

**Audit Report on the Financial Statements  
issued by an Independent Auditor**

**DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A.  
Financial Statements and Management Report  
for the year ended  
December 31, 2023**

## INDEPENDENT AUDIT REPORT ON THE FINANCIAL STATEMENTS

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

To the shareholders of Distribuidora Internacional de Alimentación, S.A.:

### Audit report on the financial statements

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#### Opinion

We have audited the financial statements of Distribuidora Internacional de Alimentación, S.A. (the “Company”), which comprise the balance sheet at December 31, 2023, the income statement, the statement of changes in equity, the statement of cash flows, and the notes thereto for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting framework applicable in Spain (identified in Note 2 to the accompanying financial statements) and, specifically, the accounting principles and policies contained therein.

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#### Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the “*Auditor’s Responsibilities for the Audit of the Financial Statements*” section of our report.

We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned regulations.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

### *Measurement of property, plant and equipment and investments in group companies*

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**Description** As explained in Notes 6, 9, and 10.a) to the accompanying financial statements, at December 31, 2023, the Company recorded property, plant and equipment amounting to 8,251 thousand euros and investments related to equity instruments as well as loans and current accounts granted to group companies amounting to 669,702 thousand euros and 10,925 million thousand euros, respectively.

For purposes of measuring the value of property, plant and equipment, the carrying amount of these non-current assets is assigned to each of the corresponding cash-generating units, which in the case of the Company is determined at store level. Each subsidiary tests for impairment loss on investments in group companies, taking into account both the shares and the remaining loans pending collection from the various companies.

Company management assesses, at least at the end of each reporting period, whether there are indications of impairment and writes down these investments whenever there is objective evidence that the carrying amount of property, plant and equipment and investments in group companies is no longer recoverable, recognizing an impairment loss for the amount of the difference between the carrying amount and recoverable amount. In both cases, the recoverable amount is determined taking into account the value in use of cash-generating units, as applicable.

Since determining recoverable amount requires Company management to make estimates using significant judgment to establish the assumptions used for these estimates, we determined this to be a key audit matter.

Information on the measurement standards applicable to property, plant and equipment and investments in group companies is provided in Notes 4.c) 4.e) and 4.g) viii to the accompanying financial statements.

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### Our response

Our audit procedures related to this matter included:

- ▶ Understanding the process designed by Company management to determine whether there are indications of impairment as well as the recoverable amount property, plant and equipment and investments in group companies, and assessing the design and implementation of the relevant controls in place in that process, involving our valuation specialists.
- ▶ Evaluating management's analysis of indications of impairment and reasonableness of the methodology used and the principal assumptions made to determine the recoverable amount of property, plant and equipment and investments in group companies (in particular, with regard to the assumptions underlying projected cash flows and long-term growth and discount rates), with the involvement of our valuation specialists.

- ▶ Comparing the consistency applied in projecting future profit used as a basis for determining the recoverable amount of property, plant and equipment and investments in group companies with the budget for 2024 approved by the Company's board of directors, and with the various companies' business plans prepared by management for the 2025 to 2028 financial years.
- ▶ Assessing, with the involvement of our valuation specialists, the sensibility of the analyses used to evaluate changes in the main assumptions used.
- ▶ Reviewing the disclosures made in the notes to the financial statements, assessing whether they are in conformity with the applicable financial reporting framework.

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### **Other information: Management report**

Other information refers exclusively to the 2023 management report, the preparation of which is the responsibility of the company's directors and is not an integral part of the financial statements.

Our opinion on the financial statements does not cover the management report. Our responsibility for the management report, in conformity with prevailing audit regulations in Spain, entails:

- a. Checking only that the non-financial statement and certain information included in the Corporate Governance Report and the Annual Report on Remuneration of Directors, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.
- b. Assessing and reporting on the consistency of the remaining information included in the management report with the financial statements, based on the knowledge of the Company obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in a) above has been provided as stipulated by applicable regulations and that the remaining information contained in the management report is consistent with that provided in the 2023 financial statements and its content and presentation are in conformity with applicable regulations.

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### **Responsibilities of the directors and the audit committee for the financial statements**

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position, and results of the Company, in accordance with the financial reporting framework applicable to the Company in Spain, identified in Note 2.a) to the accompanying financial statements, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or where there is no other realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

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## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the financial statement auditing standards prevailing in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the management company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the use by the directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee of the Company regarding, among other matters, the scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the Company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee of the Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## **Report on other legally stipulated disclosure requirements**

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### **European single electronic format**

We have examined the digital file of the European single electronic format (ESEF) of Distribuidora Internacional de Alimentación, S.A. for the 2023 financial year, consisting of an XHTML file containing the financial statements for the year, which will form part of the annual financial report.

The directors of Distribuidora Internacional de Alimentación S.A. are responsible for submitting the annual financial report for the 2023 financial year in accordance with the format requirements established by Commission Delegated Regulation (EU) 2019/815, of December 17, 2018 (the "ESEF Regulation"). ). For this reason, the Annual Corporate Governance Report and the Annual Report on Remuneration of Directors have been included in the management report for reference.

Our responsibility consists of examining the digital file prepared by the Company's directors in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the financial statements included in the aforementioned digital file correspond in their entirety to those of the financial statements that we have audited, and whether the financial statements and the aforementioned file have been formatted, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital file examined correspond in their entirety to the audited financial statements, which are presented, in all material respects, in conformity with the ESEF Regulation.

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### **Additional report to the audit committee**

The opinion expressed in this audit report is consistent with the additional report we issued to the Company's audit committee on February 29, 2024.

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### Term of engagement

The ordinary general shareholders' meeting held on June 28, 2023 appointed us as auditors for the year ended December 31, 2023.

Previously, we were appointed as auditors by the shareholders for one year and we have been carrying out the audit of the financial statements continuously since the year ended December 31, 2019.

ERNST & YOUNG, S.L.  
(Registered in the Official Register of  
Auditors under No. S0530)

(Signed on the original version in Spanish)

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María del Tránsito Rodríguez Alonso  
(Registered in the Official Register of  
Auditors under No. 20539)

February 29, 2024



*Cada día  
más cerca*

**Annual Accounts and  
Management Report  
at 31 December 2023**

**2023**

**Distribuidora Internacional de  
Alimentación, S.A.**

(Together with the Audit Report)

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



# BALANCE SHEET

At 31 December 2023  
 (Expressed in thousands of euros)

ASSETS	Notes	2023	2022
<b>Intangible assets</b>	5	<b>133</b>	<b>1,569</b>
Concessions		67	75
Goodwill		29	1,212
Computer software		10	3
Other intangible assets		27	279
<b>Property, plant and equipment</b>	6	<b>8,251</b>	<b>86,700</b>
Land and buildings		3,646	32,775
Technical installations, machinery, equipment, furniture and other property, plant and equipment		4,304	52,608
Fixed assets under construction and advance payments		301	1,317
<b>Long term investments in group companies and associates</b>	9	<b>669,702</b>	<b>693,791</b>
Equity instruments		669,702	693,791
<b>Long term investments</b>	10 b)	<b>4,392</b>	<b>9,783</b>
Equity instruments		36	36
Loans to third parties		28	28
Other financial assets		4,328	9,719
<b>Trade debtors and other receivables</b>		<b>182</b>	<b>668</b>
Accounts receivable and provision of services (exceeding operating cycle)	10 b)	182	668
<b>Long term accruals</b>	12	<b>1</b>	<b>1</b>
<b>Deferred tax assets</b>	18	<b>6,005</b>	<b>–</b>
<b>Total non-current assets</b>		<b>688,666</b>	<b>792,512</b>
<b>Non-current assets held for sale</b>	9	<b>12,670</b>	<b>3,695</b>
<b>Inventories</b>	11	<b>1,110</b>	<b>18,015</b>
Goods for resale		1,110	17,941
Raw materials and other supplies		–	28
Advances to suppliers		–	46
<b>Trade debtors and other receivables</b>	10 b)	<b>71,153</b>	<b>30,517</b>
Current accounts receivable for sales and short term provision of services	8 d)	1,286	27,500
Receivables from group companies and associates		18	56
Other receivables		113	170
Personnel		13	42
Current tax assets	18	67,708	827
Other receivables from Public Authorities	18	2,015	1,922
<b>Short term investments in group companies and associates</b>	10 a)	<b>10,925</b>	<b>75,421</b>
Other financial assets		10,925	75,421
<b>Short term investments</b>	10 b)	<b>2,645</b>	<b>5,019</b>
Derivatives		2,507	4,341
Other financial assets		138	678
<b>Short term accruals</b>	12	<b>472</b>	<b>561</b>
<b>Cash and cash equivalents</b>	13	<b>1,408</b>	<b>7,326</b>
Liquid assets		1,408	7,326
<b>Total current assets</b>		<b>100,383</b>	<b>140,554</b>
<b>TOTAL ASSETS</b>		<b>789,049</b>	<b>933,066</b>

The attached report forms an integral part of the annual accounts for the 2023 financial year.

# BALANCE SHEET

At 31 December 2023  
 (Expressed in thousands of euros)

EQUITY AND LIABILITIES	Notes	2023	2022
<b>Equity</b>	14	<b>534,202</b>	<b>667,254</b>
<b>Capital</b>		<b>580,655</b>	<b>580,655</b>
Issued capital		580,655	580,655
<b>Share premium</b>		<b>1,058,873</b>	<b>1,058,873</b>
<b>Reserves</b>		<b>2,831</b>	<b>2,831</b>
Other reserves		2,831	2,831
<b>(Own shares and equity holdings)</b>		<b>(3,150)</b>	<b>(3,150)</b>
<b>(Negative results from previous years)</b>		<b>(972,205)</b>	<b>(801,390)</b>
<b>Result for the year</b>		<b>(133,877)</b>	<b>(170,815)</b>
<b>Other equity instruments</b>		<b>1,075</b>	<b>250</b>
<b>Total equity</b>		<b>534,202</b>	<b>667,254</b>
<b>Long term provisions</b>	15	<b>32,478</b>	<b>30,355</b>
Provisions for long-term employee benefits		855	—
Other provisions		31,623	30,355
<b>Long term payables</b>	17 a)	<b>31,958</b>	<b>36,495</b>
Bonds and other negotiable securities		31,046	30,891
Bank borrowings		—	372
Finance lease payables	7	19	1,576
Other financial liabilities		893	3,656
<b>Deferred tax liabilities</b>	18	<b>6,028</b>	<b>165</b>
<b>Total non-current liabilities</b>		<b>70,464</b>	<b>67,015</b>
<b>Short term provisions</b>	15	<b>61</b>	<b>3,052</b>
<b>Short term payables</b>	17 a)	<b>6,028</b>	<b>25,623</b>
Bonds and other negotiable securities		802	800
Bank borrowings		—	115
Finance lease payables	7	200	1,354
Derivatives	10 b)	2,507	4,341
Other financial liabilities		2,519	19,013
<b>Short term debt to group companies and associates</b>	17 b)	<b>130,668</b>	<b>1,749</b>
<b>Trade creditors and other accounts payable</b>	17 c)	<b>47,626</b>	<b>168,372</b>
Short term suppliers		2,090	3,621
Short term suppliers, group companies and associates		16,158	134,167
Other payables		18,045	23,610
Personnel (salaries payable)		836	1,174
Other debt to Public entities	18	10,495	5,797
Advances from customers		2	3
<b>Short term accruals</b>		<b>—</b>	<b>1</b>
<b>Total current liabilities</b>		<b>184,383</b>	<b>198,797</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>789,049</b>	<b>933,066</b>

The attached report forms an integral part of the annual accounts for the 2023 financial year.

# INCOME STATEMENT

For the financial year ended 31 December 2023  
 (Expressed in thousands of euros)

	Notes	2023	2022
<b>Revenues</b>	21 a)	<b>744,951</b>	<b>845,470</b>
Sales		720,184	822,523
Services rendered		24,767	22,947
<b>Supplies</b>	21 b)	<b>(581,346)</b>	<b>(650,352)</b>
Consumption of merchandise		(553,654)	(616,582)
Raw materials and other consumables used		(1,769)	(2,341)
Subcontracted work		(25,975)	(31,619)
Impairment of merchandise, raw materials and other supplies	11	52	190
<b>Other operating income</b>		<b>24,082</b>	<b>32,487</b>
Non-trading income and other operating income	21 f)	24,082	32,408
Operating grants taken to income		—	79
<b>Personnel expenses</b>	21 c)	<b>(7,589)</b>	<b>(5,005)</b>
Salaries and wages		(6,402)	(6,882)
Employee benefits expense		(145)	(214)
Provisions		(1,042)	2,091
<b>Other operating expenses</b>		<b>(162,001)</b>	<b>(186,811)</b>
External services	21 d)	(156,607)	(182,478)
Taxes		(2,565)	(2,512)
Losses, impairment and changes in trade provisions		1,336	1,394
Other current operating expenses		(4,165)	(3,215)
<b>Amortisation and depreciation</b>	5 and 6	<b>(15,469)</b>	<b>(20,059)</b>
<b>Impairment and gains/(losses) on disposal of fixed assets</b>	5,6 and 21 e)	<b>12,065</b>	<b>(3,932)</b>
Impairment and losses		321	(1,999)
Gains/(losses) on disposal and other		11,744	(1,933)
<b>Results from operating activities</b>		<b>14,693</b>	<b>11,798</b>
<b>Financial income</b>		<b>9,580</b>	<b>3,770</b>
<b>From marketable securities and fixed asset loans</b>		<b>9,580</b>	<b>3,770</b>
Group companies and associates	20 b)	635	431
Other		8,945	3,339
<b>Financial expenses</b>		<b>(7,568)</b>	<b>(5,863)</b>
Group companies and associates	20 b)	(546)	(3,284)
Debt to third parties		(7,016)	(2,679)
Provision adjustments		(6)	100
<b>Foreign currency exchange result</b>		<b>(5)</b>	<b>(14)</b>
<b>Impairment and result on disposal of financial instruments</b>		<b>(161,063)</b>	<b>(180,021)</b>
Impairment and losses	9	(161,063)	(180,021)
<b>Net financial result</b>		<b>(159,056)</b>	<b>(182,128)</b>
<b>Result before tax</b>		<b>(144,363)</b>	<b>(170,330)</b>
<b>Income tax</b>	18	<b>10,486</b>	<b>(485)</b>
<b>RESULT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>(133,877)</b>	<b>(170,815)</b>
<b>RESULT FOR THE YEAR</b>		<b>(133,877)</b>	<b>(170,815)</b>

The attached report forms an integral part of the annual accounts for the 2023 financial year.

## STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023  
(Expressed in thousands of euros)

### A) Statement of recognised income and expenses

	2023	2022
<b>Result of the income statement</b>	<b>(133,877)</b>	<b>(170,815)</b>
<b>Income and expense recognised directly in equity</b>		
Cash flow hedges	—	—
Tax effect	—	—
<b>Total income and expense recognised directly in equity</b>	<b>—</b>	<b>—</b>
<b>Amounts transferred to the income statement</b>		
Grants, donations and bequests	—	—
Tax effect	—	—
<b>Total amounts transferred to the income statement</b>	<b>—</b>	<b>—</b>
<b>Total recognised income and expense</b>	<b>(133,877)</b>	<b>(170,815)</b>

The attached report forms an integral part of the annual accounts for the 2023 financial year.

## STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023  
 (Expressed in thousands of euros)

### B) Statement of total changes in equity

	Equity attributable to holders of equity instruments in the Company							Total
	Issued capital	Share premium	Reserves	Own shares	Prior year's result	Result for the year	Other own equity instruments	
<b>Balance at 31 December 2021</b>	<b>580,655</b>	<b>1,058,873</b>	<b>3,110</b>	<b>(3,842)</b>	<b>(657,989)</b>	<b>(143,401)</b>	<b>416</b>	<b>837,822</b>
<b>Recognised income and expense</b>	-	-	-	-	-	<b>(170,815)</b>	-	<b>(170,815)</b>
<b>Transactions with equity holders or owners</b>	-	-	<b>(279)</b>	<b>692</b>	-	-	<b>(166)</b>	<b>247</b>
Issue of share-based payments	-	-	-	-	-	-	269	269
Delivery of own shares	-	-	(279)	692	-	-	(435)	(22)
<b>Distribution of profit for the year</b>	-	-	-	-	<b>(143,401)</b>	<b>143,401</b>	-	-
<b>Balance at 31 December 2022</b>	<b>580,655</b>	<b>1,058,873</b>	<b>2,831</b>	<b>(3,150)</b>	<b>(801,390)</b>	<b>(170,815)</b>	<b>250</b>	<b>667,254</b>
<b>Recognised income and expense</b>	-	-	-	-	-	<b>(133,877)</b>	-	<b>(133,877)</b>
<b>Transactions with equity holders or owners</b>	-	-	-	-	-	-	<b>825</b>	<b>825</b>
Issue of share-based payments	-	-	-	-	-	-	825	825
<b>Distribution of profit for the year</b>	-	-	-	-	<b>(170,815)</b>	<b>170,815</b>	-	-
<b>Balance at 31 December 2023</b>	<b>580,655</b>	<b>1,058,873</b>	<b>2,831</b>	<b>(3,150)</b>	<b>(972,205)</b>	<b>(133,877)</b>	<b>1,075</b>	<b>534,202</b>

The attached report forms an integral part of the annual accounts for the 2023 financial year.

# CASH FLOWS STATEMENT

For the financial year ended 31 December 2023  
 (Expressed in thousands of euros)

	Notes	2023	2022
<b>Cash flows from operating activities</b>			
Result for the year before tax		(144,363)	(170,330)
<b>Result adjustments</b>		<b>150,809</b>	<b>202,889</b>
Amortisation and depreciation	5 and 6	15,469	20,059
Valuation allowances for impairment		159,354	180,436
Changes in provisions		1,894	(1,915)
Gains from disposals of fixed assets	21 (e)	(11,744)	1,933
Financial income		(9,580)	(3,770)
Financial expenses		7,568	5,863
Foreign currency exchange result		5	14
Other income and expenses		(12,157)	269
<b>Changes in operating assets and liabilities</b>		<b>(1,340)</b>	<b>(8,521)</b>
Inventories		2,872	2,489
Debtors and other receivables		(311)	1,718
Other current assets	12	89	149
Creditors and other accounts payable		(2,932)	(6,842)
Provisions		(1,493)	(8,002)
Other current liabilities		(1)	(3)
Other non-current assets and liabilities	10 (b) and 12	436	1,970
<b>Other cash flows from operating activities</b>		<b>(22,676)</b>	<b>420</b>
Interest paid		(6,650)	(4,687)
Interest received		6,338	3,716
Income tax received (paid)		(22,364)	1,391
<b>Cash flows from operating activities</b>		<b>(17,570)</b>	<b>24,458</b>
<b>Cash flows from investing activities</b>			
<b>Payments for investments</b>		<b>(55,310)</b>	<b>(81,268)</b>
Group companies and associates		(35,160)	(41,687)
Intangible assets	5	(12)	(150)
Property, plant and equipment	6 and 21 (e)	(20,138)	(34,610)
Other financial assets		–	(4,821)
<b>Proceeds from sale of investments</b>		<b>35,907</b>	<b>567</b>
Property, plant and equipment	6	16,141	567
Other financial assets	10 (b)	3,086	–
Non-current assets held for sale		16,680	–
<b>Cash flows from investing activities</b>		<b>(19,403)</b>	<b>(80,701)</b>
<b>Cash flows from financing activities</b>			
<b>Proceeds from and payments for financial liability instruments</b>		<b>31,055</b>	<b>(47,745)</b>
Issue		33,911	295
Debts with group companies and associates		33,911	–
Other debts		–	295
Redemption and repayment of		(2,856)	(48,040)
Bonds and other negotiable securities	17 (b)	(770)	(660)
Bank borrowings		(1,275)	(166)
Debts with group companies and associates		–	(47,214)
Other debts		(811)	–
<b>Cash flows from financing activities</b>		<b>31,055</b>	<b>(47,745)</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>(5,918)</b>	<b>(103,988)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>7,326</b>	<b>111,314</b>
<b>Cash and cash equivalents at year end</b>		<b>1,408</b>	<b>7,326</b>

The attached report forms an integral part of the annual accounts for the 2023 financial year.

# NOTES TO THE ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 1. NATURE, ACTIVITIES AND COMPOSITION OF THE GROUP

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

Its principal activity is the retail sale of food products through owned or franchised self-service stores under the Dia brand name. The Company opened its first establishment in Madrid in 1979.

The Company's shares have been admitted for trading on the Continuous Market of the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges since 5 July 2011.

On 28 March 2019, L1R Invest1 Holdings S.à r.l. made a public takeover bid for 100% of the shares forming the Company's capital, as a result of which L1R Invest1 Holdings S.à r.l. acquired shares representing 40.76% of Dia's share capital. Added to the shares that they already held prior to the bid, this brought their total shareholding to 69.76%. The bid was settled on 22 May 2019.

The Company holds stakes in subsidiaries. As a result, the Company is the parent company of a Group of companies (hereinafter the "Group" or the "Dia Group") in accordance with the laws in force. Information regarding stakes in group companies is set out in Note 9 of this report.

The presentation of the consolidated annual accounts is necessary, in accordance with generally accepted accounting principles and standards, to present a true and fair image of the Group's financial situation and results of operations, changes in equity and cash flows.

On 28 February 2024 the Company's Directors drew up the consolidated annual accounts of Distribuidora Internacional de Alimentación, S.A. and subsidiaries for the 2023 financial year, in accordance with the terms of the International Financial Reporting Standards adopted by the European Union (IFRS-EU) and the other provisions of the applicable regulatory financial reporting framework, presenting consolidated losses attributed to the Parent Company amounting to 30,242 thousands of euros and negative consolidated equity attributable to the Parent Company amounting to 68,127 thousands of euros.

### Significant events occurring during 2023

#### a) Impact of the conflict in Ukraine

The Group does not have any operations or assets in Ukraine, Russia or Belarus and exposure to said markets is not considered material. However, the Group is affected by the macroeconomic consequences of the war in Ukraine, such as increased energy, fuel and raw material prices. The Group has not suffered any significant supply chain problems since the start of the armed conflict, but it is closely monitoring their evolution. However, it is difficult to estimate how all these variables will evolve in the coming months given the geopolitical implications of the conflict and its possible global repercussions, which make it difficult to make any reliable estimate of the potential impact it could have on Dia's business.

