Distribuidora Internacional de Alimentación, S.A. and Subsidiaries

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

For the twelve-month period ended 31 December 2021

(unaudited)

(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 twelve-month period ended 31 December 2021

(I) CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

(Expressed in thousands of Euros)

ASSETS	Notes	2021 31 December	2020 31 December
Property, plant and equipment	4	898,398	837,312
Goodwill	5.1	451,102	482,872
Rights of use	5.2	505,318	569,369
Other intangible assets	5.3	24,434	27,529
Investments accounted for using the equity method	7	484	473
Trade and other receivables	6.1	15,386	24,039
Other non-current financial assets	6.2	61,772	56,956
Non-current tax assets	14	61,329	46,070
Non-current assets		2,018,223	2,044,620
Inventories	9	452,003	445,763
Trade and other receivables	6.1	178,031	128,369
Consumer loans from financial activities		1,010	1,407
Current tax assets	14	46,548	56,065
Current income tax assets	14	1,681	1,205
Other current financial assets	6.2	4,879	3,945
Other assets	8	7,382	6,681
Cash and cash equivalents	10	361,065	346,985
		1,052,599	990,420
Non-current assets held for sale		-	359
Current assets		1,052,599	990,779
TOTAL ASSETS		3,070,822	3,035,399

(I) CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

(Expressed in thousands of Euros)

EQUITY AND LIABILITIES	Notes	2021 31 December	2020 31 December
Capital	11.1	580,655	66,780
Share premium	11.2	1,058,873	544,997
Reserves	11.4	(1,185,937)	(815,387)
Own shares	11.5a)	(3,842)	(5,763)
Other own equity instruments	11.5b) and 15	416	250
Net losses for the period	11.4	(257,331)	(363,788)
Translation differences	11.7	(99,264)	(124,284)
Equity attributable to equity holders of the Parent		**93,570**	**(697,195)**
Total Equity		**93,570**	**(697,195)**
Non-current borrowings	12.1	1,023,183	1,625,790
Provisions	13	94,412	84,328
Other non-current financial liabilities	12.2	-	2,306
Deferred tax liabilities	14	36,453	20,157
Non-current liabilities		**1,154,048**	**1,732,581**
Current borrowings	12.1	272,454	589,032
Trade and other payables	12.3	1,274,834	1,183,353
Current tax liabilities	14	46,909	55,453
Current income tax liabilities	14	8,062	531
Other current financial liabilities	12.4	220,945	171,644
Current liabilities		**1,823,204**	**2,000,013**
TOTAL EQUITY AND LIABILITIES		**3,070,822**	**3,035,399**

(II) CONDENSED CONSOLIDATED INCOME STATEMENT

for the twelve-month period ended 31 December 2021 and 2020
(Expressed in thousands of Euros)

INCOME STATEMENT	Notes	2021 31 December	2020 31 December
Sales	3 and 16	6,647,660	6,882,373
Other income	17.1	30,918	45,833
TOTAL INCOME		6,678,578	6,928,206
Goods and other consumables used	17.2	(4,839,001)	(5,053,084)
Personnel expenses	17.3	(854,650)	(922,400)
Operating expenses	17.4	(687,092)	(637,836)
Depreciation and amortization	17.5	(392,983)	(426,531)
Impairment of non-current assets	17.5	(59,052)	(26,448)
Impairment of trade debtors	6.1	1,168	(12,931)
Losses on disposal of fixed assets	17.6	(22,946)	(31,079)
RESULT FROM OPERATING ACTIVITIES		(175,978)	(182,103)
Finance income	17.7	35,100	11,527
Finance expenses	17.7	(144,961)	(217,380)
Gain from net monetary positions	17.9	42,262	36,074
Result from financial instruments		110	-
Profit/(losses) of companies accounts for using the equity method	17.10	11	(59)
LOSSES BEFORE TAX FROM CONTINUING OPERATIONS		(243,456)	(351,941)
Income tax	14	(13,875)	(11,847)
LOSSES AFTER TAX FROM CONTINUING OPERATIONS		(257,331)	(363,788)
NET LOSSES		(257,331)	(363,788)
Atributted to:			
Equity holders of the Parent		(257,331)	(363,788)

(III) CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the twelve-month period ended 31 December 2021 and 2020

(Expressed in thousands of Euros)

	2021 31 December	2020 31 December
Net losses for the period	(257,331)	(363,788)
Other comprehensive income:		
Items not subject reclassifications to income statement	-	-
Items subject to reclassification to income statement		
Translation differences of financial statements of foreign operations	25,020	16,895
	25,020	16,895
Value adjustments due to cash flow hedges	-	-
Tax effect	-	-
	-	-
Other comprehensive income, net of income tax	25,020	16,895
Total comprehensive income, net of income tax	(232,311)	(346,893)
Attibuted to:		
Equityholders of the Parent	(232,311)	(346,893)
	(232,311)	(346,893)

(IV) CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the twelve-month period ended 31 December 2021 and 2020

(Expressed in thousands of Euros)

	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 1 January 2020	**66,780**	**544,997**	**(23,469)**	**(790,468)**	**(7,252)**	**89**	**(141,179)**	**(350,502)**	**(350,502)**
Transfer of the losses of the previous year	-	-	(790,468)	790,468	-	-	-	-	-
Net losses for the period	-	-	-	(363,788)	-	-	-	(363,788)	(363,788)
Other comprenshive income, net of income tax	-	-	-	-	-	-	16,895	16,895	16,895
Translation differences of financial statements of foreign operations	-	-	-	-	-	-	16,895	16,895	16,895
Total comprehensive income for the period	**-**	**-**	**-**	**(363,788)**	**-**	**-**	**16,895**	**(346,893)**	**(346,893)**
Transacitions with equityholders or owners	-	-	(1,450)	-	1,489	161	-	200	200
Issuance net share-based payments	-	-	-	-	-	200	-	200	200
Delivery of own-shares	-	-	(1,450)	-	1,489	(39)	-	-	-
At 31 December 2020	**66,780**	**544,997**	**(815,387)**	**(363,788)**	**(5,763)**	**250**	**(124,284)**	**(697,195)**	**(697,195)**
At 1 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	-	-	-	(257,331)	-	-	-	(257,331)	(257,331)
Other comprenshive income, net of income tax	-	-	-	-	-	-	25,020	25,020	25,020
Translation differences of financial statements of foreign operations	-	-	-	-	-	-	25,020	25,020	25,020
Total comprehensive income for the period	**-**	**-**	**-**	**(257,331)**	**-**	**-**	**25,020**	**(232,311)**	**(232,311)**
Transacitions with equityholders or owners	513,875	513,876	(6,762)	-	1,921	166	-	1,023,076	1,023,076
Capital increase	513,875	513,876	(1,217)	-	-	-	-	1,026,534	1,026,534
Issuance net share-based payments	-	-	-	-	-	227	-	227	227
Delivery of own shares	-	-	(2,346)	-	2,395	(61)	-	(12)	(12)
Share purchase	-	-	-	-	(474)	-	-	(474)	(474)
Other variations in shareholders´equity	-	-	(3,199)	-	-	-	-	(3,199)	(3,199)
At 31 December 2021	**580,655**	**1,058,873**	**(1,185,937)**	**(257,331)**	**(3,842)**	**416**	**(99,264)**	**93,570**	**93,570**

(V) CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the twelve-month period ended 31 December 2021 and 2020
(Expressed in thousands of Euros)

	Notes	2021 31 December	2020 31 December
Operating activities			
LOSS/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		(243,456)	(351,941)
Loss before income tax		*(243,456)*	*(351,941)*
Adjusmtents to Profit and Loss:		*590,180*	*723,852*
Depreciation and amortization	17.5	392,983	426,531
Impairment of non current assets	17.5	59,052	26,448
Impairment of trade debtors	6.1	(1,168)	12,931
Losses on disposal of non current assets	17.6	22,946	31,079
Result from financial instruments		(110)	-
Finance income	17.7	(35,100)	(11,527)
Finance expenses	17.7	144,961	217,380
Changes of provisions and grants		9,514	22,427
Other adjustments to Profit and Loss		(2,887)	(1,476)
Share of (Profit)/loss of companies accounted for using the equity method net of dividends	7 and 17.10	(11)	59
Adjusments to working capital:		*7,658*	*18,592*
Changes in trade and other receivables		(46,796)	(24,208)
Change in inventories		(6,240)	50,754
Changes in trade and other payables		87,070	(35,785)
Changes in consumer loan and refinancing commitments		397	2
Change in other assets		9,795	26,972
Change in other liabilities		(36,032)	9,512
Changes in working capital of discontinued operations		359	(1,329)
Current income tax payables		(895)	(7,326)
Net cash flow form/(used in) operating activities		*354,382*	*390,503*
Investing activities			
Purcharses of intangible assets	5.3	(10,036)	(3,285)
Development cost	5.3	(2,904)	(4,952)
Payments of property, plant and equipment	4	(169,162)	(68,448)
Payment of financial instruments		(10,452)	22,634
Disposals of intangible assets		6	44
Disposals of property, plant and equipment		9,728	9,677
(Payments)/Collections for other financial assets		(577)	11,738
Interest recevied		11,875	8,886
Net cash flow used in investing activities		*(171,522)*	*(23,706)*
Financing activities			
Capital increase, net of cost	11.1	257,334	-
Charge for sale of own shares	11.5 a)	(474)	-
Financial lease payments	12.1 c)	(272,581)	(284,565)
Borrowings repaid		(97,056)	(23,284)
Borrowings made		6,257	163,762
Payments from other financial liabilities		14,380	28,679
Interest paid		(65,287)	(48,347)
Net cash flow form/(used in) financing activities		*(157,427)*	*(163,755)*
Net changes in cash and cash equivalents		*25,433*	*203,042*
Net foreign exchanges differences		(11,353)	(19,607)
Cash and cash equivalents at 1st January		*346,985*	*163,550*
Cash and cash equivalents at 31th December		*361,065*	*346,985*

(VI) Explanatory Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2021

1. CORPORATE INFORMATION

Distribuidora Internacional de Alimentación, S.A. (hereinafter the Parent company, the Company 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.

Its main activity is retail trade in food products through owned or franchised self-service stores. The Parent opened its first establishment in Madrid in 1979.

Distribuidora Internacional de Alimentación, S.A. and subsidiaries (hereinafter, the Group, the DIA Group) currently trades under the names of DIA, DIA Market, DIA Maxi, La Plaza de DIA, Clarel, Minipreço and DIA&Go.

As of 5 July 2011, DIA shares are listed on the Spanish stock exchanges.

Relevant events occurring during 2021

a) Changes to the Board of Directors and its committees

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

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

On 28 April 2021, the Board of Directors agreed to dissolve the Finance and Capital Structure Committee, considering that it had satisfactorily completed its function as a result of the agreement reached in relation to the global capitalisation and refinancing operation, the implementation of which will allow for a stable long-term capital and financial structure for the DIA Group.

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

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

On September 29, 2021, the Board of Directors co-opted Mr. Vicente Trius to be an independent director of the Parent Company.

On 1 November 2021, the Board of Directors agreed to appoint Ms Luisa Desplazes de Andrade Delgado as a member and new Chairperson of the Appointments and Remunerations Committee and as the new Lead Independent Director.

At 31 December 2021, the Parent Company's Board of Directors and committees were thus made up as follows:

Board of Directors:

Chairperson: Mr. Stephan DuCharme (Executive Chairman).

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

Mr. Marcelo Maia Tavares de Araújo (another external director).

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

Ms. Basola Vallés Cerezuela (independent director).

Mr. Vicente Trius (independent director).

Mr. José Wahnon Levy (independent director).

Ms. Luisa Desplazes de Andrade Delgado (independent 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: Ms. Luisa Desplazes de Andrade Delgado (independent director).

Directors: Ms. Basola Vallés Cerezuela (independent director).

Mr. Marcelo Maia Tavares de Araújo (another 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, the individual and consolidated management reports, the non-financial reporting statement and the proposed application of the results corresponding to the 2020 financial year; (ii) Approval of the management of the Board of Directors during the 2020 financial year; (iii) Ratification of the appointment by co-option and re-election of Mr Marcelo Maia Tavares de Araújo as the 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) Consultative vote on the annual remuneration report of the directors for the 2020 financial year; (vi) Increase in share capital for an effective amount of up to 1,027,751,102 euros, through the issuance and release of 51,387,555,100 new ordinary shares of a par value of 0.01 euros each, with a share premium of 0.01 euros per share, in other words an effective amount of 0.02 euros per share (par value plus share premium), in two separate tranches of (a) offsetting of credits, and (b) monetary contributions, with recognition of the right of first refusal and provision for incomplete subscription, and delegation to the Board of Directors, with powers of subsidiary delegation, of the powers required in order to enact the resolution and establish the conditions thereof in all aspects not decided by the General Meeting.

c) Global Capitalisation and Refinancing Operation

On 30 November 2020, the Parent Company published a Communication of Inside Information (Registration No. 613), informing the market that, following negotiations between L1R Invest1 Holdings S.à r.l. ("L1R"), DEA Finance S.à r.l. ("DEA Finance"), DIA and its syndicated financial creditors (the "Syndicated Lenders"), DIA had reached an agreement with all Syndicated Lenders regarding a capitalisation and refinancing operation (the "Original Operation") in order to implement a stable long-term capital and financial structure for the DIA Group.

On March 24, 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") that would provide an avenue for a global capitalisation and refinancing operation (the "Global Operation") whose implementation guarantees a stable, long-term capital and financial structure for the DIA Group that allows its management team to fully focus on the execution of the business plan.

The Global Operation included the following main elements (conditional upon each other):

i. a capital increase at DIA amounting to 1,027.8 million euros, in two tranches, completed on 6 August 2021:

1. a credit capitalisation tranche for a total amount of 769.2 million euros to be subscribed by L1R by offsetting credits corresponding to the following financial debt of the DIA Group (said credits were acquired in the month of April 2021 by L1R from DEA Finance prior to capitalisation), for the nominal value of said debt:

   - 200 million euros that DIA Finance, S.L. ("DIA Finance") owed to DEA Finance as principal under the *super senior term loan facility* (the "SS Facility") (this debt was transferred from DIA Finance, S.L. to DIA in April 2021);

   - 292.6 million euros that DIA owed to DEA Finance as principal under the bonds issued by DIA for an aggregate principal amount of 300 million euros, with a coupon of 1.000% and maturing on April 28, 2021 (the "2021 Bonds") and that prior to their maturity were transferred from DEA Finance to L1R for subsequent capitalisation. The remaining amount of 2021 Bonds not owned by DEA Finance was repaid by DIA on the due date.

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

   - 269.2 million euros owed by DIA to DEA Finance as principal under the bonds issued by DIA for an aggregate principal amount of 300 million euros, with a coupon of 0.875% and maturing on 6 April 2023 (the "2023 Bonds") and which were transferred by DEA Finance to L1R in the month of April 2021; and

2. a cash tranche of up to 258.6 million euros, first reserved for all shareholders other than L1R, so that they could exercise their preferential subscription right and subscribe new shares to maintain their percentage stake in the share capital 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 available to DIA for general corporate purposes, including the acceleration of its business transformation plan. The cash tranche would be subject to the subscription rounds, and proration rules in the event of oversubscription, which are typical for this type of operation, and would not be underwritten in the event of incomplete subscription;

ii. the amendment and re-establishment of the current syndicated financing agreement for a total amount of 973,219,190 euros (the "SFA") to (a) extend the maturity date of the A-F Facilities (totalling 902,426,478 euros) (the "Senior Facilities") from 31 March 2023 to 31 December 2025, and (b) amend other terms and conditions of the SFA (detailed in Note 12.1);

iii. amendment of the terms and conditions of the 2023 Bonds in the amount of 30.8 million euros to (a) extend their maturity date from 6 April 2023 to 30 June 2026 and (b) increase the coupon from the date of amendment to 3.5% per annum (3% cash and 0.50% PIK), plus an interest increase of 1% PIK in certain circumstances where applicable under the SFA (the "2023 Bond Amendment"). On 20 April 2021, the parent Company announced that the meeting of bondholders of the 2023 Bonds held that same day had approved the Amendment of the 2023 Bonds and that it would take effect upon fulfilment or waiver of the remaining conditions to which the effectiveness of the Global Transaction was subject, and other conditions customary in this type of amendment; and

iv. the extension of the maturity dates of certain bilateral facilities and credit facilities arranged between various companies of the DIA Group with some of the Syndicated Lenders or entities of their respective groups (the "Bilateral Facilities").

The effectiveness of the Global Transaction (and therefore the main elements (i) to (iv) above) was subject to the fulfilment or waiver of certain conditions precedent by the deadlines indicated therein, which were deemed fulfilled as detailed in Note 12.1, with the Global Transaction taking effect on 2 September 2021.

The capitalisation of the DIA Group in an amount of up to 1,027.8 million euros, together with the release of a financial liability of 769.2 million euros corresponding to the cancellation of the principal amount under the SS Facility, the 2021 Bonds and the 2023 Bonds, plus the extension of the maturity dates of the Senior Facilities, the remaining 2023 Bonds and the Bilateral Facilities, as well as the additional liquidity injection of up to EUR 258.6 million of the cash tranche of the capital increase allows to recover and significantly strengthen the net equity of DIA (which was at 30 June 2021 in a negative net equity situation), substantially reduce the financial debt of the DIA Group, eliminate the risk of refinancing in the medium term, significantly reduce the interest burden of the DIA Group, provide additional liquidity to ensure that operational financing needs are met, improve and accelerate DIA's capacity to access financial debt markets on normalised conditions, and provide DIA with a stable long-term capital structure.

d) <u>Credit Rating</u>

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

e) <u>Impact of Coronavirus - Covid-19</u>

The World Health Organisation (WHO) declared a global public health emergency on 11 March 2020 as a result of the 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 ended on 09 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 were to remain within their own autonomous community or city, except for certain limited essential activities.

The different extraordinary measures approved have acknowledged at all times the importance and essential nature of the distribution of food and essential items, which constitutes the DIA Group's main activity, especially within the context of the social distancing strategy designed to tackle the spread of the virus among the population.

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

Given the complexity of the situation in the various countries in which the Group operates with regard to population vaccination processes and the emergence of new variants of the virus, there is a high level of uncertainty as to the evolution of the pandemic in the coming months and its potential impact on sales and production volumes, supply and distribution chains, companies, consumers, capital markets and the economy in general. It is not possible at this time to objectively and reliably perform a quantified estimate of its potential impact on the Group, which, where applicable, will be recorded prospectively in the financial statements at the time of occurrence.

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.

f) Implementation of the Hive Down imposed by the syndicated lenders

An Extraordinary General Shareholders' Meeting was held on 30 August 2019, which approved the modification of the syndicated financing and the new financing facilities, as well as the granting, ratification and extension of guarantees and approval of the Hive Down. This operation was imposed by the syndicated lenders within the framework of the Syndicated Financing and entailed the implementation of a complex sequential process of several transactions and legal measures during 2020 for the transfer to certain directly or indirectly wholly-owned subsidiaries of the Parent Company of its main business units, including all assets, liabilities and contracts comprising the Spanish retail and wholesale business, the overseas business and central services of DIA.

However, as provided in the Syndicated Financing, the Hive Down operation excluded the following elements: a) the European medium-term notes currently issued by the Parent Company; b) any assets, liabilities and contracts that cannot be transferred due to legal or contractual restrictions; c) any assets, liabilities or contracts whose transfer would have a significant adverse effect on the business of the Parent Company or the Company's group; d) any assets, liabilities and contracts whose transfer would incur a cost for the Company's group (including taxes or loss of tax assets) exceeding Euros 5,000,000; and, e) any lease agreements on real estate whose transfer or transmission would entitle the lessor to demand a rent increase or to terminate the lease. As the above-mentioned exceptions apply, as agreed with the syndicated lenders, the transfer of DIA's holding in the Brazilian and Argentine subsidiaries, and 26% of the Portuguese subsidiary, could not be executed as part of the Hive Down.

