand (31 December 2020: Euros 248,299 thousand) of which Euros 249,714 thousand has been used (31 December 2020: Euros 248,120 thousand).

12.4. Other financial liabilities

Details of other financial liabilities are as follows:

Thousands of Euro	30th June 2021	31st December 2020
Personnel	76,615	84,625
Suppliers of fixed assets	77,801	54,133
Other current liabilities	41,233	32,886
Total other liabilities	**195,649**	**171,644**

At 30 June 2021 and 31 December 2020, Other current liabilities include security deposits received from franchises amounting to Euros 37,660 thousand (Euros 29,253 thousand at 31 December 2020). Furthermore, Euros 1,500 thousand are included in both periods relating to the debt with Caixa Bank for the purchase of 50% of the Finandia subsidiary on 19 July 2019. On 19 July 2021, the second postponed payment for the repurchase of shares to Caixa Bank in the amount of Euros 1,638 thousand was made.

12.5. Fair value estimates

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 financial liabilities:

- Level 1: Firstly, the Group applies the quoted prices of the most advantageous active market to which it has immediate access, adjusted where appropriate to reflect any differences in credit risk between instruments traded in that market and the one being valued. For this purpose, the bid price is used for assets purchased or liabilities to be issued and the offer price for assets to be purchased or liabilities issued. If the Group has assets and liabilities that offset market risks against each other, average market prices are used for the offset risk positions, applying the appropriate price to the net position.
- 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 Euro	Loans and receivables	
	30th june 2021	31st December 2020
Financial assets		
Trade and other receivables	175,705	152,408
Other financial assets	72,600	60,901
Consumer loans from financial activities	674	1,407
Total	**248,979**	**214,716**

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

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

Thousands of Euro	Carrying amount Debts and items payable 30th june 2021	31st December 2020	Fair value 30th june 2021	31st December 2020
Financial liabilities				
Trade and other payables	1,173,914	1,183,353	-	-
Debentures and bonds	27,433	599,394	25,010	494,676
Majority shareholder Loans	775,263	-		
Syndicated credits (Revolving credit facilities)	137,009	136,193	-	-
Syndicated credits (Term loan)	387,288	387,289		
Credit facilities drawn down and others	182,025	186,667	-	-
Bank loans and credits	69,082	273,118	-	-
Lease payables	601,022	611,960	-	-
Guarantees and deposits received	13,373	12,081	-	-
Other financial liabilities	204,556	182,070		-
Total	**3,570,965**	**3,572,125**	**25,010**	**494,676**

The carrying amount of the 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).

13. PROVISIONS

Details of provisions under non-current liabilities are as follows:

Thousands of Euro	Provisions for long-term employee benefits under defined benefit plans	Tax provisions	Social security provisions	Legal contingencies provisions	Other provisions	Total provisions
At 1 January 2021	**14,958**	**35,690**	**8,172**	**24,378**	**1,130**	**84,328**
Charge	5,757	1,311	3,215	3,102	7	**13,392**
Applications	-	-	(2,078)	(574)	-	**(2,652)**
Reversals	(136)	(1,647)	(287)	(4,007)	(37)	**(6,114)**
Other movements	10	22	-	-	3	**35**
Translation differences	62	701	297	128	(11)	**1,177**
At 30 June 2021	**20,651**	**36,077**	**9,319**	**23,027**	**1,092**	**90,166**
At 1 January 2020	**2,997**	**30,066**	**7,970**	**19,053**	**1,220**	**61,306**
Charge	6,042	6,206	7,094	11,644	10	**30,996**
Applications	-	(1,273)	(1,788)	(714)	-	**(3,775)**
Reversals	(76)	(2,630)	(2,133)	(2,370)	(64)	**(7,273)**
Traspasos	-	-	(22)	22	-	**-**
Other movements	11	16	-	-	-	**27**
Translation differences	(140)	(1,488)	(1,934)	(1,938)	(32)	**(5,532)**
At 30 June 2020	**8,834**	**30,897**	**9,187**	**25,697**	**1,134**	**75,749**

The provisions for long-term employee benefits in the first six months of 2021 and 2020 relate mainly to the 2020-2022 Long-Term Incentive Plan, as mentioned in notes 3 and 15.

Tax provisions in the first half of 2021 mainly arise from estimated provisions for differences in criteria with the authorities in Argentina and Spain (in the first half of 2020 mainly in Brazil).

The application of tax provisions during the first six months of 2020 were mainly for the payment of settlements arising from the 2013, 2014 and 2015 tax assessments in Spain.

Tax reversals in the first half of 2021 and 2020 mainly arise from matters resulting from tax inspections that are no longer considered probable.

In 2021 and 2020, provisions, applications and reversals of provisions for social lawsuits (related to ex-employees) during the first six months of 2021 and 2020 include labour contingencies mainly in Brazil and Argentina.

With regard to legal provisions to meet other litigations with third parties, in the first half of 2021 Euros 897 thousand were allocated in Spain (Euros 921 thousand in the same period of 2020), Euros 1,094 thousand were allocated in Argentina (Euros 515 thousand in the first six months of 2020) and Euros 1,041 thousand were allocated in Brazil (Euros 3,259 thousand in the first half of 2020). Furthermore, in the first half of 2020, Euros 6,880 thousand were allocated in Spain in relation to a dispute with the Food Information and Control Agency at the Ministry of Agriculture (AICA).

Reversals of legal provisions in both years were due to contract risks that have not materialised. In Brazil this was for Euros 2,205 thousand in the first six months of 2021 (Euros 1,834 thousand in the first six months of 2020), in Portugal this amount was Euros 769 thousand in the first six months of 2021 (Euros 190 thousand in the first six months of 2020), in Spain the amount was Euros 583 thousand in the first six months of 2021 (Euros 225 thousand in the first six months of 2020) and in Argentina the amount was Euros 450 thousand in the first six months of 2021 (Euros 121 thousand in the same period of 2020).

The Group may at any time be party to litigation or a pre-litigation claim arising in the ordinary course of business. They all relate to civil, criminal or tax disputes involving the Group. The most relevant court proceedings to date are summarised below. See details of tax contingencies in note 14.

Administrative proceedings

In 2016, the Agency for Food Information and Control initiated a number of penalty proceedings against the Parent Company for alleged serious infringements under Law 12/2013 of 2 August on measures to improve the functioning of the food chain. On 13 March 2017, the Ministry of Agriculture and Fisheries, Food and Environment issued a resolution imposing penalties of Euros 6.8 million on the Parent Company for serious infringements in the acquisition of food (the "Resolution"). The Parent Company appealed the Resolution, firstly via administrative channels and later in the courts of law. On 3 June 2020 the Spanish National Court informed the Parent Company of its resolution of 15 April 2020, whereby the appeal presented by the Parent Company was dismissed. An appeal to reverse this resolution can be filed before the Supreme Court. The Parent Company has to date filed a statement before the Supreme Court in preparation for an appeal for reversal of the Spanish National Court's ruling. On 17 February 2021, the Administrative Division of Spain’s Supreme Court issued an order accepting the Parent Company’s appeal to the Supreme Court, partially upholding the cause for judicial review set forth in the pleadings included in the preliminary statement. On 31 March 2021, the Parent Company filed the corresponding appeal in a timely manner. Notwithstanding the foregoing, at 31 December 2020 a provision of Euros 6.8 million was allocated for these proceedings and remains allocated at the date of authorisation for issue of the condensed consolidated interim financial statements of 30 June 2021.

In a decision of 19 December 2019, the Spanish National Securities Market Commission (CNMV) raised and simultaneously suspended, due to the criminal proceedings in progress on the same matter in National Court Division 6, Preliminary Proceedings 45/2019, a disciplinary proceeding for a very serious infringement brought against DIA and other persons who held administration and management offices in the company (specifically the office of managing director, four senior executives and the members of the Audit and Compliance Committee) at the time of the facts due to having reported to the CNMV financial information containing incorrect or untrue data in the individual and consolidated annual accounts for 2016 and 2017. To date, this sanctioning procedure is suspended until a court resolution is reached in the criminal procedure, considering that if any sanction were to materialize, its economic impact would not be significant in any case.

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 an economic-criminal 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 employees and therefore their Social Security debts could be claimed from DIA Argentina, S.A. This hypothesis is undermined 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 for Work where the autonomous and independent nature of franchisor and franchisee is recognised.

At this date, the total amount claimed by the AFIP comes to ARS 808 million (Euros 7.1 million). Of this amount, the public prosecutor has ordered ARS 462 million (Euros 4.1 million) to be given back as it corresponds to amounts already paid by ex-franchisees. DIA Argentina, S.A. has requested that the remaining amount be included in the tax amnesty programme existing at December 2020 on account of being a joint debtor of the ex-franchisees. In the event that it is accepted, and the benefits of the amnesty are applied, DIA Argentina, S.A. estimated in December 2020 that the amount of the debt would be up to ARS 170 million (Euros 1.5 million), which is the amount that DIA Argentina, S.A. had recognised in 2020 and that DIA Argentina, S.A. paid under the previously mentioned tax amnesty programme proposed by the Government.

In December 2020, the public prosecutor assigned to the case requested that the judge issue a formal charge against DIA Argentina, S.A. and certain current and former directors. To date, this matter has not been resolved by the courts.

The judge of the criminal case has not summoned the company, current employees/directors or former employees/directors and has asked AFIP to present a detailed and justified case of the debt items claimed (ARS 808 million). This debt is being challenged by DIA Argentina in the original administrative file in the same area where inclusion in the tax amnesty was requested. To date, both issues are pending resolution.