In a publication of Other Relevant Information dated 12 August 2023, the Company notified the National Securities Market Commission (CNMV) that within the framework of the new international sanctions imposed by the Office of Foreign Assets Control ("OFAC") in the USA on certain persons, the Company, in accordance with the information received from the Luxembourg company LetterOne Investment Holdings, S.A. ("LIHS") and referring back to previous reports of Other Relevant Information and to the OFAC itself (FAQ 1131 of LetterOne Investment Holdings, S.A) accessible through the following link at <https://ofac.treasury.gov/faqs/1131>, reiterated that no natural person shareholder of LIHS holds, either individually or jointly with other shareholders, control of LIHS and consequently the Company considers that it is not affected in any way by the aforementioned sanctions. This communication of Other Relevant Information is in complement to others of a similar nature published previously by the Company, dated respectively 28 February 2022 (registration number 14,698), 15 March 2022 and 22 March 2022 (registration number 15,015).

## b) Corporate operations

On 3 August 2023, the Company notified the CNMV that, together with its indirectly wholly owned subsidiary Luxembourg Investment Company 322 S.à r.l. ("LuxCo 322", jointly with the Company, the "Vendors"), it had signed a share sale agreement whereby, among other things, the Vendors would sell 100% of the share capital of Dia Portugal Supermercados, S.A. to Auchan Portugal, S.A. The price of the transaction, which may vary depending on certain parameters, is 155 millions of euros. The agreement reached would involve complete disinvestment by Dia Group in Portuguese territory. The conclusion of the transaction is subject to the fulfilment or renunciation, as regulated by the Agreement, of certain conditions precedent by 31 May 2024, including: (i) the purchaser's obtaining merger control clearance from the European Commission and/or the Portuguese competition authority, (ii) the vendors' obtaining authorisation from the financial entities of the Company's syndicated financing for the transaction and (iii) maintenance of certain densities in the Portuguese sub-franchising network. At year-end 2023 the Company had classified the assets and liabilities relating to the Dia Portugal business as non-current assets held for sale and the operations for the year, net of tax, as discontinued operations. The accounting impacts arising from the transaction are disclosed in Note 9.

On 2 August 2022, the Company, together with two of its indirect wholly-owned subsidiaries, Dia Retail España, S.A.U. and Grupo El Árbol, Distribución y Supermercados, S.A.U., reported the sale of the large format stores business in Spain to Alcampo, S.A. The price of the operation was 252 millions of euros. On 2 March 2023, the Company reported that all the conditions precedent to which the operation was subject had been met and the proceeds obtained from it were used to pay syndicated financing amounting to 97,200 thousands of euros.

On 1 November 2023, the Company entered into a subsidiary operation (hereinafter "Hive Down") consisting of contributing net assets amounting to 103,159 thousands of euros to its wholly-owned subsidiary "Luxembourg Investment Company 317, S.à.r.l.". Note 2.b) details the net assets contributed in the investment of the aforementioned subsidiary (Note 9). The execution of this transaction is an obligation provided in the Syndicated Financing and required by the Syndicated Creditors, with a view to facilitating the Company's and its Group's access to possible future financing or refinancing.

## 2. BASIS OF PRESENTATION

### a) True and fair image

The annual accounts have been prepared on the basis of the Company's accounting records and they are presented in accordance with the commercial legislation in force, the standards established in the General Accounting Plan and the requirements as regards format established in Commission Delegated Regulation (EU) 2018/815 in order to present a true and fair image of the Company's assets, financial situation and results, as well as the authenticity of the cash flows included in the cash flow statement.

The Company's Directors believe the annual accounts for the 2023 financial year, authorized for issue on 28 February 2024, will be approved by the General Shareholders' Meeting without amendment.

### b) Comparison of information

In addition to the figures for the 2023 financial year, the annual accounts for 2023 present the figures from the previous financial year for comparative purposes and for each item on the balance sheet, income statement, statement of recognised income and expenses, statement of changes in equity, cash flow statement and notes to the annual accounts. The figures for 2022 formed part of the annual accounts for 2022 approved by the General Shareholders' Meeting of 28 June 2023.



To facilitate the comparison of the 2023 figures with those of the previous year, a breakdown of all assets and liabilities by balance sheet heading transferred due to the Hive Down operation, as a contribution to the share capital of its subsidiary "Luxembourg Investment Company 317 S.à r.l.", is provided below:

	Thousands of euros
	<u>2023</u>
<b>Intangible assets (Note 5)</b>	<b>1,076</b>
Goodwill	850
Other intangible assets	226
<b>Property, plant and equipment (Note 6)</b>	<b>71,603</b>
Land and buildings	28,810
Technical installations, machinery, equipment, furniture and other property, plant and equipment	42,793
<b>Long term investments</b>	<b>4,656</b>
Other financial assets	4,656
<b>Trade debtors and other receivables</b>	<b>50</b>
Accounts receivable and provision of services (exceeding operating cycle)	50
<b>Total non-current assets</b>	<b>77,385</b>
<b>Inventories</b>	<b>14,085</b>
Goods for resale	14,085
<b>Trade debtors and other receivables</b>	<b>27,606</b>
Current accounts receivable for sales and short term provision of services	27,603
Other receivables	3
<b>Short term investments</b>	<b>23</b>
Other financial assets	23
<b>Cash and cash equivalents</b>	<b>164</b>
Liquid assets	164
<b>Total current assets</b>	<b>41,878</b>
<b>TOTAL ASSETS</b>	<b>119,263</b>
<b>Long term payables</b>	<b>3,947</b>
Finance lease payables	1,310
Other financial liabilities	2,637
<b>Deferred tax liabilities</b>	<b>120</b>
<b>Total non-current liabilities</b>	<b>4,067</b>
<b>Short term provisions</b>	<b>1,599</b>
<b>Short term payables</b>	<b>10,438</b>
Finance lease payables	598
Other financial liabilities	9,840
<b>Total current liabilities</b>	<b>12,037</b>
<b>TOTAL LIABILITIES</b>	<b>16,104</b>
<b>Total assets and liabilities transferred (Note 9)</b>	<b>103,159</b>

## c) Functional and presentation currency

The annual accounts are presented in thousands of euros, rounded to the nearest thousand, the euro being the Company's functional and presentation currency.

## d) Critical aspects of the valuation and assessment of uncertainty and relevant judgments in the application of accounting policies

Preparing the annual accounts requires the application of relevant accounting estimates and the application of judgements, estimates and hypotheses in the process of applying the Company's accounting policies. In this regard, a summary is set out below of the details of those aspects involving the greatest degree of judgement and complexity, or where hypotheses or estimates are significant.

### Relevant accounting estimates and hypotheses

- Assessment of the potential value impairment of investments in group companies and associates classified as equity instruments (Notes 4 g) and 9).
- Assessment of the potential value impairment of non-financial assets subject to amortisation/depreciation or impairment: Notes 4 b), c) and e).
- Analysis of possible contingencies or liabilities linked to processes under way: (Notes 4 o) and 15).

The estimates made take account of the risks deriving from climate change. The costs deriving from the Sustainability strategy are incorporated into the Company's budgets and business plans, which are used to analyse the impairment of the group's non-financial assets (Note 4 e)). Nonetheless, given the nature of the Company's assets and the mitigation measures it is taking as part of its Sustainability strategy (Note 19), the risk deriving from climate change is not considered to have any significant impact on the estimates of useful lives of assets or the recoverable amounts of inventories or on the impairment tests of non-financial assets.

Although the Directors' estimates were made on the basis of the best available information at 31 December 2023, it is possible that future events could lead to their having to be changed in subsequent financial years, in which case this would be done prospectively.

Estimates and judgements are assessed annually on the basis of the assumptions outlined in the business plan. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and are considered reasonable.

## e) Going concern

The Company's Directors have prepared these annual accounts at 31 December 2023 in accordance with the going concern principle.

At 31 December 2023, equity amounted to a positive 534 millions of euros (667 millions of euros positive at 31 December 2022). The working capital, calculated as current assets minus current liabilities, excluding non-current assets held for sale, was a negative 97 millions of euros at 31 December 2023 (62 millions of euros negative at 31 December 2022). The result for the year was a loss of 134 millions of euros (loss of 171 millions of euros in 2022) and the net change in cash and cash equivalents was a negative 6 millions of euros in 2023 (negative 104 millions of euros in 2022).

At 31 December 2023, the Group had available liquidity of 319.5 millions of euros at the consolidated level, which includes the available balances of the financing obtained and the cash and cash equivalents at that date. Additionally, updated business plans project significant improvements. Also, during 2024 the Group will have additional net liquidity as a result of the corporate transactions mentioned in Note 1 b). For all the above reasons, the Directors consider that the Company will continue to operate on a going concern basis.

### 3. ALLOCATION OF RESULT

The proposal for the allocation of the 2023 losses prepared by the Board of Directors for submission to the Ordinary General Shareholders' Meeting was to take all the losses for the year, totalling 133,876,976.07 euros to prior-year losses.

### 4. ACCOUNTING POLICIES

The main recording and appraisal standards used by the Company in preparing its annual accounts were the following::

#### a) Foreign currency transactions, balances and cash flows

Foreign currencies transactions were converted into euros by applying the spot exchange rate on the dates when they were carried out to the amount in foreign currency.

Monetary assets and liabilities denominated in foreign currencies have been translated into euros at the year-end rate, while non-monetary assets and liabilities at historical cost have been translated at the exchange rates prevailing on the transaction dates.

The positive and negative differences that arise when foreign currency transactions are settled, or when monetary assets and liabilities denominated in foreign currencies are converted, are recognised in the results.

#### b) Intangible assets

Assets included in intangible fixed assets are booked at their acquisition price or production cost. Intangible fixed assets are presented on the balance sheet at cost value less accumulated depreciation and value adjustments for accumulated impairment.

The costs incurred in carrying out activities that help develop the business value of the Company overall, such as goodwill, trademarks and similar items generated internally, as well as establishment costs, are recognised in the income statement as they are incurred.

#### i) Business combinations and goodwill

The Company applies the acquisition method for business combinations. The acquisition date is the date when the Company obtains control of the business acquired.

The cost of the business combination is calculated as the sum of the acquisition date fair values of the transferred assets, incurred or assumed liabilities, equity instruments issued and any consideration contingent on future events or compliance with certain conditions in exchange for control of the business acquired.

The cost of the business combination excludes any disbursement that is not part of the exchange for the business acquired. Acquisition costs are recognised as an expense when they are incurred.

The Company recognises the assets acquired on the acquisition date and the liabilities assumed at their fair value. Any excess of the cost of the business combination over the net amount of assets acquired and liabilities assumed is recognised as goodwill. Any shortfall, after evaluating the consideration given and the identification and measurement of net assets acquired, is recognised in income statement.

Goodwill represents the excess, on the acquisition date, of the cost of the business combination over the fair value of the identifiable net assets acquired in the transaction. Goodwill is, as a result, only recognised when it has been acquired for a consideration and corresponds to future economic benefits from assets that cannot be individually identified and recognised separately.

Goodwill is allocated to the cash generating units (CGUs) expected to benefit from the business combination the goodwill arose from.

Goodwill recognised separately is amortised on a straight-line basis over its estimated useful life, being valued at its acquisition price less the accumulated amortisation and, where applicable, the accumulated amount of recognised impairment value adjustments. Useful life is determined separately for each CGU it has been allocated to and is estimated to be 10 years (unless proven otherwise). At least annually, any indications of impairment of the value of the CGUs to which goodwill was allocated are analysed and its possible impairment is ascertained.

Goodwill is measured at cost less accumulated amortisation and any value adjustments for impairment.

## ii) IT applications

IT applications purchased and developed by the company, including all applications relating to point-of-sale terminals, warehouses, offices and microcomputing, are recognised at their acquisition or production cost. The costs of maintaining IT applications are recognised under expenses at the time they are incurred.

## iii) Subsequent costs

Subsequent costs incurred on intangible fixed assets are recognised as an expense, unless they increase the expected future economic benefits of the assets.

## iv) Useful life and amortisation

Amortisation of intangible fixed assets is determined on a straight-line basis by applying the following estimated useful life:

	<u>Estimated years of useful life</u>
Computer software	3
Goodwill	10
Other intangible assets	Term of the contract

The Company reviews the residual value, useful life and amortisation method for intangible fixed assets at the close of each financial year. Changes to the initially established criteria are recognised as changes in estimates.

## v) Impairment of assets

The Company assesses and determines value adjustments for impairment and reversals of impairment losses for intangible fixed assets according to the criteria indicated in subsection (e) of this note.

## c) Property, plant and equipment

### i) Initial recognition

Assets included under property, plant and equipment are booked at acquisition or production cost. The production cost is capitalised under the "Work carried out by the company for its assets" heading in the income statement. Property, plant and equipment is presented on the balance sheet at cost value less amortisation and value adjustments for accumulated impairment.

Given that the average execution period for work on warehouses and stores does not exceed 12 months, there are no significant interest and other finance charges that are considered as an increase in fixed assets.

Investments of a permanent nature made in property leased by the Company under an operational lease agreement are classified as property, plant and equipment. Investments are amortised over the shorter of their useful life or term of the lease, taking extensions into account.

Property, plant and equipment incorporated prior to 31 December 1996 is valued at acquisition price plus any updates made in accordance with the provisions of the relevant legal standards.

### ii) Depreciation

The depreciation of items of property, plant and equipment is carried out by distributing their depreciable amount on a systematic basis over their useful lives. For this purpose, the depreciable amount is defined as the acquisition cost less its residual value. The Company determines the depreciation cost independently for each component that has a significant cost in relation to the total cost of the asset and a different useful life from that of the remainder of the asset.

Depreciation of items of property, plant and equipment is determined on a straight-line basis by applying the following estimated useful lives:

	Estimated years of useful
Buildings	40
Installations in leased stores	10 - 20
Technical installations and machinery	3 - 7
Other installations, fixtures and furniture	4 - 10
Other material assets	3 - 5

Gains and losses on the sale of property, plant and equipment are calculated by comparing the sales proceeds with the book value and are recognised in profit and loss.

The Company reviews the estimated residual values and the depreciation methods and periods used at the end of each year. Changes to the initially established criteria are recognised as changes in estimates.

### iii) Subsequent costs

Following the initial recognition of an asset, costs incurred are capitalised only insofar as they represent an increase in its capacity or productivity or an extension of its useful life, and the book value of replaced items must be derecognised. In this regard, the daily maintenance costs of property, plant and equipment are recognised in profit and loss as they are incurred.

### iv) Impairment of assets

The Company evaluates and determines value adjustments for impairment and reversals of impairment losses for property, plant and equipment according to the criteria indicated in sub-section (e) of this Note.

## d) Non-current assets held for sale

Non-current assets (or disposal groups) whose book value will largely be recovered through a sale transaction are classified as held for sale, instead of being recognised at the value in use. To classify non-current assets or disposal groups as held for sale, they must be available for disposal in their current condition, exclusively subject to the usual terms and conditions for sale transactions, and the transaction must also be deemed to be highly probable.

Non-current assets (or disposal groups) classified as held for sale are not amortised or depreciated, and are recognised at the lesser of their book value and fair value less selling costs or costs of disposal by other means. An impairment loss is recognised for any initial or subsequent reduction in the value of the asset (or disposal group), up to fair value less costs of sale. A gain is recognised for any subsequent increase in fair value less costs of sale of an asset (or disposal group), although this may not exceed the cumulative impairment loss previously recognised. The loss or gain not previously recognised at the date of sale of a non-current asset (or disposal group) is recognised on the date it is derecognised. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets and disposal group assets classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from the other liabilities in the statement of financial position.

## e) Impairment of non-financial assets subject to amortisation

The Company follows the principle of assessing whether there are indications of possible value impairment of non-financial assets subject to amortisation or depreciation, in order to check whether the book value of such assets exceeds their recoverable amount, understood as the greater of fair value less selling costs and value in use.

Impairment losses are recognised in the income statement.

The recoverable value is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the CGU it belongs to, with each store being a cash-generating unit.

In accordance with historical experience, the Company considers that there are indications of value impairment when the operating income or adjusted EBITDA (meaning the operating result before amortisation, depreciation and impairment, gains and losses on fixed asset transactions, other restructuring income and expenses and long-term incentive programme expenses) of a store regarded as mature (in existence for more than two years) has been negative for the last two years, or where value impairment has been recognised in the past. When indications of impairment exist, the recoverable amount of the assets allocated to each cash-generating unit is estimated, calculated as the greater of fair value less selling costs and value in use. Value in use is determined by discounting future cash flows after estimated taxes to present value, applying a post-tax discount rate which reflects the value of money over time and the specific risks associated with the asset.

Determining this value in use and evaluating whether indicators of CGU impairment exist requires the use of judgement and estimates by Management.

To estimate the cash flow projections used to determine value in use, the Company uses the hypotheses set out in the updated business plan. This business plan covers a five-year period. For longer periods, projections based on the business plan are used from the fifth year onwards, applying a perpetual growth rate up until the end of the asset's useful life, including a residual or disposal value for the asset at the end of its useful life, in accordance with the provisions in accounting standards.

When the recoverable value of an asset exceeds its estimated recoverable amount, it is considered to be impaired. In this case the book value is adjusted to the recoverable amount and the impairment loss is recognised in profit and loss. Impairment losses relating to the loss of value of the CGU initially reduce the value of the goodwill assigned to it and subsequently the remaining non-current assets of the CGU in proportion to their book value, subject to a limit for each one of the greatest of their fair value less selling costs, their value in use and zero. Amortisation and depreciation charges for future periods are adjusted to the new book value during the remaining useful life of the asset. Assets are tested for impairment on an individual basis, except in the case of assets that generate cash flows that are not independent of those from other assets (CGUs).

When new events or changes in existing circumstances arise that indicate that an impairment loss recognised in a previous period could have disappeared or reduced, a new estimate is made of the recoverable value of the asset or cash-generating unit. Impairment losses on goodwill cannot be reversed. Previously recognised impairment losses are only reversed if the assumptions used in calculating the recoverable value have changed since the most recent impairment loss was recognised. In this case, book value of the asset or cash-generating unit is increased to its new recoverable value, to the limit of the net book value this asset or cash-generating unit would have had if the impairment loss had not been recognised in previous periods. The reversal is recognised in the income statement and amortisation or depreciation charges for future periods are adjusted to the new book value.

## f) Leases

### i) Lessor accounting

The Company has assigned the right to use certain spaces within Dia commercial establishments to its licensees under sublease agreements, as well as establishments leased to Dia Group franchisees and subsidiaries, which are agreements where the risks and benefits inherent to ownership of the assets are not substantially transferred to third parties.

#### Operating leases

Assets leased to licensees under operating lease agreements are presented in accordance with their nature and subject to the accounting principles set out in subsection (c) of this Note.

Revenue from operating leases, net of incentives granted, is recognised as revenue on a straight-line basis over the lease term, unless another systematic basis of allocation is more representative because it reflects the time pattern of consumption of the benefits arising from the use of the leased asset more appropriately.

### ii) Lessee accounting

The Company has assigned the right to use certain assets under lease agreements.

Lease agreements, which at the outset essentially transfer to the Company all risks and benefits inherent to ownership of the assets, are classified as financial leases, or, if otherwise, as operating leases.

#### Financial leases

At the start of the lease term, the Company recognises an asset and a liability for whichever is the lower of the fair value of the leased asset and the present value of the minimum lease payments. Initial direct costs are included as an increase in the value of the asset. Minimum payments are divided between the financial charge and the reduction in the debt pending payment.

Financial expenses are allotted to the income statement account with the application of the effective interest rate method.

Contingent lease payments are registered as an expense when it is probable that they will be incurred.

The accounting principles applied to assets used by the Company by virtue of its having signed leases classified as finance leases are the same as those set out in subsection c) of this Note. However, if, at the start of the lease, there is no reasonable certainty that the Company will obtain ownership at the end of the lease, the asset is amortised over its useful life or term, whichever is shorter.

### Operating leases

Instalments arising from operating leases, net of incentives granted, is recognised as revenue on a straight-line basis over the lease term, unless another systematic basis of allocation is more representative because it reflects the time pattern of consumption of the benefits arising from the use of the leased asset more appropriately.

Contingent lease payments are registered as an expense when it is probable that they will be incurred.

### iii) Sale and leaseback transactions

Asset sale transactions connected to leaseback operations fulfilling the conditions inherent to a financial lease are considered to be financing operations, so the nature of the asset is not modified and no result is recognised.

## g) Financial instruments

### i) Classification and separation of financial instruments

Financial instruments are, at their initial recognition, classified as a financial asset, a financial liability or an equity instrument, according to the economic substance of the contractual agreement and the definitions of financial asset, financial liability or equity instrument.

The Company classifies financial instruments in accordance with their nature and the Company's intentions at the time of initial recognition.

### ii) Offsetting principles

A financial asset and a financial liability are offset only when the Company has the enforceable right to offset the recognised amounts and intends to settle the net amount, or to realise the asset and settle the liability simultaneously.

### iii) Financial assets and liabilities at fair value with changes in the income statement

Financial assets and liabilities at fair value with changes in the profit or loss account are initially recognised at fair value. Transaction costs directly attributable to the purchase or issue are recognised as an expense in the income statement as they are incurred.

Following initial recognition, they are recognised at fair value by recording changes in results. The fair value is not reduced by the transaction costs that may be incurred due to its eventual sale or disposal by other means. Interest and dividends accrued are included under the headings according to their nature.

### iv) Loans and receivables

Loans and receivables are credits on trade or non-trade transactions with fixed or determinable payments that are not quoted on an active market and are not classified under any other category of financial assets.

These financial assets are initially measured at fair value, including transaction costs directly attributable to them, and subsequently at amortised cost, accrued interest being recognised at the effective interest rate, taken as the discount rate that reduces the present value of the total estimated cash flows to maturity to the book value of the instrument. Notwithstanding the foregoing, trade receivables maturing within one year are measured, both on initial recognition and subsequently, at face value provided that the effect of not discounting the cash flows to present value is not significant.