As part of the business units transferred in the Hive Down, it was agreed, at the request of the Syndicated Lenders, to transfer the debt under the Syndicated Financing to certain Spanish subsidiaries wholly owned by DIA indirectly through Luxembourg holding companies. Moreover, it was agreed with the syndicated lenders that the shares or participations, bank accounts and receivables of the (directly and indirectly) wholly-owned subsidiaries of DIA involved in the Syndicated Financing would be pledged.

The main milestones carried out during financial year 2020 are described in the report on the financial statements for the 2020 financial year.

Proceeding with the Hive Down is an obligation required by the Syndicated Lenders in the Syndicated Financing, and its implementation is expected to help facilitate access of the Parent company and its Group to possible future financing or refinancing.

g) Profit/(loss) evolution during the year

The evolution of the Group's operating results during the 2021 financial year is marked by a reduction in turnover compared with the same period of the 2020 financial year, of around 3.4%, a period in which the Group experienced extraordinary activity as a result of Covid-19 supply purchases in the months of March to June 2020, making it difficult to compare year on year. The operating result of the Group was also affected by the reduction of the store network, the devaluation of the Argentine peso and, to a lesser extent, the devaluation of the Brazilian real. The impact of higher electricity, diesel and raw material prices on the operating result is also noteworthy.

The results were based on strong cost discipline, a strengthened financial structure and effective currency risk management which contributed to improved financial performance. As a result, the net loss for the financial year was reduced by 29% compared with the same period of the previous year.

The main priorities during FY21 remain the continued development of the DIA commercial value proposition with the enhancement of the range of fresh produce and the development of a new proprietary brand combining quality, value for money and attractive packaging. The Group also completed the comprehensive rollout of the updated franchise model in Spain and Portugal, which began during the second half of 2020, and launched store refurbishments in both markets, remodelling 800 stores in Spain, 112 in Portugal and 168 in Argentina. The expansion of the online sales and express delivery service continues in all countries, while maintaining a strict focus on cost efficiency and reducing complexity in all business areas, focusing on digitalisation and technological transformation.

2. BASIS OF PRESENTATION

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

The directors of the Parent have prepared these condensed consolidated interim financial statements for the twelve-month period ended 31 December 2021 on the basis of the accounting records of Distribuidora Internacional de Alimentación S.A. and subsidiaries companies. 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 as at and 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 31 Decemeber 2021.

Comparative information in the condensed consolidated interim financial refers to the years ended 31 December 2021 and 2020.

Distribuidora Internacional de Alimentación, S.A. is the parent of a group of subsidiaries (hereinafter the DIA Group or the Group) which are either equity accounted or fully consolidated.

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

2.2. Accounting principles

The condensed consolidated interim financial statements for 2021 have been prepared by the DIA Group applying the accounting principles and measurement criteria described in note 3 to the consolidated annual accounts for 2020, except those criteria that are applied for the first time.

Standards, amendments to and interpretations of existing standards that cannot be adopted early or which have not been adopted by the European Union

The Group intends to adopt the standards, interpretations and amendments to the standards issued by the IASB that are not 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.

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 financial years and, lastly, the devaluation of the Argentinian Peso in recent months.

Consequently, in accordance with IFRS-EU, Argentina is considered a hyperinflationary economy for accounting purposes for the years ending after 1 July 2018. The application of IAS 29 to the condensed consolidated interim financial statements group's 2021 and consolidated annual accounts 2020 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 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 different 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 Company adopted the accounting policy of recording changes in equity relating to currency effects and the effect of inflation in full under Translation differences. Comparative figures were restated in 2019, although the net equity figure remained unchanged with this change in presentation. Therefore, the Group has adopted the accounting policy of recognition of changes in equity related to the currency effect and hyperinflation effect under “Translation differences” in their entirety.
- The Group has adjusted the consolidated income statement at 31 December 2021 and 31 December 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 31 December 2021 and 31 December 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 31 December 2021 was 50.94% (36.14% at 31 December 2020). This rate was obtained from the information issued by INDEC (National Statistics and Census Institute), a Public Organization, 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	4.83605
Jul-17	1.137852	Jul-18	1.49297	Jul-19	2.30601	Jul-20	3.28201	Jul-21	4.98099
Aug-17	1.153819	Aug-18	1.55103	Aug-19	2.39729	Aug-20	3.37063	Aug-21	5.10394
Sep-17	1.175719	Sep-18	1.65238	Sep-19	2.53838	Sep-20	3.46621	Sep-21	5.28497
Oct-17	1.193528	Oct-18	1.74147	Oct-19	2.62198	Oct-20	3.59657	Oct-21	5.47080
Nov-17	1.209940	Nov-18	1.79639	Nov-19	2.73354	Nov-20	3.71021	Nov-21	5.60918
Dec-17	1.247956	Dec-18	1.84255	Dec-19	2.84834	Dec-20	3.85883	Dec-21	5.82458

The most significant impacts on the consolidated financial statement 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 as translation differences.

Furthermore, the impact of the change in the net monetary position at 31 December 2021 and 31 December 2020 has been recognised as a financial profit (see Note 17.9).

2.4. Going concern

The Directors of the Parent Company have prepared these condensed consolidated interim financial statements for the year ended 31 December 2020 on a going concern basis.

At 31 December 2021, consolidated equity amounted to a positive amount of 94 million euros (a negative amount of 697 million euros at 31 December 2020) and consolidated working capital, calculated as current assets less current liabilities, excluding assets and liabilities held for sale, was negative, amounting to 771 million euros (1,010 million euros at 31 December 2020). The consolidated loss for 2020 amounts to 257 million euros (consolidated loss of 364 million euros in 2020) and the net consolidated variation in cash and cash equivalents was a positive amount of 14 million euros (positive amount of 183 million euros in 2020).

As for the Parent Company, at 31 December 2021, net equity amounted to a positive amount of 838 million euros (42 million euros negative 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 27/2021, of 23 November 2021, on procedural and organisation measures to tackle Covid-19 in the justice system (the "RDL") establishes that, solely for the purpose of determining the grounds for dissolution due to losses incurred reducing net equity to less than half of the share capital – as stipulated in the Spanish Companies Act (article 363.1, e) – losses posted in 2020 and 2021 will not be considered into account during the financial year 2021. Consequently, the Parent Company is not in 2021 or in 2020 subject to dissolution at the date of preparation of its consolidated annual accounts.

In the context of the Global Operation announced by the Parent Company on 24 March 2021, under which the Parent Company had reached a new agreement with all its financial creditors and its principal shareholder to provide a path for a global capitalisation and refinancing transaction of the Parent Company as explained in Note 1, the General Shareholders' Meeting approved on 31 May 2021 the Capital Increase for an amount of 1,028 million euros composed of a credit capitalisation tranche for an amount of 769 million euros to be subscribed by L1R by offsetting credits whose creditor at the date of its capitalisation was L1R, and a cash tranche for an amount of up to 259 million euros reserved in the first instance for all shareholders other than L1R. The Capital Increase was completed on 6 August 2021, resulting in a Share Capital increase of 513.9 million euros and a Share Premium increase of 513.9 million euros (see Notes 11 and 12).

In addition, on 2 September 2021 the remaining Conditions Precedent to the Global Operation were deemed to have been fulfilled, and it therefore took effect as described in Note 12.

The Directors of the Parent Company therefore consider that the planned recapitalisation of the DIA Group, together with the release of a material amount of financial liabilities corresponding to the cancellation of the SS Facility, the 2021 Bonds and the majority of the 2023 Bonds, as well as the extension of the maturity date of the Senior Facilities and the Bilateral Facilities, has allowed to reinforce the equity situation of the Parent Company, substantially reduce the financial debt of the DIA Group, eliminate the risk of refinancing in the medium term, significantly reduce the DIA Group's interest burden, provide additional liquidity to ensure operational financing requirements are in place, improve and accelerate the DIA Group´s ability to access debt financing markets on normalised terms, and provide a stable long-term capital structure for the DIA Group, that will provide a clear runway for management to focus entirely on the implementation of its business plan.

In addition, at 31 December 2021, the Group had available liquidity at the consolidated level of 515.4 million euros. Within this context, 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 CEO monitors the operating results of its 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 CEO to analyse the results of the segments, eliminating restructuring costs, the effect of NIIF 16 on leases and the effect of NIC 29 due to hyperinflation, which are lines of the income statement that do not directly depend on the segment's operations. This underlying operating result is the basis for the Group´s decision making process, 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.

Details of the key indicators expressed by segment are as follows:

Thounsands of Euro at 31st December 2021	SPAIN	PORTUGAL	ARGENTINA	BRAZIL	CONSOLIDATED
Sales (1)	4,209,786	592,919	1,042,876	802,079	6,647,660
Adjusted EBITDA	92,571	11,939	30,418	(10,581)	124,347
% of sales	2.20%	2.01%	2.92%	(1.32)%	1.87%
Non-current assets	1,347,026	238,811	181,231	251,155	2,018,223
Liabilities	2,117,306	265,136	297,200	297,610	2,977,252
Acquisition of non-current assets (2)	159,695	22,098	35,481	28,393	245,667
Number of outlets	3,789	499	912	737	5,937

Thounsands of Euro at 31st December 2020	SPAIN	PORTUGAL	ARGENTINA	BRAZIL	CONSOLIDATED
Sales (1)	4,508,826	629,989	813,774	929,784	6,882,373
Adjusted EBITDA	99,566	17,196	19,915	(13,779)	122,898
% of sales	2.21%	2.73%	2.45%	(1.48)%	1.79%
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) Eliminations in the turnover derived from consolidation are included within the Spain segment.
(2) Right-of-use assets are not included.

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

Thousands of euro	SPAIN	PORTUGAL	ARGENTINA	BRAZIL	TOTAL DECEMBER 2021
Losses	**(186,240)**	**(19,483)**	**(11,689)**	**(39,919)**	**(257,331)**
Net financial expense	77,862	7,985	7,303	16,711	109,861
Resultado procedente de instrumentos financieros	(110)	-	-	-	(110)
Income tax	(1,250)	52	19,301	(4,228)	13,875
Depreciation and amortization	278,277	38,087	30,043	46,576	392,983
Gain from net monetary positions	-	-	(42,262)	-	(42,262)
Profit/(Losses) of companies accounts for using the equity method	(11)	-	-	-	(11)
Impairment of non-current assets	53,262	4,124	1,153	513	59,052
Losses on disposal of non current assets	4,558	(176)	17,984	580	22,946
Restructuring Cost and Long-Term Incentive Plans	**50,423**	**5,014**	**2,857**	**8,201**	**66,495**
Expenses relating to store and warehouses closings	14,668	1,146	128	6,555	22,497
Expenses relating to efficiency projects	24,059	3,163	877	49	28,148
Other special projects					
Other expenses	4,676	76	-	38	4,790
Expenditure related to Long-Term Incentive Plans	7,020	629	1,852	1,559	11,060
IFRS 16 leases	(184,200)	(23,664)	(20,223)	(39,015)	(267,102)
NIC 29 hyperinflationary standard effect	-	-	25,951	-	25,951
EBITDA ajustaded	**92,571**	**11,939**	**30,418**	**(10,581)**	**124,347**

Thousands of euro	SPAIN	PORTUGAL	ARGENTINA	BRAZIL	TOTAL DECEMBER 2020
Net profit/(losses)	**(159,407)**	**(9,280)**	**(17,253)**	**(177,848)**	**(363,788)**
Net financial expense	66,709	7,114	24,184	107,846	205,853
Income tax	1,774	949	7,943	1,181	11,847
Depreciation and amortization	295,731	39,842	27,640	63,318	426,531
Gain from net monetary positions	-	-	(36,074)	-	(36,074)
Losses of companies accounts for using the equity method	59	-	-	-	59
Impairment of non-current assets	17,580	(683)	516	9,035	26,448
Losses on disposal of non current assets	9,729	361	3,291	17,698	31,079
Restructuring Cost and Long-Term Incentive Plans	**52,979**	**3,320**	**4,425**	**8,929**	**69,653**
Expenses relating to store and warehouses closings	1,880	545	-	5,471	7,896
Expenses relating to efficiency projects	38,429	1,621	2,935	1,912	44,897
Other special expenses					
Other expenses	5,254	9	-	-	5,263
Expenditure related to Long-Term Incentive Plans	7,416	1,145	1,490	1,546	11,597
IFRS 16 leases	(185,588)	(24,427)	(16,100)	(43,938)	(270,053)
NIC 29 hyperinflationary standard effect	-	-	21,343	-	21,343
EBITDA ajusted	**99,566**	**17,196**	**19,915**	**(13,779)**	**122,898**

4. PROPERTY, PLANT AND EQUIPMENT

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

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

Net carrying amount	2021	2020
At 1 January	**837,312**	**1,055,580**
Additions	232,727	75,093
Amortization and depreciation (note 17.5)	(152,062)	(172,808)
Impairment (note 17.5)	(26,979)	(21,173)
Disposals	(36,050)	(57,595)
Translation differences	27,188	(66,769)
Other movements	16,262	24,984
At 31 December	**898,398**	**837,312**

A significant number of stores were refurbished in the 2021 financial year, as mentioned in Note 1 g). In 2020 additions were limited due to the Group's financial difficulties.

Withdrawals occurring in 2021 and 2020 mainly include those associated with the aforementioned conversions as well as store closures, mainly in Brazil and Spain.

The strong impact on translation differences in 2020 is due to the significant devaluation of the Brazilian real in 2020.

As a result of the impairment tests performed based on the updated business plan, an impairment loss of Euros 26,979 thousand was recognised in 2021, mainly corresponding to impairment of shops in Spain and Portugal, and reversal of impairment of shops in Brazil. The impairment recognised in 2020 amounting to Euros 21,173 thousand related mainly to shops in Spain and Brazil.

5. INTANGIBLE ASSETS

5.1. Goodwill

Details of goodwill by legal entity and country and movement during the period are as follows:

Thousands of Euros	2021	2018
Spain	411,348	443,118
Portugal	39,754	39,754
Total	**451,102**	**482,872**

As a result of the impairment tests performed, a value impairment loss was recorded in 2021 amounting to 31,770 thousand euros (see note 17.5), corresponding to the impairment of consolidation goodwill arising in the acquisition of Grupo El Árbol in 2014, amounting to 24,500 thousand euros, and that assigned to those stores where the analysis has resulted in the need to reflect an impairment. The remaining goodwill arising on consolidation, which is tested for impairment at the entity level, has not reflected a need for any impairment.

5.2. Right-of-use

The Group chose to implement IFRS 16 in FY2019, its first year of application, with the modified retroactive method, recognising right-of-use assets for an amount equal to lease liabilities (see Note 12.1 c).

The details of right-of-use assets and movements during 2021 and 2020 are as follows:

Net carrying amount	2021	2020
At 1 January	**569,369**	**700,037**
Additions	199,199	165,351
Depreciation (note 17.5)	(224,957)	(237,330)
Disposals and impartment	(50,563)	(49,787)
Value update	12,236	29,377
Translation differences	26	(38,288)
Other movements	8	9
At 31 December	**505,318**	**569,369**

5.3. Other intangible assets

Details of other intangible assets and movements are as follows:

Net carrying amount	2021	2020
At 1 January	**27,529**	**40,593**
Additions/Internal Development	12,940	8,237
Amortization (note 17.5)	(15,964)	(16,393)
Impairment (note 17.5)	(303)	(193)
Disposals	(118)	(3,781)
Translation differences	217	(1,228)
Other movements	133	294
At 31 December	**24,434**	**27,529**

Additions registered in 2021 and 2020 mainly include development expenses corresponding to IT projects produced internally in Spain for an amount of 2,904 thousand euros (4,952 thousand euros in 2020) and acquisitions of IT applications, mainly in Spain for an amount of 6,565 thousand euros, and in Argentina for an amount of 2,328 thousand euros (3,285 thousand euros in 2020, mainly in Spain). The detail is as follows:

6. FINANCIAL ASSETS

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

Thousands of Euros	2021	2020
Non-current assets		
Trade and other receivables	15,386	24,039
Other Non-current financial assets	61,772	56,956
Current assets		
Trade and other receivables	178,031	128,369
Consumer loans from financing activities	1,010	1,407
Other current financial assets	4,879	3,945
TOTAL	**261,078**	**214,716**

6.1. Trade and other receivables

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

Thousands of Euros	2021	2020
Trade and other receivables	15,386	24,039
Total non-current	**15,386**	**24,039**
Trade and other receivables (net of impairment)	163,378	111,004
Other receivables (net of impairment)	4,171	4,402
Receivables from suppliers (net of impairment)	9,983	10,941
Advances to suppliers	495	46
Receivables from associates companies	4	1,976
Total current	**178,031**	**128,369**

a) Trade receivables

This balance comprises current and non-current trade receivables for merchandise sales to franchisees. The composition of these credits is as follows:

Thousands of Euros	2021	2020
Trade and other receivables non current	15,386	24,039
Trade and other receivables current	216,082	165,481
Total Trade and other receivables	**231,468**	**189,520**
Impairment loss	(52,704)	(54,477)
Total	**178,764**	**135,043**

b) Receivables from suppliers

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

The Group did not sign commercial credit assignment agreements for non-recourse suppliers in 2021. In 2020, the Group signed contracts of this type during the first half of the year, with a balance at 31 December 2020 of zero euros. The financial cost accruing through these assignments of credits in 2020 was 179 thousand euros (see Note 17.7).

c) Trade receivables from other related parties

In 2021 and 2020, transactions were carried out with the companies ICDC and Horizon (see Note 19), mainly relating to trade operations. Balances at 31 December 2021 and 2020 are shown below:

Thousands of Euros	2021	2020
ICDC	-	132
Horizon	4	1,844
Commercial debts with other related parties	**4**	**1,976**

d) Impairment

Movements in the provision for impairment of receivables were as follows:

2021 Thousands of Euros	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	(6,190)	(1,475)	-	(7,665)
Applications	1,702	4,961	-	6,663
Reversals	5,877	428	2,528	8,833
Translation differences	384	(22)	32	394
A 31st December de 2021	**(52,704)**	**(3,004)**	**(4,275)**	**(59,983)**

6.2. Other financial assets

All the Group's financial assets are measured at amortised cost:

Thousands of Euros	2021	2020
Equity instruments	1,088	1,080
Guarantees	60,627	55,757
Other loans	57	119
Total non-current	**61,772**	**56,956**
Franchise deposits	610	752
Credits to personnel	2,299	2,033
Other loans	-	12
Loans on the sale of fixed assets	31	31
Other finantial assets	1,939	1,117
Total current	**4,879**	**3,945**

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

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

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

Thousands of euro	ICDC Services Sárl 31 December 2021	ICDC Services Sárl 31 December 2020	Horizon 31 December 2021	Horizon 31 December 2020
Current assets				
Cash and cash equivalents	142	104	1,286	830
Other current assets	144	302	6,270	36,079
Total current assets	**286**	**406**	**7,556**	**36,909**
Non current assets	**-**	**-**	**-**	**10**
Current liabilities				
Other current liabilities	48	148	6,098	28,273
Total current liabilities	**48**	**148**	**6,098**	**28,273**
Net assets	**238**	**258**	**1,458**	**8,646**
Reconciliation with net carrying amount				
Net assets at 1 January	**258**	**294**	**1,367**	**1,177**
Annual profit (losses)	(20)	4	91	189
Dividends paid	-	(40)	-	-
Shareholder contributions	-	-	-	-
Net assets at year end	**238**	**258**	**1,458**	**1,367**
Part of group %	50%	50%	25%	25%
Part of the group in thousands of euro	119	129	365	344
Net carrying amount	**119**	**129**	**365**	**344**

The impact on the income statement of the equity-accounted investments as of December 31, 2021 amounts to an expense of 11 thousand euros (income of 59 thousand euros in 2020) (see note 17.10).