At 30 June 2021, the risk of this scenario has been reassessed and quantified, and an accounting provision of ARS 100 million (Euros 0.9 million) has been recognised

Criminal proceedings before the Spanish National Court

On 14 January 2020, the Parent Company became aware of the processing of Preliminary Proceedings 45/2019 before the Court of Instruction number 6 of the Spanish National Court whereby the court was investigating certain events involving former executives of DIA. The aforementioned proceedings derive from an action brought by several of the Parent Company's minority shareholders, alongside the investigation proceedings by the Prosecutor's Office for Anti-Corruption, initiated as a result of the claim filed by DIA on 6 February 2019 before the aforementioned Prosecutor's Office.

The Parent Company was also notified, at its request, of the edict of 10 January 2020 issued by the above-mentioned Central Division 6 of the National Court in the same preliminary proceedings, determining the facts investigated, the crimes that might have been committed and the persons to be summoned for investigation, in addition to other investigative measures to be conducted by the Court. Specifically, the edict of 10 January 2020 stated that the crimes to be investigated in the aforementioned proceedings were misappropriation and accounting fraud in relation to DIA's annual accounts for 2016 and 2017, allegedly committed by DIA's former executives and harming DIA in a number of ways.

As a result, DIA asked to be considered in the proceeding as the injured party. By Order of 17 January 2020 the Parent Company was present at the proceedings.

After the investigation proceedings that the Central Division of the National Court deemed pertinent, by two Orders dated 26 February 2021, the National Court agreed, respectively, to deny grounds for damages to DIA and grant it secondary civil liability, thereby concluding the phase of the investigation and commencing the interim phase prior to the court hearing (Summary Procedure Order). The two orders were not final at the date of preparation of the 2020 annual accounts, and therefore the parties present (prosecuting and defence) have appealed them. Significantly, the Parent Company has filed an appeal claim against the resolution of the National Court that denies the grounds for damages. The different reform appeals filed were resolved and dismissed by the Central Court of Instruction. Of the different appeals filed, to date only the one filed by the minority shareholders has been resolved, by dismissal. The rest remain pending resolution. Therefore, DIA's grounds for damages continue to await a final resolution.

After the notification of the Summary Procedure Order, on 9 March 2021, the Tax Ministry pressed charges against the former directors who were being investigated since January 2020 for alleged ongoing offences of account falsification relating to the 2016 and 2017 financial statements, claiming damages for DIA equivalent to the amount resulting in its favour from the proof to be presented in this court case. The minority shareholders' representatives pressed charges against the same individuals for alleged ongoing account falsification. These representatives claimed compensation from the accused, and from DIA on the grounds of secondary civil liability, of an amount provisionally calculated at Euros 3,336,052.75.

On 4 May 2021, the Central Court of Instruction agreed to put the accused on trial, along with DIA on the grounds of secondary civil liability. All defendants, including DIA, presented their respective defence cases, and await the resolution of the appeal against the Summary Procedure Order.

On 23 June 2021, the Court ruled in favour of the annulment of proceedings pursued by DIA against the court trial Order, definitively expelling from the proceedings the association of franchisees that was instituting the prosecution (ASAFRAS).

Civil proceedings brought by minority shareholders

On 2 June 2020, the Parent Company was notified of a civil lawsuit for damages brought by an individual minority shareholder, pursuant to which the shareholder claims from the Parent Company (and L1R, as co-defendants), compensation amounting to Euros 23,350 for the losses and damages allegedly suffered as a result of the decrease in value of the Parent Company's shares in connection with the restatement of the 2016 and 2017 annual accounts undertaken in 2018. The Parent Company considers that it is not civil liable for these damages and has, therefore, responded to the lawsuit in a timely and suitable manner. The date for the preliminary hearing of these proceedings was set for 19 April 2021. However, on 14 April 2021, the claimant waived their claim, which was accepted by the Company, and once the corresponding statement had been filed with the judge, the latter issued a ruling on 23 April 2021 accepting the waiver and closing the proceedings.

On 12 June 2020, the Parent Company was notified of the filing of a civil lawsuit for damages by another individual minority shareholder, whereby the shareholder is claiming to the Parent Company Euros 110,605 in damages suffered, alleging a breach by the Parent 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 the value of shares as part of the restatement of the Parent Company's annual accounts in 2018. The Parent Company has responded to the lawsuit in a timely and appropriate manner. On 25 June 2021, the first session of the hearing took place and was completed on 19 July 2021. To date, these proceedings are pending a resolution, subject to the decision on a preliminary ruling.

Procedure relating to LetterOne Group acquisition of shares in DIA

In October 2019, the Parent Company became aware of information published in the media on an investigation initiated by the National Court in relation to LetterOne Group acquisition of shares in the Parent Company. The Parent Company has ascertained through the media that this case has been closed.

Other procedures.

In addition to the above, the entities of the Group have other non-significant legal proceedings with third parties that are duly provisioned.

14. TAX ASSETS AND LIABILITIES AND INCOME TAX

Details of tax assets and liabilities at 30 June 2021 and 31 December 2020 are as follows:

Thousands of Euro	30th june2021	31st December2020
Non current tax assets	51,805	46,070
Taxation authorities, VAT	32,825	39,232
Taxation authorities	15,882	16,833
Current income tax assets	1,667	1,205
Total tax assets	**102,179**	**103,340**
Deferred tax liabilities	36,685	20,157
Taxation authorities, VAT	14,880	20,800
Taxation authorities	31,056	34,653
Current income tax liabilities	999	531
Total tax liabilities	**83,620**	**76,141**

Non-current tax assets include the entire ICMS tax for 305,911 thousand reals. This tax relates to the circulation of goods and services and to the purchases of property, plant and equipment in Brazil, which is equivalent to VAT in other jurisdictions. Additionally, the Tax receivable, VAT caption includes the current portion of ICMS in Brazil, which amounts to 40,244 thousand Brazilian reals at 30 June 2021.

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

At 31 December 2019, DIA Brazil had a total estimated amount of ICMS tax assets to be recovered of 372,670 thousand Brazilian reals and a provision for loan write-offs based on impairment testing in a 10-year term, amounting to 93,000 thousand Brazilian reals, and therefore the end balance on its balance sheet amounted to

279,670 thousand Brazilian reals (Euros 52,297 thousand in non-current assets and Euros 9,636 thousand in current assets, i.e. a total of Euros 61,933 thousand, valued at the exchange rate applicable at 31 December 2019).

During 2020, with the help of external advisors the amount of ICMS tax assets for 2018, 2019 and 2020 was re-evaluated since the amount recorded to date had been calculated on the basis of prudent estimates. As a result of the above, there has been an increase in non-current assets of 38,638 thousand Brazilian reals. In addition, during 2020, interest in arrears recorded has been restated by 6,318 thousand Brazilian reals. On the other hand, the offsetting of recurring balances amounted to (8,143) thousand Brazilian reals resulting from the difference between the receivables generated in 2020 (52,929 thousand Brazilian reals) and the offset amounts (41,943 thousand Brazilian reals) and disposals of fixed assets in 2020 (19,129 thousand Brazilian reals).

Similarly, the 10-year recoverability test carried out at the end of 2020 has enabled 13,586 thousand Brazilian reals of the impairment amount recorded in 2019 to be reversed. Based on all of the above, Dia Brazil has recorded on its balance sheet at 31 December 2020 under non-current assets the ICMS amount of 293,629 thousand Brazilian reals (Euros 46,070 thousand) and in current assets an amount of 36,440 thousand Brazilian reals (Euros 5,717 thousand), with the total balance sheet balance of 330,069 thousand Brazilian reals (Euros 51,787 thousand at the 31 December 2020 exchange rate).

During the first half of 2021, with the help of external advisors, the amount of ICMS tax assets for October to December 2020 was re-evaluated since the amount recorded to date for this period had been calculated on the basis of prudent estimates. As a result of the above, there has been an increase in non-current assets of 3,052 thousand Brazilian reals. On the other hand, the offsetting of recurring balances amounted to (7,422) thousand reals resulting from the difference between the receivables generated in the first half of 2021 (14,851 thousand Brazilian reals) and the offset amounts (22,273 thousand Brazilian reals). Moreover, the 10-year recoverability test carried out at the end of the first six months of the year has enabled 20,456 thousand reals previously recorded to be reversed. Based on all of the above, Dia Brazil has recorded on its balance sheet at 30 June 2021 under non-current assets the ICMS amount of 305,911 thousand Brazilian reals (Euros 51,805 thousand) and in current assets an amount of 40,244 thousand Brazilian reals (Euros 6,78157 thousand), with the total balance sheet balance of 346,155 thousand Brazilian reals (Euros 58,621 thousand at the 30 June 2021 exchange rate).

In the first half of 2021, the Spanish companies Distribuidora Internacional de Alimentación, S.A. (Parent), DIA Retail, S.A., Pe-Tra Servicios a la Distribución, S.L., Beauty by Dia, S.A., Grupo El Árbol, Distribución y Supermercados S.A., DIA Finance S.L. and Finandia S.A. (subsidiaries), have 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 27 November 2014.

Details of the income tax expense recognised in the consolidated income statement are as follows:

Thousands of Euro	30th june2021	30th june2020
Current income taxes		
Current period	316	169
Prior periods' current income taxes	-	(342)
Total current income taxes	**316**	**(173)**
Deferred taxes		
Source of taxable temporary differences	11,921	651
Source of deductible temporary differences	(5,641)	(7,747)
Reversal of taxable temporary differences	(1,014)	(2,095)
Reversal of deductible temporary differences	8,648	13,366
Total deferred taxes	**13,914**	**4,175**
TOTAL EXPENSE TAX	**14,230**	**4,002**

In the first half of 2021, due to a change in tax legislation, DIA Argentina's tax rate was increased from 30% to 35%, resulting in a higher deferred tax expense of Euros 10.5 million, mainly due to the impact of this rate change on the hyperinflationary adjustment.