### v) Investments in group companies

Group companies are those the Company exercises control over, either directly or indirectly through subsidiaries, as provided for in Article 42 of the Commercial Code, or when they are controlled by any means by one or more natural or legal persons acting jointly or under sole management under agreements or statutory clauses.

Control is the power to decide a company's financial and operating policies in order to obtain profit from its activities and considering, for these purposes, the potential voting rights exercisable or convertible at year-end in the hands of the Company or of third parties.

Investments in group, associate and multi-group companies are initially recognised at cost, which is the fair value of the consideration given. The acquisition costs of investments in group companies acquired prior to 1 January 2010 include the transaction costs incurred.

If an investment ceases to meet the conditions for its classification in this category, it is reclassified at fair value with changes in profit and loss and measured as such with effect from the reclassification date, any difference being recognised in profit and loss or in equity respectively.

### vi) Interest and dividends

Interest is recognised by the effective interest rate method.

Dividend income from investments in equity instruments is recognised when the rights to receive it have arisen for the Company. If the dividends distributed arise unequivocally from results generated prior to the acquisition date because amounts greater than the profits generated by the investee since acquisition have been distributed, they reduce the book value of the investment.

### vii) Derecognition of financial assets

Financial assets are derecognised when the rights to receive the cash flows related to them have expired or been transferred and the Company has substantially transferred the risks and benefits of ownership.

Derecognising a financial asset in full implies recognition of results based on the difference between the book value and the sum of the consideration received, net of transaction costs, including the assets obtained or liabilities assumed and any loss or gain deferred under income and expenditure recognised in equity.

### viii) Value Impairment of financial assets

A financial asset or group of financial assets is impaired, and an impairment loss has occurred, if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and if such event, or events, causing the loss has an impact on the estimated future cash flows of the asset or group of financial assets that can be reliably estimated.

The Company records the appropriate value adjustments for impairment of loans and receivables and debt instruments when there has been a reduction or delay in the estimated future cash flows due to debtor insolvency.

#### Value impairment of financial assets valued at amortised cost

The amount of the value impairment loss on financial assets valued at amortised cost is the difference between the book value of the financial asset and the present value of the estimated future cash flows, excluding future credit losses which have not been incurred, discounted at the original effective interest rate of the asset. For variable interest rate financial assets, the effective interest rate on the valuation date in accordance with the contractual conditions is used. For debt instruments classified as investments held to maturity, the Company uses their market value, provided this is sufficiently reliable to be considered representative of the value that could be recovered.

The recognised impairment loss is charged to results and is reversible in later financial years if the reduction can be objectively linked to an event subsequent to recognition. Nonetheless, loss reversal is limited to the amortised cost that the assets would have had if the impairment loss had not been recognised.

#### Value impairment of investments in group companies and equity instruments valued at cost

The impairment calculation is determined as a result of comparing the book value of the investment with its recoverable value, understood as the greater of value in use and fair value less selling costs.

In this regard, value in use is calculated in accordance with the Company stake in the present value of the estimated cash flows from ordinary activities and the final disposal or estimated flows expected to be received from the distribution of dividends and the final disposal of the investment.

Impairment loss or reversal is recognised in the income statement, except where it must be allotted to equity.

Nonetheless, and in certain cases, unless there is better evidence of the recoverable amount of the investment, the estimation of impairment of this asset class considers the investee company's equity, adjusted as necessary to such generally accepted Spanish accounting principles and standards as are applicable, corrected for the net unrealised capital gains existing at valuation date.

Value impairment reversals are recognised in subsequent financial years to the extent that there is an increase in the recoverable value up to the limit of the book value that the investment would have had if the impairment had not been recognised.



The value adjustment for impairment of the investment is limited to its value, except where the Company assumed contractual, legal or implicit obligations or made payments on behalf of the companies. In the latter case, a provision is recognised in accordance with the criteria set out in subsection (n) Provisions.

## ix) Financial liabilities

Financial liabilities, including trade and other accounts payable, not classified as held for trading or as financial liabilities at fair value with changes in the income statement, are initially recognised at fair value, less any transaction costs directly attributable to their issue, if appropriate. Following their initial recognition, liabilities classified under this heading are measured at amortised cost using the effective interest rate method.

However, financial liabilities without an established interest rate, which mature, or which are expected to be received, in the short term and for which discounting to present value has no significant effect, are measured at nominal value.

The Company derecognises a financial liability, or part of it, when the obligation specified in the liability is fulfilled, or it is legally relieved of the responsibility contained in the liability, either by legal process or by the creditor.

The exchange of debt instruments between the Company and the counterparty, or substantial modifications to initially recognised liabilities, are booked as a cancellation of the original financial liability and the recognition of a new financial liability, provided the instruments have substantially different conditions. The Group considers the terms to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, differs by at least 10 per cent from the discounted present value of the remaining cash flows of the original financial liability.

If the exchange is recognised as a cancellation of the original financial liability, the costs or fees are recognised in profit or loss as part of the result of the exchange. Otherwise, the modified flows are discounted at the original effective interest rate, with any difference from the previous book value recognised in profit or loss. Furthermore, the costs or fees adjust the book value of the financial liabilities and are amortised using the amortised cost method over the remaining life of the amended liability.

The difference between the book value of a financial liability, or part of it, that is cancelled or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit and loss.

Financial debt is classified as a current liability unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the closing date for the report.

The Company recognises exchanges of debt instruments with a lender, provided the instruments have substantially different conditions, as a cancellation of the original financial liability and subsequent recognition of a new financial liability. Similarly, a substantial change in the terms of an existing financial liability, or a portion thereof, is accounted for as a cancellation of the original financial liability and subsequent recognition of a new financial liability. The difference between the book value of the financial liability that has been cancelled and the consideration paid, which includes any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss for the year.

If it is determined that the new terms or amendments of a financial liability do not materially differ from the existing ones, the amendment, therefore, not being material, the existing financial liability is not derecognised. The Group will recalculate the gross book value of the financial liability and recognise a gain or loss due to the change in profit and loss for the year. The gross book value of the financial liability is recalculated as the present value of the renegotiated or amended contractual cash flows discounted at the financial liability's original effective interest rate.

## x) Deposits

Deposits received as a result of sublease agreements are valued at their nominal value, since the effect of updating is not significant.

Deposits received as a result of lease agreements are valued in accordance with the criteria set out for financial assets. The difference between the amount received and the fair value is recognised as an advance payment allotted to profit and loss during the term of the lease.

## xi) Derivative financial products and hedge accounting

Derivative financial instruments are initially recognised in accordance with the criteria set out above for financial assets and liabilities. Derivative financial instruments that do not meet the hedge accounting criteria set out below are classified and measured as financial assets or liabilities at fair value with changes in profit or loss. They are classified as current or non-current depending on whether they mature in less than or more than 12 months. In addition, derivative instruments that meet all the requirements to be treated as long-term hedging instruments are presented as non-current assets or liabilities, depending on whether they are positive or negative.

The accounting basis for any gain or loss resulting from changes in the fair value of a derivative depends on whether it qualifies for hedge accounting and, if so, the nature of the hedging relationship.

Changes in the fair value of derivatives that qualify and have been allocated to cover cash flows, being highly effective, are recognised in equity. The part considered to be ineffective is allotted directly to the consolidated income statement. When the forecast transaction or firm commitment results in the recognition of a non-financial asset or liability, the accumulated gains and losses in equity are transferred to the consolidated income statement in the same period in which the hedged transaction affects the net result.

At the initial stage, the Group formally designates and documents the hedging relationship between the derivative and the hedged item, as well as the risk management objectives and strategies it pursues when establishing the hedge. This documentation includes identification of the hedging instrument, the hedged item or transaction being hedged and the nature of the hedged risk. It also includes a way of evaluating its effectiveness in offsetting the exposure to changes in the hedged item, whether in its fair value or in the cash flows attributable to the hedged risk. The effectiveness assessment is carried out prospectively and retrospectively, both at the start of the hedging relationship and systematically throughout the period for which it was designated.

The hedge accounting criteria cease to apply when the hedging instrument expires or is disposed of, cancelled or settled, or if the hedging relationship no longer qualifies for hedge accounting, or if the designation is revoked. In such cases, accumulated gains or losses in equity are not allotted to results until such time as the planned or promised operation affects the result. Nevertheless, if the occurrence of the transaction is no longer probable, the accumulated gains and losses in equity are immediately included in the consolidated income statement.

The fair value of the derivatives portfolio reflects estimates based on calculations made based on market-observable data, using specific tools for assessment and management of the derivatives' risks which are used widely by financial institutions.

## h) Own equity instruments held by the Company

Acquisition by the Company of equity instruments is presented separately at acquisition cost as a reduction of equity on the balance sheet. No gains or losses on transactions with own equity instruments are recognised in the income statement.

Subsequent amortisation of the instruments entails a capital reduction equivalent to the par value of the shares and the positive or negative difference between the acquisition cost and the nominal amount of the shares is charged or credited to reserves.

Transaction costs relating to own equity instruments, including issue costs connected with a business combination, are recognised as a reduction in reserves, once any tax effect has been taken into account.

Dividends relating to equity instruments are recognised as a reduction in equity at the time when they are approved by the General Meeting.

Agreements obliging the Company to acquire own equity instruments in cash or by receiving a financial asset are recognised as a financial liability at the fair value of the amount redeemable against reserves. Transaction costs are likewise recognised as a reduction in reserves. Subsequently, the financial liability is measured at amortised cost or at fair value on the profit or loss account in line with the redemption conditions. If the Company does not ultimately exercise the agreement, the book value of the financial liability is reclassified to reserves.

## i) Inventory

Inventory is initially measured at the acquisition cost.

The acquisition cost includes the amount invoiced by the seller after deducting any discounts, rebates, non-trading income or similar, plus any additional costs incurred to bring the goods to a saleable condition, other costs directly attributable to the acquisition, and indirect taxes not recoverable from the Spanish tax office.

Purchase returns are recognised as a reduction in the book value of returned stock, except where it is not feasible to identify the returned items, in which case they are recognised as a reduction in inventory on a weighted average cost basis.

The cost of inventory is adjusted when the cost exceeds the net realisable value. Net realisable value is understood to be the sale price less the costs of sale.

The previously recognised valuation adjustment is reversed against profit and loss when the circumstances that previously caused the write down no longer exist or when there is clear evidence of an increase in net realisable value due to changed economic circumstances. The reversal of the valuation adjustment is limited to the lower of the cost and the revised net realisable value of the inventories.

## j) Cash and cash equivalents

Cash and cash equivalents include cash in hand and on-demand deposits at banks. This item also includes other highly liquid short term investments, provided they are easily convertible into specific cash amounts and subject to an insignificant risk of changes in value. For these purposes, this includes investments maturing within three months after the acquisition date.

The Company sets out the payments and receipts arising from high-rotation financial assets and liabilities for their net amount in the cash flow statement. For these purposes, the rotation period is considered high if the period between the acquisition date and maturity does not exceed six months.

Bank overdrafts drawable on demand and included in the Company's cash management processes are treated as cash and cash equivalents in the cash flow statement. Bank overdrafts are recognised as financial liabilities for bank borrowings on the balance sheet.

## k) Trade creditors and other accounts payable

These amounts relate to liabilities for goods and services provided to the Company both invoiced and pending invoicing before the end of the financial year for which payment is pending. Trade creditors and other payables are presented as current liabilities unless payment does not fall due within 12 months from the end date of the reporting period. They are initially recognised at fair value and at year end, based on historical experience, the amount that, for various reasons, is not finally invoiced by third parties is determined, and this amount is recognised as a reduction in supplies for the year. The Group's expense for supplies is reduced as a result of the different kinds of discounts, depending on the commercial terms and conditions agreed with suppliers. Some discounts are fixed while others are variable, subject to the accumulated volume of sales over the contract term or the volume of sales made by the Company at its stores of the relevant items from the supplier.

Discounts given by suppliers via Dia Retail, which makes purchases for the Dia Group in Spain, are recognised as a reduction in the cost of inventories when it is probable that the conditions for discounts to be received will be met. Any unallocated discounts are used to reduce the amount of merchandise and other consumables used in the consolidated income statement. The main discounts applied to suppliers are as follows:

- Volume discounts: these are negotiated with a percentage based on the volume of purchases made from suppliers.
- Advertising income: contributions negotiated with suppliers based on the inclusion of references, etc.
- Income from loyalty programmes and redemption of coupons: contributions negotiated with suppliers based on the redemption of coupons by customers at stores using the CLUB Dia card or offers.

Negotiations with suppliers take place yearly and are formally documented. At the close of the financial year, all income recognised relates to agreements entered into with suppliers and services accrued during the year, regardless of the invoice and/or settlement date. The Company recognises discounts obtained from suppliers at each monthly close. For this purpose, it records the charges/invoices issued for these items to the suppliers and the estimate calculated by Sales Management. These monthly estimates are based on the budget to be achieved with each of the suppliers and on the degree of progress in the negotiations.

## l) Severance payments

Involuntary redundancy payments are recognised from the moment when there is a formal detailed plan and a valid expectation has arisen among the affected workforce that the employment relationship will cease, whether because the plan has started to be implemented or because its main features have been announced.

## m) Employee remuneration

The Company recognises the expected cost of remuneration in the form of paid leave, the rights of which accrue as employees provide the services granting them this entitlement. If leave is not cumulative, the expense is recognised as the leave arises.

The Company recognises the expected cost of profit-sharing or employee incentive schemes when a present, legal or implicit obligation exists as a result of past events and a reliable estimate of the value of the obligation can be made.

## n) Provisions

### i) General criteria

Provisions are recognised when the Company has an obligation, whether legal, contractual, implicit or tacit, as the result of a past event, when it is likely there will be an outflow of resources that include future economic benefits to cancel the obligation; and the amount of the obligation may be estimated reliably. Provisions are not recognised for future operating losses.

Amounts recognised on the balance sheet correspond to the best estimate at the date of close of the disbursements required to cancel present obligations, once the risks and uncertainties relating to the provisions have been considered and, where significant, the financial effect produced by the discount, provided the disbursements to be made in each period can be reliably determined. The discount rate is determined before taxes, considering the time value of money, as well as the specific risks that were not considered in the future flows related to the provision at each closing date.

The financial effect of provisions is recognised as financial expenses in the income statement.

Provisions do not include the tax effect or gains expected from the disposal or abandonment of assets.

Reimbursement rights which may be demanded of third parties to settle the provision are recognised as a separate asset when there are no doubts that they will effectively be collected. The reimbursement is recognised as income in the income statement in accordance with the nature of the expense, subject to the limit of the amount of the provision.

Short-term provisions record liabilities under onerous contracts relating to the costs for terminating lease agreements for those stores/warehouses where either expected closure or expected negative cash flows have required the total impairment of their assets.

Provisions are reversed against results when it is unlikely that there will be outgoing resources required to settle the obligation.

### ii) Tax provisions

The amount of tax provisions corresponds to the estimated amount of tax debts determined in accordance with the general criteria set out above.

Provisions are allotted with a charge to profit tax for the financial year, financial expenses for late-payment interest and other results for the penalty. The effects of changes in the estimate of provisions from previous financial years are recognised under the headings by their nature, unless they involve the correction of an error.

## o) Revenues from the sale of goods

Revenues from the sale of goods are recognised at the fair value of the consideration received or receivable for them. Discounts for early payment, bulk orders, or other discounts, and interest added to the nominal amount of credit granted are deducted from the aforementioned revenues.

Nevertheless, the Company includes interest incorporated in trade-related loans maturing in no more than one year that do not have a contractual interest rate, when the effect of not discounting cash flows is not significant.

Discounts granted to customers are recognised at the point when it is probable that the conditions establishing their grant will be fulfilled, as a reduction in revenue through sales.

Advances on account of future sales are valued at the amount received.

## Revenues on sales

The Company recognises revenues on sales of goods when:

- All the risks and benefits of ownership of the asset are substantially transferred to the buyer;
- The asset is no longer part of the operating assets of the Company to the extent usually associated with ownership, and effective control is not retained;
- The value of revenues and costs incurred, or to be incurred, may be measured reliably;
- It is probable that the economic benefits associated with the sale will be received; and
- The costs incurred, or to be incurred, with the transaction can be measured reliably

The Company has customer loyalty programmes that do not entail credits, as they consist of discounts applied when a sale is made and are recognised as a reduction in the corresponding transaction. They do not usually exceed the month in which they are granted. If the discount is applied after the current month, revenue from sales is adjusted in the current month making an estimation based on the historical data for loyalty and its probability of occurrence and the relevant liability is generated. The estimated amount of these discounts is regularised in the following month with the real amount in function of the coupons redeemed. When these customer discounts are granted through franchised stores, they are paid to the franchisee and are, therefore, also recognised as a reduction in the sale amount in the month in which they are applied.

There are certain negotiations of loyalty income within the promotional policy in place with suppliers which, based on the number of units sold and the negotiated discount, are passed on to suppliers and recognised as a reduction in the cost of supplies.

## p) Income tax

The profit tax expense or income includes both current and deferred tax.

Current profit tax assets and liabilities are measured at the expected amounts to be paid or collected from the tax authorities, using the regulations and interest rates in force, or approved and awaiting official announcement at the close of the financial year.

Both current and deferred profit tax are recognised in profit or loss, except when a transaction or economic event arises that has been recognised against equity or a business combination in the same or another financial year.

The Company pays tax under the consolidated declaration regime with its dependent companies Dia Retail España, S.A.U., Petra Servicios a la Distribución, S.L.U., Beauty by Dia, S.A.U., Grupo El Árbol Distribución y Supermercados S.A.U., Dia Finance S.L.U. and Finandia, S.A.U. (Note 18).

### i) Recognition of deferred tax liabilities

The Company recognises deferred tax liabilities in all cases, unless they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and there is no impact at the date of the transaction on either the book result or the tax base.

### ii) Recognition of deferred tax assets

The Company recognises deferred tax assets provided it is probable that there will be sufficient future taxable profits to offset them, except in cases where the differences arise from the initial recognition of assets or liabilities in a transaction that is not a business combination and there is no impact at the date of the transaction on either the book result or the tax base.

### iii) Measurement

Deferred tax assets and liabilities are measured at the tax rates which will be applicable in the financial years when the assets are expected to be realised and the liabilities settled, using the regulations and interest rates in force, or approved and awaiting official publication, taking into account the tax effects of the form in which the Company expects to realise the assets or settle the liabilities.

For these purposes, the Company has considered deduction for the reversal of temporary measures, set out in transitional provision 37 of the Corporation Tax Act 27/2014 of 27 November, as an adjustment to the tax rate applicable to the deductible temporary difference associated with the non-deductibility of amortisations carried out in the 2013 and 2014 financial years.

Since 2019, following the recommendations published by the European Securities Market Authority (ESMA), the Company derecognised all capitalised negative taxable bases and has recognised deferred tax assets to the extent that there are deferred tax liabilities in the Company or any of the companies in the Tax Consolidation Group.

#### iv) Offset and classification

The Company only offsets current profit tax assets and liabilities if there is legal right with regard to the tax authorities and intends to either settle the resulting amounts owing on a net basis or realise the assets and settle the amounts owing simultaneously.

Deferred tax assets and liabilities are recognised in the balance sheet as non-current assets or liabilities, regardless of the expected date of realisation or settlement.

#### q) Transactions with payments based on equity instruments

The Company recognises goods or services received or acquired in a share-based payment transaction at the time the goods are obtained or the services are received. If the goods or services are received in a transaction with share-based payments settled in equity instruments, an increase in equity is recognised, while if they are settled in cash, a liability is recognised, with an offsetting entry in the income statement or on the asset side of the balance sheet.

The Company recognises transactions with share-based payments settled through own equity instruments, including capital increases due to non-monetary contributions, as well as the corresponding equity increase related to them, for the fair value of the goods or services received, unless such fair value cannot be reliably estimated, in which case the value is determined by reference to the fair value of the equity instruments received.

Deliveries of equity instruments in consideration of services provided by Company employees or third parties providing similar services are measured by reference to the fair value of the equity instruments offered.

#### i) Share-based payments to employees and/or directors settled with the issue of equity instruments

Payments to employees and/or directors settled by issuing equity instruments are recognised using the following criteria:

- If the equity instruments granted vest immediately on the grant date, or because their vesting is contemplated due to plan terms and conditions linked to changes in control, the services received are recognised in profit and loss, with a corresponding increase in equity;
- If the equity instruments granted become vested when the employees complete a specified period of service, the services received are recognised over the vesting period with a credit to equity.

The Company determines the fair value of instruments granted to employees and/or directors on the date of grant.

If the service vesting period is prior to the award date, the Group estimates the fair value of the consideration payable on that date, at which time its fair value will be reviewed and determined.

Market vesting conditions and other non-vesting conditions are taken into account when assessing the fair value of the instrument. Other vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for services received is based on the number of equity instruments that will eventually be vested. Consequently, the Company recognises the amount for services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and revises that estimate if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates.

Once the services received and the corresponding increase in equity have been recognised, no further adjustments are made to equity after the vesting date, notwithstanding the corresponding reclassification to equity.

#### ii) Tax effect

In accordance with the provisions of current tax legislation, costs settled with the delivery of equity instruments are deductible in the tax period in which delivery takes place, in which case a deductible temporary difference arises as a result of the time difference between the accounting recognition of the expense and its tax deductibility.

## r) Classification of assets and liabilities as current or non-current

Assets and liabilities are presented on the Company balance sheet as current or non-current. For these purposes, current assets or liabilities are those that meet the following criteria:

- Assets are classified as current if they are expected to be realised, or intended to be sold or consumed, over the course of the normal Company operating cycle, are held essentially for trading purposes, are expected to be realised within a period of twelve months from the date of close, or take the form of cash or other equivalent liquid assets, except in those cases where they cannot be exchanged or used to cancel out a liability, at least within the twelve months following the date of close.
- Liabilities are classified as current when they are expected to be settled during the Company's normal operating cycle, are maintained basically for negotiation, must be paid within twelve months after closing date or when the Company has no unconditional right to delay the cancellation of liabilities for at least twelve months after closing date.
- Financial liabilities are classified as current if they must be settled within 12 months after closing date, even if the original period was greater than 12 months and there exists a refinance or restructuring agreement for long-term periods concluding after closing date and prior to the preparation of the annual accounts.