8. OTHER ASSETS

Details of other assets are as follows:

Thousands of Euros	2021 Current	2020 Current
Prepayments for operating leases	2,609	2,908
Prepayments for guarantees	25	275
Prepayments for insurance contracts	1,970	745
Other prepayments	2,778	2,753
Total other assets	**7,382**	**6,681**

9. INVENTORIES

Details of inventories are as follows:

Thousands of Euros	2021	2020
Goods for resale	449,432	442,428
Other supplies	2,571	3,336
Total inventories	**452,003**	**445,763**

Reductions in the value of inventories to their net realisable value amounted to 7,563 thousand euros at 31 December 2021 (10,123 thousand euros at 31 December 2020).

At 31 December 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 Euros	2021	2020
Cash and current account balances	267,445	290,915
Cash equivalents	93,620	56,070
Total	**361,065**	**346,985**

The balance of "cash equivalents" reflects the deposits maturing at under three months, in Argentina and Brazil.

11. EQUITY

11.1. Capital

At 31 December 2021 DIA's share capital was 580,655,340.79 euros, represented by 58,065,534,079 shares of 0.01 euros par value each, subscribed and fully paid up. The shares are freely transferable.

At the General Shareholders' Meeting of the Parent Company held on 31 May 2021, a Share Capital Increase was agreed as the main element in the Global Operation, as explained in Note 1, for an effective amount up to 1,027,751,102 euros, by issuing and releasing 51,387,555,100 new ordinary shares of a par value of 0.01 euros each, with a share premium of 0.01 euros per share, i.e. for an effective amount of 0.02 euros per share (par plus premium), separated into (a) one first tranche through the offsetting of credits of the controlling shareholder L1R Invest1 Holdings S.à r.l. against the Parent Company for a total amount of 769,200,000 euros, and (b) a second tranche of monetary contributions, reserved in the first instance for subscription by the remaining shareholders, amounting to 258,551,102 euros.

Following approval of the Capital Increase Information Prospectus by the Spanish National Securities Market Commission on 9 July 2021 and the subscription performed during the different periods (preferential subscription and additional award), on 4 August 2021 the Company announced the full subscription of the Capital Increase. On 6 August 2021, the date on which the debts subject to conversion into capital become liquid, due and payable, a public deed was executed recording the Capital Increase, duly registered with the Companies Register of Madrid on 9 August 2021, representing the issue of 51,387,555,100 new shares of a par value of 0.01 euros, with a share premium of 0.01 euros.

As a result of this Capital Increase, the new share capital of the Parent Company has increased to 580,655,340.79 euros, divided into 58,065,534,079 shares of a par value of 0.01 euros each. The listing of the new shares takes effect on 13 August 2021.

L1R has subscribed a total of 40,122,542,579 new shares, representing 78.08% of the total amount of the Capital Increase, for a total cash amount of 802,450,851.58 euros. As a result, the stake held by L1R in the capital stock of the Parent Company has increased from the 74.82% held prior to the Capital Increase to 77.70% following its conclusion.

At 31 December 2020 DIA's share capital was 66,779,789.79 euros, represented by 6,677,978,979 shares of 0.01 euros par value each, subscribed and fully paid up. The shares are freely transferable.

The Parent company 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 controlled approximately 0.0947% of the Parent Company's share capital.

According to the same public information recorded with the Spanish National Securities Market Commission (CNMV), the most significant shareholdings at the reporting date of these annual accounts are as follows:

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

11.2. Share premium

The DIA share premium at 31 December 2020 was 544,997,021.94 euros, corresponding to 6,055,522,466 shares with a share premium of 0.09 euros.

As a result of the Capital Increase completed in August 2021, the DIA share premium increased by 513,875,551 euros, corresponding to 51,387,555,100 new shares issued with a share premium of 0.01 euros.

As a result, at 31 December 2021 the DIA share premium was 1,058,872,572.94 euros, corresponding to 6,055,522,466 shares with a share premium of 0.09 euros and 51,387,555,100 shares with a share premium of 0.01 euros.

11.3. Accounting treatment of the first tranche of the Capital Increase through offsetting credits of the majority shareholder

On 6 August 2021, when the debts subject to capitalisation became liquid, due and enforceable and the public deed of capital Increase was executed, the Parent Company registered the capital increase operation of 1,027,751,102 euros, applying the following accounting treatments to the consolidated accounts of the Parent Company with regard to the first tranche of offsetting credits of the majority shareholder L1R Invest1 Holdings S.à r.l. against the Parent Company for a total amount of EUR 769,200,000 euros.

International regulations governing the accounting treatment of debt capitalisation transactions (IFRIC19) provide that issued shares are measured at fair value, unless that value cannot be reliably determined. However, its scope excludes capitalisation operations with shareholders and operations between parties under common control. As there are no specific regulations in these cases, the Parent Company has chosen to value the equity provided at the fair value of the debts cancelled and to record the result of the difference between the fair value and the carrying value of the debt cancelled as a financial result in the profit and loss account.

Prior to capitalisation, the Parent company accrued all expenses pending incurred from the debt. On 6 August 2021, the Parent Company estimated the fair value of the credits to be capitalized, discounting the future flows of the debt at a market IRR obtained internally. A notional credit rating is assigned to the Parent Company based on the financial statements prior to the capital increase operation and an IRR of a debt with a credit rating and similar maturity is taken into account for the purposes of calculating the fair value of the credit to be capitalised. The difference between the net book value and the fair value of the credits to be capitalised is recorded as a financial result. The amounts recorded in Share Capital and Share Premium must be recorded at the nominal value of the debts, and any difference with fair value is recorded in Reserves.

Adviser expenses and fees related to the capital increase were recorded as reduced Reserves.

The summary of total impacts on the Consolidated Shareholder Equity arising from the increase are as follows:

Share Capital and Share Premium (769.2+258.6)			**1,027.8**
Impact on PL by accrual outstanding expenses			(6.1)
Impact on PL by difference between Net Book Value and Fair Value			3.2
	SS Facility	(6.8)	
	Bonds 2023	10.0	
Impact in reserves by difference between Net Book Value and Fair Value			(3.2)
	SS Facility	(6.8)	
	Bonds 2023	(10.0)	
Impact in reserves for consultants fees			(1.2)
Total Impact Capital Increase in Consolidated Shareholders Equity			**1,020.5**

11.4. Reserves and retained earnings

Details of reserves and retained earnings are as follows:

Thousands of Euros	2021	2020
Other reserves non available	1,867	15,170
Other reserves	(1,187,804)	(830,557)
Profit attributable to equity holders of the parent	(257,331)	(363,788)
Total	**(1,443,268)**	**(1,179,175)**

The application of the Company´s 2020 losses ultimately approved by the General Shareholders' Meeting on 31 May 2021 was to take 2020 losses (Euros 264,719,596.21) to prior year´s losses.

11.5. Own shares and other own equity instruments

a) Own shares

During the 2021 financial year 409,177 shares valued at 2,395 thousand euros were handed over by way of remuneration to the Directors. The difference between the value of the shares handed over and the value of own shares, amounting to a negative amount of 2,346 thousand euros, has been taken to voluntary reserves.

During the 2021 financial year, 28,332,781 shares were acquired, amounting to 474,177.48 euros.

At 31 December 2021 the Company holds 28,908,084 own shares of the Parent with an average purchase price of Euros 0.1329 per share, representing a total amount of Euros 3,842,015.22.

b) Other own equity instruments

At 31 December 2021, Other equity instruments includes the reserve for deferred remuneration in shares for non-proprietary directors (see Note 15).

11.6. Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to the Parent by the weighted average number of ordinary shares outstanding throughout both years, excluding own shares.

	2021	2020
Average number of shares	**58,041,123,969**	**6,676,983,717**
Profit for the period in thousands of Euros	(257,331)	(363,788)
Profit per share in Euros	(0.004)	(0.054)

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

	Weighted average ordinary shares in circulation at 31/12/2021	Ordinary shares at 31/12/2021	Weighted average ordinary shares in circulation at 31/12/2020	Ordinary shares at 31/12/2020
Total shares issued	58,065,534,079	58,065,534,079	6,677,978,979	6,677,978,979
Own shares	(24,410,110)	(28,908,084)	(995,262)	(984,480)
Total shares available and diluted	**58,041,123,969**	**58,036,625,995**	**6,676,983,717**	**6,676,994,499**

There are no equity instruments that could have a dilutive effect on earnings per share. Therefore, diluted earnings per share are equal to basic earnings per share.

11.7. Translation differences

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

Thousands of euro	2021	2020
Argentina	(47,972)	(76,996)
Brazil	(51,292)	(47,288)
Total	**(99,264)**	**(124,284)**

12. FINANCIAL LIABILITIES

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

Thousands of Euros	2021	2020
Non-current liabilities		
Non-current borrowings	1,023,183	1,625,790
Other non-current financial liabilities	-	2,306
Current liabilities		
Current borrowings	272,454	589,032
Trade and other payables	1,274,834	1,183,353
Other financial liabilities	220,945	171,644
Total financial liabilities	**2,791,416**	**3,572,125**

12.1. Borrowings

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

At 31st december 2021	Total	Current 1 year	2 years	3 years	4 years	5 years	> 5 years	Non Current Total
Debentures and bonds	**31,267**	**467**	-	-	-	30,800	-	**30,800**
Syndicated credits (Revolving credit facilities) (*)	**52,571**	**1,594**	-	-	50,977	-	-	**50,977**
Syndicated credits (Term loan) (**)	**392,842**	**-**	25,000	25,000	342,842	-	-	**392,842**
Other bank loans	**57,526**	**57,526**	-	-	-	-	-	**-**
Credit facilities drawn down	**187,109**	**3,170**	-	-	183,939	-	-	**183,939**
Finance lease payables (***)	**548,479**	**198,142**	154,552	91,462	43,460	17,052	43,811	**350,337**
Guarantees and deposits received	**14,667**	**916**	-	-	-	-	13,751	**13,751**
Other current borrowings	**11,176**	**10,639**	537	-	-	-	-	**537**
Total non-current borrowings	**1,295,637**	**272,454**	**180,089**	**116,462**	**621,218**	**47,852**	**57,562**	**1,023,183**

A 31 de diciembre de 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	**186,667**	**3,158**	-	183,509	-	-	-	**183,509**
Finance 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 current 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 31 December 2021, amounting to 8,238 thousand euros (3,702 thousand euros at 31 December 2020), are deducted from the balance of the "Syndicated Credit (Revolving credit facilities)" heading. Additionally, the increase in the fair value adjustment of non-current debt pursuant to IFRS9 is included for an amount of 2,516 thousand euros.

(**) At 31 December 2021 the incremental costs associated with the new "Incremental SS Facility" amounting to 230 thousand euros were deducted from the amount of the "Syndicated credit (Term Loan)" heading.

(**) The finance lease liability amount resulting from the application of IFRS 16 stands at 530,445 thousand euros at 31 December 2021 (current: 190,412 thousand euros and Non-Current: 340,033 thousand euros). In 2020, the amount was 591,492 thousand euros (current: Euros 190,306 thousand and non-current: Euros 401,186 thousand).

a) Bonds

At 31 December 2020, the Parent Company had two bond issues pending amortisation:

- 2021 Euro Medium Term Notes for a principal aggregate amount of 300,000,000 euros with a coupon of 1.000% maturing on 28 April 2021 ("2021 Bonds"). DEA Finance held a principal amount of 2021 Bonds of 292,600,000 euros.
- 2023 Euro Medium Term Notes for a principal aggregate amount of 300,000,000 euros, with a coupon of 0.875% and due on April 6, 2023 ("2023 Bonds"). DEA Finance held a principal amount of 269,200,000 euros in 2023 Bonds.

On 6 April 2021, the Parent Company paid the interest on the fourth coupon of the 2023 Euro Medium Term Notes ("2023 Bonds"), amounting to 2,625 thousand euros.

As here detailed in Explanatory Note 1(c), of this condensed consolidated interim financial statements and as part of the Global Operation, a meeting of bondholders of the 2023 Bonds was held on 20 April 2021, and approved, subject to completion of the Global Operation, 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 Operation at a rate of 3.5% per annum (3% cash and 0.50% PIK) plus an additional increase in interest of 1% PIK in circumstances where applicable under the Syndicated Financing Agreement.

In addition, on 23 April 2021 the following agreements were implemented:

- L1R and the Parent Company agreed that the credit right of L1R under the 2021 Bonds that it holds in the amount of 292,600 thousand euros of principal, (the creditor position having previously been assigned by DEA Finance to L1R) would continue to exist, accrue interest and survive the maturity date of 28 April 2021, and the principal capital amount due thereunder wouldl be payable and enforceable for the purposes of capitalisation in the Capital Increase as part of the credit capitalisation tranche. The interest payable under the private debt instrument is 1.000% per annum and the amount of principal owed thereunder would be payable and enforceable for purposes of capitalisation in the Capital Increase as part of the first tranche of credit capitalisation.
- L1R and the Parent Company entered into a loan agreement for an amount of 7,400 thousand euros to finance the payment of principal payable by DIA under the 2021 Bonds not held by L1R (7,400 thousand euros). The principal amount of this loan would, by virtue thereof, would be payable and enforceable for the purposes of capitalisation in the Capital Increase as part of the First Credit Capitalisation Tranche.
- The Parent Company received a notice of assignment of the creditor position in favour of L1R under a private debt instrument originally issued in exchange for the 2023 Bonds held by DEA Finance amounting to 269,200 thousand euros. The interest payable under the private debt instrument is 0.875% per annum. The amount of principal owed thereunder would be payable and enforceable for purposes of capitalisation in the Capital Increase as part of the first tranche of credit capitalisation.

On 28 April 2021, the Parent Company proceeded to repay the 2021 Euro Medium Term Notes ("2021 Bonds") not owned by L1R for an amount of 7,400 thousand euros, with a coupon of 1.000% and a 5-year term expiring on that date, in addition to payment of the fifth and final coupon amounting to 74 thousand euros.

On 6 August 2021, the debts subject to conversion into capital indicated above became liquid, due and payable, and the public deed of Capital Increase was executed. On 2 September 2021, following fulfilment of all conditions precedent for the Global Operation, the amendment to the terms and conditions of the 2023 Bonds approved by the Board of Bondholders of the Company on 20 April 2021, comprising (a) the extension of the maturity date from 6 April 2023 to 30 June 2026, and (b) the increase in the coupon of the 2023 Bonds, with effect from 9 September 2021, to 3.5% per annum (3% cash and 0.50% PIK), plus an increase of 1% PIK in certain circumstances provided for in the syndicated finance agreement agreed within the context of the Global Operation (the SFA), took effect.

Therefore, the detail of bond issues that, as at 31 December 2021, are outstanding for amortisation and remain listed on the Irish Stock Exchange under a Euro Medium Term Note (EMTN) debt issuance programme is as follows:

Issuing Company	Issue date	Amount	Voucher	PIK	Maturity date
DIA, S.A.	07.04.2017	30,800	3.00%	0.50%	30.06.2026

The balance sheet value of these bonds is 31,267 thousand euros, as detailed in the table at the start of this note, corresponding to their nominal value for a total of 30,800 thousand euros and the coupon accrued.

b) Loans and borrowings

Multi-product Syndicated Financing and other credit facilities

On 31 December 2018, the Parent Company entered into a Syndicated Financing Agreement ("SFA") with different Syndicated Lenders for an amount of 895 million euros. The maturity date for this arrangement was set at 31 May 2019, with the exception of some of the revolving credit facility tranches for which the maturity date was set in 2020 and 2022.

In January 2019, certain Syndicated Lenders joined the Original Syndicated Financing Agreement, increasing the total amount by 17 million euros, i.e. up to a total amount of 912 million euros.

On 25 March 2019, the Original Finance Agreement was amended in order to redistribute certain tranches, with the total amount of the finance remaining the same.

On 17 July 2019, following settlement of the public takeover offer launched by L1R, the Parent Company renegotiated the Original Syndicated Financing Agreement with its Syndicated Lenders and signed the Modified Syndicated Financing Agreement, increasing the total amount by 61 million euros, in other words up to a total amount of 973.2 million euros. The Amended Syndicated Financing Agreement provided, inter alia:

- The extension of the maturity date of the Senior Tranches of the Syndicated Financing Agreement in the amount of 902.4 million euros (after allocating 9 million euros from the Original Syndicated Financing Agreement to the Super Senior Supplier Tranche), until 31 March 2023;

- The granting by the Syndicated Lenders of a Super Senior Financing of suppliers amounting to 70.8 million euros (of which, as indicated above, 9 million euros correspond to the Original Syndicated Financing Agreement), maturing on 17 July 2021, with the option of an extension for an additional year;

- The execution of a Hive Down operation, whereby the Parent Company undertook, subject to certain exceptions, to transfer its business, assets, liabilities and contracts (both in Spain and in Portugal, Brazil and Argentina) to certain subsidiaries in Luxembourg and Spain, whose shares, bank accounts and accounts receivable were to be pledged in favour of the Syndicated Lenders;

- The assignment by the Parent Company of the debtor position under the Super Senior Financing and certain tranches of the Senior financing facilities to the Spanish subsidiary indirectly owned by the Company, at this time, DIA Retail España, S.A.U. and the assignment by the Parent Company of the debtor position under the remaining tranches of the Senior Financing (which were not assigned to DIA Retail España, S.A.U.) to the Spanish subsidiary indirectly owned by the Company, DIA Finance, S.L. ("DIA Finance");

- A commitment by LetterOne Group to provide, or cause a third party to provide, DIA Finance with a Super Senior loan (the "SS Facility") for a total amount of 200 million euros, with an applicable annual rate of 7% interest, which was finally provided by DEA Finance on 30 January 2020, maturing on 17 July 2022; and

- Execution of the increase in share capital performed on 25 November 2019, ultimately amounting to 605.5 million euros (of which 60.5 million euros correspond to share capital 544.9 million euros to the share premium).

On 17 June 2021, the Syndicated Lenders extended the maturity of the Super Senior Supplier Credit until July 2022. Notwithstanding the above, the Company and the Syndicated Lenders agreed, as part of the Global Operation, to prepay 35 million euros of the Super Senior Supplier Tranche from the date of effect of the Global Operation.

Global Operation

On November 30, 2020, the Parent Company, L1R, DEA Finance and their Syndicated Lenders reached an agreement regarding a comprehensive capitalisation and refinancing transaction, the Global Transaction, in order to provide a stable, long-term capital structure for the Parent Company and the Group, the effectiveness of which was subject to the fulfilment of certain conditions preceden no later than (i) 18 December 2020 in some cases and (ii) 28 April 2021 in other cases.

On 18 December 2020 the Group signed an Implementation Agreement with the Syndicated Lenders, modifying the main terms and conditions of the Syndicated Financing Agreement, which will take effect at the moment when the conditions precedent are fulfilled.

New Updated Syndicated Financing Agreement

On 24 March 2021, following negotiations between L1R, DEA Finance, the Syndicated Lenders and DIA Group, reached a new agreement(“Lock-Up Agreement”), replacing the previous, providing a path for a comprehensive refinancing and capitalisation operation (the “Global Operation”) with the aim of achieving a stable, long-term capital structure for the Parent Company and its Group.