In the first half of 2020, the inspections and investigations being carried out by the Spanish tax authorities on the following items and tax periods in Spain ended, without any findings of misconduct or penalties applied.

Tax	Periods
Income tax	01/2013 to 12/2014
Value Added tax	06/2014 to 12/2015
Personal Income tax	06/2014 to 12/2014
Withholding/ Advance Payments on Work Revenue/Profesional	06/2014 to 12/2014
Withholding/ Advance Payments on property leases	06/2014 to 12/2014
Withholding on account of Non-Resident Income Tax	06/2014 to 12/2014

In January 2021, the partial investigations being carried out into 2015 income tax ended, without any findings of misconduct or penalties applied by the tax authorities.

On 29 January 2019, DIA Brazil received the result of the inspections carried out on the 2014 accounts, resulting in an updated debt of Euros 80,486 thousand (475,269 thousand Brazilian reals) relating to the different items of PIS and COFINS taxes. The company has appealed this ruling through administrative proceedings and, if necessary, will file a court appeal, since it considers that 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 losing the items disputed in this appeal as remote/possible in the most part and has therefore only recorded a provision of Euros 2,023 thousand (11,944 thousand Brazilian reals) at 30 June 2021. 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 inspections, which were closed in 2014, DIA Brazil received two notifications from the Brazilian tax authorities regarding 2010, one for an updated amount of Euros 12,754 thousand (75,310 thousand Brazilian reals) in relation to the discrepancy regarding the tax on income from supplier discounts, and the other mainly for omission of income from circulation of goods for an updated amount of Euros 65,716 thousand (388,050 thousand Brazilian reals). 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 a court 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 that there are sufficient grounds to secure a ruling in this lawsuit in favour of DIA Brazil. In relation to the second issue (on 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 Brazil. The administrative court of second instance (CARF) must now analyse the conclusions of the new inspection. The external legal advisors continue to deem the likelihood of losing this case as remote.

In the first half of 2021, notification has been received from the Brazilian tax authorities relating to the 2017 period in the amount of Euros 3,995 thousand (23,590 thousand Brazilian reals) in relation to the PIS/COFINS tax. The relevant appeal was filed in May 2021. The external legal advisors deem the likelihood of losing this case as possible.

In the first half of 2021, the Portuguese authorities opened general inspection proceedings into 2019.

Lastly, in the first half of 2021, the Argentine authorities opened inspection proceedings into 2017 income tax .All relevant documents are currently being gathered together for filing with the authorities by Dia Argentina,S.A.

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

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

In order to encourage the objectives set out in the Group's business plan for the 2020-2022 period to be met, on 25 March 2020 the Board of Directors, following a favourable report from the Appointments and Remuneration Committee, approved the Long-Term Incentive Plan 2020-2022 (ILP 2020-22) aimed at certain executives in the Group, both at its corporate headquarters and in other countries. The Long-Term Incentive Plan covers an initial period from 01/01/2020 to 31/12/2022. The Long-Term Incentive Plan 2020-22 is a money incentive that rewards the generation of value within the DIA Group during the Plan's term. At 30 June 2021 the total provision amount for the 2020-22 long-term incentive plan is Euros 17,266 thousand.

Furthermore, when applying the remuneration policy approved by shareholders at the Extraordinary General Meeting on 30 August 2019, deferred remuneration in shares for non-proprietary directors amounting to Euros 125 thousand (Euros 100 thousand in the first six months of 2020) has been paid out (see notes 11.4 b), 17.3 and 19).

16. REVENUE

16.1. Revenue from contracts with customers

Net revenue corresponds to sales income from the stores itself, sales to franchises and online sales from the Group's activity, which is mainly focused in the markets of Spain, Portugal, Brazil and Argentina. At 30 June 2021 and 2020, revenue amounts to Euros 3,193,703 thousand and Euros 3,515,218 thousand, respectively.Its distribution by geographical segment is shown as follows:

	30th june 2021			30th june 2020		
	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	**2,081,288**	**398**	**2,080,890**	**2,352,345**	**1,129**	**2,351,216**
Spain	1,288,377	398	1,287,979	1,485,010	1,129	1,483,881
Portugal	140,377	-	140,377	172,657	-	172,657
Brazil	305,208	-	305,208	316,090	-	316,090
Argentina	347,326	-	347,326	378,588	-	378,588
Sales to franchise stores	**1,028,430**	**-**	**1,028,430**	**1,096,734**	**-**	**1,096,734**
Spain	738,140	-	738,140	718,803	-	718,803
Portugal	146,731	-	146,731	130,895	-	130,895
Brazil	68,736	-	68,736	167,323	-	167,323
Argentina	74,823	-	74,823	79,713	-	79,713
On line sales	**78,453**	**-**	**78,453**	**61,197**	**-**	**61,197**
Spain	63,036	-	63,036	61,197	-	61,197
Portugal	3,855	-	3,855	-	-	-
Brazil	7,756	-	7,756	-	-	-
Argentina	3,806	-	3,806	-	-	-
Other sales	**5,940**	**10**	**5,930**	**6,071**	**-**	**6,071**
Spain	570	-	570	272	-	272
Portugal	5,370	10	5,360	5,639	-	5,639
Brazil	-	-	-	160	-	160
Argentina	-	-	-	-	-	-
Total	**3,194,111**	**408**	**3,193,703**	**3,516,347**	**1,129**	**3,515,218**

17. OTHER INCOME AND EXPENSES

17.1. Other income

Details of other income are as follows:

Thousands of Euro	30th June 2021	30th June 2020
Fees and interest to finance companies	65	132
Service and quality penalties	1,270	2,945
Revenue from lease agreements	4,000	14,235
Other revenues from franchises	536	4,233
Revenue from information services to suppliers	2,877	3,382
Revenue from the sale of packaging	2,034	1,350
Other revenues	3,661	4,282
Total other operating income	**14,443**	**30,559**

The decrease in the Right-of-use transfer and Other income from franchises headings relates to the change to the new 2020 franchise model "Franquicia 2020" in Spain and Portugal. For stores that have already adopted this new model, most of these items are invoiced as a percentage of the transfer of goods to the franchisee and accounted for as higher revenue.

17.2. Merchandise and other consumables used

This heading includes purchases, less volume discounts and other trade discounts and changes in inventories. Details of the main items in this heading are as follows:

Thousands of Euro	30th June 2021	30th June 2020
Goods and other consumables used	2,592,557	3,002,787
Disccounts	(310,209)	(424,388)
Inventory variation	24,150	(7,237)
Other sales costs	16,106	15,061
Total consumption of goods and other consumables	**2,322,604**	**2,586,223**

17.3. Personnel expenses

Details of personnel expenses are as follows:

Thousands of Euro	30th June 2021	30th June 2020
Salaries and wages	312,099	347,940
Social Security	82,198	84,191
Indemnity payments	18,559	16,339
Defined contribution plans	9,633	6,242
Other employee benefits expenses	9,025	10,879
Parcial total personnel expenses	**431,514**	**465,591**
Expenses for share-based payment transactions (note 15)	125	100
Total personnel expenses	**431,639**	**465,691**

17.4. Operating expenses

Details of operating expenses are as follows:

Thousands of Euro	30th June 2021	30th June 2020
Repairs and maintenance	51,087	43,198
Utilities	51,954	37,956
Fees	29,260	27,838
Advertising	24,600	17,253
Taxes	10,939	10,263
Rentals, property	14,808	16,366
Rentals, equipment	5,670	4,032
Transport	72,834	83,876
Travel Expenses	5,623	7,610
Securitty	14,131	15,487
Other general expenses	31,554	49,794
Total operating expenses	**312,460**	**313,673**

17.5. Amortisation, depreciation and impairment

Details are as follows:

Thousands of Euro	30th June 2021	30th June 2020
Amortisation of intangible assets (Note 5.3)	7,770	8,358
Depreciation of property, plant and equipment (Note 4)	73,978	91,925
Depreciation of uses rights (Note 5.2)	110,792	123,247
Total amortisation and depreciation	**192,540**	**223,530**
Impairment of goodwill (Note 5.1)	-	458
Impairment of intangible assets (Note 5.3)	25	(11)
Impairment of property, plant and equipment (Note 4)	1,728	613
Total impairment	**1,753**	**1,060**

17.6. Losses on disposal of assets

The losses recorded in the first six months of 2021 are mainly due to the remodelling of stores in Brazil during this period.

17.7. Finance income/(cost)

Details of finance income are as follows:

Thousands of Euro	30th June 2021	30th June 2020
Interest on other loans and receivables	3,721	552
Exchange gains (note 17.8)	648	327
Change in fair value of financial instruments	-	660
Other finance income	2,737	2,061
Total finance income	**7,106**	**3,600**

Details of the finance cost are as follows:

Thousands of Euro	30th June 2021	30th June 2020
Interest on bank loans	19,481	19,958
Intereses on debentures and bonds	3,423	4,059
Finance expenses for finance leases	26,917	31,340
Exchange losses (note 17.8)	2,030	82,880
Change in fair value of financial instruments	-	798
Financial expenses assigment of receivables operations (note 6.1 (b))	-	63
Other finance expenses	11,375	13,976
Total finance expenses	**63,226**	**153,074**

The negative exchange rate differences in the first six months of 2020 arise mainly in Brazil because of the debt it had in a currency other than the Brazilian real, as a result of the currency's sharp depreciation in the first six months of the prior year.