## s) Environment

The Company carries out operations whose main purpose is to prevent, reduce or repair potential damage caused to environment as a result of its activities.

Expenses arising from environmental activities are recognised as Other operating expenses in the period when they are incurred. The Company recognises environmental provisions if necessary.

Items of property, plant and equipment acquired with a view to their being used lastingly in its business and the main purpose of which is the minimisation of the environmental impact of the Company's operations and the protection and improvement of the environment, including the reduction or elimination of future pollution, are recognised as assets, applying valuation, presentation and disclosure criteria consistent with those referred to in sub-section c) of this note.

## t) Transactions between group companies

Transactions between group companies, except those related to mergers, divisions and non-monetary business contributions, as mentioned in the previous sections, are recognised at the fair value of the consideration received or delivered. The difference between that value and the agreed amount is recognised according to the underlying economic nature of the transaction.

## 5. INTANGIBLE ASSETS

The composition and movements of the accounts included under Intangible Assets, excluding goodwill, were as follows:

	Thousands of euros			Total
	Concessions	Computer software	Other intangible assets	
<b>Cost</b>				
<b>At 1 January 2023</b>	<b>200</b>	<b>193</b>	<b>1,947</b>	<b>2,340</b>
Additions	–	12	–	12
Disposals	–	–	(324)	(324)
Hive Down Transfers (*) (Note 2 b))	–	(15)	(1,571)	(1,586)
<b>At 31 December 2023</b>	<b>200</b>	<b>190</b>	<b>52</b>	<b>442</b>
<b>Amortisation</b>				
<b>At 1 January 2023</b>	<b>(125)</b>	<b>(190)</b>	<b>(1,491)</b>	<b>(1,806)</b>
Amortisation	(8)	(5)	(26)	(39)
Disposals	–	–	147	147
Hive Down Transfers (*) (Note 2 b))	–	15	1,345	1,360
<b>At 31 December 2023</b>	<b>(133)</b>	<b>(180)</b>	<b>(25)</b>	<b>(338)</b>
<b>Impairment</b>				
<b>At 1 January 2023</b>	–	–	<b>(177)</b>	<b>(177)</b>
Disposals	–	–	177	177
<b>At 31 December 2023</b>	–	–	–	–
<b>Net book value at 31 December 2023</b>	<b>67</b>	<b>10</b>	<b>27</b>	<b>104</b>

	Thousands of euros			Total
	Concessions	Computer software	Other intangible assets	
<b>Cost</b>				
<b>At 1 January 2022</b>	<b>200</b>	<b>192</b>	<b>1,970</b>	<b>2,362</b>
Additions	–	1	–	1
Hive Down Transfers (*)	–	–	(23)	(23)
<b>At 31 December 2022</b>	<b>200</b>	<b>193</b>	<b>1,947</b>	<b>2,340</b>
<b>Amortisation</b>				
<b>At 1 January 2022</b>	<b>(117)</b>	<b>(189)</b>	<b>(1,476)</b>	<b>(1,782)</b>
Amortisation	(8)	(1)	(31)	(40)
Hive Down Transfers (*)	–	–	16	16
<b>At 31 December 2022</b>	<b>(125)</b>	<b>(190)</b>	<b>(1,491)</b>	<b>(1,806)</b>
<b>Impairment</b>				
<b>At 1 January 2022</b>	–	–	<b>(177)</b>	<b>(177)</b>
<b>At 31 December 2022</b>	–	–	<b>(177)</b>	<b>(177)</b>
<b>Net book value at 31 December 2022</b>	<b>75</b>	<b>3</b>	<b>279</b>	<b>357</b>

(\*)Subsidiarisation operation included in the Syndicated Financing Agreement as an obligation for the Dia Group (Notes 1 b) and 2 b)).



In financial year 2023 there was a net transfer of 227 thousands of euros worth of intangible assets to its subsidiary as part of the Hive Down operation as explained in Notes 1 b) and 2 b). In 2022 there was a transfer of 7 thousands of euros as part of the same transaction.

The disposals in 2023 under "Other intangible assets" relate to the closure of stores that were fully impaired.

## a) Goodwill and value impairment

The composition and movement in goodwill was as follows:

	Thousands of euros	
	2023	2022
<b>Cost</b>		
<b>At 1 January</b>	<b>4,078</b>	<b>6,146</b>
Additions	–	150
Disposals	–	(2,169)
Hive Down Transfers (*) (Note 2 b))	(3,998)	(49)
<b>At 31 December</b>	<b>80</b>	<b>4,078</b>
<b>Amortisation</b>		
<b>At 1 January</b>	<b>(2,827)</b>	<b>(3,469)</b>
Amortisation	(333)	(395)
Disposals	–	1,008
Hive Down Transfers (*) (Note 2 b))	3,109	29
<b>At 31 December</b>	<b>(51)</b>	<b>(2,827)</b>
<b>Impairment</b>		
<b>At 1 January</b>	<b>(39)</b>	<b>(1,199)</b>
Disposals	–	1,160
Hive Down Transfers (*) (Note 2 b))	39	–
<b>At 31 December</b>	<b>–</b>	<b>(39)</b>
<b>Net book value at 31 December</b>	<b>29</b>	<b>1,212</b>

(\*) Subsidiarisation operation included in the Syndicated Financing Agreement as an obligation for the Dia Group (Notes 1 b) and 2 b)).

In financial year 2023 there was a net transfer of 850 thousands of euros worth of goodwill to its subsidiary as part of the Hive Down operation as explained in Notes 1 b) and 2 b). In 2022 there was a transfer of 20 thousands of euros as part of the same transaction.

At the close of the 2023 and 2022 financial years, the Company performed the relevant impairment tests on the various Cash-Generating Units (CGUs) with associated goodwill, after which no impairments were identified.

## b) Fully amortised assets

The cost of intangible fixed assets fully amortised and still in use at 31 December was as follows:

	Thousands of euros	
	2023	2022
Computer software	170	187
Other intangible assets	2	1,370
<b>Total</b>	<b>172</b>	<b>1,557</b>

## 6. PROPERTY, PLANT AND EQUIPMENT

The composition and movement in the accounts included under Property, plant and equipment was as follows:

	Thousands of euros						Total
	Land	Buildings	Technical installations and machinery	Other installations, fixtures and furniture	Fixed assets under construction and advance payments	Other assets	
<b>Cost</b>							
<b>At 1 January 2023</b>	<b>433</b>	<b>150,867</b>	<b>229,974</b>	<b>9,971</b>	<b>1,317</b>	<b>10,897</b>	<b>403,459</b>
Additions	–	4,628	6,987	660	34	17	12,326
Disposals	–	(7,361)	(19,870)	(1,038)	–	(648)	(28,917)
Transfers	–	236	828	477	(1,050)	(418)	73
Hive Down Transfers (*) (Note 2 b))	(433)	(125,646)	(190,348)	(8,334)	–	(6,111)	(330,872)
<b>At 31 December 2023</b>	<b>–</b>	<b>22,724</b>	<b>27,571</b>	<b>1,736</b>	<b>301</b>	<b>3,737</b>	<b>56,069</b>
<b>Depreciation</b>							
<b>At 1 January 2023</b>	<b>–</b>	<b>(115,250)</b>	<b>(176,467)</b>	<b>(7,196)</b>	<b>–</b>	<b>(9,697)</b>	<b>(308,610)</b>
Depreciation	–	(3,977)	(9,736)	(1,027)	–	(357)	(15,097)
Disposals	–	5,657	16,352	915	–	572	23,496
Transfers	–	7	(72)	(476)	–	458	(83)
Hive Down Transfers (*) (Note 2 b))	–	95,298	147,126	6,207	–	5,429	254,060
<b>At 31 December 2023</b>	<b>–</b>	<b>(18,265)</b>	<b>(22,797)</b>	<b>(1,577)</b>	<b>–</b>	<b>(3,595)</b>	<b>(46,234)</b>
<b>Impairment</b>							
<b>At 1 January 2023</b>	<b>–</b>	<b>(3,275)</b>	<b>(4,522)</b>	<b>(265)</b>	<b>–</b>	<b>(87)</b>	<b>(8,149)</b>
Disposals	–	405	601	19	–	–	1,025
Reversal	–	76	232	13	–	–	321
Transfers	–	10	(41)	–	–	41	10
Hive Down Transfers (*) (Note 2 b))	–	1,971	3,047	186	–	5	5,209
<b>At 31 December 2023</b>	<b>–</b>	<b>(813)</b>	<b>(683)</b>	<b>(47)</b>	<b>–</b>	<b>(41)</b>	<b>(1,584)</b>
<b>Net book value at 31 December 2023</b>	<b>–</b>	<b>3,646</b>	<b>4,091</b>	<b>112</b>	<b>301</b>	<b>101</b>	<b>8,251</b>

(\*)Subsidiarisation operation included in the Syndicated Financing Agreement as an obligation for the Dia Group (Notes 1 b) and 2 b)).

	Thousands of euros						
	Land	Buildings	Technical installations and machinery	Other installations, fixtures and furniture	Fixed assets under construction and advance payments	Other assets	Total
<b>Cost</b>							
<b>At 1 January 2022</b>	<b>437</b>	<b>172,066</b>	<b>259,965</b>	<b>10,149</b>	<b>1,100</b>	<b>14,026</b>	<b>457,743</b>
Additions	—	9,345	16,456	1,628	775	813	29,017
Disposals	—	(13,827)	(28,255)	(922)	—	(3,590)	(46,594)
Transfers	—	221	233	7	(558)	96	(1)
Hive Down Transfers (*)	—	(4,574)	(6,049)	(233)	—	(157)	(11,013)
Transfers to non-current assets held for sale	(4)	(12,364)	(12,376)	(658)	—	(291)	(25,693)
<b>At 31 December 2022</b>	<b>433</b>	<b>150,867</b>	<b>229,974</b>	<b>9,971</b>	<b>1,317</b>	<b>10,897</b>	<b>403,459</b>
<b>Depreciation</b>							
<b>At 1 January 2022</b>	<b>—</b>	<b>(135,989)</b>	<b>(205,034)</b>	<b>(7,634)</b>	<b>—</b>	<b>(13,151)</b>	<b>(361,808)</b>
Depreciation	—	(5,037)	(12,953)	(1,136)	—	(498)	(19,624)
Disposals	—	11,916	25,592	835	—	3,547	41,890
Transfers	—	(25)	(69)	(7)	—	—	(101)
Hive Down Transfers (*)	—	3,700	5,028	172	—	140	9,040
Transfers to non-current assets held for sale	—	10,185	10,969	574	—	265	21,993
<b>At 31 December 2022</b>	<b>—</b>	<b>(115,250)</b>	<b>(176,467)</b>	<b>(7,196)</b>	<b>—</b>	<b>(9,697)</b>	<b>(308,610)</b>
<b>Impairment</b>							
<b>At 1 January 2022</b>	<b>—</b>	<b>(4,129)</b>	<b>(4,165)</b>	<b>(194)</b>	<b>—</b>	<b>(49)</b>	<b>(8,537)</b>
Provision	—	(1,493)	(2,556)	(149)	—	(5)	(4,203)
Disposals	—	1,238	881	21	—	—	2,140
Reversal	—	527	1,650	27	—	—	2,204
Transfers	—	25	103	7	—	(33)	102
Hive Down Transfers (*)	—	40	94	6	—	—	140
Transfers to non-current assets held for sale	—	517	(529)	17	—	—	5
<b>At 31 December 2022</b>	<b>—</b>	<b>(3,275)</b>	<b>(4,522)</b>	<b>(265)</b>	<b>—</b>	<b>(87)</b>	<b>(8,149)</b>
<b>Net book value at 31 December 2022</b>	<b>433</b>	<b>32,342</b>	<b>48,985</b>	<b>2,510</b>	<b>1,317</b>	<b>1,113</b>	<b>86,700</b>

(\*)Subsidiarisation operation included in the Syndicated Financing Agreement as an obligation for the Dia Group (Notes 1 b) and 2 b)).

## a) General

The additions of property, plant and equipment carried out during the 2023 and 2022 financial years essentially relate to the refurbishments carried out for the transformation of the commercial establishments to the new format.

Assets under finance leases in both financial years are detailed in Note 7.

In financial year 2023 there was a net transfer of 71,603 thousands of euros worth of property, plant and equipment to its subsidiary, as part of the Hive Down operation as explained in Notes 1 b) and 2 b). In 2022 there was a transfer of 1,833 thousands of euros as part of the same transaction.

The transfers to non-current assets held for sale in 2022 for a net amount of 3,695 thousands of euros correspond to the net value of the assets of the Company's 24 stores forming the object of the contract which on 2 August 2022 the Company, together with two of its indirectly wholly owned subsidiaries, namely Dia Retail España, S.A.U. and Grupo El Árbol, Distribución y Supermercados, S.A.U., signed with Alcampo, S.A. (Note 1 b)).

## b) Impairment

As described in Note 4 e), based on past experience, the Company considers indications of impairment to exist when a mature store (i.e., one that has been operating for more than two years) has posted negative results for the past two years and stores where impairment was recorded in the past. Performance is measured by store-level adjusted EBITDA calculated in accordance with the definition of alternative performance measurements included in the Group's consolidated management report. In addition, all stores that have individual goodwill allocated to them have been analysed for potential impairment.

Individual assets or groups of assets are tested for impairment by comparing their book value with their recoverable value, defined as the higher of their fair value (less costs of disposal) and their value in use. The value in use is the present value of future cash flows expected to be obtained from the asset. The value in use of each store has been determined using discounted future cash flows that require the use of market participant assumptions. These calculations use cash flow projections based on the updated business plan covering a five-year period and projected over a period determined by the store's most significant and longest-lasting assets. Cash flows beyond the five-year period are projected over the additional period using the estimated growth rates given below. The growth rate considered from the fifth year onwards should not exceed the average long-term growth rate for the distribution business in which the Company operates.

The business plan used has been prepared taking into account past experience as well as forecasts consistent with those included in sector specific reports. This business plan envisages store refurbishments approved, such that the projections include capital expenditure to undertake these refurbishments and to achieve an increase in associated sales where appropriate. In particular, this includes the full roll-out of the updated store model in Spain that began in the second half of 2020 and has implemented the refurbishments of stores and the disposal of unprofitable stores. On the other hand, for the purposes of the test, for those stores earmarked for closure or sale and which also generate negative cash flows, the full book value of the non-movable assets and those which are not expected to be recovered through their use in other stores is impaired, since it has not been possible to estimate a sales value for them. Stores to be closed that are not individually identified have been analysed using the same methodology applied to stores not expected to close.

### Assumptions used to calculate impairment:

The key assumptions used in the business plan are detailed as follows:

	Spain	
	2023	2022
Sales growth rate <sup>(1)</sup>	1.7 %	1.6 %
Growth rate <sup>(2)</sup>	1.8 %	2.0 %
Discount rate <sup>(3)</sup>	7.7 %	6.7 %
% Gross profit <sup>(4)</sup>	22.0 %	22.4 %

(1) Sales growth rate for the projected years.

(2) Weighted average growth rate used to extrapolate cash flows beyond the projected years.

(3) Post-tax discount rate calculated at a date close to the end of the financial year applied to cash flow projections.

(4) ) Gross profit: calculated mainly by deducting from net sales and other income: (i) goods consumed and other consumables; (ii) impairment of trade receivables; and (iii) personnel costs, other operating expenses and lease expenses related to logistics activities.

Management has determined the values assigned to each of the above key assumptions as follows:

#### Sales growth rate

The average annual growth rate for the projected period was determined on the basis of Management's expectations of market development, in accordance with the Company's projections, and taking into account plans for store optimisation, converting stores to new formats and changes in macroeconomic indicators (population, food inflation, etc.).

In order to calculate the recoverable value of each store, the Company set up portfolios of stores with similar characteristics, adding them based on the commercial brand and business model in order to apply common variables in terms of growth assumptions in line with the aforementioned business plan.

#### Perpetual growth rate

The growth rates used to extrapolate flows beyond the initial five-year period have been determined on the basis of the International Monetary Fund's medium and long-term inflation target rates for Spain.

These growth rates are consistent with the forecasts for the industry's expected evolution.

### Post-tax discount rate

The discount rates used reflect specific risks relating to business in the country. The discount rates used are post tax, and are calculated by weighting the cost of equity with the cost of debt, using the industry average weighting. The cost of equity is calculated considering the following factors: the country's risk-free rate, the industry's adjusted beta, the market risk differential and the size of the Company.

### % Gross profit

The % Gross profit is calculated according to the definition included in the alternative measures of the performance of the consolidated management report.

As a result of the impairment tests performed, a reversal of net impairment of 321 thousands of euros was recognised in 2023 in relation to property, plant and equipment. This reversal relates to the impairment of three stores.

As a result of the impairment tests performed, a net impairment loss of 1,999 thousands of euros was recognised in 2022 corresponding to property, plant and equipment. This impairment relates to the impairment of 41 stores for an amount of 3,750 thousands of euros, the estimated closure of 19 stores for an amount of 240 thousands of euros and other impairments for 110 thousands of euros. On the other hand, previous years' impairment of stores was reversed in an amount of 2,101 thousands of euros.

Details of the sensitivity of the evaluation of property, plant and equipment to changes in key assumptions are set out below, with the rest of the variables remaining constant:

- A reduction in the average sales growth rate of 100 basis points would have led to an additional impairment of 368 thousands of euros;
- A decrease of 20 basis points in the % gross profit would have led to an additional impairment of 63 thousands of euros;
- Or a drop in the perpetual growth rate of 100 basis points would have led to an additional impairment of 8 thousands of euros.

## c) Fully amortised assets

The cost of fully amortised property, plant and equipment still in use was as follows:

	Thousands of euros	
	2023	2022
Buildings	13,660	88,021
Technical installations and machinery	20,276	147,590
Other installations, fixtures and furniture	1,447	5,318
Other assets	3,612	8,774
Total	38,995	249,703

The decrease in fully depreciated/amortised assets between 2022 and 2023 is due to the transfer of property, plant and equipment to its subsidiary as part of the Hive Down operation referred to in Notes 1 b) and 2 b).

## d) Insurance

The Company has various insurance policies to cover the risks its property, plant and equipment items are subject to. The coverage of these policies is considered sufficient.

## e) Property, plant and equipment subject to guarantees

At 31 December 2023 and 2022 the Company had provided mortgage guarantees on the majority of its real estate assets.

## 7. LEASES

### a) Financial leases - Lessee

The Company has the following asset classes contracted under finance leases, included under Property, plant and equipment:

	Thousands of euros			
	2023			
	Technical installations and machinery	Other installations, fixtures and furniture	Other assets	Total
Cost	162	5	–	167
Accumulated depreciation	(99)	(5)	–	(104)
<b>Net book value at 31 December</b>	<b>63</b>	<b>–</b>	<b>–</b>	<b>63</b>

	Thousands of euros			
	2022			
	Technical installations and machinery	Other installations, fixtures and furniture	Other assets	Total
Cost	5,766	15	468	6,249
Accumulated depreciation	(3,358)	(10)	(423)	(3,791)
<b>Net book value at 31 December</b>	<b>2,408</b>	<b>5</b>	<b>45</b>	<b>2,458</b>

The amount of the cost indicated in the detail above corresponds in all cases to the fair value of the assets on the date when the financial lease agreements were signed.

The amount of interest expenditure on finance leases during the 2023 and 2022 financial years was 210 thousands of euros and 221 thousands of euros respectively.

The minimum future lease payments under financial lease agreements, together with their present value, are as follows:

	Thousands of euros			
	2023		2022	
	Minimum payments	Present value (Note 17 (a))	Minimum payments	Present value (Note 17 (a))
Less than one year	207	200	1,528	1,354
Two to five years	29	18	1,765	1,534
Over five years	1	1	44	42
<b>Total minimum payments and present values</b>	<b>237</b>	<b>219</b>	<b>3,337</b>	<b>2,930</b>
Less current part	(207)	(200)	(1,528)	(1,354)
<b>Total non-current</b>	<b>30</b>	<b>19</b>	<b>1,809</b>	<b>1,576</b>

The reconciliation between the minimum future payments amount and their present value is as follows:

	Thousands of euros	
	2023	2022
Future minimum payments	237	3,337
Unaccrued finance expenses	(18)	(407)
<b>Present value</b>	<b>219</b>	<b>2,930</b>

During 2023 and 2022 there was no subleasing of property, plant and equipment elements recognised under financial leasing.

## b) Operating leases - Lessee

The Company had approximately 358 lease agreements in effect at 31 December 2023 (1,061 at 31 December 2022). The decrease in the number of contracts is due to the Hive Down operation (Notes 1 b) and 2 b)). In general terms, the operating leases on stores only establish the payment of a fixed monthly charge which is reviewed annually in line with, and index linked to, the rate of inflation. Operating leases generally do not include clauses establishing variable amounts, such as turnover-based fees, or contingent rent amounts.

At 31 December 2023 there were no longer any leases contracts in existence for Company warehouses. Warehouse leases generally had the same characteristics as commercial establishments.

No store sale agreement with subsequent leases was signed in the 2023 or 2022 financial years.

At 31 December 2023, the Company had no significant real estate operating leases in place, since they had been transferred as part of the Hive Down operation mentioned in Notes 1 b) and 2 b)).

The amount of the operating lease payments recognised in the income statement was as follows (Note 21 d)):

	Thousands of euros	
	2023	2022
Property lease expenses	45,840	51,858
Furniture and equipment lease expenses	315	632
<b>Total</b>	<b>46,155</b>	<b>52,490</b>

The decrease in lease expenses recognised in the income statement between 2023 and 2022 is due to the Hive Down operation in effect since 1 November 2023.