The Global Transaction, once effective, involves modification and recasting the Group’s 973 million euro Syndicated Financing Agreement in the form of an Updated Syndicated Financing Agreement that includes the following main elements (conditional upon each other):

- An increase in shareholder equity amounting to 769,200 thousand euros, releasing the DIA Group from an equivalent amount of financial debt, in particular:
    - The debt under the SS Facility of 200,000 thousand euros granted by DEA Finance in favour of DIA Finance was transferred in April 2021 to the Parent Company;
    - The debt under the bonds issued by DIA for a principal aggregate amount of 300,000 thousand euros with a 1.000% coupon and maturing on 28 April 2021 (“2021 Bonds”), which in April 2021 was converted into a loan with L1R;
    - The debt under the bonds issued by DIA for a principal aggregate amount of 269,200 thousand euros, owned by DEA Finance and subsequently transferred by DEA Finance to L1R, with a coupon of 0.875%, maturing on 6 April 2023.
- Extension of the maturity date of the Senior Facilities for an amount of 902,426 thousand euros from 31 March 2023 to 31 December 2025;
- Repayment of (a) up to 35,000 thousand euros of the super senior supplier facility commitments once the operation is effective, and (b) the remaining amount of the Supplier Finance Facility Commitments (i.e. at least 35,793 thousand euros) no later than 17 July 2022, reducing the amount of repayments to which each Syndicated Creditor is entitled by an amount equal to the amount by which the Bilateral Line entered into by such Syndicated Creditor is permanently reduced or cancelled, on or before the date on which such repayment is to be made;
- Extension of the due date of the Bilateral Facilities owed by DIA or any of its subsidiaries to the Syndicated Lenders to a later date satisfactory to the Parent Company, and in any case on terms that are substantially consistent with each Bilateral Facility agreement in question;
- Increase in the total amount of the Syndicated Facility available for use through reverse factoring facilities or bilateral credit facilities by an amount equal to (a) the amount by which the Supplier Facility Commitments are reduced and cancelled from time to time (without such increase entailing an increase in the total aggregate

amount of the Syndicated Financing) and conversion of certain RCF commitments into term loan commitments; (b) a Super Senior Incremental Facility ("SS Incremental Facility") is applicable in the form of reverse factoring, bilateral facilities, revolving credit facilities or loans based on the amount received by the Parent Company in the cash tranche of the Capital Increase, based on the following table:

Cash proceeds received by DIA in the Capital Increase	Incremental facility commitments
Equal to or less than EUR 50 million	-
Greater than EUR 50 million but less than EUR 100 million	15 million euros
Equal to or greater than EUR 100 million but less than EUR 150 million	30 million euros
Equal to or greater than EUR 150 million but less than EUR 200 million	40 million euros
Equal to or greater than EUR 200 million	50 million euros

Said SS Incremental Facility of up to 50,000 thousand euros will have a super senior range (in other words, it will be senior to the Senior facilities and the commitments of the Supplier Facility) will be subject to a maximum margin of 7%, and the remaining 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 258.6 million euros, and as a result the SS Incremental Facility amounted to 50 million euros.

- Elimination of the annual cash sweep from excess free cash flow, which would otherwise apply from the second quarter of 2022;
- Amortisation of 25,000 thousand euros for Senior Facilities on 31 March 2023 and 25,000 thousand euros on 31 March 2024. Reducing the amount of these Advance Repayments to which each Syndicated Creditor is entitled by an amount equal to the amount by which the Bilateral Facility entered into by such Syndicated Creditor is permanently reduced or cancelled, on or before the date on which such Advance Repayment is to be made. Said possible reduction in the amount of the Advance Repayments will not apply if the Restated EBITDA (as defined in the Syndicated Financing Agreement) corresponding to the financial year prior to the date when the Advance Repayment is to be made is greater than 300,000 thousand euros;
- Initial reduction of the additional super senior debt basket currently in existence under the Syndicated Financing Agreement (the “Additional Super Senior Debt Basket”) from 380,000 thousand euros to 75,000 thousand euros plus any amount of the Supplier Finance Facility Commitments not yet repaid by the Group. Any amount borrowed under the SS Incremental Facility would count for the purposes of the Additional Super Senior Debt Basket of 75,000 thousand euros;
- Elimination of the additional 400,000 thousand euro senior and junior debt basket (the “Additional Senior and Junior Debt Basket”) which was intended, inter alia, for the refinancing of the 2021 Bonds;
- Increase of the applicable interest margin in favour of the Syndicated Lenders under the Senior Facilities from 250 basis points per year to the lower of the following: (a) margin of 325 basis points per annum; or (b) 300 basis points per annum provided that (i) the principal amount of the 2023 Bonds originally held by DEA Finance, which were subsequently transferred by DEA Finance to L1R and finally replaced by a private debt replacement instrument for capitalisation purposes in the First Capital Increase Tranche in the amount of 269 million euros in the Capital Increase, and (ii) the amount of cash proceeds received by DIA in the Second Capital Increase Tranche, is equal to or greater than 125 million euros; with the margin finally set at 300 basis points per annum.
- Ratchet increase of 125 basis points per year PIK of the margin over the interest of the Syndicated Lenders in the event that (a) the leverage ratio corresponding to the 12-month period ending on 31 December 2022 and/or 30 June 2023 is greater than 3.25:1, and (b) the leverage ratio corresponding to each 12-month period ending thereafter on 31 December and 30 June is greater than 2.50:1, such increase ceasing to apply in the event that the leverage ratio falls below the applicable threshold on any of the subsequent verification dates;
- Obligation to deliver to the Syndicated Lenders, as a condition of the closing of the Transaction, of a financial forecast for the years 2021 and 2022, and obligation to deliver an updated business plan (including the years 2023, 2024 and 2025) no later than 31 December 2022 (the “Updated Business Plan”);
- Update of the financial covenants of the Parent company on the basis of the Updated Business Plan, the leverage covenant of the Parent Company for the years 2023 to 2025 being equal to or lower than the leverage covenant included in the existing business plan of the Parent Company for the year 2022 (5.60:1);
- Extension of permitted debt baskets, equity investments, to allow certain DIA group investments in Portugal and Argentina (in addition to Brazil), and permitted divestments;

- Elimination of certain cash sweep obligations from foreign operating subsidiaries in excess of certain agreed minimum cash levels currently covered by the SFA;
- Increase in the maximum permitted disposal by the Group, which means that from the 2021 financial year to the 2025 financial year, the Group will be able to sell a maximum of 40 million euros in assets per year;
- Acknowledgement that the Group's Hive Down obligations under the Syndicated Financing Agreement have been fully satisfied and that the Group has no further obligation to take further action with respect to the Hive Down except for:

    - the transfer of any assets of the Group (other than shares in other subsidiaries) that have not been transferred to DIA Retail España, S.A. under application of one or more of the restrictions agreed under the Syndicated Financing Agreement. The Group must seek to implement to the extent that all restrictions cease to apply;

    - the transfer of the shares held by the Parent company in its Portuguese subsidiary to the corresponding fully-owned Luxembourg company. The Parent company will use its best efforts to seek to implement this as soon as possible, once the legal, regulatory or fiscal impediments preventing such transfer cease to apply; and

    - the transfer of the shares held by the Parent Company in its Brazilian and Argentine subsidiaries to the relevant fully-owned Luxembourg companies. The Parent Company must seek to implement to the extent that there is a change in the law or the applicable tax regime that allows the relevant shares to be transferred free of charge); and

- Obligation (a) to submit to the competent Spanish court the request for judicial approval of an ad hoc refinancing agreement to be entered into, among others, between the Group and the Syndicated Lenders, and (b) to make reasonable efforts to obtain the order for approval of the ad hoc refinancing agreement from the competent Spanish court, but without guaranteeing or committing to any result.

On 2 September 2021, the following points were executed:

- The amendment and restating of the Syndicated Financing Agreement ("SFA") was formalised, by virtue of which, with effect from this aforementioned date, (i) the maturity date of Facilities A-F, has been extended amounting to a total of 902,426 thousand euros (the "Senior Facilities") 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 year, (iii) they have been extended and ratified from the existing guarantee package, and iv) the other terms and conditions of the SFA have been amended.
- In fulfilment of the obligations imposed in the syndicated financing, the Group has made the committed partial prepayment of an amount of 30,550 thousand euros of the super senior supplier facility and 4,450 euros of the loan owed by DIA Portugal.
- In addition, making use of the basket of new additional Super Senior facilities permitted ("SS Incremental Facilities") agreed with the Syndicated Lenders within the context of the Global Operation, DIA Retail España, S.A.U. signed with some of the Syndicated Lenders certain reverse factoring agreements and term loans for a total amount of 50,000 thousand euros ("Super Senior Incremental Facility"), with a margin of 5.00% per year, providing the DIA Group with additional liquidity for its business amounting to 50,000 thousand euros.
- Signature of an ad hoc refinancing framework agreement for the sole purpose of requesting (following the effectiveness of the Global Operation) judicial approval in Spain of said ad hoc refinancing agreement.

On 1 December 2021 a ruling was obtained approving the ad hoc refinancing agreement by the competent Spanish court.

Other Terms & Conditions

Financial covenants

The general terms and conditions described below have remained unchanged between the Syndicated Financing Agreement:

- Financial Leverage Ratio: this ratio will be 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.

- 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 Covenants Plan delivered in December 2019.

As described in the previous point, the Parent Company has the obligation to deliver the Updated Business Plan to the Syndicated Lenders by 31 December 2022, to serve as the basis for, inter alia, defining the financial covenants of the Parent Company for the years 2023 to 2025 equal to or lower than the leverage covenant included in the existing business plan of the Parent Company for financial year 2022 (5.60:1).

Guaranties

The security obligations of the Parent Company remain unchanged in the updating of the Syndicated Financing Agreement (SFA), as follows:

- Personal guarantee from DIA, DIA Retail España, S.A., Beauty By DIA, S.A., Pe-Tra Servicios a la Distribución, S.L. and Grupo El Árbol Distribución y Supermercados, S.A.
- Pledge on shares owned by DIA in Luxembourg Investment Company 317 S.à r.l. and DIA Brazil Sociedade Ltda.
- Pledge on shares owned by Luxembourg Investment Company 317 S.à r.l. in Luxembourg Investment Company 318 S.à r.l.
- Pledge on shares owned by Luxembourg Investment Company 318 S.à r.l. in DIA Finance, S.L.
- Pledge on shares owned by DIA Finance, S.L. in Luxembourg Investment Company 319 S.à r.l.
- Pledge on shares owned by Luxembourg Investment Company 319 S.à r.l. in Luxembourg Investment Company 320 S.à r.l., Luxembourg Investment Company 321 S.à r.l., Luxembourg Investment Company 322 S.à r.l., and Luxembourg Investment Company 323 S.à r.l.
- Pledge on shares owned by Luxembourg Investment Company 320 S.à r.l. in DIA Retail España, S.A.
- Pledge on shares owned by DIA and Luxembourg Investment Company 322 S.à r.l. in DIA Portugal Supermercados, S.A.
- Pledge on shares owned by DIA Retail España, S.A. in Beauty By DIA, S.A., Grupo El Árbol Distribución y Supermercados, S.A., Pe-Tra Servicios a la Distribución, S.L. and DIA World Trade SA.
- Personal guarantee by DIA World Trade, S.A.
- Pledge on shares owned by DIA and Pe-Tra Servicios a la Distribución S.L. in DIA Argentina, S.A.
- Pledge on receivables arising from financing contracts between Group companies granted by Parent Company.
- Pledge on current accounts held by the DIA, DIA Retail España, S.A., Beauty By DIA, S.A., Pe-Tra Servicios a la Distribución, S.L and DIA Finance, S.L.
- Mortgage guarantees on certain real estate assets located in Spain and guarantees on certain intellectual property rights registered in Spain.
- Pledge on credit rights over determined loans between Group companies in which DIA Finance, S.L. and/or Luxembourg Investment Company 317 S.à r.l., Luxembourg Investment Company 318 S.à r.l., Luxembourg Investment Company 319 S.à r.l., sobre Luxembourg Investment Company 320 S.à r.l., Luxembourg Investment Company 321 S.à r.l., Luxembourg Investment Company 322 S.à r.l. and Luxembourg Investment Company 323 S.à r.l. are creditor.

- Pledge on the current bank accounts of Luxembourg Investment Company 317 S.à r.l., Luxembourg Investment Company 318 S.à r.l., Luxembourg Investment Company 319 S.à r.l., Luxembourg Investment Company 320 S.à r.l., Luxembourg Investment Company 321 S.à r.l., Luxembourg Investment Company 322 S.à r.l. and Luxembourg Investment Company 323 S.à r.l.

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

Debt baskets

The Syndicated Financing Agreement in force at 31 December 2021 allows the Group to incur some financial debt in addition to the existing debt:

- “Additional Super Senior Financing” provided that the total amount of the Super Senior Debt does not exceed 75,000 thousand euros (the limit prior to the Syndicated Financing Agreement as amended on 2 September 2021 was 380,000 thousand euros) plus any amount of the Supplier Finance Facility Commitments not yet repaid by the Group. Any amount borrowed under the SS Incremental Facility would count for the purposes of the Additional Super Senior Debt Basket of 75,000 thousand euros;

In this regard, and in addition to the Super Senior Supplier Tranche amounting to 40,242 thousand euros, on 2 September 2021 the Group formalised a Super Senior financing agreement agreed for an amount of up to 50,000 thousand euros with various Syndicates Lenders.

The borrower under the Super Senior Supplier Tranche and the SS Incremental Facility financing are DIA Retail España, S.A.; DIA Finance S.L. will also be the borrower of any additional Super Senior Debt.

The Financing Agreement formalised with the Syndicated Lenders establishes that the amounts granted under the Super Senior Supplier tranche, and any other Super Senior Additional Debt, are classified as pari passu regarding one another, and with seniority over the other tranches of the Syndicated Financing Agreement.

In addition, in the new Syndicated Financing Agreement formalised on 2 September 2021, the Parent Company reached an agreement with the Syndicated Lenders, eliminating the additional senior and junior debt basket of up to 400,000 thousand euros that was intended, among others, to refinance the 2021 Bonds.

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

Other commitments

The Financing Agreement includes certain commitments and obligations, including the following:

- Not to distribute Parent company dividends to shareholders without the agreement of the Syndicated Lenders until the debt held with them has been repaid in full.
- Personal obligations to act and not act and handover of information as typical in this type of financing operation in accordance with the Company's current rating, such as, example, restrictions on the Parent Company granting encumbrances or rights of guarantee over assets, selling or disposing of certain assets, performing sale/leaseback transactions, modifying the Group's line of business, mergers and consolidations with other companies, transactions with subsidiaries and restricted payments (including dividends, swaps, reimbursements and prepayments of loans to members of the Group). If the Parent Company wishes to breach any of these commitments, it would require the prior consent of Syndicated Lenders whose commitments account for more than 75% of the total commitments.
- At least 80% of the Group's cash must be held in bank accounts subject to guarantees securing the financing and held by Syndicated Lenders (if applicable) providing cash deposit services in the jurisdiction in which the Group company operates.

- The Syndicated Financing Agreement likewise includes typical commitments, which, among others, include (i) authorisations, (ii) legal compliance, (iii) sanctions and anticorruption, (iv) taxes, (v environmental compliance, and (vi) applicable registration requirements.

Applicable law

The Syndicated Financing Agreement is governed by English law and is subject to the jurisdiction of the English courts (except where local law would be appropriate for the surety documents).

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 31 December 2021 and 31 December 2020:

At 31st december 2021	Limit	Amount used	Conf/Fact	Amount avaible
DIA RETAIL	**623,002**	**294,873**	**181,361**	**146,768**
Loan Facility (Term loan) - Syndicated Financing	***119,144***	***119,144***	-	-
Tranche A	*31,969*	*31,969*	-	-
Tranche B	*87,175*	*87,175*	-	-
Revolving Credit Facility (RCF) - Syndicated Financing	***26,031***	***1,594***	-	***24,437***
Super Senior Supplier Tranche	*1,594*	*1,594*	-	-
Tranche A	*3,784*	-	-	3,784
Tranche B	*20,653*	-	-	20,653
Credit Facility - Syndicated Financing	***294,145***	***174,135***	-	***120,010***
Credit Lines	***14,500***	***793***	-	***13,707***
*Tranche B**	*14,500*	*793*	-	*13,707*
Credit Lines which may be utilised as reverse factoring	***235,423***	***129,289***	-	***106,134***
Tranche A	*51,607*	-	-	*51,607*
Tranche B	*82,816*	*29,063*	-	*53,753*
Tranche C	*101,000*	*100,226*	-	*774*
Credit Lines which may be utilised as factoring	***44,222***	***44,053***	-	***169***
Tranche D	*44,222*	*44,053*	-	*169*
Reverse Factoring - Syndicated Financing	***183,682***	-	***181,361***	***2,321***
Super Senior Supplier Tranche	*38,648*	-	*36,494*	*2,154*
Tranche C	*141,687*	-	*141,584*	*103*
Tranche F	*3,347*	-	*3,283*	*64*
DIA FINANCE	**317,666**	**317,591**	-	**75**
Loan Facility (Term loan) - Syndicated Financing	***251,088***	***251,088***	-	-
Tranche D	*251,088*	*251,088*	-	-
Revolving Credit Facility (RCF) - Syndicated Financing	***56,699***	***56,699***	-	-
Tranche D	*31,699*	*31,699*	-	-
Tranche F	*25,000*	*25,000*	-	-
Credit Facility - Syndicated Financing	***9,879***	***9,804***	-	***75***
Credit Lines which may be utilised as reverse factoring	***9,879***	***9,804***	-	***75***
Tranche D	*9,879*	*9,804*	-	*75*
DIA S.A.	**2,000**	-	-	**2,000**
Credit Facility - Syndicated Financing	***2,000***	-		***2,000***
Credit Lines	***1,000***	-	-	***1,000***
Tranche B	*1,000*	-	-	*1,000*
Credit Lines which may be utilised as reverse factoring	***1,000***	-	-	***1,000***
Tranche B	*1,000*	-	-	*1,000*
Total Multiproduct Syndicated Financing	**942,668**	**612,464**	**181,361**	**148,843**
DIA RETAIL	**50,000**	**22,840**	**24,861**	**2,299**
Loan Facility (Term loan) - Syndicated Financing	***50,000***	***22,840***	***24,861***	***2,299***
Loan Facility (Term loan)	*22,840*	*22,840*	-	-
Credit Lines reverse factoring	*27,160*	-	*24,861*	*2,299*
Total Multiproduct Syndicated Financing	**50,000**	**22,840**	**24,861**	**2,299**
Other Credit lines (not included in syndicated credits)	**5,389**	**3,170**	-	**2,219**

(*) 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

The credit facilities not included under syndicated credits for an amount of 5,388 thousand euros at 31 December 2021 (the amount drawn down being 3,170 thousand euros) and 3,158 thousand euros at 31 December 2020 (drawn down in full) refer to certain credit facilities maintained with financial institutions on the part of DIA Brasil Sociedade Limitada, all of which mature during the 2022 financial year.

Financial covenants

Under the financing Agreement in force as of 31 December 2021, the Group must meet 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 Syndicated Lenders on 27 December 2019, establishing the following limits:

Thousands of Euros	2020	2021	2022	2023
Covenat Level	1,025.9x	14.2x	5.6x	4.2x

At 31 December 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 < 14.2x

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 condensed consolidated interim financial statements.

- **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 total 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 31 December 2021, the Company has met the established ratios.