17.8. Foreign currency transactions

Details of the exchange differences on foreign currency transactions are as follows:

Thousands of Euro	30th June 2021	30th June 2020
Currency exchange losses (note 17.7)	(2,030)	(82,880)
Currency exchange gains (note 17.7)	648	327
Trade exchange losses	(3,293)	(940)
Trade exchange gains	3,584	1,141
Total	**(1,091)**	**(82,352)**

17.9. Gains/(losses) on net monetary position

This caption includes the positive financial effect of the impact of inflation on the monetary assets, which amounted to Euros 21.2 million in the first six months of 2021 and which amounted to Euros 17.7 million in the corresponding period of 2020 (see note 2.3). The majority of this amount is generated by trade payables.

In Argentina, the sales margin was 14.7% for the first six months of 2021 and 15.5% for the same period in 2020. Excluding the IAS application effec , it's amounts to 18% and 17.4% in the same periods of 2021 and 2020, respectively. This period-on-period increase is mainly due to the improvement in the gross margin as a result of lower promotional efforts.With the application of IAS 29, it deteriorates due to the effect of the restatement for inflation of cost of goods sold. The method of restating this item is based on the measurement of the initial inventories at the rate corresponding to the period immediately prior to the start of the year, in this case December 2020. This is considered an average inventory turnover of 30 days. This methodology means that the restatement adjustment has a greater effect on the cost of goods sold than the rest of the lines in the income statement.

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

This heading includes the profit/(loss) attributable to equity-accounted companies amounting to profit of Euros 93 thousand at 30 June 2021 (profit of Euros 123 thousand at 30 June 2020).

18. COMMITMENTS AND CONTINGENCIES

a) Commitments

Commitments pledged and received by the Group but not recognised in the consolidated statement of financial position comprise contractual obligations which have not yet been 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 facilities and syndicated loans which were unused at the reporting date;

-bank commitments received.

Expansion operation commitments were undertaken for expansion at Group level.

Details of these commitments, in thousands of Euros, are as follows:

18.1. Pledged:

Thousands of Euro - 30th June 2021	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	>5 YEARS	TOTAL
Guarantees	164	791	2,299	10,971	14,225
Mortgage security	25,296	-	-	-	25,296
Credit facilities to customers (finance companies)	30,757	-	-	-	30,757
Cash	**56,217**	**791**	**2,299**	**10,971**	**70,278**
Purchase options	-	-	6,636	25,827	32,463
Commitments related to commercial contracts	6,806	3,631	3,603	656	14,696
Other commitments	-	-	-	8,271	8,271
Transactions / properties / expansion	**6,806**	**3,631**	**10,239**	**34,754**	**55,430**
Total	**63,023**	**4,422**	**12,538**	**45,725**	**125,708**

Thousands of Euro - 30th June 2020	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	>5 YEARS	TOTAL
Guarantees	110	114	11,360	11,816	23,400
Credit facilities to customers (finance companies)	81,418	-	-	-	81,418
Cash	**81,528**	**114**	**11,360**	**11,816**	**104,818**
Purchase options	18,985	-	7,186	25,277	51,448
Commitments related to commercial contracts	8,882	5,311	6,880	1,225	22,298
Other commitments	-	-	-	5,844	5,844
Transactions / properties / expansion	**27,867**	**5,311**	**14,066**	**32,346**	**79,590**
Total	**109,395**	**5,425**	**25,426**	**44,162**	**184,408**

Moreover, minimum payments under non-cancellable leases are as follows:

Thousands of Euro	30th June 2021	31st December 2020
Less than one year	482	496
Total minimum lease payments, property	**482**	**496**
Less than one year	3,668	3,237
One to five years	1,527	1,221
Over five years	-	158
Total minimum lease payments, furniture and equipment	**5,195**	**4,616**

At 30 June 2021 and 2020, only minimum payments linked to lease agreements not included in the scope of IFRS 16 or which are not provisioned for as onerous contracts are listed.

The Parent company is the guarantor of the drawdowns on the credit facilities made by its Spanish subsidiaries, which at 30 June 2021 amount to Euros 178,264 thousand (Euros 183,209 thousand at 31 December 2020).

Cash and bank guarantees mainly comprise those necessaries 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” facilities and reverse factoring (see note 12).

Purchase options include options on warehouses amounting to Euros 31,913 thousand at 30 June 2021 and Euros 50,898 thousand at 30 June 2020.

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

In addition, the Parent company has extended guarantees concerning certain obligations with the Portugal subsidiary, details of which are as follows:

- Societè Generale guarantee for a maximum amount of Euros 27,170 thousand with maturity on 30 September 2022.
- Societè Generale guarantee for a maximum amount of Euros 13,585 thousand with maturity on 30 September 2022.

18.2. Received:

Thousands of Euro at 30th June de 2021	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	> 5 YEARS	TOTAL
Available credit facilities	54,744	-	-	-	54,744
Avaible credit facilities may be balanced with reverse factoring	268	-	-	-	268
Available confirming lines (not included in syndicated credits)	2,720	-	-	-	2,720
Cash	**57,732**	**-**	**-**	**-**	**57,732**
Guarantees received for commercial contracts	12,183	4,680	4,482	41,967	63,312
Other commitments	-	35	-	131	166
Transactions / properties / expansion	**12,183**	**4,715**	**4,482**	**42,098**	**63,478**
Total	**69,915**	**4,715**	**4,482**	**42,098**	**121,210**

Thousands of Euro at 30th June 2020	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	> 5 YEARS	TOTAL
Available credit facilities	13,420	-	-	-	13,420
Avaible credit facilities may be balanced with reverse factoring	106	-	-	-	106
Available confirming lines (not included in syndicated credits)	242	-	-	-	242
Cash	**13,768**	**-**	**-**	**-**	**13,768**
Guarantees received for commercial contracts	14,798	5,967	3,040	48,312	72,117
Other commitments	49	35	-	131	215
Transactions/ properties/ expansion	**14,847**	**6,002**	**3,040**	**48,443**	**72,332**
Total	**28,615**	**6,002**	**3,040**	**48,443**	**86,100**

At 30 June 2021, within the framework of the Syndicated Financing Agreement, the Super Senior reverse factoring facility for suppliers of Euros 67,640 thousand is established as the amount granted under the Super Senior Supplier tranche.

b) Contingencies

The Group is undergoing legal proceedings and tax inspections in a number of jurisdictions, some of which have been completed by the taxation authorities at 30 June 2021 and appealed by Group companies (see note 14). If it is probable that an obligation exists at year-end that will result in an outflow of resources, a provision is recognised, provided that, if the amount can be reliably estimated. As a result, management uses significant judgement when determining i) whether it is probable that the process will result in an outflow of resources and ii) when estimating the amount.

Note 13 contains details of legal contingencies and note 14 includes details of tax contingencies.

19. RELATED PARTIES

Details of related party balances and transactions are as follows:

Related party balances and transactions

Related party balances at 30 June 2021 and 31 December 2020 are shown in notes 6.1 c), 6.2, 12.3 and 12.1 c). The balances for both periods are shown below:

Thousands of Euro	30th June 2021	30th June 2020
ICDC	-	132
Horizon	168	1,844
Commercial debts with other related parties (note 6.1 c)	**168**	**1,976**
Current account with majority shareholders	7,400	-
Other current financial asset (note 6.2)	**7,400**	**-**
LetterOne Group	2,500	2,638
Trade and other payables, other related parties (note 12.3)	**2,500**	**2,638**

Thousands of Euro	30th june 2021
Non current	**470,093**
Majority shareholder loan related to 2023 bond	269,200
Majority shareholder loan related to SS Facility	200,893
Current	**305,170**
Majority shareholder loan related to 2023 bond	555
Majority shareholder loan related to 2021 bond	296,039
Amount	292,600
Accrued interest	3,439
Majority shareholder loan	7,410
Amount	7,400
Commissions earned	10
Majority shareholder loan related to SS Facility	1,166
Financial debt with majority shareholder	**775,263**

During the first six months of 2021 and 2020, the Group has carried out the following related party transactions: ICDC, Horizon and LetterOne Group.

Thousands of Euro	30th june 2021	30th june 2020
ICDC	(22)	1,075
Horizon	845	2,854
Letterone Group	(8,321)	(3,931)
Total transactions	**(7,498)**	**(2)**

Transactions with directors and senior management personnel

The Parent's Directors accrued remuneration of Euros 307 thousand for their role as directors in the six-month period ended 30 June 2021 (Euros 301 thousand in the first half of 2020). Furthermore, when applying the remuneration policy approved by shareholders at the Extraordinary General Meeting on 30 August 2019, deferred remuneration in shares for non-proprietary directors amounting to Euros 125 thousand (Euros 100 thousand in the first six months of 2020) has been paid out (see notes 11.4 b) and 15).

In the six-month period ended 30 June 2021, the Group recognised salaries accrued by directors and other members of senior management amounting to Euros 6,482 thousand (Euros 13,722 thousand during the first half of 2020). In the first half of 2020, the salaries of the former Executive Director were included, as were the amounts arising from the termination of the contractual relationship with Executive Directors and Senior Managers.

At 30 June 2021 and 2020 no advances or loans have been received by Senior Management personnel or Directors, nor has the Group extended any guarantees on their behalf.

20. OTHER INFORMATION

Employee Information

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

	30th June 2021	30th June 2020
Management	139	166
Middle management	2,272	1,476
Other employees	35,301	36,424
Total	**37,712**	**38,066**

21. EVENTS AFTER THE REPORTING PERIOD

Capital increase

On 4 August 2021, the Parent Company announced the completion of the Capital Increase which culminated in all the new shares being subscribed for €1,027,751,102. The placement of the second tranche of the Capital Increase was 1.67 times oversubscribed.