The total future minimum payments for non-cancellable operating leases were as follows:

	Thousands of euros	
	2023	2022
Less than one year	3,710	14,649
Two to five years	3,538	8,652
Over five years	493	942
<b>Total minimum property lease payments</b>	<b>7,741</b>	<b>24,243</b>
Less than one year	7	128
Two to five years	4	38
<b>Total minimum movable goods lease payments</b>	<b>11</b>	<b>166</b>

Most of the lease contracts for stores signed by the Company contain clauses allowing them to be terminated at any time throughout their useful lives once the mandatory tie-in period has elapsed. To do so, the lessor must be notified of this decision with the agreed period of notice, which is generally under three months. Total lease commitments were lower than the annual lease expense. The decrease in non-cancellable future minimum operating lease payments is due to the Hive Down operation.

## c) Operating leases - Lessor

Income from sub-lease instalments for the 2023 financial year received from assignments of use to franchisees, along with the amounts received from the licensees for them to perform their operations, amounted to 569 thousands of euros (788 thousands of euros in 2022) (Note 21 f)). In general, the term of these contracts is less than one year, which may be tacitly extended, establishing a fixed monthly rent plus a fee depending on the concession's invoicing.

Sub-leasing fees are also invoiced to the Spanish subsidiaries, mainly to Dia Retail España, S.A.U. as a result of the Hive Down operation and included in "Non-trading income and other operating income" as other income.

## 8. RISK MANAGEMENT AND POLICY

Financial risk management is centralised in the Group's Senior Management, which, through the Group's Finance Management, in close collaboration with the operating units, oversees management and verifies that financial risk-taking activities are regulated by corporate policies and procedures approved by the Board of Directors as well as ensuring financial risks are identified, measured and managed in accordance with these policies.

The Group's Finance Management has established the necessary mechanisms to control the exposure to changes in interest and exchange rates, as well as credit and liquidity risks in accordance with the structure and financial position and the economic variables of the environment, resorting to hedging transactions if necessary.

In particular, the Company's activities are exposed to interest rate and exchange rate risks, as well as credit and liquidity risks.

### a) Cash flow interest rate and fair value risks

The Company's interest rate risk arises from interest rate fluctuations that affect the finance cost of long-term borrowings issued at variable rates.

The Group contracts various interest rate hedging transactions to mitigate its exposure, in accordance with its Risk Management Policy. At 31 December 2023, the Dia Group has arranged derivatives with external counterparties to hedge against interest rate risk on long-term financing.

In financial years 2023 and 2022, the Company did not enter into any significant transactions involving long-term debt at variable interest rates.

The Company's policy is to keep financial assets liquid and available for use. These balances are held in financial institutions with high credit ratings.

### b) Currency risk

In 2023 and 2022 the Company did not carry out any significant transactions in currencies other than the functional currency and did not carry out hedging operations in either financial year.

The Company has several investments in foreign operations, the net assets of which are exposed to currency risk. Currency risk affecting net assets of the Company's foreign operations in Argentinian pesos and Brazilian reais is mitigated primarily through borrowings in the foreign currencies concerned. At 31 December 2023 and 2022, the Company did not have balances with group companies in countries located in Argentina and Brazil.

The Company's exposure to currency risk at 31 December 2023 and 2022 in respect of the balances outstanding in currencies other than the functional currency was immaterial.

### c) Credit risk

Credit risk is the risk the Company is exposed to if a client or counterparty of a financial instrument fails to comply with their contractual obligations, and mainly stems from trade receivables and the Company's investments in financial assets.

The Company has no significant concentrations of credit risk. The risk of concentration is minimised with diversification, managing and combining various areas of impact. The Company's main loans are to different types of customers such as franchisees and retail customers. The Company considers that the evolution of macroeconomic conditions would not have significant impacts on estimated credit risk.

The Company has policies to ensure that wholesale sales of products are made to customers with a suitable credit record. Sales to retail customers are made in cash or by credit card. Derivative transactions are only arranged with financial institutions that have a high credit rating in order to mitigate credit risk. The Company has policies in place to limit the total risk with any financial institution.



The Company's credit risk is due to its operations with most of its franchisees and is mitigated by the deposits linked to the 2020 franchise management model mentioned in Note 17 and the guarantees received mentioned in Note 23 b), as indicated below:

Thousands of euros	2023	2022
Non-current commercial transactions (Note 10 b))	182	668
Current trade transactions	1,286	27,500
Current guarantees and deposits received	(662)	(9,438)
Guarantees received (Note 23 b))	(5,832)	(7,954)
<b>Total</b>	<b>(5,026)</b>	<b>10,776</b>

Non-current trade transactions relate to the financing of the initial inventory of the franchisees, which is repaid monthly based on the cash generation profile of the business. This funding of the initial inventory order corresponds to the previous Dia franchise model, which was essentially based on payment for the delivery of goods. Current trade transactions relate to the financing of the supply of goods and to maturities of less than 12 months from the initial financing of the previous model. With the change of franchise management model introduced in 2020, the franchisee pays for the sale of both initial stock and recurring sales and not for the goods invoiced at the time of receipt, i.e. the collection is based on the cash generated at the franchisee's point-of-sale terminal, so the entire debt is recognised as current. The changes in the current and non-current balances of "Commercial transactions" at the close of each financial year is due to the Hive Down operation referred to in Notes 1 b) and 2 b).

The Company did not sign any non-recourse assignment agreements for supplier trade receivables in 2023 or in 2022.

The Company's exposure to credit risk at 31 December is shown below. The accompanying tables reflect the analysis of financial assets by remaining contractual maturity dates:

Thousands of euros	Maturity	2023
Loans to third parties	2025	28
Guarantees and other deposits	per contract	4,328
Accounts receivable and provision of services	2025-2040	182
<b>Non-current financial assets</b>		<b>4,538</b>
Accounts receivable and provision of services	2024	1,286
Receivables from group companies and associates	2024	18
Other receivables	2024	113
Personnel	2024	13
Current account with group companies	2024	10,925
Interest rate hedging derivatives	2024	2,507
Guarantees and other deposits	2024	138
<b>Current financial assets</b>		<b>15,000</b>

Thousands of euros	Maturity	2022
Loans to third parties	2024	28
Guarantees and other deposits	per contract	9,719
Accounts receivable and provision of services	2024-2038	668
<b>Non-current financial assets</b>		<b>10,415</b>
Accounts receivable and provision of services	2023	27,500
Receivables from group companies and associates	2023	56
Other receivables	2023	170
Personnel	2023	42
Current account with group companies	2023	75,421
Interest rate hedging derivatives	2023	4,341
Guarantees and other deposits	2023	678
<b>Current financial assets</b>		<b>108,208</b>

The returns on these financial assets totalled 6,357 thousands of euros in 2023 and 3,771 thousands of euros in 2022. The increase is due to the interest generated by the hedges generated.

At 31 December 2023, the Company had interest rate risk hedging derivatives contracted with banks for a total amount of 275,000 thousands of euros, which it had in turn assigned to Group company Dia Finance, S.L.U., which holds the debt vis-à-vis the banks. These derivatives generated financial revenue at the Company for the adjustment to their fair value with banks (included in the amount of 3,771 thousands of euros indicated above), and, furthermore, financial expenses for the adjustment to the fair value of the derivatives transferred to Dia Finance, S.L.U. At Group level, hedge accounting has been evaluated and applied.

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

Non-current	Thousands of euros			
	Total	Up to 2 years	3 - 5 years	> 5 years
31 December 2023	<b>182</b>	35	70	77
31 December 2022	<b>668</b>	179	306	183

Current	Thousands of euros					
	Total	Not due	Less than 1 month	2-3 months	4-6 months	From 7 to 12 months
31 December 2023	<b>71,153</b>	71,074	11	41	14	13
31 December 2022	<b>30,517</b>	30,457	—	60	—	—

Details of the impairment policy can be found in Note 4 g).

## d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to settle its financial liabilities when due.

The Company undertakes prudent management of liquidity risk based on maintaining sufficient cash and negotiable securities, the availability of finance by means of a sufficient sum of agreed credit facilities and enough capacity to liquidate market positions. Given the dynamic nature of its underlying business, the Group's Finance Department aims to be flexible with regard to financing with drawdowns on credit facilities taken out.

Liquidity risk is monitored by the Group's Cash Committee which meets every two weeks to check that the Group's financing requirements are covered by the resources available.

The Company's exposure to liquidity risk at 31 December is shown below. The tables below reflect the analysis of financial liabilities by contractual dates for remaining maturities:

Thousands of euros	Maturity	2023
Bonds and other negotiable securities	2026	31,046
Finance lease payables	2029	19
Other financial liabilities	2025/according to the contract	893
<b>Total non-current financial liabilities</b>		<b>31,958</b>
Bonds and other negotiable securities	2024	802
Bank borrowings	2024	94
Finance lease payables	2024	200
Other financial liabilities	2024	4,932
Debt to group companies	2024	130,668
Suppliers	2024	2,090
Suppliers, group companies	2024	16,158
Creditors	2024	18,045
Personnel	2024	836
Advances from customers	2024	2
<b>Total current financial liabilities</b>		<b>173,827</b>

Thousands of euros	Maturity	2022
Bonds and other negotiable securities	2026	30,891
Bank borrowings	2025	372
Finance lease payables	2024-2028	1,576
Other financial liabilities	2025/according to the contract	3,656
<b>Total non-current financial liabilities</b>		<b>36,495</b>
Bonds and other negotiable securities	2023	800
Bank borrowings	2023	115
Finance lease payables	2023	1,354
Other financial liabilities	2023	23,354
Debt to group companies	2023	1,749
Suppliers	2023	3,621
Suppliers, group companies	2023	134,167
Creditors	2023	23,610
Personnel	2023	1,174
Advances from customers	2023	3
<b>Total current financial liabilities</b>		<b>189,947</b>

The evolution of balances with Group companies is explained in Note 17 b) and c).

2023:

Thousands of euros	Total	2025	2026-2028	From 2029
Bonds and other negotiable securities	31,046	—	31,046	—
Credit facilities drawn down	—	—	—	—
Other financial liabilities	—	—	—	—
Finance lease payables	19	18	1	—
Guarantees and deposits received	422	—	—	422
Other non-current liabilities	471	471	—	—
<b>Total non-current financial debt</b>	<b>31,958</b>	<b>489</b>	<b>31,047</b>	<b>422</b>

2022:

Thousands of euros	Total	2024	2025-2027	Desde 2028
Bonds and other negotiable securities	30,891	—	30,891	—
Credit facilities drawn down	382	—	382	—
Other financial liabilities	(10)	—	(10)	—
Finance lease payables	1,576	715	816	45
Guarantees and deposits received	3,185	—	—	3,185
Other non-current liabilities	471	471	—	—
<b>Total non-current financial debt</b>	<b>36,495</b>	<b>1,186</b>	<b>32,079</b>	<b>3,230</b>

The finance costs accrued on these financial liabilities totalled 7,016 thousands of euros and 5,964 thousands of euros in 2023 and 2022, respectively.

Finance expenses in 2023 include the expenses associated with derivative contracts recognised as current debt. In 2022, they include those associated with derivative contracts assigned to Dia Finance S.L.U. amounting to 3,284 thousands of euros (Note 20 b)).

## 9. INVESTMENTS IN GROUP COMPANY EQUITY INSTRUMENTS

Detailed information relating to shareholdings in group companies (companies with direct and indirect shareholdings) is presented in Appendix I.

The detail of stakes in Group companies and their movements during the year was as follows:

Share	Thousands of euros				
	Balance at 1 January 2023	Additions	Transfer to non-current assets held for sale	Hive Down Transfers (Nota 2 b))	Balance at 31 December 2023
Dia Portugal Supermercados, S.A.	20,942	—	(20,942)	—	—
Dia Argentina, S.A.	179,488	6,546	—	—	186,034
Dia Brasil Sociedade Limitada	665,221	39,591	—	—	704,812
Finandia, S.A.U.	3,500	—	—	—	3,500
CD Supply Innovation S.L. in liquidation	500	—	—	—	500
Luxembourg Investment Company 317, S.à.r.l.	376,161	348	—	103,159	479,668
<b>Total cost</b>	<b>1,245,812</b>	<b>46,485</b>	<b>(20,942)</b>	<b>103,159</b>	<b>1,374,514</b>
Impairment	(552,021)	(161,063)	8,272	—	(704,812)
<b>Net Book value</b>	<b>693,791</b>	<b>(114,578)</b>	<b>(12,670)</b>	<b>103,159</b>	<b>669,702</b>

Share	Thousands of euros			
	Balance at 1 January 2022	Additions	Hive Down Transfers	Balance at 31 December 2022
Dia Portugal Supermercados, S.A.	20,942	—	—	20,942
Dia Argentina, S.A.	173,881	5,607	—	179,488
Dia Brasil Sociedade Limitada	622,938	42,283	—	665,221
Finandia, S.A.U.	3,500	—	—	3,500
CD Supply Innovation S.L. in liquidation	500	—	—	500
Luxembourg Investment Company 317, S.à.r.l.	373,377	—	2,784	376,161
<b>Total cost</b>	<b>1,195,138</b>	<b>47,890</b>	<b>2,784</b>	<b>1,245,812</b>
Impairment	(372,000)	(180,021)	—	(552,021)
<b>Net Book value</b>	<b>823,138</b>	<b>(132,131)</b>	<b>2,784</b>	<b>693,791</b>

### 2023 changes

The additions occurring in the 2023 financial year following the contributions made by Dia, amounting to 46,485 thousands of euros, occurred in Brazil, Argentina and Luxembourg Investment Company 317, S.à.r.l.

During the financial year, the sum contributed in Brazil amounted to 39,591 thousands of euros and was produced by forgiving the debt with Dia Brasil amounting to 16,930 thousands of euros, together with a cash contribution of 22,661 thousands of euros.

During the 2023 financial year there were debt waivers at Dia Argentina amounting to 6,891 thousands of euros, of which the Company contributed 6,546 thousands of euros, equivalent to 95% of its direct stake in the subsidiary.

Dia's holding in Dia Portugal Supermercados, S.A. was transferred to non-current assets held for sale following the decision to sell this business, as mentioned in Note 1 b).

In addition, a contribution amounting to 103,159 thousands of euros was made as a continuation of the Hive Down operation (Notes 1 b) and 2 b)).

## 2022 changes

The additions occurring during the 2022 financial year following the contributions made by Dia, amounting to 47,890 thousands of euros, occurred in Brazil and Argentina.

During the financial year, the sum contributed in Brazil amounted to 42,283 thousands of euros and was produced by cancelling debt at Dia Brasil for the amount of 597 thousands of euros and a cash contribution of 41,686 thousands of euros.

During the 2022 financial year there were debt waivers at Dia Argentina amounting to 5,902 thousands of euros, of which the Company contributed 5,607 thousands of euros, equivalent to 95% of its direct stake in the subsidiary.

In addition, a contribution amounting to 2,784 thousands of euros was made as a continuation of the Hive Down operation performed in that financial year.

## Impairment

The amount of value adjustments due to impairment and reversals recognised in the various investees was as follows:

Share	Thousands of euros			
	Balance at 1 January 2023	Additions	Transfer to non-current assets held for sale	Balance at 31 December 2023
Dia Brasil Sociedade Limitada	(552,021)	(152,791)	–	(704,812)
Dia Portugal Supermercados, S.A.	–	(8,272)	8,272	–
<b>Total non-current</b>	<b>(552,021)</b>	<b>(161,063)</b>	<b>8,272</b>	<b>(704,812)</b>

Share	Thousands of euros		
	Balance at 1 January 2022	Additions	Balance at 31 December 2022
Dia Brasil Sociedade Limitada	(372,000)	(180,021)	(552,021)
<b>Total non-current</b>	<b>(372,000)</b>	<b>(180,021)</b>	<b>(552,021)</b>

In accordance with the terms of Note 4 g), paragraph viii, the recoverable amount of investments in group companies is determined on the basis of calculations of value in use, or fair value less sales costs if greater. Discounted future cash flows are used to calculate the value, considering the same key variables as indicated in Note 6.b).

The fair value is the price that would be received to sell the investments in group companies in the country assessed for impairment in an orderly transaction between market participants. Fair value is measured using observable data where available (multiples of recent net sales and/or EBITDA transactions, offers received from potential buyers, stock market multiples for comparable companies) or on the basis of analyses performed by internal or external experts.

The key assumptions used in the business plan are detailed as follows:

	Portugal	
	2023	2022
Sales growth rate (1)	7.5 %	6.9 %
Perpetual growth rate (2)	1.8 %	2.0 %
Discount rate (3)	7.5 %	6.7 %
% Gross profit (4)	19.2 %	19.8 %

	Argentina		Brazil	
	2023	2022	2023	2022
Sales growth rate (1)	29.1 %	12.7 %	4.0 %	4.3 %
Perpetual growth rate (2)	1.7 %	2.2 %	2.0 %	3.0 %
Discount rate (3)	16.2 %	19.3 %	9.7 %	10% ; 10,2%
% Gross profit (4)	18.6 %	18.5 %	17.9 %	19.0 %

(1) Weighted average annual sales growth rate for the periods

(2) Weighted average growth rate used to extrapolate cash flows beyond the budget period.

(3) Post-tax discount rate applied to cash flow projections.

(4) Gross profit: calculated mainly by deducting from net sales and other income: (i) goods consumed and other consumables; (ii) impairment of trade receivables; and (iii) personnel costs, other operating expenses and lease expenses related to logistics activities.

In the case of Brazil, it is important to consider that, although the assumptions used in the impairment analysis have not significantly changed compared to the previous year, the results obtained in 2023 (Note 4) were considerably lower than the estimates ones in the impairment analysis for 2022. This fact affects the starting point used in the business plan projections for 2023 doesn't reach positive cash flows in the coming years of the plan, generating a value not greater than zero. If more conservative assumptions had been used, the results of the impairment test would not have changed.

In particular, taking into account Brazil financial performance, the company is analysing different strategic alternatives, with the aim of making a decision in 2024. Neither as of December 31, 2023, nor at the date of preparation of these annual accounts, the conditions required by the Spanish Generally Accepted Accounting Principles (Note 4 d)) to reclassify the investment in Dia Brasil as Non-current assets held for sale, have not been met. At 31 December 2023, the recoverable value of this investment has been estimated not to be greater than zero. On this basis, the Company recognised impairment in 2023 amounting to 152,791 thousands of euros (180,021 thousands of euros at 31 December 2022).

On the other hand, the Company recognised impairment of 8,272 thousands of euros on its Portuguese subsidiary, which was transferred to non-current assets held for sale following the decision to sell the Portuguese business, as mentioned in Note 1 b) "corporate transactions".

## 10. FINANCIAL INVESTMENTS AND TRADE RECEIVABLES

For financial assets recognised at cost or amortised cost, the book value is not significantly different from the fair value.

### a) Short terms investments in group companies

The breakdown of financial investments in group companies was as follows:

Group	Thousands of euros			
	2023		2022	
	Non-current	Current	Non-current	Current
Current account with the Group	–	10,925	–	75,421
<b>Total</b>	<b>–</b>	<b>10,925</b>	<b>–</b>	<b>75,421</b>

The Company did not have any loans granted to group companies at 31 December 2023 and 2022.

The breakdown of current accounts with group companies is as follows:

	Thousands of euros						
	2023				2022		
	Total	Current account	Tax Credit (VAT)	Tax Credit (corporation tax)	Total	Current account	Tax Credit (VAT)
Dia Retail España, S.A.U.	<b>7,530</b>	—	7,530	—	<b>5,815</b>	—	5,815
Beauty by Dia, S.A.U.	<b>3,197</b>	—	1,770	1,427	<b>1,473</b>	—	1,473
Grupo El Árbol Distribución y Supermercados, S.A.	—	—	—	—	<b>267</b>	—	267
Finandia E.F.C., S.A.	<b>3</b>	—	—	3	—	—	—
Pe-Tra Servicios a la distribución, S.L.	<b>138</b>	—	—	138	—	—	—
Dia Finance, S.L.U.	<b>57</b>	—	—	57	<b>67,808</b>	67,808	—
Luxembourg Investment Company 317 Sàrl	—	—	—	—	<b>7</b>	7	—
Luxembourg Investment Company 318 Sàrl	—	—	—	—	<b>7</b>	7	—
Luxembourg Investment Company 319 Sàrl	—	—	—	—	<b>30</b>	30	—
Luxembourg Investment Company 320 Sàrl	—	—	—	—	<b>7</b>	7	—
Luxembourg Investment Company 322 Sàrl	—	—	—	—	<b>7</b>	7	—
<b>Total</b>	<b>10,925</b>	<b>—</b>	<b>9,300</b>	<b>1,625</b>	<b>75,421</b>	<b>67,866</b>	<b>7,555</b>

In the financial years of 2023 and 2022, the current accounts with the group accrued an annual nominal interest rate ranging from the 1-month Euribor plus 1.40% for debit balances and 0% for credit balances.

Since financial year 2020, following the Hive Down operation, the only balances that the Company holds in financial investments with its Spanish subsidiaries are for VAT refunds. The current account is only managed with Dia Finance (Note 17 b)).

## b) Financial investments

The breakdown of financial investments was as follows:

Unrelated parties	Thousands of euros			
	2023		2022	
	Non-current	Current	Non-current	Current
Equity instruments	36	—	36	—
Loans	28	—	28	—
Interest rate hedging derivatives (Note 17 a))	—	2,507	—	4,341
Other financial assets	4,328	138	9,719	678
<b>Total</b>	<b>4,392</b>	<b>2,645</b>	<b>9,783</b>	<b>5,019</b>

Amounts for non-current equity instruments refer to shares held by the Company in the company Ecoembalajes España, S.A. (Ecoembes).

The non-current credit amount includes the loans the Company granted to its staff and accrue interest at market rates.

At 31 December 2023 and 2022, the Company had interest rate risk hedging derivatives contracted with banks, which it had in turn assigned to Group company Dia Finance, S.L.U., which holds the debt vis-à-vis the banks. These derivatives generated financial revenue in the Company owing to the adjustment to their fair value with regard to banks and, furthermore, financial expenses for the adjustment to the fair value of the derivatives transferred to Dia Finance, S.L.U. The assets and liabilities (Note 17 a)) recognised in the Company at 31 December 2023 for these derivatives amounted to 2,507 thousands of euros (4,341 thousands of euros at 31 December 2022). At Group level, hedge accounting has been evaluated and applied.