Loans with the majority shareholder and other bank borrowings

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

At 31st December 2021			
Type	Owner	Currency	Current 1 year
Loan	DIA Portugal	Euros	**39,290**
Loan	DIA Brasil	Euros	**18,236**
	Other Loans		57,526

Type	Owner	Currency	Total	Current 1 year	No Current 2 years
Loan	DIA Finance	Euros	**199,171**	**-**	**199,171**
Loan	DIA Portugal	Euros	**8,300**	**8,300**	**-**
Loan	DIA Brasil	Euros	**65,647**	**64,682**	**965**
	Other Loans		273,118	72,982	200,136

Within the context of the Global Operation, the debt under the SS Facility loan of 200,000 thousand euros granted by DEA Finance in favour of DIA finance, for which L1R became the creditor, was transferred in April 2021 to the Company DIA. The amount transferred wass 200,893 thousand to long-term, and 1,166 thousand euros to short-term. These amounts include the interest accrued and not paid, at a rate of 7% per annum.

As indicated in Explanatory Notes 1 and 12 of this condensed consolidated interim financial statements, this debt was converted into capital as part of the first tranche of the Capital Increase implemented on 6 August 2021 within the context of the Global Operation, the balance at 31 December 2021 being zero.

In summary, by virtue of the Capital Increase undertaken during the 2021 financial year, the Company has been released from the following financial liabilities:

- 200,000 thousand euros that DIA owed to L1R by way of principal under SS Facility (super senior term loan facility);
- 292,600 thousand euros that DIA owed to L1R by way of principal under the bonds issued by DIA for an aggregate principal amount of 300,000 thousand euros with a coupon of 1.000%, maturing on 28 April 2021 (the "2021 Bonds");
- 7,400 thousand euros owed by DIA to L1R under a loan and grant by L1R in favour of DIA to finance (or refinance) payment by DIA of the principle of the 2021 Bonds to 2021 Bond holders other than L1R on 28 April 2021;
- 269,200 thousand euros that DIA owed to L1R by way of principal under the bonds issued by DIA for an aggregate principal amount of 300,000 thousand euros with a coupon of 0.875%, maturing on 6 April 2023 (the "2023 Bonds"), which were previously replaced by a private debt instrument.

During 2021 the following transactions were carried out:

- On 29 March 2021, DIA Brasil proceeded to repay two bilateral loans or amounts of 23,626 thousand euros, and 11,813 thousand euros. Furthermore, successive monthly repayments of loans were performed during the year, totalling 11,972 thousand euros.

- On 1 April 2021, DIA Portugal arranged a bilateral loan for 18 months, maturing on 30 September 2022, for an amount of 35,439 thousand euros.

- On 2 September 2021, DIA Portugal proceeded to repay an amount of 4,449 thousand euros of the aforementioned loan, the reduced amount of the loan thus being 30,990 thousand euros.

Accounting treatment of the refinancing operation for the syndicated finance and the 2023 Bonds

On 2 September 2021 the Company deemed all conditions precedent of the Global Operation of capitalisation and refinancing to have been completed, thus formalising the modification and re-establishment of the Syndicated Financing Agreement (SFA), under the terms of which (i) the maturity date of certain facilities is extended from 31 March 2023 to 31 December 2025, (ii) the applicable margin is increased from 2.5% to 3.0% per annum, and (iii) other terms and conditions of the SFA are modified.

The same date saw the entry into force of the modification of the terms and conditions of the 30.8 million euros of 2023 Dollars approved by the bondholder meeting of 20 April 2021, comprising (a) the extension of their maturity date from 6 April 2023 to 30 June 2026, and (b) an increase in the coupon with effect from 2 September 2021, to 3.5% per annum (3% in cash and 0.50% PIK).

The Company has followed the criteria established in International Financial Reporting Standard 9 - Financial Instruments ("IFRS 9") for the purpose of determining the accounting treatment to be applied in the annual consolidated accounts of the Group to the modification of the syndicated finance with a limit of 710.6 million euros of principal (excluding reverse factoring), and the 2023 Bonds not capitalised in the capital increase for an amount of 30.8 million euros.

As a result of the application of IFRS 9, the 2023 Bonds are considered to be a debt substantially different from the above, with the former debt being withdrawn and a new debt registered at fair value, recognising a financial result for the difference. The Company has determined that the fair value of the debt is in this case similar to the net book value of the original debt, such that the impact on the income statement is confined to recognition of a loss of 0.2 million euros as a result of the expenses capitalised through the formalisation of the original bonds, recognised as an expense at the time of the restructuring.

In the event of modification of the Syndicated Financing, the Company has recognised as expenses pending accrual prior to the refinancing of 6.1 million euros. As a result of the application of IFRS 9, the modification of the Syndicated Financing must be handled as a modification of the original debt, hence the adjustment applied to the book value of the debt, entailing the recognition of a financial charge of 3.6 million euros.

The costs of consultants and fees associated with the finalisation of the refinancing were recognised as professional fee expenses totalling 2.7 million euros.

Overall, the impacts derived from the refinancing of debt in the consolidated income statement amount to a loss of 12.6 million euros.

c) Finance lease payables

The details of finance lease payables and movement during 2021 and 2020 are as follows:

	Short-term debt	Long-term debt	Total
At 1st January 2020	**225,973**	**506,295**	**732,268**
Additions	-	169,177	169,177
Disposals	-	(49,079)	(49,079)
Interesest expenses	58,802	-	58,802
Transfers	211,438	(211,438)	-
Value update	-	29,377	29,377
Payments	(284,565)	-	(284,565)
Translation differences	(14,275)	(29,745)	(44,020)
A 31st December de 2020	**197,373**	**414,587**	**611,960**
Additions	-	200,088	200,088
Disposals	-	(55,328)	(55,328)
Interesest expenses	53,464	-	53,464
Transfers	220,284	(220,284)	-
Value update	-	12,236	12,236
Payments	(272,581)	-	(272,581)
Translation differences	(398)	(962)	(1,360)
At 31st December 2021	**198,142**	**350,337**	**548,479**

The debt regarding financial lease assets already in existence at 31 December 2018 and referring to certain commercial premises, technical installations, machinery and other fixed capital (transport elements) at 31 December 2021 amounts to 10,304 thousand euros in the long term (13,401 thousand euros in 2020), and 7,730 thousand euros in the short term (7,067 thousand euros in 2020).

12.2. Other non-current financial liabilities

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

Thousands of Euros	2021	2020
Other non-current financial liabilities	-	2,306
Total grants and other non-current financial liabilities	**-**	**2,306**

Other non-current financial liabilities at 31 December 2020 included 2,306 thousand euros relating to the debt with Caixa Bank for the purchase of 50% of the Finandia, S.A. on 19 July 2019. During the 2021 financial year this liability was transferred to short-term under Other current liabilities.

12.3. Trade and other payables

Details are as follows:

Thousands of Euros	2021	2020
Suppliers	1,028,935	1,012,854
Suppliers, other related parties	1,368	2,638
Advances received from receivables	2,771	2,355
Trade payables	213,377	146,441
Onerous contracts provisions	28,383	19,065
Total Trade and other payables	**1,274,834**	**1,183,353**

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

Trade and other payables do not bear interest.

At 31 December 2021 the Group has reverse factoring facilities with a limit of 249,621 thousand euros (31 December 2020: 248,299 thousand euros) of which 244,045 euros have been used (31 December 2020: 248,120 thousand euros).

	2021			2020		
Thousands of Euros	Limit	Amount used	Amount avaible	Limit	Amount used	Amount avaible
Reverse Factoring - Syndicated Financing (notes 12.1 b) y 18.2)	183,682	181,361	2,321	212,674	212,553	121
Reverse Factoring - Syndicated Financing (Term loan) (notes 12.1 b) and 18.2	27,160	24,861	2,299	-	-	-
Reverse Factoring - not included Syndicated Financing (note 18.2)	38,779	37,823	956	35,625	35,567	58
Total	**249,621**	**244,045**	**5,576**	**248,299**	**248,120**	**179**

The Group has registered the relevant provision for onerous contracts relating to the costs for terminating lease agreements with the stores/warehouses where either expected closure or expected negative cash flows have required an total impairment of their assets.

12.4. Other financial liabilities

Details of other financial liabilities are as follows:

Thousands of Euros	2021	2020
Personnel	56,732	84,625
Suppliers of fixed assets	116,894	54,133
Other current liabilities	47,319	32,886
Total other liabilities	**220,945**	**171,644**

Other current liabilities include deposits received from franchises for an amount of 41,932 thousand euros (29,253 thousand euros in 2020). The increase under this caption occurred because of the deposits demanded of franchisees that changed from the traditional model to the 2020 franchise model, in which the franchisee pays for the sale both of the initial stock and the recurrent sales, and not for the goods received and invoiced, in other words collection is performed in accordance with the cash generated at the franchisee's point of sale terminal. Upon termination of the contractual relationship with DIA, the amounts already paid and deposited by way of guarantee will be deducted from the franchisee's final debt. Also included as of 31 December 2021 is an amount of 2,306 thousand euros corresponding to the debt with Caixa Bank for the purchase transaction of 50% of the subsidiary Finandia S.A. on 19 July 2019 (1,500 thousand euros at 31 December 2020).

12.5. Estimations of fair values

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 necessary to reflect any difference in credit risk between the instruments commonly traded and the instrument being measured. The current bid price is used for assets held or liabilities to be issued and the asking price for assets to be acquired or liabilities held. If the Group has assets and liabilities with offsetting market risks, it uses mid-market prices for the offsetting risk positions and applies the bid or asking price to the net position, as appropriate.

▪ Level 2: When current bid and asking prices are unavailable, the price of the most recent transaction is used, adjusted to reflect changes in economic circumstances.

▪ Level 3: Otherwise, the Group applies generally accepted valuation techniques using, insofar as is possible, market data and, to a lesser extent, specific Group data.

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

Thousands of Euros	Loans and receivables	
	31/12/2021	31/12/2020
Financial assets		
Trade and other receivables	193,417	152,408
Other financial assets	66,651	60,901
Consumer loans from financial activities	1,010	1,407
Total	**261,078**	**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:

	Carrying amount			
Thousands of Euros	Debts and items payable		Fair value	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Financial liabilities				
Trade and other payables	1,274,834	1,183,353	-	-
Debentures and bonds	31,267	599,394	25,307	494,676
Syndicated credits (Revolving credit facilities)	52,571	136,193	-	-
Syndicated credits (Term loan)	392,842	387,289	-	-
Credit facilities drawn down	187,109	186,667	-	-
Bank loans and credits	57,526	273,118	-	-
Finance lease payables	548,479	611,960	-	-
Guarantees and deposits received	14,667	12,081	-	-
Other financial liabilities	232,121	182,070		-
Total	**2,791,416**	**3,572,125**	**25,307**	**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	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	11,529	2,156	7,624	6,047	16	**27,372**
Applications	-	-	(3,036)	(1,764)	-	**(4,800)**
Reversals	(319)	(3,784)	(2,443)	(5,829)	(71)	**(12,446)**
Transfers	-	74	(147)	147	-	**74**
Other movements	20	271	-	-	7	**298**
Translation differences	(150)	91	(168)	(174)	(13)	**(414)**
A 31st December de 2021	**26,038**	**34,498**	**10,002**	**22,805**	**1,069**	**94,412**
At 1 January 2020	**2,997**	**30,066**	**7,970**	**19,053**	**1,220**	**61,306**
Charge	12,158	10,122	6,657	14,740	64	**43,741**
Applications	-	(1,152)	(2,698)	(1,384)	-	**(5,234)**
Reversals	(82)	(1,682)	(1,388)	(5,584)	(88)	**(8,824)**
Transfers	-	-	(22)	22	-	**-**
Other movements	20	390	-	-	6	**416**
Translation differences	(135)	(2,054)	(2,347)	(2,469)	(72)	**(7,077)**
A 31st December de 2020	**14,958**	**35,690**	**8,172**	**24,378**	**1,130**	**84,328**

The provisions for long-term employee benefits in 2021 and 2020 relate mainly to the Long-Term Incentive Plans, as mentioned in Notes 3 and 15.

Tax allocations in 2021 arise essentially from estimates of provisions based on differences of judgment with the public authorities in Argentina, Brazil and Spain (in 2020 essentially in Brazil).

The tax provisions in 2020 were applied to the payment of settlements arising from inspections into the 2013, 2014 and 2015 tax years in Spain.

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

In 2021 and 2020, charges, applications and reversals of provisions for lawsuits filed by employees (related to social security contributions) include labour contingencies mainly in Brazil and Argentina.

With regard to legal provisions, in order to cover other disputes with third parties, in 2021 1,154 thousand euros were provisioned in Spain (643 thousand euros in 2020), in Portugal 1,370 thousand euros (645 thousand euros in 2020), in Argentina 2,408 thousand euros (1,113 thousand euros in 2020) and in Brazil 1,115 thousand euros (5,572 thousand euros in 2020). In addition, in 2020 6,767 thousand euros were provisioned in Spain corresponding to a dispute with the Food Information and Control Agency of the Ministry of Agriculture (the "AICA").

The reversals of legal provisions in both financial years were the result of contract risks which did not materialise, in Brazil for an amount of 2,726 thousand euros in 2021 (3,151 thousand euros in 2020), in Portugal for an amount of 970 thousand euros in 2021 (849 thousand euros in 2020), in Spain for an amount of 818 thousand euros in 2021 (997 thousand euros in 2020) and in Argentina for an amount of 1,315 thousand euros in 2021 (587 thousand euros in 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 ("ACIA") initiated a number of penalty procedures against the Company for alleged serious infringements under Law 12/2013 of 2 August 2013 on measures to improve the functioning of the food chain. On 13 March 2017, the Ministry of Agriculture, Fisheries, Food and Environment issued a resolution imposing penalties of 6.8 million euros on the Company for serious infringements in the acquisition of foodstuffs (the "Decision"). The Company appealed the Decision, first through administrative channels and later in the courts of law. On 3 June 2020 the National High Court notified the Parent Company of its decision dated 15 April 2020, rejecting the appeal filed by the Parent Company. An appeal for this resolution to be reversed can be filed before the Supreme Court. At the close of the 2021 financial year, the Parent Company filed a written submission with the Supreme Court preparing an appeal against the National High Court judgment. On 17 February 2021, the public law section of the Supreme Court issued a ruling admitting the appeal prepared by the Company, partially upholding the objective cassation interest of the claims included in the preparatory writ. On 31 March 2021, the Parent Company filed the corresponding cassation appeal on time. In judgment number 1529/2021 of 20 December 2021, the Public Law Chamber, Fifth Section of the Supreme Court, declared that there were no grounds and dismissing the appeal filed, thus confirming the judgment of 15 April 2020. At the date of preparation of these condensed consolidated interim financial statements, the Parent Company is awaiting the AICA to issue and send the letter of payment of the sanction.

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 High Court 6, Preliminary Proceedings 45/2019, disciplinary proceedings 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 proceedings, the beliefe being that if any sanction were to materialise, its economic impact would not in any event be significant.

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

At present, the total amount claimed by the AFIP is 808 million ARS (6.9 million euros). The public prosecutor has ordered 462 million ARS (3.9 million euros) to be deducted for amounts already paid by former franchisees. DIA Argentina, S.A., as joint and several debtor of the ex-franchisees, has requested to include the outstanding amount in the tax amnesty program existent in December 2020. If the benefits provided for in the amnesty are accepted and applied, DIA Argentina, S.A. estimated in December 2020 that the amount of the debt would be up to 170 million ARS (1.5 million euros), an amount recorded in the 2020 financial year which DIA Argentina, S.A. paid under the aforementioned tax amnesty programme proposed by the Government.

In December 2020, the prosecutor in this case requested the judge to proceed with the formal accusation against DIA Argentina, S.A. and certain of its current and former directors. This request remains unanswered by the court.

The judge in the criminal case has not yet summonsed the company, employees/directors or former employees/directors of the company, and has asked the AFIP to present a separate and justified opening of the settlement of the claimed debt (808 million ARS). This debt was challenged by DIA Argentina in the original administrative case in the same sphere within which inclusion in the tax amnesty was requested. Both issues are pending resolution at this date.

At 31 December 2021, an accounting provision amounting to 100 million ARS (0.9 million euros) was established.

Criminal proceedings before the Spanish National Court

On 14 January 2020, the Company became aware of the processing of Preliminary Proceedings 45/209 before the Court of Investigation 6 of the Spanish National High Court, in which the court was investigating certain events involving former executives of DIA. The aforementioned proceedings are derived from action brought by several of the Parent Company's minority shareholders, subsequently joined by 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 Company was also notified, at its request, of the ruling of 10 January 2020 issued by the above-mentioned Central Court of Investigation 6 of the National High Court in the same preliminary proceedings, determining the facts investigated, the crimes that might have been committed and the persons to be summonsed for investigation, in addition to other investigative measures to be conducted by the Court. Specifically, the ruling 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 of the foregoing, DIA requested that it be allowed to appear in the aforementioned proceedings as an injured party. By Judicial Order of 17 January 2020, the National High Court admitted the Parent Company as party to the proceedings.

Following the investigation proceedings deemed appropriate by the Central Court of Investigation, by means of two Rulings of 26 February 2021, the National High Court respectively decided to deny DIA the status of injured party in order to grant it subsidiary civil liability status, and to terminate the investigation phase and begin the intermediate phase prior to the oral trial phase (Abbreviated Proceedings Order).

Following notification of the Abbreviated Proceedings Order, on 9 March 2021 the Public Prosecution Office brought charges against the former executives who had been under investigation since January 2020 for an alleged ongoing offence of false accounting in the financial statements for the 2016 and 2017 financial years, claiming compensation for damages for DIA in the amount accredited from the evidence to be examined at the trial hearing. The representatives of the minority shareholders brought charges against the same persons for an alleged ongoing offence of false accounting. Said representatives filed a claim against the defendants, as well as DIA as party to subsidiary civil liability, for compensation provisionally quantified at 3,336,052.75 euros.

On 4 May 2021, the Central Court of Investigation agreed to open oral proceedings against the defendants and against DIA in its capacity as party to subsidiary civil liability. All the defence counsels, including DIA, submitted their respective defence pleadings. In response to this ruling, DIA filed an objection of nullity of proceedings, and following adhesion by the various defence counsels and the Public Prosecution Office, Central Court of Investigation 6 upheld this on 23 June 2021, definitively expelling the franchisee association (ASAFRAS) which had been the accusation in the proceedings.

The proceedings were referred to the Central Criminal Court, as it is the body responsible for prosecuting the events. The court issued an order to admit evidence on 26 November 2021 and set dates for the oral hearing stage to be held from September 2022.

Notwithstanding the above, in February and March 2021, in response to the aforementioned Orders of 26 February 2021, various petitions for reconsideration and appeal were lodged by the various defence counsels and the private accusation. All petitions for reconsideration were rejected by Central Court of Investigation 6. Meanwhile, with regard to the aforementioned appeals, the appeal lodged by the Parent Company seeking restitution of its injured party status was dismissed on 5 July 2021 by the National High Court, in accordance with the procedural status at the time in question. Meanwhile, by means of the ruling of 16 December 2021, the National High Court partially upheld one of the appeals of the defence counsels, and revoked the Abbreviated Proceedings Order on the basis that there was no evidence of any detriment to minority shareholders, returning jurisdiction to Central Court of Instruction 6 to continue the proceedings in the manner deemed appropriate.

As a result of the above, the Central Criminal Court suspended the oral trial phase, and the hearings scheduled from September 2022 onwards have been cancelled. Meanwhile, having again been assigned jurisdiction to hear the case, Central Court of Instruction 6 has thus far yet to issue the ruling as to the procedure for the continuation of the case.

Civil proceedings brought by minority shareholders

On 12 June 2020, the Company was notified of the filing of a civil lawsuit for damages by another individual minority shareholder, whereby the shareholder is claiming 110,605 euros in damages suffered, alleging a breach by the Company of the obligation to reflect a true and fair view of its equity in the 2016 and 2017 annual accounts, and the decrease in the share value within the context of the restatement of the Parent Company's annual accounts in 2018. The Company responded to the lawsuit in a timely and appropriate manner. On 25 June 2021, the first session of the trial proceedings was held, and ended on 19 July 2021. On 30 September 2021 a judgment was handed at first instance down rejecting the claim. On 9 November 2021, the Parent Company received notice of the appeal against the judgment at first instance. On 7 January 2022 the Parent Company proceeded to file its opposition to said appeal. This appeal is thus far pending a decision by the Provincial Court of Appeals of Madrid.