On 6 August 2021 when the debts being capitalised has become liquid, past-due and callable on demand, the Capital Increase was executed by public deed and on 9 August 2021 it was duly placed on record in the Madrid Companies Register. As a result the Parent Company issued 51,387,555,100 new shares of €0.01 par value and €0.01 share premium.

As a result of the Capital Increase, the Parent Company's share capital now amounts to €580,655,340.79, represented by 58,065,534,079 shares of €0.01 par value each. The new shares were admitted to trading on 13 August 2021.

L1R has subscribed a total of 40,122,542,579 new shares, representing 78.08% of the total Capital Increase for a cash sum of €802,450,851.58. Therefore, the interest held by L1R in the Parent Company increased from the 74.82% held prior to the Capital Increase to 77.70% thereafter.

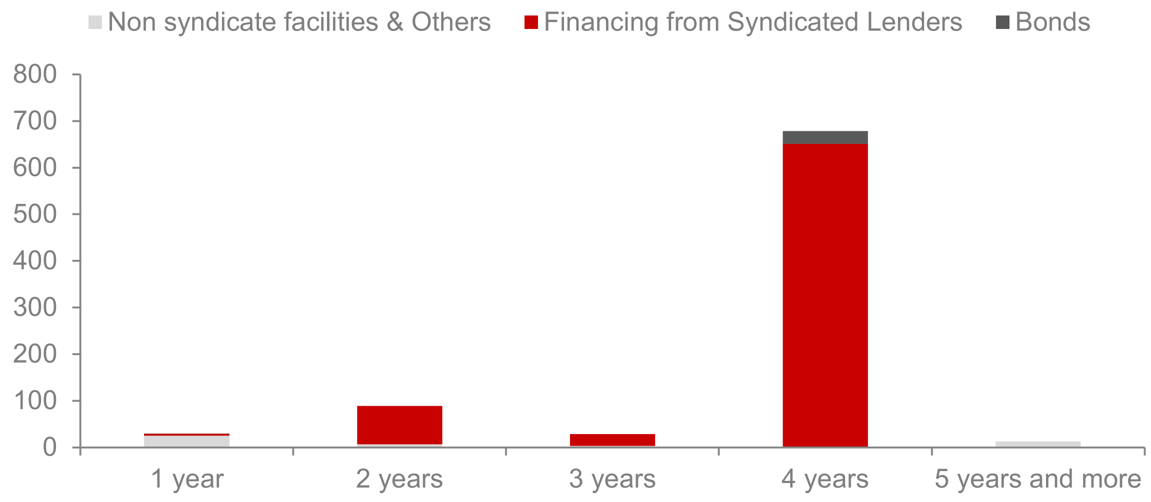
The accounting impacts on the consolidated income statement of recording, at the date of the public deed, the Capital Increase of €1,027.8 million are estimated not to be significant.

Completion of the Comprehensive Transaction

On 2 September 2021, all of the Conditions Precedent necessary for the effectiveness of the Comprehensive Transaction have been successfully satisfied, formalizing the last milestones of the transaction including the extension of maturity of the syndicated facilities from March 2023 to December 2025, the commitment from lenders to negotiate in good faith the extension of bilateral facilities, and the extension of €30.8 million bond from April 2023 to June 2026.

The accounting impacts on the consolidated income statement as a result of recording the refinancing of the syndicated debt and the 2023 bonds held by bondholders other than L1R, are estimated not to be significant.

The proforma debt maturity profile having completed the Transaction is provided below for informational purposes:



The Conditions Precedent satisfied include those set out below:

(i) on 6 August 2021, the Parent Company granted the public deed of execution of a capital increase for a total amount of €1,027,751,102, including capital and share premium (the "Capital Increase") through (a) the capitalisation of all credits held by L1R Invest1 Holdings S.à r.l. ("L1R") against DIA for a total amount of

€769,200,000, and (b) cash contributions for a total amount of €258,551,102. The Capital Increase was registered with the Commercial Registry of Madrid on 9 August 2021. By virtue of the Capital Increase, the Parent Company has been released from the following financial liabilities:

(a) €200,000,000 owed by DIA to L1R as principal amount under the super senior term loan facility;

(b) €292,600,000 owed by DIA to L1R as principal amount under the notes issued by DIA for an aggregate principal amount of EUR 300 million, with a coupon of 1.000% and maturing on 28 April 2021 (the "2021 Notes");

(c) €7,400,000 owed by DIA to L1R under a loan granted by L1R in favor of DIA to finance (or refinance) the payment by DIA of the principal amount of the 2021 Notes to those holders of 2021 Notes other than L1R on 28 April 2021 (the "L1R Loan"); and

(d) €269,200,000 owed by DIA to L1R as principal amount under the notes issued by DIA for an aggregate principal amount of €300 million, with a coupon of 0.875% and maturing on 6 April 2023 (the "2023 Notes"), which had been replaced by a private debt instrument;

(ii) on 2 September 2021 the amendment to the terms and conditions of the 2023 Notes which was approved by the noteholders' meeting of the Parent Company on 20 April 2021 has entered into force. Such amendment consists of (a) the extension of the maturity date of the 2023 Notes from 6 April 2023 to 30 June 2026, and (b) the increase of the coupon from the date of the amendment to 3.5% per annum (3% in cash and 0.50% PIK), plus an additional increase of 1% PIK in certain circumstances provided for in the syndicated facilities agreement agreed under the Comprehensive Transaction (the SFA, as such term is defined below). For clarification purposes, the principal amount due as of the date hereof by the Parent Company under the 2023 Notes, following the capitalisation of credits held by LetterOne, is EUR 30,800,000;

(iii) on or before 2 September 2021, DIA has obtained confirmations, on terms that are satisfactory to the Parent Company, of the commitment of the relevant Syndicated Lenders (or affiliates within their respective groups) to consider and negotiate in good faith prior to maturity the extension of the maturity dates of those bilateral financing and credit facilities in place with the DIA Group that do not form part of the syndicated financing (the "Bilateral Facilities");

(iv) with effect on 2 September 2021, the appropriate amendments to the existing contracts of the confirming facilities, factoring facilities and ancillary facilities have been formalised to reflect the margin agreed in the amended and restated version of the SFA (as defined below);

(v) on 23 April 2021, L1R entered into the L1R Loan with the Parent Company for an amount equal to the principal amount of those 2021 Notes which were not held by L1R (i.e. €7,400,000);

(vi) on 28 April 2021, the Parent Company repaid to its holders (other than L1R) the amount outstanding under the 2021 Notes that were not held by L1R (i.e. €7,400,000 principal amount plus accrued coupon as at such date);

(vii) on 6 August 2021, DIA's obligation to repay the L1R Loan was cancelled by capitalising the corresponding credit under the Capital Increase;

(viii) on 2 September 2021, the DIA Group has made the committed early partial repayment of €35,000,000 of the super senior supplier facility;

(ix) on 2 September 2021, the Parent Company and certain DIA Group companies have entered into an ad hoc refinancing framework agreement with the Syndicated Lenders for the sole purpose of being able to request the judicial homologation in Spain of such ad hoc refinancing framework agreement;

(x) on 2 September 2021, the appropriate documents for the extension and ratification of the existing syndicated financing security package have been executed, on the terms agreed in the framework of the Comprehensive Transaction; and

(xi) on 2 September 2021, the remaining formal conditions precedent customary in this type of transactions (including the execution, notarisation and delivery of the usual documentation) have been fulfilled.

Following the fulfilment of the Conditions Precedent, on 2 September 2021, the amendment and restatement of the syndicated facilities agreement (the "SFA") has been formalised. By virtue of such amendment and restatement of the SFA, with effects as of 2 September 2021, (i) the maturity date of the Facilities A-F (amounting to a total of €902,426,478) (the "Senior Facilities") has been extended from 31 March 2023 to 31 December 2025, (ii) the margin applicable to the Senior Facilities in favour of the Syndicated Lenders has been increased from 2.5% to 3.0% per annum, and (iii) other terms and conditions of the SFA have been amended, as set out in Annex 1 of the communication made on 25 March 2021.

In addition, by making use of the basket of the new super senior incremental facilities agreed with the Syndicated Lenders in the framework of the Comprehensive Transaction, on 2 September 2021 DIA Retail España, S.A.U. has entered into certain confirming and term loan agreements for a total amount of €50,000,000 (the "SS Incremental Facility") with some of the Syndicated Lenders, whereby the DIA Group will benefit from additional liquidity for its business up to an amount of €50,000,000.

As a consequence of the above, the Comprehensive Transaction is considered to be successfully completed. The capitalisation of DIA via the Capital Increase for a total amount of €1,027,751,102, together with the corresponding cancellation of liabilities for a total amount of €769,200,000 (in the capitalisation of credits tranche of the Capital Increase), the raising of €258,551,102 of additional liquidity (in the cash tranche of the Capital Increase), the extension of the maturity date of the Senior Facilities to 31 December 2025, the extension of the maturity date of the 2023 Notes to 30 June 2026, and the commitments of the relevant Syndicated Lenders to negotiate in good faith an extension of the maturity dates of the Bilateral Facilities, together with the additional SS Incremental Facility obtained for an amount of €50,000,000, have contributed to (i) restore and significantly strengthen DIA's share capital, distancing it from the legal cause of dissolution due to losses, (ii) substantially reduce DIA Group's financial indebtedness, eliminating the risk of refinancing in the medium term (as the most significant financial debt maturities have been extended until the end of 2025), (iii) significantly reduce DIA Group's interest burden (as a result of the reduction of financial debt), (iv) provide additional liquidity to the DIA Group to ensure that its operational financing needs are covered, (v) enhance and accelerate DIA Group's ability to access the financial debt markets on normalised conditions, and (vi) provide a stable long-term capital structure that will allow management to focus fully on the execution of its business plan and accelerate DIA Group's transformation process.