Other non-current financial assets included amounts delivered to lessors by way of deposits and bonds as security for lease agreements entered into with them. Until the 2022 financial year, these amounts were measured at present value and any difference from their nominal value is recognised under prepayments for current or non-current assets (Note 12). Since the 2022 financial year, since the present value of these amounts does not differ significantly from their nominal value, they have been presented at their nominal value.

The heading other current financial assets consists of deposits handed over to franchisees amounting to 19 thousands of euros (60 thousands of euros in 2022). In addition, in the 2023 financial year, it includes 119 thousands of euros of receivables on other companies (618 thousands of euros in 2022).

## c) Trade debtors and other receivables

The breakdown of trade and other receivables was as follows:

	Thousands of euros			
	2023		2022	
	Non-current	Current	Non-current	Current
Customers (Note 8 d))	182	11,385	668	39,372
Customers of group companies and associates	—	18	—	56
Other payables	—	2,777	—	3,470
Personnel	—	13	—	42
Current tax assets (Notes 18 and 25)	—	67,708	—	827
Other receivables from Public Administrations (Note 18)	—	2,015	—	1,922
Valuation allowances for impairment	—	(12,763)	—	(15,172)
<b>Total</b>	<b>182</b>	<b>71,153</b>	<b>668</b>	<b>30,517</b>

The customer heading essentially included debts receivable from franchisees and licensees for the sale of goods. The non-current amount of this heading was presented at its current value.

The "Other debtors" heading essentially includes balances with suppliers that have become debtors and are pending collection.

The Company did not sign any non-recourse assignment agreements for supplier trade receivables in 2023 or in 2022.

Current tax assets included the collection right generated by estimating the calculation of corporation tax for the 2023 and 2022 financial years, respectively. The amount of 67,708 thousands of euros includes 43,490 thousands of euros corresponding to the appeal before the National High Court for the unconstitutionality of RD 3/2016 (Notes 18 and 25). It also includes the payments on account made during the year.

In general, debts receivable from customers older than six months are impaired, unless there is a record of non-payment or lack of a commercial relationship, in which case the balance is impaired beforehand.

As described in Note 10 c), these items are provisioned when their collection is deemed to be doubtful. At 31 December 2023, the amount provisioned in accordance with this criterion was 10,099 thousands of euros for customers and 2,664 thousands of euros for other debtors (11,872 thousands of euros and 3,300 thousands of euros respectively in the 2022 financial year).

The movement in the adjustment accounts for impairment losses as a result of the credit risk associated with financial assets measured at amortised cost is as follows:

	Thousands of euros	
	2023	2022
<b>Current</b>		
<b>At 1 January</b>	<b>(15,172)</b>	<b>(15,963)</b>
Additions	(425)	(1,993)
Applications	10	802
Reversals	2,153	1,978
Hive Down Transfers	671	4
<b>At 31 December</b>	<b>(12,763)</b>	<b>(15,172)</b>



## 11. INVENTORY

The detail of the inventory heading is as follows:

	Thousands of euros	
	2023	2022
Goods for resale	1,121	18,131
Other supplies	–	28
Advances to suppliers	–	46
Valuation allowances for impairment	(11)	(190)
<b>Total</b>	<b>1,110</b>	<b>18,015</b>

At 31 December 2023 there were no restrictions of any kind on the availability of inventory. The decrease in inventories is due to the "Hive Down" operation carried out in this past financial year as referred to in Notes 1 b) and 2 b).

The Company has insurance policies in place to guarantee the recoverability of the net book value of inventory in the event of incidents that might affect usage or sale.

## 12. SHORT TERM ACCRUALS

The breakdown of accruals and deferrals is as follows:

	Thousands of euros			
	2023		2022	
	Non-current	Current	Non-current	Current
Prepayments on guarantees and loans	1	–	1	–
Other prepayments	–	472	–	561
<b>Total</b>	<b>1</b>	<b>472</b>	<b>1</b>	<b>561</b>

## 13. CASH AND CASH EQUIVALENTS

The balances under the heading "Cash and cash equivalents" at 31 December 2023 totalled 1,408 thousands of euros (7,326 thousands of euros at 31 December 2022).

Current account balances earn interest at the market rates for that type of account.

The Company has granted a pledge over certain bank accounts. However, there are no restrictions on the availability of such bank accounts to the extent that renders this guarantee ineffective.

## 14. EQUITY

### a) Capital

The share capital of Dia at 31 December 2023 and 2022 was 580,655,340.79 euros, represented by 58,065,534,079 shares with a par value of 0.01 euros each, fully subscribed and paid up. The shares are freely transferable.

The Company's shares are listed on the Spanish stock markets. According to public information filed with the CNMV, the members of the Board of Directors control, at the date of formulation, approximately 0.00544% of the Company's share capital.

According to the same public information registered with the CNMV, the most significant shareholdings at the date these annual accounts were prepared are as follows:

- Indirect shareholding of LetterOne Investment Holdings, S.A. of 77.704% (the direct holding is in the name of L1R Invest1 Holding S.à.r.l. in the same percentage).

## b) Share premium

Dia's share premium at 31 December 2023 and 2022 amounted to 1,058,872,572.94 euros, corresponding to 6,055,522,466 shares with an issue premium of 0.09 euros and 51,387,555,100 shares with an issue premium of 0.01 euros.

## c) Reserves

The breakdown of the change in reserves is as follows:

	Thousands of euros			
	Other non-distributable reserves	Voluntary reserves	Total	Negative results from previous years
<b>At 1 January 2023</b>	<b>1,867</b>	<b>964</b>	<b>2,831</b>	<b>(801,390)</b>
Negative results 2022	—	—	—	(170,815)
<b>At 31 December 2023</b>	<b>1,867</b>	<b>964</b>	<b>2,831</b>	<b>(972,205)</b>

	Thousands of euros			
	Other non-distributable reserves	Voluntary reserves	Total	Negative results from previous years
<b>At 1 January 2022</b>	<b>1,867</b>	<b>1,243</b>	<b>3,110</b>	<b>(657,989)</b>
Negative results 2021	—	—	—	(143,401)
Delivery of own shares	—	(279)	(279)	—
<b>At 31 December 2022</b>	<b>1,867</b>	<b>964</b>	<b>2,831</b>	<b>(801,390)</b>

The proposal for the appropriation of the Company's loss for 2023 prepared by the Board of Directors for submission to the Ordinary Annual General Shareholders' Meeting is to transfer the losses for the full amount of 133,876,976,07 euros to accumulated losses.

The appropriation of the Company's 2022 losses, approved by the General Shareholders' Meeting on 28 June 2023, consisted in transferring the loss, in the amount of €170,814,933.95 euros to prior year's losses.

### i) Legal reserve

The legal reserve was allotted in compliance with article 274 of the Spanish Capital Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to at least 20% of the share capital.

The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, the reserve must be replenished with future profits.

At 31 December 2023 and 2022, the Company had not allocated any amount to this reserve, as it had been fully offset, for an amount of 13,021 thousands of euros, to compensate for losses, as agreed by the Extraordinary General Shareholders' Meeting of 22 October 2019.

### ii) Other non-distributable reserves

At 31 December 2023 and 2022, the balance of this reserve was 1,867 thousands of euros following the transfer of 13,303 thousands of euros to unrestricted voluntary reserves approved by the Ordinary Annual General Shareholders' Meeting of 31 May 2021. This reserve, amounting to 15,170 thousands of euros at 31 December 2020, was non-distributable and arose as a result of the entry into force of Royal Decree (RD) 602/2016, which eliminated the notion of intangible assets with indefinite useful lives, establishing that, from 1 January 2016, these would be subject to amortisation. At 31 December 2016, after the publication of this Royal Decree, this reserve, which up to that date had been for goodwill, was transferred to voluntary reserves, although remaining non-distributable for as long as the net book value of goodwill exceeded the amount of the reserve, after which it might be deemed to be freely distributable. At 31 December 2023 the book value of goodwill was 29 thousands of euros, so this reserve can be considered available to the extent that it exceeds this amount.

### iii) Voluntary reserves

These reserves are freely available, and at 31 December 2023 and 2022 they presented an amount of 964 thousands of euros.

## d) Treasury share

Changes in treasury share in 2023 and 2022 are as follows:

	Number of shares	Average price	Total in euros
<b>At 31 December 2021</b>	<b>28,908,084</b>	<b>0.1329</b>	<b>3,842,015.22</b>
Delivery of shares to Board members	(5,208,448)		(692,226.31)
<b>At 31 December 2022</b>	<b>23,699,636</b>	<b>0.1329</b>	<b>3,149,788.91</b>
<b>At 31 December 2023</b>	<b>23,699,636</b>	<b>0.1329</b>	<b>3,149,788.91</b>

During financial year 2022, 5,208,448 shares valued at 692 thousands of euros, net of withholdings, were distributed to directors as remuneration. The difference between the net value of the shares delivered 70 thousands of euros (Note 16) and their value in treasury share was recognised as a reduction to reserves.

At 31 December 2023 and 2022 the Company held 23,699,636 own shares with a rounded off average purchase price of 0.1329 euros per share, representing a total amount of 3,149,788.91 euros.

## e) Other equity instruments

At 31 December 2023, "Other own equity instruments" includes the reserve of 550 thousands of euros for deferred remuneration in shares for non-proprietary directors (250 thousands of euros at 31 December 2022). At 31 December 2023 this heading also includes the reserve corresponding to the Long Term Incentives Plan 2023-2027 for an amount of 525 thousands of euros (Notes 16 and 20).

## 15. LONG AND SHORT-TERM PROVISIONS

The breakdown of non-current provisions is as follows:

	Thousands of euros					Total
	Provisions for long-term employee benefits	Tax provisions	Social security provisions	Legal provisions	Other provisions	
<b>At 1 January 2023</b>	–	<b>21,851</b>	<b>123</b>	<b>7,433</b>	<b>948</b>	<b>30,355</b>
Additions	855	789	–	1,050	6	2,700
Applications	–	–	–	(378)	–	(378)
Reversals	–	–	(23)	(176)	–	(199)
<b>At 31 December 2023</b>	<b>855</b>	<b>22,640</b>	<b>100</b>	<b>7,929</b>	<b>954</b>	<b>32,478</b>

	Thousands of euros					Total
	Provisions for long-term employee benefits	Tax provisions	Social security provisions	Legal provisions	Other provisions	
<b>At 1 January 2022</b>	<b>3,206</b>	<b>22,532</b>	<b>119</b>	<b>13,933</b>	<b>942</b>	<b>40,732</b>
Additions	–	570	4	3,707	6	4,287
Applications	–	(1,056)	–	(7,123)	–	(8,179)
Reversals	(2,091)	(195)	–	(3,084)	–	(5,370)
Transfers	(1,115)	–	–	–	–	(1,115)
<b>At 31 December 2022</b>	<b>–</b>	<b>21,851</b>	<b>123</b>	<b>7,433</b>	<b>948</b>	<b>30,355</b>

At 31 December 2023, as at the end of the previous year, the Company's main provisions are of a tax, social and legal nature. During 2023, 2,700 thousands of euros (4,287 thousands of euros in 2022) has been provided for, which is mostly related to litigation for which a probable outflow of resources is expected. Additions in 2023 and reversals and transfers for long-term remuneration to personnel in 2022 mainly relate to Long-Term Incentive Plans as detailed in Note 16. Applications of legal provisions during the 2022 financial year included a payment made on 20 May 2022 in Spain in an amount of 6,880 millions of euros in respect of the lawsuit that had been provisioned since the first half of 2020 with the Food Control and Information Agency of the Ministry of Agriculture (AICA).

Short-term provisions at 31 December 2023 included an amount of 61 thousands of euros in respect of onerous contracts corresponding to stores (at 31 December 2022 the figures were 1,937 thousands of euros of onerous contracts corresponding to stores and 1,115 thousands of euros personnel remuneration in respect of incentive plans, paid in 2023).

## Civil proceedings brought by minority shareholders

On 12 June 2020, the Company was notified of the filing of a civil lawsuit for damages by an individual minority shareholder, whereby the shareholder was 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 value of shares as part of the restatement of the 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 down from the court of first instance dismissing the claim. On 9 November 2021, the Company received notice of the appeal against the first instance judgment. On 7 January 2022, the Company proceeded to file its opposition to the appeal. The appeal is currently pending a decision by the Provincial Court of Madrid. There is no provision in respect of this litigation in these annual accounts, as no likely outflow of resources is estimated.

## Other civil proceedings

### a) Proceedings brought by Mr Ricardo Currás de Don Pablos against Dia

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

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

Following the relevant proceedings, a judgment handed down by the Court of First Instance on 10 May 2021 dismissed the entire claim brought by Mr Currás against Dia, with costs being awarded against Mr Currás, and partially upheld the counterclaim brought by Dia against Mr Currás, ordering him to pay Dia the following amounts: (i) 275,232 euros for AVR (bonus) in the years 2016 and 2017, plus interest accrued since its receipt; and (ii) 1,951,500 euros for the compensation received by Mr Currás, plus the interest accrued since its receipt.

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

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

On 31 March 2022, Dia filed both appeals which, at the date of preparing these annual accounts, were pending a ruling as to their admission by the Supreme Court. On 17 May 2023 a Reporting Judge was designated to resolve on the admissibility of Dia's appeals.

No provision has been recognised in these annual accounts in relation to this litigation, as the Directors consider that the final resolution of the dispute will be favourable to Dia's interests.

### b) Proceedings brought by Mr Antonio Coto Gutiérrez against Dia

On 10 March 2023, the Company was notified of the claim for an amount filed by Mr Antonio Coto Gutiérrez, former director and former CEO of the Company, against Dia S.A. for an amount of 4,748,561.04 euros plus interest for under various heads in relation to amounts that he considers are owed to him as a result of the termination of his relationship as CEO of the Company in December 2018.

The Company presented its response to the demand on 12 April 2023. The preliminary hearing was held on 9 January 2024, and the procedure is pending trial, scheduled for 10 and 11 October 2024.

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

On 26 October 2022 the Board of Directors approved a Long Term Incentives Plan for 2023-2025 (LTI 2023-2025), adapted to the Group's strategy and with the aim of motivating and recompensing key management for their commitment to the Dia project and attracting and engaging the talent needed to achieve the sustainability of the business in the medium term. As a consequence of this LTI 2023-2025 a provision of 5,725 thousands of euros has been set aside in the Dia Group, of which 855 thousands of euros in the Company.

Furthermore, on 23 May 2023, the Board of Directors approved a new Long Term Incentives Plan for 2023-2027 (LTI 2023-2027) taking the form of shares aimed at a restricted number of key managers, with the intention of incentivising the creation of value by increasing the Company's share value. At 31 December 2023 in respect of the LTI 2023-2027 the Company recognised expense of 363 thousands of euros and intra-group expense of 162 thousands of euros with Dia Retail España, S.A.U. against Equity Instruments for 525 thousands of euros.

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

At 31 December 2022 the total amount of the provision made for Long-Term Incentive Plans at the Dia Group was 8,720 thousands of euros, of which 937 thousands of euros correspond to the Company and have been transferred to other accounts payable on the personnel line. This amount was paid to beneficiaries of the plan in the first half of 2023. In accordance with the decision of the Board of Directors of 26 October 2022 to cancel the LTI 2021-24, we proceeded to cancel the liabilities relating to this plan and recognised income in the P&L for 2022 of 2,269 thousands of euros.

In addition, in application of the remuneration policy approved at the 30 August 2019 Extraordinary General Meeting and the remuneration policy approved at the 7 June 2022 General Meeting of Shareholders, deferred remuneration in shares established for non-proprietary directors accrued in 2023 in an amount of 300 thousands of euros (269 thousands of euros in financial year 2022) (Note 20c).

## 17. FINANCIAL DEBTS AND TRADE CREDITORS

### a) Debts

The breakdown of debts is as follows

At 31 December 2023	2023		2022	
	Long term	Short term	Long term	Short term
Bonds and other negotiable securities	31,046	–	30,891	–
Interest debt	–	802	–	800
<b>Bonds and other negotiable securities</b>	<b>31,046</b>	<b>802</b>	<b>30,891</b>	<b>800</b>
Credit facilities drawn down	–	–	382	–
Interest debt	–	–	–	115
Formalisation expenses	–	–	(10)	–
<b>Bank borrowings</b>	<b>–</b>	<b>–</b>	<b>372</b>	<b>115</b>
<b>Finance lease payables (Note 7 a))</b>	<b>19</b>	<b>200</b>	<b>1,576</b>	<b>1,354</b>
Derivative financial instrument liabilities (Note 10 b))	–	2,507	–	4,341
Suppliers of fixed assets	471	1,710	471	9,523
Guarantees and deposits received	422	809	7,185	9,490
<b>Other financial liabilities</b>	<b>893</b>	<b>5,026</b>	<b>7,656</b>	<b>23,354</b>
<b>Total debt</b>	<b>31,958</b>	<b>6,028</b>	<b>40,495</b>	<b>25,623</b>

For debts measured at cost or amortised cost, the book value does not differ significantly from the fair value, except for non-current bonds, the fair value of which, at their listed price at 31 December 2023, was 26,662 thousands of euros (25,256 thousands of euros at 31 December 2022).

## Bonds and other negotiable securities

The details of the bond issues outstanding at 31 December 2023 and which remained listed on the Irish Stock Exchange under a Euro Medium Term Note debt issue programme were as follows:

Issuer	Issue date	Amount (thousands of euros)	PIK-amount	Coupon	PIK	Maturity date
Dia, S.A.	07.04.2017	30,800	246	3.00%	0.50%	30.06.2026

On 6 April 2023, the Company paid the interest corresponding to the sixth coupon of the 2017 Euro Medium Term Notes amounting to 927 thousands of euros, as well as the capitalisation of the interest corresponding to the PIK margin of 0.50% accrued from 6 April 2022 to 6 April 2023 amounting to 155 thousands of euros.

## Bank borrowings

### Syndicated Financing and other credit facilities

As a result of the Hive Down, the Company transferred the majority of its debt under the SFA to its subsidiary. The details of the financing facilities at 31 December are as follows:

At 31 December 2023	Limit	Drawn down	Conf/Fact	Amount available
<b>Credit lines - syndicated financing</b>	<b>2,000</b>	–	–	<b>2,000</b>
Loans	2,000	–	–	2,000
<b>Total syndicated financing</b>	<b>2,000</b>	–	–	<b>2,000</b>

At 31 December 2022	Limit	Drawn down	Conf/Fact	Amount available
<b>Credit lines - syndicated financing</b>	<b>2,000</b>	<b>382</b>	–	<b>1,618</b>
Loans	2,000	382	–	1,618
<b>Total syndicated financing</b>	<b>2,000</b>	<b>382</b>	–	<b>1,618</b>

Likewise, effective from 2 September 2021, the relevant amendments to the existing ancillary facilities agreements were formalised to reflect the margin agreed in the amended and consolidated SFA of 3% and the extension of its maturity to 31 December 2025.

### Bank loans

The Company did not amortise or draw down any bank loans in the 2023 financial year.

## Other financial liabilities

This heading – in the line Guarantees and deposits received – records the deposits required from franchisees which have been transferred to the management of the 2020 franchise model, according to which collection is made in accordance with the cash generated at the franchisee's point of sale terminal. The amounts collected in this regard were 662 thousands of euros at 31 December 2023 (9,438 thousands of euros at 31 December 2022).

## Contractual schedule of maturities

The detail by maturity is as follows:

2023	Limit/ Granted	Amount available	Drawn down	Year 1	Year 2	Year 3	Year 4	Other
Bonds and other negotiable securities	31,046	—	31,046	—	—	—	31,046	—
Bank borrowings (credit facilities)	2,000	2,000	—	—	—	—	—	—
Finance lease payables	219	—	219	200	18	1	—	—
<b>Indebtedness position</b>	<b>33,265</b>	<b>2,000</b>	<b>31,265</b>	<b>200</b>	<b>18</b>	<b>1</b>	<b>31,046</b>	<b>—</b>
Interest debt	802	—	802	802	—	—	—	—
Derivative financial instrument liabilities	2,507	—	2,507	2,507	—	—	—	—
Suppliers of fixed assets	2,181	—	2,181	1,710	—	471	—	—
Guarantees and deposits received	1,231	—	1,231	809	—	—	—	422
<b>Total adjusted debt</b>	<b>39,986</b>	<b>2,000</b>	<b>37,986</b>	<b>6,028</b>	<b>18</b>	<b>472</b>	<b>31,046</b>	<b>422</b>

2022	Limit/ Granted	Available (Note 23 b)	Drawn down	Year 1	Year 2	Year 3	Year 4	Year 5	Other
Bonds and other negotiable securities	20,891	—	30,891	—	—	—	30,891	—	—
Bank borrowings (credit facilities)	2,000	1,618	382	—	—	382	—	—	45
Finance lease payables	2,929	—	2,929	1,354	714	431	284	101	—
<b>Indebtedness position</b>	<b>25,820</b>	<b>1,618</b>	<b>34,202</b>	<b>1,354</b>	<b>714</b>	<b>813</b>	<b>31,175</b>	<b>101</b>	<b>45</b>
Interest debt	915	—	915	915	—	—	—	—	—
Formalisation expenses	(9)	—	(9)	—	—	(9)	—	—	—
Derivative financial instrument liabilities	4,341	—	4,341	4,341	—	—	—	—	—
Suppliers of fixed assets	9,994	—	9,994	9,523	471	—	—	—	—
Guarantees and deposits received	12,675	—	12,675	9,490	—	—	—	—	3,185
<b>Total adjusted debt</b>	<b>53,736</b>	<b>1,618</b>	<b>62,118</b>	<b>25,623</b>	<b>1,185</b>	<b>804</b>	<b>31,175</b>	<b>101</b>	<b>3,230</b>

## b) Debts with group companies and associates

The breakdown of debts to Group companies and associates is as follows:

Group	Thousands of euros	
	Current	Current
	2023	2022
Payables	130,668	1,749
<b>Total</b>	<b>130,668</b>	<b>1,749</b>

The details of current debts with Group companies at 31 December is set out below:

	Thousands of euros			
	2023		2022	
	Current Account	Tax Debit (Corporation tax)	Current Account	Tax Debit (VAT)
Dia Retail España, S.A.U.	—	29,776	—	577
Beauty by Dia S.A.U.	—	355	—	1
Grupo El Árbol Distribución y Supermercados, S.A.U.	—	—	—	164
Finandia, S.A.U.	825	31	400	—
Dia Finance, S.L.U.	97,450	1,624	—	—
CD Supply Innovation, S.L. in liquidation	607	—	607	—
<b>Total</b>	<b>98,882</b>	<b>31,786</b>	<b>1,007</b>	<b>742</b>

In the financial years of 2023 and 2022, the current accounts with the group accrued an annual nominal interest rate ranging from the 1-month Euribor plus 1.40% for debit balances and 0% for credit balances.