Other proceedings.

In addition to the above, the Company has other non-significant legal proceedings with third parties that are provisioned.

14. TAX ASSETS AND LIABILITIES AND INCOME TAX

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

Thousands of Euros	2021	2020
Non current tax assets	61,329	46,070
Taxation authorities, VAT	34,102	39,232
Taxation authorities	12,446	16,833
Current income tax assets	1,681	1,205
Total tax assets	**109,558**	**103,340**
Deferred tax liabilities	36,453	20,157
Taxation authorities, VAT	15,551	20,800
Taxation authorities	31,358	34,653
Current income tax liabilities	8,062	531
Total tax liabilities	**91,424**	**76,141**

Non-current tax assets correspond in their entirety to ICMS in Brazil for 386,995 thousand reals (61.329 thousand euros) at 31 December 2021 for the tax on the Circulation of Goods and Services, and tax on Purchases of Property, Plant and Equipment, equivalent to VAT in other jurisdictions. The short-term amount of this tax, amounting to 42,778 thousand reals (6.779 thousand euros), forms part of the caption "Public Tax Office, VAT receivable" at 31 December 2021.

The reconciliation between deferred tax (before consolidation offsets) and deferred tax recognised in the statement of financial position (following consolidation offsets) corresponds to the following:

	2021	2020
Capitalised tax loss carryforwards	-	2,018
+ Impuesto Diferido de Activo	29,742	30,376
Total deferred tax assets	29,742	32,394
Assets offset	(29,742)	(32,394)
Deferred tax assets	**-**	**-**
Deferred tax liabilities	66,195	52,551
Liabilities offset	(29,742)	(32,394)
Deferred tax liabilities	**36,453**	**20,157**

In 2019, based on the considerations published by the European Securities and Markets Authority (ESMA), the Group has eliminated all capitalised tax bases, except for those of DIA Argentina, and has only recognised deferred tax assets to the extent that there are deferred tax liabilities in the same jurisdiction.

In 2021, the Spanish companies Distribuidora Internacional de Alimentación, S.A. (parent) and 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) filed consolidated tax returns in 2020 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.

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 12,091 thousand (76,295 thousand reals) in relation to the discrepancy regarding the tax on income from supplier discounts, and the other for omission of income mainly from circulation of goods for an updated amount of 58,304 thousand euros (367,907 thousand 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. At the close of these accounts, DIA Brasil continues to await the trial at the administrative court of second instance - CARF. The external legal advisors continue to deem the likelihood of losing this case as remote.

As a result of the inspection proceedings closed in January 2019, DIA Brasil received a notification from the Brazilian tax authorities regarding the 2014 period, for an updated amount of 75,793 thousand euros (478,260 thousand Brazilian reals) regarding different items of the PIS and COFINS taxes. The Company presented a defence which was partially upheld in the administrative court of first instance - DRJ. On 25 November 2021, the Company submitted its Voluntary Appeal, which will be heard by the administrative court of second instance, CARF. The company has appealed this ruling through administrative proceedings and will if necessary 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 loss of the items disputed in this appeal as remote/possible in the most part and has therefore only recorded a provision of 1,946 thousand euros (12,277 thousand Brazilian reals) at 31 December 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 tax inspections under way at DIA Brasil, in the first half of 2021 notification was received from the Brazilian tax authorities regarding the 2017 period, for an updated amount of 3,874 thousand euros (24,444 thousand Brazilian reals) in connection with ancillary obligations under the PIS/COFINS tax. In May 2021, the corresponding appeal was filed, which was unfavourable to DIA Brasil. As a result of the above, in October 2021 the Company filed its Voluntary Appeal, which will be heard by the administrative court of second instance, CARF. The external legal advisors continue to deem the likelihood of losing this case as remote.

In addition to these inspection proceedings regarding the PIS/COFINS tax for the 2017 financial year begun in the first half of 2021, the Brazilian administration began inspection proceedings regarding this same tax for the 2019-2020 financial years in the second half of 2021.

Likewise, in 2021 the Portuguese administration opened general inspection proceedings regarding the 2019 financial year at DIA Portugal.

Similarly, in 2021 the Argentine government opened two inspection proceedings, one regarding corporate income tax for financial year 2017 and the other for value added tax for financial year 2016.

At the date of close of these accounts, these five inspection proceedings opened by the Brazilian, Portuguese and Argentine authorities were ongoing.

In January 2021, the partial investigation and verification actions conducted by the Tax Authority regarding Corporation Tax for the 2015 financial year in Spain were concluded.

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

With the aim of encouraging the achievement of the Group's business plan objectives for the period 2020-2022, on 25 March 2020 the Board of Directors approved the 2020-2022 Long-Term Incentive Plan (LTIP 2020-22) for certain Group executives. The Long-Term Incentive Plan covers an initial period from 01/01/2020 to 31/12/2022.

The first year of validity of the Plan was marked by various unique circumstances, and said circumstances led the financial objectives of the Group, and consequently the objectives of the LTIP 2020-22, no longer to constitute a valid reference for monitoring the performance of the Parent Company and the DIA Group, as stated in the inside information notification of 28 June 2021, and which specifically were:

- The like-for-like sales growth target was undermined by extraordinary supply purchases experienced in FY2020, driven by mobility restrictions during the pandemic in all markets where the DIA Group operates.
- The Global Operation of recapitalisation and refinancing announced by the Parent Company on 24 March 2021, serving to significantly reduce the Parent Company's debt, affecting the net debt target.
- As a result of the new capital structure, it was necessary to review the business plans of the Group companies in order to try to strengthen the Parent Company's position and accelerate the growth of its market share, sales and profitability.

The LTIP 2020-22 Regulation included the possibility that in the event that during the term of the LTIP 2020-22 there were significant changes or events that, in the opinion of the Board of Directors, entailed the need to review the conditions thereof, it could, in a reasoned manner, modify the Regulation in order to adapt it to the new circumstances, or even propose the early liquidation of the LTIP 2020-22.

As a consequence of the high impact that the aforementioned circumstances had on the parameters, metrics and functioning of the LTIP 2020-22, the Board of Directors considered that the aforementioned circumstances should be seen as a significant change or event, and given that one of the main purposes of the LTIP 2020-22 was to incentivise the achievement of the objectives of the DIA Group business plan established for the period 2020-2022, on 4 August 2021 it agreed to end the LTIP 2020-22, taking into consideration the circumstances of the market and the Parent Company.

As a consequence of said termination, it was agreed on the same date to approve recognition by the LTIP 2020-22 beneficiaries of the right to receive a certain amount in cash, if certain conditions are fulfilled, as a sign of the Group's trust in the executive team. The Incentive generated in favour of said beneficiaries will, where applicable, be paid in FY2023.

The Board of Directors approved on the same date a new LTIP 2021-24, adapted to the current Group and market circumstances and the Group's strategy, intended for certain Group executives. As of this date, some formal elements of this new LTIP 2021-2024 are still pending approval.

All Council decisions have been taken at the proposal the Appointments and Remunerations Committee.

At 31 December 2021 the total provision made for Long-Term Incentive Plans was 21,927 thousand euros.

In addition, in application of the remuneration policy approved at the Extraordinary General Meeting on 30 August 2019, deferred remuneration in shares established for the non-proprietary Directors accrued in the amount of 227 thousand euros in the 2021 financial year (200 thousand euros in the 2020 financial year). See Note 17.3.

16. SALES

Net turnover corresponds to sales income from own stores, sales and service provision to franchises and online sales from the Group's activity, focused mainly on the markets in Spain, Portugal, Brazil and Argentina. At 31 December 2021 and 2020, net turnover amounted to 6,647,660 thousand euros and 6,882,373 thousand euros, respectively. The distribution by geographical segment is shown as follows:

	2021			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	**4,294,428**	**742**	**4,293,686**	**4,550,747**	**2,003**	**4,548,744**
Spain	2,530,380	742	2,529,638	2,938,061	2,003	2,936,058
Portugal	264,843	-	264,843	340,953	-	340,953
Brazil	641,999	-	641,999	606,901	-	606,901
Argentina	857,206	-	857,206	664,832	-	664,832
Sales to franchise stores	**2,186,777**	**-**	**2,186,777**	**2,179,781**	**-**	**2,179,781**
Spain	1,559,849	-	1,559,849	1,450,973	-	1,450,973
Portugal	309,742	-	309,742	275,991	-	275,991
Brazil	141,671	-	141,671	309,104	-	309,104
Argentina	175,515	-	175,515	143,713	-	143,713
On line sales	**155,158**	**-**	**155,158**	**139,216**	**-**	**139,216**
Spain	119,283	-	119,283	121,381	-	121,381
Portugal	7,315	-	7,315	1,248	-	1,248
Brazil	18,405	-	18,405	11,358	-	11,358
Argentina	10,155	-	10,155	5,229	-	5,229
Other sales	**12,049**	**10**	**12,039**	**14,632**	**-**	**14,632**
Spain	1,016	-	1,016	414	-	414
Portugal	11,029	10	11,019	11,797	-	11,797
Brazil	4	-	4	2,421	-	2,421
Total	**6,648,412**	**752**	**6,647,660**	**6,884,376**	**2,003**	**6,882,373**

17. OTHER INCOME AND EXPENSES

17.1. Other income

Details of other income are as follows:

Thousands of Euros	2021	2020
Fees and interest to finance companies	117	236
Service and quality penalties	3,045	4,262
Revenue from lease agreement and other revenues from franchises	8,656	27,034
Revenue from information services to suppliers	5,762	5,761
Revenue from the sale of packaging	7,362	2,827
Other revenues	5,976	5,713
Total other operating income	**30,918**	**45,833**

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 Euros	2021	2020
Goods and other consumables used	5,435,285	5,767,327
Disccounts	(640,909)	(761,229)
Inventory variation	10,446	14,499
Other sales costs	34,179	32,487
Total consumption of goods and other consumables	**4,839,001**	**5,053,084**

17.3. Personnel expenses

Details of personnel expenses are as follows:

Thousands of Euros	2021	2020
Salaries and wages	616,470	661,874
Social Security	163,931	167,075
Indemnizaciones	38,957	58,056
Defined contribution plans	15,331	17,728
Other employee benefits expenses	19,734	17,467
Parcial total personnel expenses	**854,423**	**922,200**
Expenses for share-based payment transactions (Notes 15 and 19)	227	200
Total personnel expenses	**854,650**	**922,400**

17.4. Operating expenses

Details of operating expenses are as follows:

Thousands of Euros	2021	2020
Repairs and maintenance	107,205	94,521
Utilities	131,664	85,558
Fees	65,603	59,274
Advertising	47,722	47,840
Taxes	18,128	19,261
Rentals, property	44,798	32,274
Rentals, equipment	9,990	7,765
Transport	155,149	157,292
Travel expenses	12,416	14,231
Security	29,963	29,953
Other general expenses	64,454	89,867
Total operating expenses	**687,092**	**637,836**

17.5. Amortisation and impairment

The detail of these expenses included under this entry in the consolidated income statements is as follows:

Thousands of Euros	2021	2,020
Amortisation of intangible assets (Note 5.3)	15,964	16,393
Depreciation of property, plant and equipment (Note 4)	152,062	172,808
Depreciation of uses rights (Note 5.2)	224,957	237,330
Total amortisation and depreciation	**392,983**	**426,531**
Impairment of goodwill (Note 5.1)	31,770	5,082
Impairment of intangible assets (Note 5.3)	303	193
Impairment of property, plant and equipment (Note 4)	26,979	21,173
Total impairment	**59,052**	**26,448**

17.6. Losses on disposal of non-current assets

Details of losses on disposal of non-current assets are as follows:

Thousand Euros	2021	2020
Losses on disposal of non-current assets	(32,680)	(40,800)
Profit from disposal of fixed assets	9,734	9,721
Total	**(22,946)**	**(31,079)**

The losses recorded in the 2021 financial year are essentially the result of the conversions of stores performed in all countries. In FY2020, these losses primarily resulted from store closures and conversions conducted in Brazil.

17.7. Finance income/cost

Details of finance income are as follows:

Thousands of Euros	2021	2020
Interest on other loans and receivables	11,875	1,551
Exchange gains (note 17.8)	400	192
Change in fair value of financial instruments	-	609
Other finance income	22,825	9,175
Total finance income	**35,100**	**11,527**

Interest on other loans and receivables is increased by interest associated with other equivalent liquid assets in Argentina.

The "Other financial revenue" caption includes an amount of 9,973 thousand euros corresponding to the updating of the fair value of bonds maturing in 2023 and which have been capitalised, as explained in Note 11.3.

Details of finance cost are as follows:

Thousands of Euros	2021	2020
Interest on bank loans	40,896	40,214
Intereses on debentures and bonds	7,457	8,133
Finance expenses for finance leases	54,905	59,853
Exchange losses (note 17.8)	4,201	84,932
Change in fair value of financial instruments	-	735
Financial expenses assigment of receivables operations (notes 6.1 (b))	-	179
Other finance expenses	37,502	23,334
Total finance expenses	**144,961**	**217,380**

The most significant impact on financial expenses was the reduction in negative exchange rate differences, which have ceased after the capitalization of the intra-group debt and the repayment of loans with third parties, mainly in Brazil.

Other finance costs at 31 December 2021 and 2020 reflect the bank debit and credit interest rates in Argentina linked to its revenues. In addition, this caption includes, in 2021, an expense of 6,774 thousand euros for the fair value adjustment of the SS Facility loan of 200,000 thousand euros referred to in Notes 11.3 and 12 b), which was ultimately capitalised.

17.8. Foreign currency transactions

The transactions in foreign currency carried out by the DIA Group during 2021 and 2020 are not significant. Details of the exchange differences on foreign currency transactions are however as follows:

Thousands of Euros	2021	2020
Currency exchange losses (note 17.7)	(4,201)	(84,932)
Currency exchange gains (note 17.7)	400	192
Trade exchange losses	(4,543)	(2,363)
Trade exchange gains	5,523	2,538
Total	**(2,821)**	**(84,565)**

17.9. Gains on net monetary position

This caption includes the positive financial effect of the impact of inflation on monetary assets, which amounted to 42.3 million euros in 2021 and 36.1 million euros in 2020 (see Note 2.3). The majority of this amount is generated by trade payables.

In Argentina, the sales margin rose to 15.3% in 2021 (15.5% in 2020). In 2021, the sales margin, before applying IAS 29, would be 18.2% (17.9% in 2020). The sales margin differences in the two periods is due mainly to an improved gross margin, which essentially reflects a smaller promotional effort. The method of restating for the cost of goods sold 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 that the rest of the lines in the income statement, worsening the margin by the application of the IAS 29.

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

This caption includes the result attributable to equity-accounted companies amounting to 11 thousand in income in 2021 (59 thousand euros of costs in 2020) (see Note 7).

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.

Itemised details of commitments, in thousands of Euros, are as follows:

18.1. Pledged:

Thousands of Euros - 31st December de 2021	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	>5 YEARS	TOTAL
Guarantees	17	839	2,067	10,318	13,241
Mortgage security	25,296	-	-	-	25,296
Credit facilities to customers (finance companies)	30,522	-	-	-	30,522
Cash	**55,835**	**839**	**2,067**	**10,318**	**69,059**
Purchase options	-	6,636	-	25,827	32,463
Commitments related to commercial contracts	5,602	2,933	2,647	463	11,645
Other commitments	113	-	-	5,014	5,127
Transactions / properties / expansion	**5,715**	**9,569**	**2,647**	**31,304**	**49,235**
Total	**61,550**	**10,408**	**4,714**	**41,622**	**118,294**

Thousands of Euros - 31st December de 2020	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	>5 YEARS	TOTAL
Guarantees	164	-	3,922	10,794	14,880
Mortgage security	25,296	-	-	-	25,296
Credit facilities to customers (finance companies)	29,627	-	-	-	29,627
Cash	**55,087**	**-**	**3,922**	**10,794**	**69,803**
Purchase options	18,985	-	-	25,827	44,812
Commitments related to commercial contracts	8,223	5,213	5,252	869	19,557
Other commitments	-	-	-	6,096	6,096
Transactions / properties / expansion	**27,208**	**5,213**	**5,252**	**32,792**	**70,465**
Total	**82,295**	**5,213**	**9,174**	**43,586**	**140,268**

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

Thousands of Euros	2021	2020
Less than one year	1,081	496
Total minimum lease payments, property	**1,081**	**496**
Less than one year	1,354	3,237
One to five years	897	1,221
Over five years	1	158
Total minimum lease payments, furniture and equipment	**2,252**	**4,616**

The Parent Company is the guarantor of the Syndicated Finance Agreement.

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

Mortgage loans include the value of assets placed as collateral for bilateral loans in DIA Portugal in “commercial paper” facilities and reverse factoring (see Note 12).

The purchase options include warehouse options amounting to 31,913 thousand euros at 31 December 2021 (44,262 thousand euros at 31 December 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 granted a guarantee with regard to certain obligations with the subsidiary in Portugal, a guarantee by Société Générale for a maximum amount of 30,990 thousand euros, expiring on 30 September 2022.

18.2. Received:

Thousands of Euros at 31st December de 2021	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	> 5 YEARS	TOTAL
Available Credit Facility - Syndicated Financing	122,085	-	-	-	122,085
Available Revolving Credit Facility - Syndicated Financing	24,437	-	-	-	24,437
Available Reverse Factoring	2,321	-	-	-	2,321
Available Reverse Factoring (Term Loan)	2,299	-	-	-	2,299
Available Credit Facility - not included Syndicated Financing	2,219	-	-	-	2,219
Available Reverse Factoring (not included in Syndicated credits)	956	-	-	-	956
Cash	**154,317**	**-**	**-**	**-**	**154,317**
Guarantees received for commercial contracts	13,038	3,534	6,125	44,421	67,118
Other commitments	-	35	-	131	166
Transactions / properties / expansion	**13,038**	**3,569**	**6,125**	**44,552**	**67,284**
Total	**167,355**	**3,569**	**6,125**	**44,552**	**221,601**

Thousands of Euros at 31st December 2020	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	> 5 YEARS	TOTAL
Available Credit Facilities	49,847	-	-	-	49,847
Avaible loans may be balanced with reverse factoring	121	-	-	-	121
Available Reverse Factoring (not included in Syndicated credits)	58	-	-	-	58
Cash	**50,026**	**-**	**-**	**-**	**50,026**
Guarantees received for commercial contracts	13,411	5,052	2,307	43,197	63,967
Other commitments	49	35	-	131	215
Transactions/ properties/ expansion	**13,460**	**5,087**	**2,307**	**43,328**	**64,182**
Total	**63,486**	**5,087**	**2,307**	**43,328**	**114,208**

At 31 December 2021, within the framework of the syndicated financing agreement, the Super Senior reverse factoring facility for suppliers of 38,648 thousand euros is established as the amount granted under the Super Senior Supplier tranche (67,640 thousand euros at 31 December 2020).

c) Contingencies

The Group is undergoing legal proceedings and tax inspections in a number of jurisdictions, some of which had been completed by the taxation authorities at 31 December 2021 and appealed by Group companies (see Note 14). The Group recognises a provision if it is probable that an obligation will exist at year end which will give rise to an outflow of resources, and the outflow can be reliably measured. As a result, management uses significant judgement when determining whether it is probable that the process will result in an outflow of resources and 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:

Balances and transactions with associates

During 2021 and 2020 the Group has carried out the following transactions with associate: ICDC, Horizon, and LetterOne Group, mainly corresponding to trade operations and financial expenses related to the Capital Increase completed in 2021. The trade payables balance at 31 December 2021 and 2020 is shown in Notes 6.1c) 12.1 and 12.3. The transactions accruing in both periods were as follows:

Thousands of Euros	2021	2020
ICDC	(22)	1,213
Horizon	1,387	11,780
Grupo LetterOne	(15,192)	(5,265)
Total transactions	**(13,827)**	**7,728**

Transactions with directors and senior management personnel

Details of remuneration received by the directors and senior management of the Group in 2021 and 2020 are as follows:

Thousands of Euros			
2021		2020	
Members of Board Director	Senior managment	Members of Board Director	Senior managment
670	11,820	4,954	15,851

In FY2021 and 2020 the Directors of the Parent Company earned remuneration of 670 thousand and 617 thousand euros, respectively (included in the above details) in their capacity as board members.