CONSOLIDATED INTERIM DIRECTOR'S REPORT

H1 2021 GROUP OPERATIONAL UPDATE

Key priorities during H1 2021 continued to centre on:

- The on-going development of DIA's commercial value proposition, improved product selection with a focus on fresh produce and the development of a new private label combining quality, value-for-money and more attractive packaging.
- The comprehensive roll-out of the updated franchise model that began in Spain and Portugal in the second half of 2020 and was extremely well received by our franchisees. Some 80% of the franchise network in Spain (excluding Clarel) and 90% in Portugal is now operating under the new model. At 30 June 2021, 269 franchises in Spain continued operating under the traditional franchise model; there are individual action plans for these stores to gradually transition them to the new franchise model. In Portugal, the plan is for the entire franchise network to be operating under the new franchise model by the end of 2021. Work to update the franchise model continues in Argentina and Brazil, which will be completed at the start of the second half of 2021.
- Store refurbishments with around 300 and 59 stores in Spain and Portugal, respectively, and 42 stores in Argentina during the first six months of the year, with a positive acceptance from customers.
- Continued expansion of online and express delivery services in all four countries to meet new customer purchasing trends accelerated during pandemic restrictions.
- Continued focus on cost efficiencies and streamlining operations. This is primarily being achieved through on-going improvements to the Group's operating model across the entire supply chain, as well as more efficient logistics processes.
- Investment in talent and hire individuals who will help develop the digital side of the business.

H1 2021 Results

(€m)	30th June 2021	30th June 2020	Change (%)
Gross sales under banner	**3,813.0**	**4,293.2**	**-11.2%**
Like-for-like sales growth (%)	-5.0%	8.7%	-
Net sales	**3,193.7**	**3,515.2**	**-9.1%**
Cost of goods sold & other income	(2,474.7)	(2,754.1)	-10.1%
Gross profit	**719.0**	**761.1**	**-5.5%**
Labour costs	(353.1)	(381.9)	-7.5%
Other operating expenses & leases	(200.6)	(188.3)	6.5%
Restructuring and LTIP costs	(22.6)	(13.9)	62.6%
EBITDA	**142.7**	**176.9**	**-19.3%**
Amortisation & depreciation	(192.5)	(223.5)	-13.9%
Impairment of non-current assets	(1.8)	(1.1)	63.6%
Write-offs	(4.1)	(4.4)	-6.8%
EBIT	**(55.7)**	**(52.0)**	**-7.1%**
Net financial results	(34.8)	(131.7)	-73.6%
EBT	**(90.5)**	**(183.7)**	**50.7%**
Corporate taxes	(14.2)	(4.0)	255.0%
Consolidated result	**(104.8)**	**(187.7)**	**44.2%**
Discontinued operations	-	-	-
Net attributable result	**(104.8)**	**(187.7)**	**44.2%**

The reconciliation between the EBITDA indicated in the intermediate financial states and the one indicated in the preceding table, due to the assignment due to the nature of the logistical costs attributed to the stores and the restructuring cost for 2021 and 2020, is explained in the next table:

(€m)	Income statement	Logistics cost	Restructuring and LTIP costs	Total 30th June 2021
Net sales	**3,193.7**	**-**	**-**	**3,193.7**
Cost of goods sold & other income	**(2,307.0)**	**(167.8)**	**0.1**	**(2,474.7)**
Goods and other consumables used	(2,322.6)	(167.8)	0.1	(2,490.3)
Other income	14.4	-	-	14.4
Impairment of trade debtors	1.2	-	-	1.2
Gross profit	**886.7**	**(167.8)**	**0.1**	**719.0**
Labour costs	(431.6)	58.7	19.8	(353.1)
Other operating expenses	(297.7)	107.8	2.6	(187.3)
Leased property expenses	(14.8)	1.3	0.1	(13.3)
Restructuring and LTIP costs	-	-	(22.6)	(22.6)
EBITDA	**142.7**	**-**	**-**	**142.7**

(€m)	Income statement	Logistics cost	Restructuring and LTIP costs	Total 30th June 2020
Net sales	**3,515.2**	**-**	**-**	**3,515.2**
Cost of goods sold & other income	**(2,558.9)**	**(195.3)**	**-**	**(2,754.1)**
Goods and other consumables used	(2,586.2)	(195.3)	-	(2,781.4)
Other income	30.6	-	-	30.6
Impairment of trade debtors	(3.3)	-	-	(3.3)
Gross profit	**956.3**	**(195.3)**	**-**	**761.1**
Labour costs	(465.7)	69.4	14.4	(381.9)
Other operating expenses	(297.3)	123.9	(0.2)	(173.6)
Leased property expenses	(16.4)	2.0	(0.3)	(14.7)
Restructuring and LTIP costs	-	-	(13.9)	(13.9)
EBITDA	**176.9**	**-**	**-**	**176.9**

Group net sales were affected by 6.4% fewer stores and the devaluation of the Brazilian real and Argentine peso (depreciation of 17% and 35% respectively compared to the average exchange rate for the six-month period compared to the first half of 2020). Revenue from owned stores makes up 65.2% of the Group's net sales compared to 32.2% in the case of franchised stores and 2.5% from the online business.

The like-for-like sales growth rate of the Group stood at -5.0% affected by the skew caused by the Group's extraordinary stockpiling in the second quarter of 2020 in all markets due to the restrictions on movement related with Covid-19, reaching 8.7% Like-for-Like in the first half of year 2020.

Gross profit (as a percentage of net sales) increased to 22.5% from 21.7% year-on-year thanks to operational improvements including optimised logistics and a reduction in food waste.

Labour costs remained at similar levels to the same period a year earlier, standing at 11.1% as a percentage of net sales, as the 2019 streamlining measures have continued to offset Covid-19 related staffing requirements.

Other operating expenses (as a percentage of net sales) climbed from 5.4% to 6.3% because of higher supply, maintenance and advertising costs.

EBITDA shrank by 4.5% as a percentage of net sales (5.0% in the first half of 2020) because of higher other operating expenses and restructuring and LTIP costs due to the streamlining of the organisational structure and store franchising process launched in Q3 2020.

Adjusted EBITDA moved into positive territory equating to 1.5% as a percentage of net sales. This was a similar level to the same period of 2020 (1.7% in H1 2020).

Amortisation and depreciation decreased by 13.9% versus the first half of 2020 explained by strategic store and warehouse closures. These charges fell from 6.4% as a percentage of net sales to 6.0% in the first six months of the year compared to the first half of 2020.

The net result was a loss of Euros104.8 million – down 44.2% on the same period a year earlier because of lower financial losses driven down through active exchange risk management.

The following table further explains the Adjusted EBITDA performance during the period:

EBIT TO ADJUSTED EBITDA RECONCILIATION

(€m)	30th June 2021	30th June 2020	Change
Operating profit (EBIT)	(55.7)	(52.0)	(3.7)
Amortization and depreciation	192.5	223.5	(31.0)
Impairment of non-current assets	1.8	1.1	0.7
Gains/(losses) on disposals of non-current assets	4.1	4.4	(0.3)
Gross operating profit (EBITDA)	**142.7**	**176.9**	**(34.2)**
Restructuring costs	16.9	8.0	9.0
Long-term incentive plan (LTIP)	5.7	5.9	(0.2)
Lease effect (IFRS 16)	(130.8)	(140.6)	9.8
Hyperinflation effect (IAS 29)	13.2	9.4	3.8
Adjusted EBITDA	**47.7**	**59.7**	**(12.0)**

INFORMATION BY COUNTRY

SPAIN (€m)	30th June 2021	%	30th June 2020	%	Change (%)
Gross sales under banner	2,479.2		2,707.1		-8.4%
Like-for-like sales growth	-7.0%		13.9%		
Net sales	2,089.7		2,264.2		-7.7%
Adjusted EBITDA	37.4	1.8%	52.5	2.3%	-28.8%

PORTUGAL (€m)	30th June 2021	%	30th June 2020	%	Change (%)
Gross sales under banner	400.8		430.6		-6.9%
Like-for-like sales growth	-5.3%		9.3%		
Net sales	296.3		309.2		-4.2%
Adjusted EBITDA	5.0	1.7%	6.0	2.0%	-16.3%

BRAZIL (€m)	30th June 2021	%	30th June 2020	%	Change (%)
Gross sales under banner	425.8		545.1		-21.9%
Like-for-like sales growth	4.3%		2.7%		
Net sales(3)	381.7		483.6		-21.1%
Adjusted EBITDA	(5.9)	-1.5%	(7.7)	-1.6%	-23.7%

ARGENTINA (€m)	30th June 2021	%	30th June 2020	%	Change (%)
Gross sales under banner	507.2		610.3		-16.9%
Like-for-like sales growth	-3.9%		-0.9%		
Net sales(3)	426.0		458.3		-7.1%
Adjusted EBITDA	11.2	2.6%	8.8	1.8%	27.5%

Net Sales in Spain fell by 7.7% with 5.0% fewer stores. The first-half performance is skewed when compared with the prior period due to the exceptional stockpiling during the lockdown in H1 2020.

Adjusted EBITDA decreased by 50 basis points (bp)

With regards to Portugal, Net sales were affected by reduced store opening times and 12.1% fewer stores than in the same period of 2020. A year-on-year comparison is also difficult because of the exceptional circumstances in H1 2020.

Adjusted EBITDA shrank by 30 bp.

In Brazil, Net sales were down 21.1% year-on-year, with 14.2% fewer stores following the strategic closure of underperforming outlets and a 17% depreciation of the Brasilian real. Like-for-like sales remained flat over the quarter.