The tax debt balance with Dia Retail España, S.A.U. relates mainly to the intra-group liability associated with the balance receivable from the Public Administration (Notes 18 and 25).

## c) Trade Creditors and Other Accounts Payable

The breakdown of trade creditors and other accounts payable is as follows:

	Thousands of euros	
	2023	2022
Short term suppliers	2,090	3,621
Short term suppliers with group companies and associates,	16,158	134,167
Other payables	18,045	23,610
Personnel (salaries payable)	836	1,174
Other debts to Public Administrations (Note 18)	10,495	5,797
Advances from customers	2	3
<b>Total</b>	<b>47,626</b>	<b>168,372</b>

The book values of trade and other payables are considered to be consistent with their fair values, due to their short- term nature.

Suppliers and Payables essentially consist of short term payables to suppliers of merchandise and services, whether represented by accepted money orders and promissory notes, or not.

Suppliers with group companies and associates at 31 December 2023 and 2022 mainly includes the debt with Dia Retail España, S.A.U., which is mainly generated by the re-invoicing of goods and services, which are cancelled against the current account with Dia Finance, S.L.U. (Note 17 b)).

The balances included in "Trade creditors and other accounts payable" do not accrue interest.

The Company had no reverse factoring facilities at the close of the 2023 and 2022 years.

The information required by the Third Additional Provision of Spanish Law 15/2010 of 5 July as amended by the Resolution of 29 January 2016 of the Spanish Institute of Accounting and Auditing and by Spanish Law 18/2022 of 28 September on the creation and growth of companies, regarding the information to be included in the notes to the annual accounts in relation to the average period of payment to suppliers in the commercial transactions of the Company:

	2023	2022
	Days	Days
Average payment period to suppliers	54	51
Ratio of transactions paid	55	54
Ratio of transactions pending payment	33	34
	Amount (thousands of euros)	Amount (thousands of euros)
Total payments made	823,321	844,224
Total payments pending	21,026	140,762

The amount of payments made during financial year 2023 in a period shorter than the maximum permitted is 803,921 thousands of euros (98% of the total), corresponding to 45,000 invoices (64% of the total).

The amount of payments made during financial year 2022 in a period shorter than the maximum permitted is 825,03 thousands of euros (98% of the total), corresponding to 42,000 invoices (63% of the total).

The average payment period is calculated taking reverse factoring facilities with suppliers into account.



## 18. TAX SITUATION

### Balances with Public Authorities

The breakdown of balances with public authorities is as follows:

	Thousands of euros			
	2023		2022	
	Non-current	Current	Non-current	Current
<b>Assets</b>				
Deferred tax assets	6,005	—	—	—
Current tax assets	—	67,708	—	827
Other receivables from Public Authorities	—	2,015	—	1,922
<b>Total</b>	<b>6,005</b>	<b>69,723</b>	<b>—</b>	<b>2,749</b>
		(Note 10 c))		(Note 10 c))
<b>Liabilities</b>				
Deferred tax liabilities	6,028	—	165	—
Value added tax and similar taxes	—	10,183	—	5,093
Social Security	—	10	—	5
Withholdings	—	302	—	699
<b>Total</b>	<b>6,028</b>	<b>10,495</b>	<b>165</b>	<b>5,797</b>
		(Note 17 c))		(Note 17 c))

### Financial years pending examination and inspection proceedings

According to the legislation in force, taxes may not be considered to have been definitively settled until the tax returns filed have been inspected by the tax authorities or the four year statute of limitation period has expired.

In accordance with the administrative criteria, the financial years open to inspection at 31 December 2023 and 2022, for the main taxes to which the Company is subject, were as follows:

Tax	Periods	
	2023	2022
Corporation tax	2016-2022	2016-2021
Value Added tax	2019-2023	2019-2022
Personal Income tax	2019-2023	2019-2022
Trading income tax	2020-2023	2019-2022

On 5 July 2023 the Company received notification from the Tax Agency of the start of inspections of Corporation Tax for 2018, 2019 and 2020, of VAT from June 2019 to December 2020 and of withholdings from June 2019 to December 2020. At present we are continuing to attend to the requests for documentation from the tax inspectors.

As a result, among other factors, of differences in interpretations of the applicable tax legislation, additional liabilities may arise as a result of an inspection. In any event, the Company Directors believe these liabilities, if they were to arise, would have no significant impact on the annual accounts.

As a result of inspection proceedings from previous financial years, on the date of closure of these accounts, the Company had 2 lawsuits in administrative litigation proceedings regarding Corporation Tax which are not provisioned, as the risk has been classified as possible, for the following periods and updated amounts: 2011 to 2012, 1,145 thousands of euros; and 2013 to 2014, 2,083 thousands of euros. The lawsuit in respect of Corporation Tax for 2008 to 2010 had not been provisioned and the Supreme Court ruled in our favour on 6 July 2023, so we do not have to pay 1,778 thousands of euros.

### Income tax

At 31 December 2023, the Company declared under the tax consolidation scheme that it is the parent company of tax group 487/12.

The Group's subsidiaries in the 2023 and 2022 financial years were Dia Retail España S.A.U., Petra Servicios a la Distribución, S.L.U., Beauty By Dia S.A.U., Grupo el Árbol Distribución y Supermercados, S.A.U., Dia Finance S.L.U. and Finandia S.A.U.

All the companies in the tax group jointly determine their tax payment as a single taxable entity for Corporation Tax, subsequently distributing the individual tax charge corresponding to each entity.

The reconciliation between the net amount of revenue and expenditure for the financial year and the Company's tax base (tax result) in the financial year of 2023 is as follows:

2023	Thousands of euros							Total
	Income statement			Income and expenses allotted to equity				
	Increases	Decreases	Net	Increases	Decreases	Net		
<b>Balance of Income and expenses for the year</b>	–	<b>(133,878)</b>	<b>(133,878)</b>	–	–	–	<b>(133,878)</b>	
Corporation tax	–	(10,486)	(10,486)	–	–	–	(10,486)	
<b>Profit before tax</b>	–	<b>(144,364)</b>	<b>(144,364)</b>	–	–	–	<b>(144,364)</b>	
Permanent differences								
Individual company	161,117	–	161,117	–	–	–	161,117	
Temporary differences:								
Individual company								
originating during the year	3,732	–	3,732	–	–	–	3,732	
originating in previous years	89	(3,260)	(3,171)	–	–	–	(3,171)	
<b>Tax base (Taxable income)</b>	<b>164,938</b>	<b>(147,624)</b>	<b>17,314</b>	–	–	–	<b>17,314</b>	

The positive permanent adjustment of 161,117 thousands of euros made in the settlement of Corporation Tax corresponds to expenses that are not deductible in accordance with Article 15 section k) of the Corporation Tax Act (Law 27/2014 of 27 November), mainly the impairment of the portfolio of Dia Brasil for 152,791 thousands of euros and that of Dia Portugal for 8,272 thousands of euros.

The temporary differences increasing the tax base in 2023 essentially relate to the reversal of the free depreciation performed in 2011 and 2012 on the basis of Royal Decree (RD) 13/2010 of 3 December, the application of different criteria in the amortisation of goodwill and non-deductible provisions relating to employee remuneration plans.

The temporary differences that reduce the tax base in 2023 relate to the reversal of different accounting provisions that were not tax deductible and the reversal of the impairment that was non-deductible arising from fixed assets.

The reconciliation between the net amount of revenue and expenditure for the financial year and the Company's tax base (tax result) in the financial year of 2022 is as follows:

2022	Thousands of euros							Total
	Income statement			Income and expenses allotted to equity				
	Increases	Decreases	Net	Increases	Decreases	Net		
<b>Balance of Income and expenses for the year</b>	–	<b>(170,815)</b>	<b>(170,815)</b>	–	–	–	<b>(170,815)</b>	
Corporation tax	485	–	485	–	–	–	485	
<b>Profit/loss before tax</b>	<b>485</b>	<b>(170,815)</b>	<b>(170,330)</b>	–	–	–	<b>(170,330)</b>	
Permanent differences								
Individual company	180,271	–	180,271	–	–	–	180,271	
Temporary differences:								
Individual company								
originating during the year	76	–	76	–	–	–	76	
originating in previous years	278	(3,909)	(3,631)	–	–	–	(3,631)	
<b>Tax base (Taxable income)</b>	<b>181,110</b>	<b>(174,724)</b>	<b>6,386</b>	–	–	–	<b>6,386</b>	

The positive permanent adjustment of 180,271 thousands of euros performed in settlement of Corporation Tax corresponds to expenses that are not deductible in accordance with Article 15 of the Corporation Tax Act 27/2014, of 27 November, essentially impairment of the portfolio of the company Dia Brasil for 180,021 thousands of euros, not deductible in accordance with subsection k) of that article.

The temporary differences increasing the tax base in 2022 essentially relate to the reversal of the freedom of amortisation performed in 2011 and 2012 on the basis of Royal Decree 13/2010, of 3 December, and the application of different criteria in the amortisation of goodwill.

The temporary differences that reduce the tax base in 2022 relate to the reversal of different accounting provisions that were not tax deductible and the reversal of the impairment that was non-deductible arising from fixed assets.

The reconciliation between the Corporation Income Tax Base and the amount payable/repayable for the 2023 and 2022 financial years is as follows:

	Thousands of euros	
	2023	2022
<b>Tax base (taxable income)</b>	<b>17,314</b>	<b>6,386</b>
Gross Tax payable (25%)	4,328	–
Deductions	(857)	–
<b>Tax payable</b>	<b>3,471</b>	<b>–</b>
Withholdings and payments on account	(23,305)	(80)
Withholdings from Tax Group Companies	(908)	(743)
Net tax payable, Tax Group Companies	(3,471)	–
<b>Tax payable (+) recoverable (-) by the Company</b>	<b>(24,213)</b>	<b>(823)</b>

At the date of presenting these accounts the tax authorities had already returned the 823 thousands of euros forecast at the close of the 2022 financial year.

The relationship between profit tax expense and results before taxes is detailed below:

	Thousands of euros			Thousands of euros		
	2023			2022		
	Profit and Loss	Equity	Total	Profit and Loss	Equity	Total
<b>Balance of income and expenses for the year before tax</b>	<b>(144,364)</b>	<b>–</b>	<b>(144,364)</b>	<b>(170,330)</b>	<b>–</b>	<b>(170,330)</b>
Tax at 25%	–	–	–	–	–	–
Corporation tax expenses in current year	3,471	–	3,471	–	–	–
Other adjustments	(13,958)	–	(13,958)	485	–	485
<b>Profit tax expenses/(income) from continuing operations</b>	<b>(10,487)</b>	<b>–</b>	<b>(10,487)</b>	<b>485</b>	<b>–</b>	<b>485</b>

The 13,958 thousands of euros of other adjustments includes the asset generated in the Spanish tax office debtor due to the unconstitutionality of Royal Decree Law 3/2016.

The detail of accumulated temporary differences at 31 December 2023 and 2022, in thousands of euros, was as follows:

	2023	2022
Negative tax bases recognised	6,005	–
<b>Negative tax bases recognised</b>	<b>6,005</b>	<b>–</b>
Differences in depreciation	270	652
Impairment	208	1,570
Deductions	2,124	2,892
Others	3,399	3,214
<b>Temporary differences and deductions not recognised</b>	<b>6,001</b>	<b>8,328</b>
Negative tax bases not recognised	89,744	95,696
<b>Negative tax bases not recognised</b>	<b>89,744</b>	<b>95,696</b>
	2023	2022
Differences in depreciation	23	165
Tax impairment Argentina	6,005	–
<b>Deferred tax liabilities recognised</b>	<b>6,028</b>	<b>165</b>

Note that the Company currently has an appeal before the National High Court over the unconstitutionality of Royal Decree 3/2016 in regard to the three provisions recently declared unconstitutional by the Constitutional Court and in regard to the non-deductibility of tax losses arising from the transfer of shareholdings. If the unconstitutionality of the latter provision is also recognised, the Company will an additional negative tax base of 100,133 thousands of euros related to financial year 2018 for the sale of Dia Shanghai and Dia Consulting, and an additional deferred tax asset of 2,067 thousands of euros (25 per cent of the 8,272 thousands of euros impairment of the shareholding recorded in Dia Portugal at 31 December 2023) and 211,444 thousands of euros (25 per cent of the 704,812 thousands of euros impairment of the shareholding recorded at 31 December 2023 in Dia Brasil).

Law 16/2013, establishing certain taxation measures, repealed Article 12.3 of Royal Legislative Decree 4/2004, approving the consolidated text of the Corporation Tax Act, allowing for the deduction of impairment losses from the securities representing the stake in entity capital from the tax base. At the same time, a transitional regime was established with the obligations to integrate the impairment losses generated prior to the new regulation into the tax base. In this regard, Royal Decree-Law 3/2016 amended the aforementioned transitional regime and introduced a minimum reversal amount for losses which must be integrated annually.

In 2020, the Parent Company completed the reversal of the impairment loss of Dia Argentina following the regulations established by Royal Decree Law 3/2016. However, the recent declaration of the Royal Decree Law as unconstitutional, in terms of integrating losses, and the consequent recognition of a tax refund asset arising from the 2016 and 2017 financial years, requires a deferred tax liability amounting to 6,005 thousands of euros to be recognised.

The right of the public authority to examine or investigate negative tax bases offset or pending offsetting, double taxation deductions and deductions to incentivise the performance of certain activities applied or pending application lapses 10 years after the date when the period established for filing the return or self-assessment corresponding to the taxation period during which the right to offsetting or application was generated has expired. On expiry of that period, the Company must accredit the negative tax bases or deductions by means of filing a settlement or self-assessment and accounting records, with accreditation of their deposit during the period with the Companies Register.

The balances of negative tax bases show the following amounts:

Year of origin		2023	2022
		Pending application (thousands of euros)	Pending application (thousands of euros)
2014	Tax Group 0487/12	345,693	345,478
2020	Tax Group 0487/12	30,609	30,609
2021	Tax Group 0487/12	6,699	6,699
2022	Tax Group 0487/12	—	—
<b>Total</b>		<b>383,001</b>	<b>382,786</b>

The amount of negative tax bases pending application increased from 2022 to 2023, as a result of an amicable agreement between the Spanish and Portuguese administrations which among other things results in the increase of 215 thousands of euros in Dia's tax base for 2014.

Company	Thousands of euros		
	Difference Own Funds	Amount integrated in taxable base	Amount pending integration
Dia Argentina, S.A.	N/A	—	24,021

During the 2011 financial year, Dia freely amortised the new elements of property, plant and equipment and real estate investments acquired during that financial year, applying the additional provision 11 of the consolidated text of the Corporation Tax Act, in accordance with the terms of the text established by Royal Decree-Law 6/2010, of 9 April, and Royal Decree-Law 13/2010, of 3 December.

During the 2012 financial year, Dia freely amortised the new elements of the property, plant and equipment and real estate investments acquired up until 31 March of that financial year, applying the additional provision 11 of the consolidated text of the Corporation Tax Act, in accordance with the terms of the text established by Royal Decree-Law 6/2010, of 9 April, Royal Decree-Law 13/2010, of 3 December, and the sole derogation provision of Royal Decree-Law 12/2012, of 30 March.

As part of the Hive Down operation performed in 2020, in 2023 assets and liabilities of the Spanish business of Dia were contributed to the equity of Dia Retail España, S.A.U. amounting to 103,159 thousands of euros, under the tax neutrality regime and recognised by the acquiring party for the same amount. (Notes 1 b) and 2))

Share	Balance at 1 January 2023	Additions	Derecognitions	Transfers	Balance at 31 December 2023
Luxembourg Investment Company 317, S.à.r.l.	376,161	—	—	103,159	479,320
<b>Net tax Value</b>	<b>376,161</b>	<b>—</b>	<b>—</b>	<b>103,159</b>	<b>479,320</b>
Impairment	—	—	—	—	—
<b>Net Book value</b>	<b>376,161</b>	<b>—</b>	<b>—</b>	<b>103,159</b>	<b>479,320</b>

In 2023, the contribution of assets and liabilities from Dia to its subsidiary, for the sum of 103,159 thousands of euros led to the recognition of an increase in investments and equity for the same amount in all intermediate companies between the two companies.

As part of the Hive Down operation performed in 2020, in 2022 assets and liabilities of the Spanish business of Dia were contributed to the equity of Dia Retail España, S.A.U., in the amount of 2,784 thousands of euros under the tax neutrality regime and recognised by the acquiring party for the same amount:

Share	Balance at 1 January 2022	Additions	Derecognitions	Transfers	Balance at 31 December 2022
Luxembourg Investment Company 317, S.à.r.l.	373,377	—	—	2,784	376,161
<b>Net tax Value</b>	<b>373,377</b>	<b>—</b>	<b>—</b>	<b>2,784</b>	<b>376,161</b>
Impairment	—	—	—	—	—
<b>Net Book value</b>	<b>373,377</b>	<b>—</b>	<b>—</b>	<b>2,784</b>	<b>376,161</b>

In 2022, the contribution of assets and liabilities from Dia to its subsidiary, for the sum of 2,784 thousands of euros led to the recognition of an increase in investments and equity for the same amount in all intermediate companies between the two companies.

## 19. ENVIRONMENTAL INFORMATION

Identifying and assessing climate-related risks and business opportunities play a key role in the sustainable development of the Group. Appropriate monitoring of these aspects provides the organisation with additional information on these potential risks, as well as a clearer view of social movements and transformations, and the expectations of its stakeholders.

In preparing the consolidated annual accounts, the Group considered the potential impacts of climate change, especially in reviewing the useful lives of property, plant and equipment and in carrying out impairment tests.

At year end, the Dia Group has no environmental liabilities, expenses, assets, provisions or contingencies that could be significant in relation to the Group's equity, financial position and results.

Climate change has been evaluated in the estimates and judgements made in preparing the consolidated financial statements (Note 2.8 to the consolidated annual accounts) and is not considered to have a significant impact on them.

For further information, refer to Section 8.2. of the Consolidated Non-Financial Information Statement for 2023 included in the consolidated management report.

## 20. RELATED PARTY TRANSACTIONS AND BALANCES

### a) Balances with related parties

The breakdown of receivables and payables with group companies and their main features are set out in Notes 10 a) and 17 b) and c).

## b) Company transactions with related parties

The amounts of Company transactions with its subsidiary companies are set out below:

Balances with subsidiary companies	Thousands of euros	
	2023	2022
Sales (Note 21 a))	1,834	2,020
Services rendered	(1,399)	(1,759)
Other income (Note 21 f))	20,625	27,218
Financial income	635	431
<b>TOTAL INCOME</b>	<b>21,695</b>	<b>27,910</b>
Consumption of merchandise	549,046	610,025
Raw materials and other consumables used	1,322	1,899
Subcontracted work	22,976	28,423
External services	68,098	70,005
Finance expenses (Note 8 e))	546	3,284
<b>TOTAL EXPENSES</b>	<b>641,988</b>	<b>713,636</b>
Buildings	113	39
Machinery, installations, furniture and other fixed assets	403	58
Fixed assets in progress	7	—
<b>TOTAL COST OF ASSETS ACQUIRED</b>	<b>523</b>	<b>97</b>
Buildings	(335)	(69)
Machinery, installations and furniture	(1,005)	(202)
Other material assets	(42)	(33)
<b>TOTAL NET BOOK VALUE OF ASSETS SOLD</b>	<b>(1,382)</b>	<b>(304)</b>

## c) Transactions with Directors and Senior Management

The aggregate remuneration received accrued by the Company's directors and senior management in 2023 Company's Directors and 2022 are Senior Management is as follows:

Thousands of euros			
2023		2022	
Directors	Senior Management	Directors	Senior Management
750	4,987	1,014	5,925

The Directors of the Company in the year accrued remuneration (included in the above detail) amounting to 750 thousands of euros (788 thousands of euros in 2022) in their capacity as Board Members.

Article 38.5 of the Articles of Association requires the disclosure of the total individual remuneration earned by each of the members of the board of directors of the Company in 2023 and 2022. Details are as follows:

2023			thousands of euros
Members of the Board	From	To	Fixed remuneration
Mr José Wahnnon Levy	01/01/2023	31/12/2023	124
Mr Stephan DuCharme	01/01/2023	22/09/2023	—
Mr Sergio Antonio Ferreira Dias	01/01/2023	31/12/2023	90
Mr Marcelo Maia	01/01/2023	31/12/2023	120
Mr Vicente Trius Oliva	01/01/2023	31/12/2023	120
Ms Luisa Delgado	01/01/2023	31/12/2023	150
Ms Gloria Hernández	01/01/2023	31/12/2023	146
Mr Benjamin J. Babcock	25/05/2023	31/12/2023	—
<b>Total</b>			<b>750</b>

2022			thousands of euros		
Members of the Board	From	To	Financial instruments	Fixed remuneration	Variable remuneration in cash (*)
Mr José Wahnnon Levy	01/01/2022	31/12/2022	31	150	—
Mr Jaime García-Legaz	01/01/2022	07/06/2022	32	52	—
Ms Basola Vallés	01/01/2022	18/04/2022	29	36	—
Mr Stephan DuCharme	01/01/2022	31/12/2022	—	—	—
Mr Sergio Antonio Ferreira Dias	01/01/2022	31/12/2022	—	—	—
Mr Marcelo Maia	01/01/2022	31/12/2022	—	120	226
Mr Vicente Trius Oliva	01/01/2022	31/12/2022	—	120	—
Ms Luisa Delgado	01/01/2022	31/12/2022	—	150	—
Ms Gloria Hernández	07/06/2022	31/12/2022	—	68	—
<b>Total</b>			<b>92</b>	<b>696</b>	<b>226</b>

(\*) Additional remuneration as previous executive in Dia Brazil

Additionally, as a result of the applicable remuneration policy, there is deferred remuneration in shares for non-proprietary directors, the accrual of which has initially been estimated at 300 thousands of euros at 31 December 2023 (269 thousands of euros in 2022) (Note 16). During the 2022 financial year, shares net of withholdings amounting to 70 thousands of euros (92 thousands of euros gross) were delivered to Mr Jaime García-Legaz, Ms Basola Vallés and Mr José Wahnnon Levy. This last amount of 92, thousands of euros was incorporated as remuneration in financial instruments in the 788 thousands of euros overall remuneration accruing to the Directors in 2022 in their capacity as board members.