Article 38.5 of the Parent's articles of association requires the disclosure of the remuneration earned by each of the members of the board of directors in 2021 and 2020. Details are as follows:

2021			Thousands of euro	
Members of Board Directors	From	to	Financial instruments	Fixed salary
Mr. Christian Couvreux	01/01/2021	15/02/2021	50.0	21.4
Mr. José Wahnon Levy	01/01/2021	31/12/2021	-	150.0
Mr. Jaime García-Legaz	01/01/2021	31/12/2021	-	165.9
Ms. Basola Vallés	01/01/2021	31/12/2021	-	120.0
Mr. Stephan DuCharme	01/01/2021	31/12/2021	-	-
Mr. Sergio Antonio Ferreira Dias	01/01/2021	31/12/2021	-	-
Mr. Marcelo Maia	01/01/2021	31/12/2021	-	112.1
Mr. Vicente Trius	29/09/2021	31/12/2021	-	25.8
Ms. Luisa Delgado	01/11/2021	31/12/2021	-	25.1
Total			**50**	**620**

2020			Thousands of euro			
Members of Board Directors	From	to	Fixed salary	Compesation	No competence	Others
Mr. Christian Couvreux	01/01/2020	31/12/2020	170.0	-	-	-
Mr. José Wahnon Levy	01/01/2020	31/12/2020	150.0	-	-	-
Mr. Jaime García-Legaz	01/01/2020	31/12/2020	183.0	-	-	-
Ms. Basola Vallés	14/01/2020	31/12/2020	114.0	-	-	-
Mr. Karl-Heinz Holland (*)	01/01/2020	20/05/2020	1,167.0	2,850.0	300.0	20.1
Mr. Michael Joseph Casey	01/01/2020	14/01/2020	-	-	-	-
Mr. Stephan DuCharme	01/01/2020	31/12/2020	-	-	-	-
Mr. Sergio Antonio Ferreira Dias	01/01/2020	31/12/2020	-	-	-	-
Total			**1,784**	**2,850**	**300**	**20**

(*) Remuneration as senior management and as director

Additionally, as a result of the remunerations policy approved by shareholders at the Extraordinary General Meeting held on 30 August 2019, there is deferred remuneration in shares for non-proprietary directors, the accrual of which has initially been estimated at 227 thousand euros (200 thousand euros in 202) (see Notes 15 and 17.3). As a result of the death of Mr Christian Couvreux (see Note 1.a), shares net of withholdings amounting to 50 thousand euros were handed over in the 2021 financial year (62 thousand euros gross). The latter amount of 50 thousand euros was incorporated as remuneration in financial instruments, in the 670 thousand euros of the overall remuneration accruing to the Directors in 2021.

20. OTHER INFORMATION

Employee information

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

	2021	2020
Management	142	167
Middle management	2,346	1,456
Other employees	35,323	36,993
Total	**37,811**	**38,616**

The variation in the number of employees classified by professional category was mainly affected by the transition to a new organisational model dated 1 January 2021.

23. EVENTS AFTER THE REPORTING PERIOD

On 28 January 2022, the Parent Company made a cash contribution of 25,700 thousand euros to DIA Brasil.

CONDENSED CONSOLIDATED INTERIM DIRECTOR’S REPORT 2021

2021 GROUP OPERATIONAL UPDATE

2021 has been a year of great progress for DIA, where it has advanced substantially in the execution of the strategy to fulfill the purpose of being CLOSER EVERY DAY. To this end, it has been worked on the implementation of the main transformation pillars announced in May 2020 and which are showing satisfactory results:

- Redefining the proximity store concept we all want, with new models already implemented in Spain, Argentina, and Portugal, where it has been transformed over 1000 stores. In addition, Brazil has launched a store test, to confirm that the value proposition we are working on complies with the customers' expectations.
- Developing the ideal assortment through the renewal of private label and fresh produce, launching approximately 2,000 private label references, in the last two years, identified as "superbrands", raising even more the quality of the products and improving their value perception by the customers.
- Consolidating the partnership with the franchisees, an example of the value of local entrepreneurship, strengthening the new franchise model and creating spaces to meet with and listen to stakeholders. The new franchise model has been implemented in almost the entire network of stores in Spain and Portugal. In Argentina, the new model has been implemented in 75% of the store network and Brazil has established the new model and is ready for roll-out in 2022.
- Driving the digital evolution, designing a joint approach between the business units and the technology specialists to drive business growth in coming years. In addition, launching the Product unit has provided with a key accelerator for technological projects and solutions, such as the eCommerce platform and Express Delivery, among others.
- Reinforcing the CERCA values ("Close" in Spanish) (Customer, Entrepreneurship, Results, Confidence, and Learning) in order to guide the employees towards the construction of a new culture focused on customers and based on close, transparent and trusting relationships with collaborators, franchisees, and investors.
- Launching the 2021-2023 sustainability plan, with the aim of responding to the main current challenges, focusing on having an impact based on the strength: proximity.
- And, as a key element in consolidating the evolution, this year it has been managed to strengthen the capital and debt structure, providing the company with financial stability.

Despite these important advances, we continue to find ourselves in an ever-changing environment, with new market dynamics and a complex economic and social environment. Covid-19 continues to be a reality, not only in terms of health, but also its impact on the mobility of people and goods and that together with other macroeconomic factors affects to the production and cost of raw materials, products, and technological components, as well as on consumption habits and trends. This instability continues to rewrite the rules of the game, as may be the case with the cost of electricity, especially in countries such as Spain and Portugal, and with inflationary cost processes in all of the geographies.

DIA works to adapt to the reality of each market, with the confidence that it has the human talent to carry out the roadmap to make DIA a profitable company in a sustainable and solid way.

GROUP PERFORMANCE

(million of euros)	2021	2020	Change (%)
Like-for-like sales growth (%)	-3.6%	7.6%	n/a
Net sales	6,647.7	6,882.4	-3.4%
Gross Profit	1,488.7	1,498.5	-0.7%
Adjusted EBITDA	124.3	122.9	1.1%
EBIT	(176.0)	(182.1)	3.3%
Net attributable Result	(257.3)	(363.8)	29.3%
Total Net Financial Debt	404.1	1,276.3	(872.2)

The 2020 financial year was marked by extraordinary supply purchases due to Covid-19 related mobility restrictions, which have been normalised in 2021, reducing Like-for-Like sales by 3.6%. The group's net sales reached 6.648 billion euros, with a 5% increase in like-for-like sales compared to 2019 levels, prior to the pandemic.

Gross Profit (as a percentage of Net Sales) increased during the year, from 21.8% to 22.4% on net sales, supported by the commercial, operational, and logistics improvements implemented.

Adjusted EBITDA reached 124.3 million euros, representing a margin of 1.9%, after deducting energy cost overruns and one-off operating costs associated with store refurbishments amounting to 56.0 million euros. Isolating these effects, Adjusted EBITDA would have increased to 180.3 million euros, which represents 2.7% of net sales.

At Net Attributable Result level, net loss was reduced by 29.3%, to 257.3 million euros, supported by a reduction in financial expenses of 60.2% thanks to the active management of foreign currency risk and lower financing costs.

Net Financial Debt was reduced to 404.1 million euros (1.276 billion euros as of December 2020) after the capital increase of 1.027 billion euros executed in August 2021 which, together with the debt refinancing carried out during the year 2021, has allowed us to ensure a stable capital structure.

FY 2021 RESULTS

(million of euros)	2021	2020	Change (%)
Gross sales under banner	**7,856.9**	**8,899.9**	**-11.7%**
Like-for-like sales growth (%)	-3.6%	7.6%	
Net sales	**6,647.7**	**6,882.4**	**-3.4%**
Cost of goods sold & other income	(5,159.0)	(5,383.9)	-4.2%
Gross profit	**1,488.7**	**1,498.5**	**-0.7%**
Labour costs	(692.4)	(735.6)	-5.9%
Other operating expenses & leases	(430.8)	(391.3)	10.1%
Restructuring and LTIP costs	(66.5)	(69.7)	-4.6%
EBITDA	**299.0**	**301.9**	**-1.0%**
D&A	(393.0)	(426.5)	-7.9%
Impairment	(59.1)	(26.4)	123.9%
Write-offs	(22.9)	(31.1)	-26.4%
EBIT	**(176.0)**	**(182.1)**	**-3.3%**
Net financial results	(67.5)	(169.8)	-60.2%
Losses before tax from continuing operations	**(243.5)**	**(351.9)**	**-30.8%**
Income tax	(13.9)	(11.9)	16.8%
Losses after tax from continuing operations	**(257.3)**	**(363.8)**	**29.3%**
Discontinuing operations	-	-	n/a
Net attributable Result	**(257.3)**	**(363.8)**	**29.3%**

The reconciliation between the EBITDA indicated in the 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:

(million of euros)	Income statement	Logistics cost	Restructuring cost	Total 2021
Net sales	**6,647.7**	**-**	**-**	**6,647.7**
Cost of goods sold & other income	**(4,806.9)**	**(352.3)**	**0.2**	**(5,159.0)**
Goods and other consumables used	(4,839.0)	(352.1)	-	(5,191.1)
Other income	30.9	(0.2)	-	30.7
Impairment of trade debtors	1.2	-	0.2	1.4
Gross profit	**1,840.8**	**(352.3)**	**0.2**	**1,488.7**
Labour costs	(854.7)	120.2	42.1	(692.4)
Other operating expenses	(642.3)	229.9	7.2	(405.2)
Leased property expenses	(44.8)	2.2	17.0	(25.6)
Restructuring costs	-	-	(66.5)	(66.5)
EBITDA	**299.0**	**-**	**-**	**299.0**

(million of euros)	Income statement	Logistics cost	Restructuring cost	Total 2020
Net sales	**6,882.4**	**-**	**-**	**6,882.4**
Cost of goods sold & other income	**(5,020.2)**	**(365.2)**	**1.5**	**(5,383.9)**
Goods and other consumables used	(5,053.1)	(365.2)	-	(5,418.3)
Other income	45.8	-	-	45.8
Impairment of trade debtors	(12.9)	-	1.5	(11.4)
Gross profit	**1,862.2**	**(365.2)**	**1.5**	**1,498.5**
Labour costs	(922.4)	129.4	57.5	(735.6)
Other operating expenses	(605.6)	232.1	7.5	(365.9)
Leased property expenses	(32.3)	3.7	3.2	(25.4)
Restructuring costs	-	-	(69.7)	(69.7)
EBITDA	**301.9**	**-**	**-**	**301.9**

Group's Net Sales have been affected by 3.8% reduction in the number of stores at the end of the period, as well as the devaluation of the Brazilian real and the Argentinean peso (9% depreciation in the case of Brazil when comparing the average exchange rate of 2021 and 2020; and 11% in Argentina since in this case, considering this economy as hyperinflationary under the application of IAS29, the closing exchange rate of 2021 and 2020 was the reference taken). Revenues from owned stores represented 64.6% of the Group's Net Sales, compared to 32.9% of franchise stores and 2.5% of online and other activity.

Group's Like-for-Like Sales reached -3.6%, with a comparison distorted by the extraordinary supply purchases experienced by the Group in 2020 in all markets and reaching a Like-for-Like growth of 7.6% during the 2020 financial year. The increase of Like-for-Like sales at pre-pandemic level in 2019 was 5.0%.

Gross Profit (as a percentage of Net Sales) increased to 22.4% from 21.8% year-on-year, thanks to commercial and operational improvements, including logistics optimization and reduction of food waste.

Personnel expenses decreased slightly by 0.3% to 10.4%, as a percentage of Net Sales, partly impacted by the beginning of outsourcing of own stores, but negatively affected by additional personnel requirements due to Covid-19.

Other operating expenses & leases (as a percentage of Net Sales) increased from 5.7% to 6.5%, strongly impacted by the increase in the cost of electricity. At a Group level, this has meant an additional cost of 39.9 million euros (mainly in Spain), as well as expenses related to the process of remodelling stores which have entailed 16.1 million euros cost in the Group compared to 2020.

EBITDA remained stable at 4.5% of Net Sales (4.4% in 2020) due to the increase in Other Operating Expenses and Restructuring Costs due to the rationalisation of the organisational structure and outsourcing process launched in the third quarter of 2020.

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

EBITDA to Adjusted EBITDA reconciliation

(million of euros)	2021	2020	Change
EBIT	(176.0)	(182.1)	6.1
Depreciation & Amortization	393.0	426.5	(33.5)
Impairment of fixed assets	59.1	26.4	32.7
Losses on write-down of fixed assets	22.9	31.1	(8.2)
EBITDA	**299.0**	**301.9**	**(2.9)**
Restructuring costs	55.4	58.1	(2.7)
Long-term incentive program (LTIP)	11.1	11.6	(0.5)
IFRS 16 lease effect	(267.1)	(270.1)	3.0
IAS 29 hyperinflation effect	26.0	21.3	4.7
Adjusted EBITDA	**124.3**	**122.9**	**1.4**

Adjusted EBITDA reached 1.9% as a percentage of Net Sales, remaining at levels similar to those of 2020 (1.8% as a percentage of net sales). In absolute terms, Adjusted EBITDA increased by 1.4 million euros, mitigating the 234.7 million euros decrease in Net Sales, reflecting the positive results of improved ongoing operational management and cost control. If we isolate the impact of the 39.9 million euros of additional energy costs and the 16.1 million euros of costs related to store remodelling, the Adjusted EBITDA would have reached 180.3 million euros, which would represent 2.7% of the Net Sales of the year and an increase of 46.7% compared to the previous year. This clearly reflects an improvement in the Company's operations.

Amortisation decreased by 7.9% compared to 2020, due to the strategic closure of stores and warehouses. It has been reduced from 6.2% in 2020 to 5.9% in 2021 as a percentage of Net Sales.

Net Result stood at -257.3 million euros, representing a loss reduction of 29.3% compared to the end of 2020, thanks to the 60.2% reduction in financial losses, helped by active exchange rate risk management and lower financial expenses following the capitalisation and refinancing operation carried out in September 2021

INFORMATION BY COUNTRY

SPAIN (million of euros)	2021	%	2020	%	Change (%)
Gross sales under banner	**5,002.8**		**5,357.7**		**-6.6%**
Like-for-like sales growth	-5.2%		11.3%		
Net sales	**4,209.8**		**4,508.8**		**-6.6%**
Adjusted EBITDA	**92.6**	**2.2%**	**99.6**	**2.2%**	**-7.0%**

Net Sales were reduced by 6.6%, with 3.3% fewer stores. The performance in 2021 was affected by a comparative base marked by additional stocking purchases during the 2020 lockdowns. Compared 2019, Like-for-Like sales growth in Spain was 4.9%.

Adjusted EBITDA remained at 2.2% despite the increase in energy costs, as well as operating expenses derived from store remodelling (51.2 million euros), which have been higher than the non-recurring costs of protective material and personnel expenses incurred due to Covid-19 in the first half of 2020, as well as legal provisions recognised in the first half of 2020 and the reduction in rental spending. The increase of energy costs and operating costs related to remodelling have decreased the Adjusted EBITDA margin in Spain by 1.2 percentage points.

PORTUGAL (million of euros)	2021	%	2020	%	Change (%)
Gross sales under banner	**806.1**		**862.9**		**-6.6%**
Like-for-like sales growth	-4.3%		6.1%		
Net sales	**592.9**		**630.0**		**-5.9%**
Adjusted EBITDA	**11.9**	**2.0%**	**17.2**	**2.7%**	**-30.8%**

Net Sales were affected by 11.7% lower store base and restrictions on opening hours for much of the year. 2021 was also affected by an exceptional comparative base for the year 2020. Compared to the year 2019, Like-for-Like sales growth in Portugal was 2.3%

Adjusted EBITDA decreased by 70 base points affected by the drop in sales volume and higher maintenance and supply expenses.

BRAZIL (million of euros)	2021	%	2020	%	Change (%)
Gross sales under banner	**886.7**		**1,045.6**		**-15.2%**
Like-for-like sales growth	0.6%		7.1%		
Net sales	**802.1**		**929.8**		**-13.7%**
Adjusted EBITDA	**(10.6)**	**-1.3%**	**(13.8)**	**-1.5%**	**-23.2%**

Net Sales decreased by 13.7% in year-on-year terms due to the 5.4% decrease in the number of stores after the strategic closure of unprofitable locations and a depreciation of the Brazilian real of 9%. Compared to 2019, Like-for-Like sales growth in Brazil was 7.6%.

Adjusted EBITDA improved by 3.2 million euros and improved in terms of margin, offsetting the negative effects of resolving inherited problems with franchisees and increasing operating and labour costs.

ARGENTINA (million of euros)	2021	%	2020	%	Change (%)
Gross sales under banner	**1,161.4**		**1,633.8**		**-28.9%**
Like-for-like sales growth	-0.5%		-1.7%		
Net sales	**1,042.9**		**813.8**		**28.2%**
Adjusted EBITDA(*)	**30.4**	**2.9%**	**19.9**	**2.4%**	**52.8%**

Net Sales increased by 28.2%, marked by exceptional performance driven by the success of the operational and commercial measures implemented and inflation higher than the devaluation of the currency. Compared to 2019, Like-for-Like sales growth in Argentina was -1.4%.

Adjusted EBITDA increased by 50 base points driven by the cost reduction plan. Adjusted EBITDA margin over net Sales calculated excluding inflation in Argentina would be 3.3%.

BALANCE SHEET

(million of euros)	2021	2020
Non-current assets	2,018.2	2,044.6
Inventories	452.0	445.8
Trade & Other receivables	178.0	128.4
Other current assets	61.5	69.3
Cash & Cash equivalents	361.1	347.0
Non-current assets held for sale	-	0.4
Total assets	**3,070.8**	**3,035.4**
Total equity	93.6	(697.2)
Non-current borrowings	1,023.2	1,625.8
Current borrowings	272.5	589.0
Trade & Otherpayables	1,274.8	1,183.4
Provisions & Other	406.7	334.4
Total equity & liabilities	**3,070.8**	**3,035.4**

As of 31 December 2021, the shareholder's equity balance in the individual financial statements of the Parent Company (which are those used to calculate the obligation of legal dissolution or capital increase) amounted to 837.8 million euros (negative 41.8 million euros as of December 2020), after the capital increase completed in August 2021.