Adjusted EBITDA improved by Euros 1.8 millon and remained stable in terms of margin as the business was able to offset the negative effects of resolving legacy franchisee issues and increased opex and labour costs.

In Argentina, Net sales were down 7.1% affected by a 35% depreciation of the Argentine peso in a challenging macroeconomic and consumption environment.

Adjusted EBITDA increased 80 bp thanks to the cost reduction drive and despite the negative effect of sales volumes. The relationship between the adjusted EBITDA margin and net sales stripping out the effect of inflation in Argentina is not materially different from the reported figures.

BALANCE SHEET

Balance Sheet (€m)	30th June 2021	31st December 2020
Non-current assets	2,049.2	2,044.6
Inventories	434.6	445.8
Trade & Other receivables	156.5	128.4
Other current assets	73.6	69.3
Cash & Cash equivalents	245.6	347.0
Non-current assets held for sale	0.1	0.4
Total assets	**2,959.6**	**3,035.4**
Total equity	(785.2)	(697.2)
Non-current borrowings	1,662.6	1,625.8
Current borrowings	536.5	589.0
Trade & Otherpayables	1,173.9	1,183.4
Provisions & Other current liabilities	371.7	334.4
Total equity & liabilities	**2,959.6**	**3,035.4**

At 30 June 2021, the shareholders' equity balance in the individual financial statements of the Parent Company (which are those used for the purpose of computing the legal dissolution or capital increase obligation) amounted to a negative Euros 49.9 million (negative Euros 41.8 million as at December 2020).

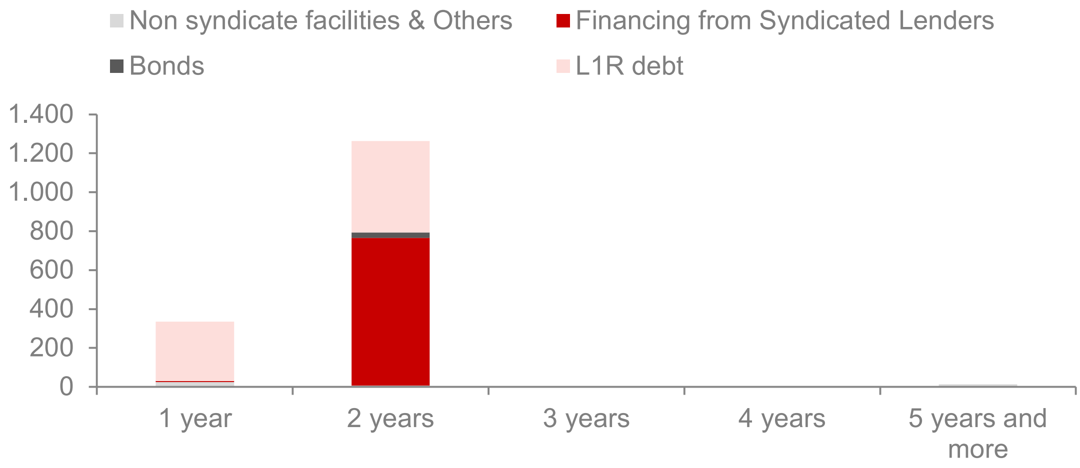
NET DEBT

NET DEBT RECONCILIATION (€m)	30th June 2021	31st December 2020	Change
Non-current borrowings	1,662.6	1,625.8	36.8
Current borrowings	536.5	589.0	(52.5)
Cash & Cash equivalents	(245.6)	(347.0)	101.4
Total Net Debt	**1,953.5**	**1,867.8**	**85.7**
Lease effect (debt) (IFRS 16)	(583.1)	(591.5)	8.4
Net Financial Debt	**1,370.4**	**1,276.3**	**94.1**

Total net financial debt raised €94.1 million at the end of 2020 to €1,370.4 million driven by a reduction in positive cash flow from operations, increased capex and, to a lesser degree, a decrease in working capital.

Gross debt maturity profile as at 30 June 2021 (exc. IFRS 16): €1,616.0 million.

- Non-syndicated finance & other facilities: €25.0 million (July 2021-June 2022), €6.4 million (July 2022-June 2023), €18.3 million (July 2023 onwards).
- Debt owed to majority shareholder (L1R): 2021 bond repayable and other costs of €305.2 million (July 2021-June 2022), Super Senior Facility of €200.9 million (July 2022), 2023 bond repayable of €269.2 (April 2023).
- Bonds and debentures: €27.4 million (April 2023).
- Financing from syndicated lenders: €4.4 million (July 2021-June 2022) and €759.2 million (July 2022-June 2023).



(*) Not including lease payments (IFRS 16).

On 10 August 2020, DEA Finance S.à r.l. ("DEA Finance") – a company ultimately controlled by Letterone Holdings S.A. and the sole lender under the €200-million L1R Super Senior Facility – launched an offer addressed to the eligible holders of the 2021 and 2023 bonds to purchase a significant portion of the bonds. As a result of the transaction settled in September, the offerer held as at 30 September 2020 an aggregate principal amount of 97.53% of the 2021 bonds and 89.73% of the 2023 bonds.

On 30 November 2020, the Parent Company announced an agreement with its majority shareholder L1R Invest1 Holdings S.á.r.l. ("L1R"), DEA Finance and its syndicated lenders to carry out a Comprehensive recapitalisation and refinancing operation (the "Transaction") to establish a stable long-term capital and financing structure.

On 24 March 2021, as a result of certain subsequent negotiations between DIA, L1R, DEA Finance and its syndicated lenders, DIA reached a new agreement with all its syndicated lenders providing a pathway for a Comprehensive recapitalisation and refinancing operation (the "Comprehensive Transaction"). Implementation of this operation guarantees a stable long-term capital and financing structure for the DIA Group and allows the management team to fully focus on executing the business plan.

The Comprehensive Transaction includes the following key elements:

- A capital increase of up to Euros 1,028 million at DIA in two tranches (the "Capital Increase"):
  - (i) A first tranche of debt capitalisation by the majority shareholder L1R of around Euros 769 million, including: the Euros 200-million L1R Super Senior Facility; a Euros 7-million loan; Euros 293 million in 2021 bonds expiring on 28 April 2021 and approximately Euros 269 million in 2023 bonds, both originally held by DEA Finance; and
  - (ii) A second tranche of cash contributions, reserved in the first instance for the other shareholders of around Euros 259 million.

  The Capital Increase was approved by shareholders at the General Meeting on 31 May 2021 when the debts to be capitalised were still not liquid, past due and callable on demand.
- An amendment and recasting of the existing Euros 902 million syndicated finance agreement to extend the maturity date of certain facilities to 31 December 2025 and change other terms and conditions.
- An amendment of the terms and conditions of the remaining 2023 bonds of Euros 31 million to extend the maturity date from 6 April 2023 to 30 June 2026 and increase the interest rate to 3.5% per annum;
- An extension of the maturity dates of certain bilateral facilities and credit lines entered into with certain syndicated lenders ("Bilateral Facilities").
- The operation was subject to a number of conditions precedent which have to be fulfilled no later than the following dates: (i) 30 July 2021 or (ii) 29 October 2021 if the prospectus

for the proposed share issue is not approved by the Spanish National Securities Market Commission (CNMV) on or before 15 June 2021.

AVAILABLE LIQUIDITY

AVAILABLE LIQUIDITY (€m)	30th June 2021	31st December 2020	Change
Cash and Cash equivalents	245.6	347.0	(101.4)
Undrawn bank finance	55.0	50.0	5.0
Unused reverse factoring facilities	2.7	0.2	2.5
Total liquidity	**303.3**	**397.2**	**(93.9)**

Available liquidity fell to Euros 303.3 million (December 2020: Euros 397.2 million), Euros 245.6 million of which comprises cash and cash equivalents and Euros 57.7 million, undrawn bank finance and reverse factoring facilities.

WORKING CAPITAL

(€m)	30th June 2021	31st December 2020	Change
Non recourse factoring	-	-	-
Inventories (A)	434.6	445.8	(11.2)
Trade & other receivables (B)	156.5	128.4	28.1
Trade & other payables (C)	1,173.9	1,183.4	(9.5)
Total working capital (1)	**(582.8)**	**(609.2)**	**26.4**

(1) Trade working capital defined as (A+B-C)

Working Capital was reduced to a negative Euros 582.8 million (31 December 2020: Euros 609.2 million) because of an increase in receivables deriving from the injections of liquidity for franchisees and a drop in sales.

Non-recourse factoring amounted to zero in H1 2021 and at year-end 2020. Reverse factoring totalled Euros 249.7 million at 30 June 2021 (December 2020; Euros 248.1 million).

CAPEX

(€m)	30 June 2021	30 June 2020	Change (%)
Spain	58.6	22.6	159.2%
Portugal	10.2	1.5	577.1%
Argentina	7.3	3.5	108.2%
Brazil	10.7	3.8	182.4%
Total Group	**86.8**	**31.4**	**176.3%**

Capex was up 176.3% due to the gradual return to investing, principally concerning store revamps.

STORE NETWORK

SUMMARY OF GROUP STORES	Owned	Franchised	Total
Total stores 31st December 2020	3,487	2,682	6,169
New openings	22	7	29
Owned to franchised net transfers	51	-51	-
Closures	-160	-45	-205
Total DIA GROUP stores at 30th June 2021	**3,400**	**2,593**	**5,993**
Spain	2,321	1,516	3,837
Portugal	221	278	499
Brazil	576	177	753
Argentina	282	622	904

In Spain, 67 stores (net) changed from owned to franchised over the six-month period, with new entrepreneurs attracted by the new franchise model as part of the Comprehensive enhancement of the DIA concept. 11 stores were opened (9 owned and 2 franchised) and 92 closed during the period (62 owned and 30 franchised).

In Portugal, 77 stores closed during the half-year, 71 of which were owned Clarel stores, 1 owned DIA store and 5 franchised DIA stores. 11 stores were opened (10 owned and 1 franchised) and net transfers from owned to franchised stores amounted to 15.

Brazil is dealing with legacy problems with franchisees and is in the process of optimising its store network. This has resulted in the conversion of 131 stores from franchised to owned stores during the six-month period. 29 stores were closed (20 owned and 9 franchised) and 3 owned stores were opened.

4 franchised stores were opened and 7 closed (6 owned and 1 franchised) during the period in Argentina. 2 franchised stores were brought into ownership.

EVENTS AFTER PERIOD-END

Capital increase

On 4 August 2021, the Parent Company announced the completion of the Capital Increase which culminated in all the new shares being subscribed for Euros 1,027,751,102. The placement of the second tranche of the Capital Increase was 1.67 times oversubscribed.

On 6 August 2021 when the debts being capitalised has become liquid, past-due and callable on demand, the Capital Increase was executed by public deed and on 9 August 2021 it was duly placed on record in the Madrid Companies Register. As a result the Parent Company issued 51,387,555,100 new shares of Euros 0.01 par value and Euros 0.01 share premium.

As a result of the Capital Increase, the Parent Company's share capital now amounts to €580,655,340.79, represented by 58,065,534,079 shares of Euros 0.01 par value each. The new shares were admitted to trading on 13 August 2021.

L1R has subscribed a total of 40,122,542,579 new shares, representing 78.08% of the total Capital Increase for a cash sum of Euros 802,450,851.58. Therefore, the interest held by L1R in the Parent Company increased from the 74.82% held prior to the Capital Increase to 77.70% thereafter.

The accounting impacts on the consolidated income statement of recording, at the date of the public deed, the Capital Increase of Euros 1,027.8 million are estimated not to be significant.

Completion of the Comprehensive Transaction

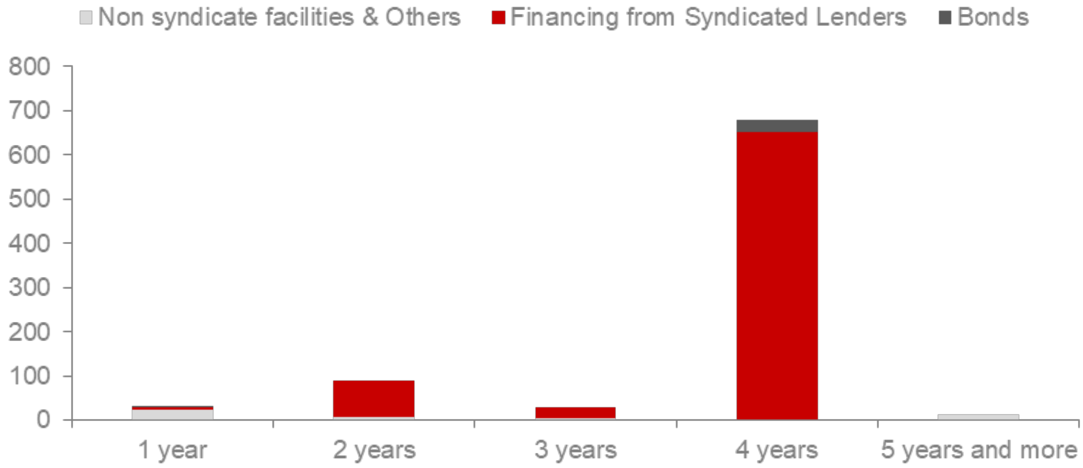
On 2 September 2021, all of the Conditions Precedent necessary for the effectiveness of the Comprehensive Transaction have been successfully satisfied, formalizing the last milestones of the transaction including the extension of maturity of the syndicated facilities from March 2023 to

December 2025, the commitment from lenders to negotiate in good faith the extension of bilateral facilities, and the extension of Euros 30.8 million bond from April 2023 to June 2026.

Additional information is included in Note 21 of the Condensed Consolidated Financial Statements for the six month period ending in 30 June 2021 or in the information published by the company as Other Relevant Information on 2 September 202, register number 11479.

The accounting impacts on the consolidated income statement as a result of recording the refinancing of the syndicated debt and the 2023 bonds held by bondholders other than L1R, are estimated not to be significant

The proforma debt maturity profile having completed the Transaction is provided below for informational purposes:



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 all cases, APMs should be considered as data that are not intended to replace (or be superior to) IFRS measurements.

The purpose of these APMs is to help better understand business performance by providing additional useful information about the underlying performance of the Company's business operations and financial position.

APMs are also used to improve the comparability of information between periods and different geographical areas. 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 include the value of the sales of produce DIA makes to franchisees and the amounts charged to the franchisee for the assignment of commercial use.
- 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). Net sales only include the value of the sales of produce DIA makes to the concession holder.

(€m)	30th June 2021	30th June 2020	Change (%)
Net sales	3,193.7	3,515.2	-9.1%
VAT and other	619.3	778.0	-20.4%
Total Gross sales under banner	**3,813.0**	**4,293.2**	**-11.2%**

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.

LFL growth of Gross Sales under Banner: The growth rate of LFL sales is calculated using gross sales under banner at constant currency of all the stores that have been operating for more than thirteen months under the same conditions.

Only those stores that have been temporarily closed for refurbishment or significantly impacted by objective external factors (such as closings for disinfection work related to Covid-19 or force majeure events such as flooding, among others) have been excluded from the basis of comparison of the LFL figures. Additionally, the LFL figures for Argentina have been deflated using internal inflation to reflect volume LFL, avoiding misleading nominal calculations in relation to hyperinflation.

This magnitude is used to analyse the evolution of sales in a period in relation to a previous one for a comparable sales surface.

Gross profit: Profit calculated mainly by deducting from net sales and other income, (i) the cost of goods sold and other consumables; (ii) the impairment of trade receivables; and (iii) labour costs, other operating expenses and lease expense related with logistic activities, as per the conciliation presented in the Management Report. This metric is used as an indicator of the profit obtained from the sale of stock after deducting the adquisition costs of the stock, including the logistic costs incurred to deliver the stock to the point of sale.

Adjusted EBITDA: Adjusted EBITDA is the net operating result (EBIT) plus amortisation and depreciation (including amortisation and depreciation related to store closures and impairment of fixed assets), 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 (LTIP) and the effects of applying IAS 29 and IFRS 16. Notes 3 to the condensed consolidated financial includes a complete reconciliation of Adjusted EBITDA with items in the consolidated income statement.

Restructuring costs comprise costs classified as non-recurring 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. This definition was revised in 2019 and 2020 to include the following key elements as restructuring costs:

- 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 non-recurring, strategic advisory costs such as those associated with drawing up strategic plans or the refinancing of financial debt.

EBIT TO ADJUSTED EBITDA RECONCILIATION			
(€m)	30th June 2021	30th June 2020	Change
Operating profit (EBIT)	(55.7)	(52.0)	(3.7)
Amortization and depreciation	192.5	223.5	(31.0)
Impairment of non-current assets	1.8	1.1	0.7
Gains/(losses) on disposals of non-current assets	4.1	4.4	(0.3)
Gross operating profit (EBITDA)	**142.7**	**176.9**	**(34.2)**
Restructuring costs	16.9	8.0	9.0
Long-term incentive program (LTIP)	5.7	5.9	(0.2)
Lease effect (IFRS 16)	(130.8)	(140.6)	9.8
Hyperinflation effect (IAS 29)	13.2	9.4	3.8
Adjusted EBITDA	**47.7**	**59.7**	**(12.0)**

Adjusted EBITDA is a metric used as an indicator of the Group's operating performance.

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 condensed consolidated financial statements. Capex is a measure of the Company's spending on fixed assets to contribute to the future growth of its business.

CAPEX RECONCILIATION			
(€m)	30th June 2021	30th June 2020	Change (%)
Additions - Property, plant and equipment	82.4	28.0	194.3%
Additions - Other intangible asset	4.4	3.4	29.4%
Total Capex	**86.8**	**31.4**	**176.4%**

Net Financial Debt: The Company's financial position calculated by deducting the total value of cash and cash equivalents and the effect of applying IFRS 16 from the total value of outstanding current and non-current financial debt, as explained in note 12 to the condensed consolidated interim financial statements.

NET DEBT RECONCILIATION			
(€m)	30th June 2021	31st December 2020	Change
Non-current borrowings	1,662.6	1,625.8	36.8
Current borrowings	536.5	589.0	(52.5)
Cash & Cash equivalents	(245.6)	(347.0)	101.4
Total Net Debt	**1,953.5**	**1,867.8**	**85.7**
Lease effect (debt) (IFRS 16)	(583.1)	(591.5)	8.4
Net Financial Debt	**1,370.4**	**1,276.3**	**94.1**

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 on the Company's balance sheet and described in note 10 to the condensed consolidated interim financial statements, and the undrawn balance of available lines of finance and reverse factoring described in note 18. 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

(€m)	30th June 2021	31st December 2020	Change
Cash and Cash equivalents	245.6	347.0	(101.4)
Undrawn bank finance	55.0	50.0	5.0
Unused reverse factoring facilities	2.7	0.2	2.5
Total liquidity	**303.3**	**397.2**	**(93.9)**

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.

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.

WORKING CAPITAL

(€m)	30th June 2021	31st December 2020	Change
Non recourse factoring	-	-	-
Inventories (A)	434.6	445.8	(11.2)
Trade & other receivables (B)	156.5	128.4	28.1
Trade & other payables (C)	1,173.9	1,183.4	(9.5)
Working capital defined as (A+B-C)	**(582.8)**	**(609.2)**	**26.4**