NET FINANCIAL DEBT

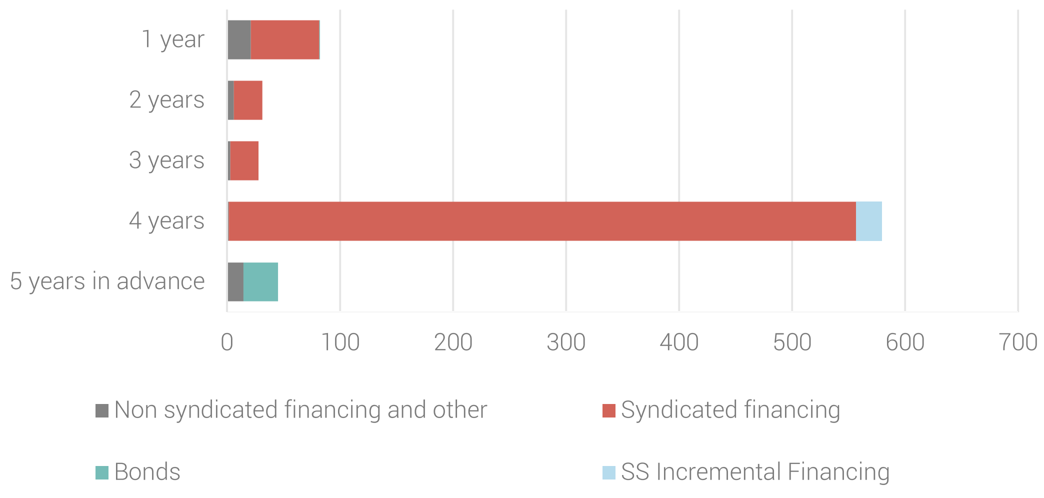
NET FINANCIAL DEBT RECONCILIATION

(million of euros)	2021	2020	Change
Non-current borrowings	1,023.2	1,625.8	(602.6)
Current borrowings	272.5	589.0	(316.5)
Cash & Cash equivalents	(361.1)	(347.0)	(14.1)
Total Net Debt	**934.6**	**1,867.8**	**(933.2)**
Effect of leases (detb) (IFRS 16)	(530.4)	(591.5)	61.1
Net Financial Debt	**404.1**	**1,276.3**	**(872.2)**

Total Net Financial Debt decreased drastically by 872.2 million euros in 2020 to 404.1 million euros, resulting from the capital increase operation, a positive cash flow from operations, an increasing CAPEX and, to a lesser extent, a reduction in working capital.

Maturity profile of gross debt disposed to as of 31 December, 2021 (excl. IFRS16): 765.2 million euros

	2022	2023	2024	2025	2026 en adelante	Total
Non syndicated facilities & other	20.8	6.0	2.9	1.5	14.3	45.4
Financing from Syndicated Lenders	60.8	25.0	25.0	555.1	-	665.9
Bonds	0.5	-	-	-	30.8	31.3
SS Incremental Financing	-	-	-	22.6	-	22.6
Total	**82.0**	**31.0**	**27.9**	**579.2**	**45.1**	**765.2**



(*) Lease payments not included (IFRS16).

On 24 March 2021, as a result of negotiations held between DIA, L1R, DEA Finance and their Syndicated Creditors, DIA reached an agreement with all its Syndicated Creditors (the "Lock-Up Agreement") that would provide an avenue for a global capitalization and refinancing operation (the "Global Transaction") whose implementation guarantees a stable long-term capital and financial structure for DIA Group, enabling the management team to focus entirely on the execution of the business plan.

The Global Transaction included the following main elements (mutually conditional):

(i) Capital increase in DIA amounting to 1.027 billion euros, in two tranches, and which was completed on 6 August 2021:

(a) A tranche of credit capitalisation for a total amount of 769.2 million euros, to be subscribed by L1R through compensation of credits corresponding to the following financial debt of DIA Group (these credits were acquired in April 2021 by L1R from DEA Finance prior to its capitalisation), at the nominal value of said debt:

- 200 million euros that DIA Finance, S.L. ("DIA Finance") owed to DEA Finance as principal under the super senior term loan facility (the "SS Facility") (this debt was transferred from DIA Finance, S.L. to DIA in April 2021).
- €292.6 million owed by DIA to DEA Finance as principal under the bonds issued by DIA for an aggregate principal amount of 300 million euros, with a coupon of 1,000% and maturing on 28 April 28 2021 (the "2021 Bonds") and which before maturity were transferred from DEA Finance to L1R for subsequent capitalisation. The remaining amount of 2021 Bonds not owned by DEA Finance were repaid by DIA on their maturity date of 28 April 2021;
- 7.4 million euros of debt under a loan granted by L1R in April 2021 to DIA to finance (or refinance) DIA's payment 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 paragraph (x) above); and
- €269.2 million owed by DIA to DEA Finance as principal under the bonds issued by DIA for an aggregate principal amount of 300 million euros, with a coupon of 0.875% and maturing on 6 April 2023 (the "2023 Bonds") and which were transferred by DEA Finance to L1R in April 2021; and

(b) a cash tranche amounting to up to 258.6 million euros, reserved in the first instance for all shareholders other than L1R, so that they could exercise their pre-emptive subscription rights and subscribe for new shares until they maintained their percentage of participation in the share capital prior to the capital increase at the same issue price as the new shares to be issued in the credit capitalisation tranche. The funds raised in the cash tranche would be available to DIA for general corporate purposes, including accelerating its business transformation plan. The cash tranche would be subject to the subscription rounds, and proration rules in case of over-subscription, common in this type of operation, and would not be insured in case of incomplete subscription.

(ii) the amendment and recasting of the existing syndicated financing agreement for a total amount of 973.2 million euros (the "SFA") to (a) extend the maturity date of Facilities A-F (totalling 902.4 million euros) (the "Senior Facilities") from 31 March 2023 to 31 December 2025, and (b) modify other terms and conditions of the SFA (as detailed in note 13.1 to the Financial Statements).

(iii) the modification of the terms and conditions of the 2023 Bonds amounting to 30.8 million euros to (a) extend their maturity date from 6 April 2023 to 30 June 2026 and (b) increase the coupon from the date of modification to 3.5% per annum (3% cash and 0.50% PIK), plus an interest increase of 1% PIK in certain circumstances where applicable under the SFA (the "2023 Bond Amendment"). On 20 April 2021, the parent company announced that the meeting of bondholders of the 2023 Bonds held that same day had approved the Modification of the 2023 Bonds and that it would enter into force upon the fulfilment or waiver of the remaining conditions to which the effectiveness of the Global Operation and other conditions customary in this type of modifications were subject; and

(iv) the extension of the maturity dates of certain bilateral lines and credit lines subscribed between several companies of the DIA Group with some of the Syndicated Creditors or entities of their respective groups (the "Bilateral Lines").

The effectiveness of the Global Transaction (and, therefore, of the main elements (i) to (iv) above) was subject to the fulfilment or waiver of certain suspensive conditions on or before the deadlines indicated therein and that were considered fulfilled as detailed in note 13.1 of the Financial Statements, resulting in the execution of the Global Operation, on 2 September 2021.

The capitalisation of DIA Group in an amount of up to 1.027 billion euros, together with the release of a financial liability of 769.2 million euros corresponding to the cancellation of the principal amount under the SS Facility, the 2021 Bonds and the 2023 Bonds, together with the extension of the maturity dates of Senior Facilities, the remaining 2023 Bonds and bilateral lines, as well as the injection of additional liquidity of up to 258.6 million euros from the cash tranche of the capital increase, makes it possible to recover and significantly strengthen DIA's net worth (which was in a negative equity situation as of 30 June 2021), substantially reduce the financial indebtedness of DIA Group, eliminate refinancing risk in the medium term, significantly reduce the DIA Group's interest burden, provide additional liquidity to ensure operational financing needs are met, enhance and accelerate DIA's ability to access financial debt markets on normalised terms, and provide a stable long-term capital structure for DIA. .

WORKING CAPITAL

(million of euros)	2021	2020	Change
Inventories (A)	452.0	445.8	6.2
Trade & other receivables (B)	178.0	128.4	49.6
Trade & other payables (C)	1,274.8	1,183.4	91.4
Total working capital (A+B-C)	**(644.8)**	**(609.2)**	**(35.5)**

Working capital improved by Euros 35.5 million despite a reduction in net sales of €234.7 million in the period. This improvement was due to better payment terms, which clearly reflected the increase in the account of commercial debtors and other accounts receivable derived mainly from the implementation of the new franchise model that seeks a real partnership with local entrepreneurs the Group work with, contributing to the improvement of their profitability.

As of December 2021, and December 2020, the Group had no non-recourse factoring lines used. The amount of confirming used by the Group stood at €244.0 million on 31 December 2021 (December 2020: €248.1 million).

CAPEX

(million of euros)	2021	2020	Change (%)
Spain	159.7	60.0	166.2%
Portugal	22.1	10.4	112.5%
Argentina	35.5	7.6	367.1%
Brazil	28.4	5.4	425.9%
Total Capex	**245.7**	**83.3**	**195.0%**

Investment expenditure (CAPEX) in 2021 increased by c.195%, mainly due to the implementation of the store remodelling plan related to the new DIA proximity concept, which at the end of year 2021 included the remodeling of 800 stores in Spain, 112 stores in Portugal and 168 in Argentina, with a Group investment of 142.9 million euros.

STORE NETWORK

DIA GROUP	Owned	Franchised	Total
Total stores 31 December 2020	**3,487**	**2,682**	**6,169**
New openings	37	46	83
Net change from franchised to owned stores	-82	82	0
Closings	-215	-100	-315
Total DIA GROUP stores at 31 December 2021	**3,227**	**2,710**	**5,937**

SPAIN	Owned	Franchised	Total
Total stores 31 December 2020	2,441	1,477	3,918
New openings	23	17	40
Net change from franchised to owned stores	-172	172	0
Closings	-101	-68	-169
Total DIA Spain stores at 31 December 2021	**2,191**	**1,598**	**3,789**

PORTUGAL	Owned	Franchised	Total
Total stores 31 December 2020	298	267	565
New openings	11	2	13
Net change from franchised to owned stores	-35	35	0
Closings	-72	-7	-79
Total DIA Portugal stores at at 31 December 2021	**202**	**297**	**499**

BRAZIL	Owned	Franchised	Total
Total stores 31 December 2020	462	317	779
New openings	3	0	3
Net change from franchised to owned stores	131	-131	0
Closings	-26	-19	-45
Total DIA Brazil stores at at 31 December 2021	**570**	**167**	**737**

ARGENTINA	Owned	Franchised	Total
Total stores 31 December 2020	286	621	907
New openings	0	27	27
Net change from franchised to owned stores	-6	6	0
Closings	-16	-6	-22
Total DIA Argentina stores at at 31 December 2021	**264**	**648**	**912**

The Group as a whole has converted a net total of 82 own stores to franchised, driven by the reactivation of outsourcing through the new franchise model in Spain and Portugal. This has translated into 172 and 35 net stores transferred from own to franchises, respectively. Brazil remains inmersed in the process of optimising its franchise network, converting 131 net franchised stores into own during the year, as a prior step to the deployment of the new franchise model. In Argentina. 6 net stores were transferred from owned into franchised.

The Group has closed 244 stores (169 strategic closures in Spain, 45 in Brazil, 22 in Argentina and 8 in Portugal). In addition, during year 2021 Clarel business in Portugal was closed, representing 71 stores.

On the other hand, 83 new stores have been opened (55% as franchises and 45% as own stores) distributed in the 4 geographies in which the Group operates (40 in Spain, 27 in Argentina, 13 in Portugal and 3 in Brazil).

At the end of the year, the Group operated a sales area of 2.298 million square meters, 3.0% lower than the sales area operated at the end of 2020.

EVENTS FOLLOWING THE CLOSE OF THE PERIOD

On 28 January 2022, the parent company made a cash contribution of 25.7 million euros to DIA Brazil.

DEFINITION OF APMs

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

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

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

- Franchisees' turnover from sales to end customer. Net Sales record the value of sales of goods by DIA to the franchisee. In addition to the sale of goods and associated discounts and incentives, amounts invoiced as a percentage of the franchisee's final sales figure are recorded in net sales for licensed rights and ancillary technical and commercial assistance services, and for the provision for the assignment of commercial use and monthly operation of the 2020 franchise model.
- Mobile phone top-up transactions. Net sales only include the amount of commission associated with these transactions.
- Concessions' turnover from sales to end customer (meat and fish counters among others). In general, the concession-holder makes use of the at the point of sale space for which it is invoiced for a sublease recorded as "other income". In addition, DIA charges a commission to the concession-holder for point-of-sale terminal collection management, which is registered as "net sales". As for the purchase of goods, the concession-holder may purchase goods from a third party or otherwise from DIA. Group net sales include sales of DIA goods to the concession-holder and the collection management fee. Gross sales under banner nonetheless include all sales by the concession-holder to the end customer.

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

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

NET SALES TO GROSS SALES UNDER BANNER RECONCILIATION (million of euros)	2021	2020	Change (%)
Net sales	6,647.7	6,882.4	-3.4%
VAT	855.7	968.1	-11.6%
Others	353.6	544.1	-35.0%
Interim inflation adjustment in Argentina	-	505.4	n/a
Total Gross sales under banner	**7,856.9**	**8,899.9**	**-11.7%**

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

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

   A store is not considered to have operated under similar business conditions, and therefore does not form part of the LFL calculation basis, in the event that it has been temporarily closed throughout the period considered to carry out refurbishment work or has been significantly affected by objective external causes (e.g. closures related to Covid-19 disinfection tasks, force majeure events such as flooding, among others).

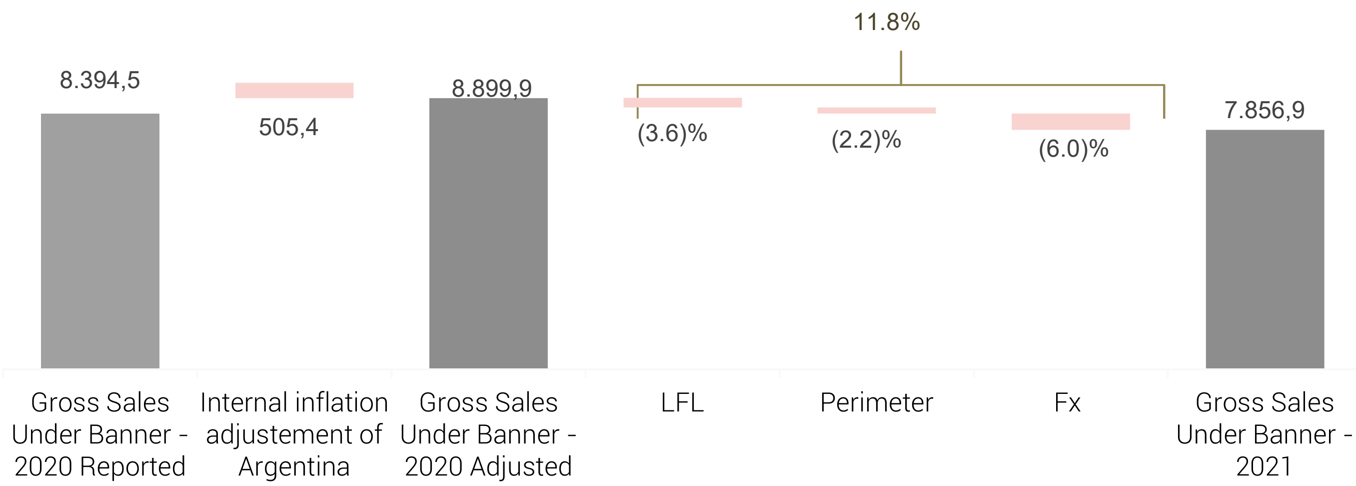
   As an illustrative example, if a store opened on 1 October 2020, its sales are excluded from the daily basis for LFL sales until 30 September 2021. From 1 October 2021 onwards, the store's sales will be considered in the basis of the LFL sales calculation, and for the purposes of assessing growth over the same period of the previous year, the store's sales on the same day of the previous year are taken into account. As an additional illustrative example, if a store remains closed for three days during the 2021 financial year for painting and cleaning tasks, the basis for calculation excludes sales by that store on the same days the previous year when it was open.

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

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

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

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



Gross profit: Profit calculated mainly by deducting from Net Sales and Other Income: (i) goods sold and other consumables; (ii) impairment of trade receivables; and (iii) labour costs, other operating expenses and lease expenses related with logistics activities, as per the reconciliation presented in the 2021 Results section of the Management Report. This metric is used as an indicator of the return obtained from the sale of goods after deducting the acquisition costs of the goods sold, including the logistics costs incurred to deliver the goods to the point of sale, irrespective of the nature of the cost (labour, other operating costs, etc.).

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

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

OPERATING PROFIT TO ADJUSTED EBITDA RECONCILIATION

(million of euros)	2021	2020	Change
Operating profit (EBIT)	(176.0)	(182.1)	6.1
Depreciation & Amortization	393.0	426.5	(33.5)
Impairment of fixed assets	59.1	26.4	32.7
Losses on write-down of fixed assets	22.9	31.1	(8.2)
Gross operating profit (EBITDA)	**299.0**	**301.9**	**(2.9)**
Restructuring costs	55.4	58.1	(2.7)
Long-term incentive program (LTIP)	11.1	11.6	(0.5)
IFRS 16 lease effect	(267.1)	(270.1)	3.0
IAS 29 hyperinflation effect	26.0	21.3	4.7
Adjusted EBITDA	**124.3**	**122.9**	**1.4**

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

- Costs directly associated with scheduled store/warehouse/central office restructuring or closure plans and the conversion of owned stores into franchised stores and vice versa. These costs mainly comprise compensation to staff and penalties for early cancellation of lease agreements.

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

The IFRS 16 effect on rents of 267.1 million euros and 270.1 million euros in 2021 and 2020, respectively, corresponds to costs that would have been accounted for as lease expenses had IFRS16 not been implemented. The difference between these amounts and the payments for leases according to note 12.1 on the Consolidated Condensed Interim Financial Statements, Financial debt, amounting to 272.6 million euros and 284.5 million euros in 2021 and 2020, respectively, is due to the fact that the payments include financial leases that were already part of the tangible fixed assets before the application of the new standard, as well as adjustments for hyperinflation and others.

RENTALS WITHOUT IFRS 16 APLICATION (million of euros)	2021	2020
Rentals without IFRS 16 aplication	**267.1**	**270.1**
Lease payments for financial leases prior to the implementation of the standard	8.7	15.9
Hiperinflation adjustment related to rentals	(3.0)	(2.3)
Others	(0.2)	0.8
Lease payments for financial leases (Note 12.1)	**272.6**	**284.5**

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

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

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 investment in fixed assets to contribute to the future growth of its business.

CAPEX RECONCILIATION (million of euros)	2021	2020	Change (%)
Additions - Property, plant and equipment	232.7	75.1	209.8%
Additions - Other intangible asset	13.0	8.2	58.5%
Total Capex	**245.7**	**83.3**	**195.0%**

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 Financial Statements

NET FINANCIAL DEBT RECONCILIATION (million of euros)	2021	2020	Change
Non-current borrowings	1,023.2	1,625.8	(602.6)
Current borrowings	272.5	589.0	(316.5)
Cash & Cash equivalents	(361.1)	(347.0)	(14.1)
Total Net Debt	**934.6**	**1,867.8**	**(933.2)**
Effect of leases (detb) (IFRS 16)	(530.4)	(591.5)	61.1
Net Financial Debt	**404.1**	**1,276.3**	**(872.2)**

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

Available liquidity: this is the result of adding together the Cash and cash equivalents as described in note 10 to the 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 (million of euros)	2021	2020	Change
Cash & Cash equivalents	361.1	347.0	14.1
Available credit facilities	154.3	50.2	104.1
Total liquidity	**515.4**	**397.2**	**118.2**

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.

WORKING CAPITAL (million of euros)	2021	2020	Change
Inventories (A)	452.0	445.8	6.2
Trade & other receivables (B)	178.0	128.4	49.6
Trade & other payables (C)	1,274.8	1,183.4	91.4
Total working capital (A+B-C)	**(644.8)**	**(609.2)**	**(35.5)**

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.