Neither the members of the board of directors nor senior management carried out any transactions other than ordinary business or any matters under terms other than market conditions with the Company or Group companies during the 2023 and 2022 financial years.

The Civil Liability insurance premiums paid in respect of directors and senior management personnel totalled 298.5 thousands of euros in 2023 (2022: 368 thousands of euros).

## Conflicts of interest situations with directors

The Company's directors and their related parties had no conflicts of interest requiring disclosure in accordance with the provisions of article 229 of the Consolidated Text of the Spanish Capital Companies Act.

## 21. INCOME AND EXPENSES

### a) Revenues

#### Sales

The breakdown of sales by type is as follows:

	Thousands of euros	
	2023	2022
Sales in own stores	311,665	407,661
Sales to group companies (Note 20 b))	1,834	2,020
Sales to franchise stores	388,758	394,023
On line sales	17,927	18,819
<b>Total</b>	<b>720,184</b>	<b>822,523</b>

#### Services rendered

This heading essentially includes the amounts corresponding to the rights licensed by Dia and ancillary technical and commercial assistance services provided to its franchisees. In addition, in both financial years, this heading includes the amount invoiced within the context of the 2020 franchise model, as a percentage of the final sale of the franchisee by way of assignment of commercial use and monthly exploitation.

### b) Supplies

The breakdown of consumption of merchandise, raw materials and other supplies is as follows:

	Thousands of euros	
	2023	2022
<b>Consumption of merchandise</b>		
Purchases	569,591	639,188
Purchase discounts, non-trade income and returns	(18,735)	(24,976)
Change in inventories	2,798	2,370
<b>Total</b>	<b>553,654</b>	<b>616,582</b>
<b>Other consumables used</b>		
Purchases	1,766	2,341
Change in inventories	3	—
<b>Total</b>	<b>1,769</b>	<b>2,341</b>
Subcontracted work	25,975	31,619
Impairment of merchandise and other supplies	(52)	(190)
<b>Total</b>	<b>581,346</b>	<b>650,352</b>

### c) Personnel expenses

The detail of personnel expenses is as follows:

	Thousands of euros	
	2023	2022
Salaries and wages	5,670	5,415
Severance	732	1,467
Social Security payable by the Company	113	112
Other social expenses	32	102
Provisions	1,042	(2,091)
<b>Total</b>	<b>7,589</b>	<b>5,005</b>



## d) External services

	Thousands of euros	
	2023	2022
Leases (Note 7.b))	46,155	52,490
Maintenance and security	10,249	11,049
Fees	52,238	56,749
Advertising	5,757	5,902
Utilities	11,902	34,737
Subsidiaries re-invoicing expenses	21,938	12,421
Travel expenses	1,387	1,051
Other general expenses	6,981	8,079
<b>Total</b>	<b>156,607</b>	<b>182,478</b>

## e) Result for impairment and fixed asset disposals

The breakdown of gains and losses for impairment and fixed asset disposal is as follows:

	Thousands of euros	
	2023	2022
Impairment of property, plant and equipment (Note 6)	(321)	1,999
Result on disposals and others (Note 6)	(11,744)	1,933
<b>Impairment and result on disposal of fixed assets</b>	<b>(12,065)</b>	<b>3,932</b>

Result on disposals and others mainly includes the capital gains from the sale of the large format stores business to Alcampo (Note 1 b)).

## f) Non-trading income and other operating income

The detail of non-trading income and other operating income is as follows:

	Thousands of euros	
	2023	2022
Lease Income (Note 7. c))	569	788
Franchise Income	700	1,011
Information services to suppliers	27	32
Other income	2,161	3,359
Other income from subsidiaries (Note 20 b))	20,625	27,218
<b>Total</b>	<b>24,082</b>	<b>32,408</b>

Other income with subsidiaries corresponds almost entirely to the amounts invoiced by the Company to its subsidiaries in Spain for rent and electricity.

## 22. FEES FOR AUDITS AND OTHER SERVICES PROVIDED BY THE AUDITOR

The firm of auditors for the Company's annual accounts, Ernst & Young, S.L., accrued fees for professional services during the financial years ended 31 December 2023 and 2022, respectively, as detailed below:

Thousands of euros	2023
	Ernst & Young, S.L.
Audit services	263
Other services relating to audit	321
<b>Total</b>	<b>584</b>

Thousands of euros	2022
	Ernst & Young, S.L.
Audit services	248
Other services relating to audit	278
<b>Total</b>	<b>526</b>

## 23. COMMITMENTS AND CONTINGENCIES

Commitments pledged and received by the Company but not recognised on the balance sheet relate to contractual obligations that have not yet been executed. There are two types of commitments, relating to cash and expansion operations. In addition, the Company had lease agreements that also represent future commitments undertaken and received.

Off balance sheet commitments linked to treasury transactions consist of:

- available credit facilities and revolving syndicated loans unused at the closing date;
- banking commitments received.

In the case of expansion operations, the commitments given to undertake these operations are included.

Finally, commitments relating to the rental of movable and immovable assets are included in Note 7 b) "Operating leases - Lessee".

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

### a) Pledges

In thousands of euros - 31 December 2023	IN 1 YEAR	IN 2 YEARS	3 TO 5 YEARS	+5 YEARS	TOTAL
Guarantees	368	3,604	2,309	5,799	12,080
Purchase options	—	—	550	—	550
Commercial contract commitments	758	—	—	—	758
<b>Total</b>	<b>1,126</b>	<b>3,604</b>	<b>2,859</b>	<b>5,799</b>	<b>13,388</b>

In thousands of euros - 31 December 2022	IN 1 YEAR	IN 2 YEARS	3 TO 5 YEARS	+5 YEARS	TOTAL
Guarantees	321	—	1,577	8,251	10,149
Purchase options	—	—	—	550	550
Commercial contract commitments	2,611	1,220	18	—	3,849
<b>Total</b>	<b>2,932</b>	<b>1,220</b>	<b>1,595</b>	<b>8,801</b>	<b>14,548</b>

The Company is the guarantor of the drawdowns made from the lines of credit by its Spanish subsidiaries, amounting 40,548 thousands of euros at 31 December 2023 ( 163,728 thousands of euros at 31 December 2022).

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

Options to purchase include one on a store.

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

In addition, the Company granted a guarantee regarding certain obligations with the subsidiary in Portugal, a guarantee by Société Générale for a maximum amount of 30.990 thousands of euros, expiring on 29 March 2024.

## b) Receipts

In thousands of euros - 31 December 2023	IN 1 YEAR	IN 2 YEARS	3 TO 5 YEARS	+5 YEARS	TOTAL
Undrawn credit facilities (Note 17 a))	2,000	–	–	–	2,000
<b>Liquid assets</b>	<b>2,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,000</b>
Commitments linked to commercial contracts (Note 8 d))	2,099	407	428	2,898	5,832
<b>Operations / property / expansion</b>	<b>2,099</b>	<b>407</b>	<b>428</b>	<b>2,898</b>	<b>5,832</b>
<b>Total</b>	<b>4,099</b>	<b>407</b>	<b>428</b>	<b>2,898</b>	<b>7,832</b>

In thousands of euros - 31 December 2022	IN 1 YEAR	IN 2 YEARS	3 TO 5 YEARS	+5 YEARS	TOTAL
Undrawn credit facilities (Note 17 a))	1,618	–	–	–	1,618
<b>Liquid assets</b>	<b>1,618</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,618</b>
Commitments linked to commercial contracts (Note 8 d))	2,874	739	561	3,780	7,954
<b>Operations / property / expansion</b>	<b>2,874</b>	<b>739</b>	<b>561</b>	<b>3,780</b>	<b>7,954</b>
<b>Total</b>	<b>4,492</b>	<b>739</b>	<b>561</b>	<b>3,780</b>	<b>9,572</b>

Guarantees received for commercial contracts relate to guarantees received ensuring commercial agreements with franchisees.

## 24. INFORMATION ON EMPLOYEES

Following the Hive Down operation of 2020, the employees were transferred to subsidiary Dia Retail España S.A.U. in such a way that only certain Senior Management members remain employed by the Company.

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

	2023	2022
Directors	6	6

The breakdown by sex of the Company's employees and directors at the end of the financial year is as follows:

	2023		2022	
	Women	Men	Women	Men
Board members (not employees)	2	5	2	5
Directors (Senior management)	1	5	2	4
<b>Total</b>	<b>3</b>	<b>10</b>	<b>4</b>	<b>9</b>

There were no persons employed by the Company over the 2023 or 2022 financial years with a disability of 33% or more (or equivalent local classification).

There were six senior management executives at 31 December 2023 and 2022. There were no executives on the Board of Directors at 31 December 2023 or 2022.

## 25. SUBSEQUENT EVENTS

On 18 January 2024 the Constitutional Court, in plenary session, declared certain measures modifying Corporation Tax introduced by Royal Decree Law 3/2016 of 2 December unconstitutional. Specifically, the measures introduced that are declared unconstitutional and that affected the Spanish companies were the establishment of greater restrictions on the offsetting of tax loss carryforwards, the obligation to automatically include a minimum annual reversal of impairments of investments in subsidiaries and associates in the tax base for Corporation Tax, and the establishment of tighter limits on the application of deductions for international double taxation. In this regard, it should be noted that the Company currently has an appeal before the National High Court for the unconstitutionality of RD 3/2016 deriving from 2020 when the Group challenged the corporation tax returns for 2016, 2017 and 2018. The Company has considered this subsequent event as type 1, and recognised an asset with the tax authorities in respect of Corporation Tax amounting to 43,490 thousands of euros (tax plus late-payment interest), an intra-group liability with Día Retail España, S.A. amounting to 25,945 thousands of euros and net income of 17,545 thousands of euros (Note 18).

On 19 January 2024, the Company's Board of Directors resolved to co-opt Mr Alberto Gavazzi as an external proprietary director nominated by shareholder L1R Invest1 Holdings, S.à.r.l. (LetterOne), to fill the vacancy caused by the resignation of Mr Stephan DuCharme, announced to the market on 22 September 2023.

## APPENDIX I. Details of shareholdings in Group companies

**Information relating to Group Companies for the year ended 31 December 2023**
**(Expressed in thousands of euros)**

Name	Address	Activity	Auditor	% of shareholding and vote			Total	Capital	Reserves	Result for the year from continuing operations	Total own funds	Net book value of investment	Dividends received in 2023
				Direct interest	Indirect interest	Indirect holding company							
Dia Portugal Supermercados, S.A. and subsidiary (*)	Lisbon	Wholesale and retail sale of food products and the subsidiary sale of toiletries and perfume products.	EY	26	74	Luxembourg Investment Company 322, S.à.r.l.	100	51,803	(23,409)	(6,485)	21,909	—	—
Dia Argentina, S.A. and Subsidiary	Buenos Aires	Wholesale and retail distribution of food products.	EY	95	5	PE-TRA, Servicios a la Distribución, S.L.U.	100	193,985	(108,268)	6,800	92,517	186,034	—
Dia Brasil Sociedade Limitada and Subsidiary	Sao Paulo	Wholesale and retail distribution of consumer products.	EY	100	—	—	100	704,813	(588,787)	(95,847)	20,179	—	—
Finandia, S.A.U.	Madrid	Lending and credit operations, including consumer loans, mortgages and financing of commercial transactions, as well as issuing and managing credit and debit cards.	N/A	100	—	—	100	3,500	(779)	(191)	2,530	3,500	—
Dia Retail España, S.A.U.	Madrid	Distribution of food products and toiletries through supermarkets and the subsidiary, sub-lease of premises primarily to its sole shareholder.	EY	—	100	Luxembourg Investment Company 320, S.à.r.l.	100	36,169	90,397	33,647	160,213	—	—
PE-TRA, Servicios a la Distribución, S.L.U.	Madrid	Subletting of premises, mainly to Dia Retail España, S.A.	EY	—	100	Dia Retail España, S.A.U.	100	8,527	4,340	424	13,291	—	—
Dia World Trade, S.A.U.	Geneva	Provision of services to companies of the Dia Group.	N/A	—	100	Dia Retail España, S.A.U.	100	84	548	(14)	618	—	—
Beauty by Dia, S.A.U.	Madrid	Sale of toiletry and perfumery products.	EY	—	100	Dia Retail España, S.A.U.	100	9,616	6,690	5,439	21,745	—	—
Grupo El Árbol, Distribución y Supermercados, S.A.U. (**)	Madrid	Wholesale and retail sale of food products and others.	N/A	—	100	Dia Retail España, S.A.U.	100	—	—	112,102	—	—	—
CD Supply Innovation S.L. en liquidation	Madrid	Management of financial and provisioning services for own brand.	N/A	50	—	—	50	1,000	283	(6)	1,277	500	—
Luxembourg Investment Company 317, S.à.r.l.	Luxembourg	Share holding company	EY	100	—	—	100	12	479,469	(78)	479,403	479,668	—
Luxembourg Investment Company 318, S.à.r.l.	Luxembourg	Share holding company	EY	—	100	Luxembourg Investment Company 317, S.à.r.l.	100	12	479,177	(83)	479,106	—	—
Luxembourg Investment Company 319, S.à.r.l.	Luxembourg	Share holding company	EY	—	100	Dia Finance, S.L.U.	100	12	867,351	(81)	867,282	—	—
Luxembourg Investment Company 320, S.à.r.l.	Luxembourg	Share holding company	EY	—	100	Luxembourg Investment Company 319, S.à.r.l.	100	12	806,656	(73)	806,595	—	—
Luxembourg Investment Company 321, S.à.r.l.	Luxembourg	Share holding company	N/A	—	100	Luxembourg Investment Company 319, S.à.r.l.	100	12	73	(59)	26	—	—
Luxembourg Investment Company 322, S.à.r.l.	Luxembourg	Share holding company	EY	—	100	Luxembourg Investment Company 319, S.à.r.l.	100	12	59,699	(77)	59,634	—	—
Luxembourg Investment Company 323, S.à.r.l.	Luxembourg	Share holding company	N/A	—	100	Luxembourg Investment Company 319, S.à.r.l.	100	12	86	(58)	40	—	—
Dia Finance, S.L.U.	Madrid	Import, export, acquisition, distribution and wholesale and retail sale of food, beverages, household goods and, in general, other products for domestic use and consumption.	EY	—	100	Luxembourg Investment Company 318, S.à.r.l.	100	3	420,326	(10,972)	409,357	—	—
												<b>669,702</b>	—

(\*) Company transferred to non-current assets held for sale for its net valuation of 12,670 thousands of euros in financial year 2023.

(\*\*) Company liquidated during financial year 2023.

**Information relating to Group Companies for the year ended 31 December 2022**

(Expressed in thousands of euros)

Name	Address	Activity	Auditor	% of shareholding and vote			Total	Capital	Reserves	Result for the year from continuing operations	Total own funds	Net book value of investment	Dividends received in 2022
				Direct interest	Indirect interest	Indirect holding company							
Dia Portugal Supermercados, S.A. and subsidiary	Lisbon	Wholesale and retail sale of food products and the subsidiary sale of toiletries and perfume products.	EY	26	74	Luxembourg Investment Company 322, S.à.r.l.	100	51,803	(7,517)	(15,892)	28,394	20,942	–
Dia Argentina, S.A. and subsidiary	Buenos Aires	Wholesale and retail distribution of food products.	EY	95	5	PE-TRA, Servicios a la Distribución, S.L.U.	100	187,094	(91,526)	30,875	126,443	179,488	–
Dia Brasil Sociedade Limitada and subsidiary	Sao Paulo	Wholesale and retail distribution of consumer products.	EY	100	–	–	100	665,222	(517,627)	(61,129)	86,466	113,200	–
Finandia, S.A.U.	Madrid	Lending and credit operations, including consumer loans, mortgages and financing of commercial transactions, as well as issuing and managing credit and debit cards.	N/A	100	–	–	100	3,500	(677)	(102)	2,721	3,500	–
Dia Retail España, S.A.U.	Madrid	Distribution of food products and toiletries through supermarkets and the subsidiary, sub-lease of premises primarily to its sole shareholder.	EY	–	100	Luxembourg Investment Company 320, S.à.r.l.	100	36,169	64,700	(148,463)	(47,594)	–	–
PE-TRA, Servicios a la Distribución, S.L.U.	Madrid	Subletting of premises, mainly to Dia Retail España, S.A.	EY	–	100	Dia Retail España, S.A.U.	100	8,527	3,981	359	12,867	–	–
Dia World Trade, S.A.U. (*)	Geneva	Provision of services to companies of the Dia Group.	EY	–	100	Dia Retail España, S.A.U.	100	84	898	(350)	632	–	11
Beauty by Dia, S.A.U.	Madrid	Sale of toiletry and perfumery products.	EY	–	100	Dia Retail España, S.A.U.	100	9,616	8,398	(1,708)	16,306	–	–
Grupo El Árbol, Distribución y Supermercados, S.A.U.	Madrid	Wholesale and retail sale of food products and others.	EY	–	100	Dia Retail España, S.A.U.	100	12,000	16,381	(11,663)	16,718	–	–
CD Supply Innovation S.L. en liquidation	Madrid	Management of financial and provisioning services for own brand.	N/A	50	–	–	50	1,000	292	(9)	1,283	500	–
Luxembourg Investment Company 317, S.à.r.l.	Luxembourg	Share holding company	EY	100	–	–	100	12	376,032	(70)	375,974	376,161	–
Luxembourg Investment Company 318, S.à.r.l.	Luxembourg	Share holding company	EY	–	100	Luxembourg Investment Company 317, S.à.r.l.	100	12	375,910	(69)	375,853	–	–
Luxembourg Investment Company 319, S.à.r.l.	Luxembourg	Share holding company	EY	–	100	DIA FINANCE, S.L.U.	100	12	692,509	(94)	692,427	–	–
Luxembourg Investment Company 320, S.à.r.l.	Luxembourg	Share holding company	EY	–	100	Luxembourg Investment Company 319, S.à.r.l.	100	12	632,410	(87)	632,335	–	–
Luxembourg Investment Company 321, S.à.r.l.	Luxembourg	Share holding company	N/A	–	100	Luxembourg Investment Company 319, S.à.r.l.	100	12	(6)	(39)	(33)	–	–
Luxembourg Investment Company 322, S.à.r.l.	Luxembourg	Share holding company	EY	–	100	Luxembourg Investment Company 319, S.à.r.l.	100	12	53,595	(68)	53,539	–	–
Luxembourg Investment Company 323, S.à.r.l.	Luxembourg	Share holding company	N/A	–	100	Luxembourg Investment Company 319, S.à.r.l.	100	12	(7)	(38)	(33)	–	–
Dia Finance, S.L.U.	Madrid	Import, export, acquisition, distribution and wholesale and retail sale of food, beverages, household goods and, in general, other products for domestic use and consumption.	EY	–	100	Luxembourg Investment Company 318, S.à.r.l.	100	3	328,413	(11,246)	317,170	–	–

**693,791**
**11**

(\*) Dividends received in 2022 were recognised in Dia Retail



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Management Report at  
31 December 2023

**2023**

Distribuidora Internacional de  
Alimentación, S.A.

## COMPANY POSITION

The information relating to "Company position" is included in Section 3. Business model and strategic pillars of the Dia Group's Non-Financial Information Statement.

## ORGANISATIONAL STRUCTURE

Dia Group's corporate governance is structured through the following institutional and operational bodies and mechanisms:

- General Shareholders' Meeting
- Board of Directors
- Audit and Compliance Committee
- Appointments and Remunerations Committee

## BUSINESS PERFORMANCE AND RESULTS

This year, 2023, has been key for the future of the Dia Group. The business's good performance endorses the trust of our customers and ratifies the success of our strategy focused on proximity. In 2023, the Group fulfilled its strategic priorities and made the right decisions to simplify the portfolio. This will allow efforts to be focused on markets where the Group has the potential to grow under a single 'Dia' banner.

At the same time, in these current uncertain times, the Group's determination has been to fulfil Dia's historic commitment to households: offer a varied, high-quality assortment at affordable prices. A proposal that can provide solutions adapted to the budget of each household, with the ease and agility offered by the Dia Group's large network of neighbourhood stores and the online channel. This has been achieved thanks to the great effort of the team, the franchisees and suppliers.

In Spain and Argentina, the business is entering a new phase: the turnaround has been completed, the growth of the e-commerce accelerated and the franchise network expanded. These steps allow another stage to close and an organic growth stage to begin focused on customer satisfaction, with the renewed ambition of being their preferred neighbourhood and online store. The Group closes 2023 with significant progress in market share at a comparable surface area in Spain and consolidating our leadership in proximity at a national level in Argentina.

Progress was also made in consolidating the business in Spain and Argentina during 2023. In Spain, 86% of the network has been renovated with 289 stores remodelled and 36 openings and in Argentina, 82% of the network has been renovated with 234 stores remodelled and 76 openings. Private-label products have been developed with 612 new references in Spain (99% of its private-label products renewed) and 180 new references in Argentina (79% of its private-label products renewed).

The Group's financial structure was strengthened, reducing net financial debt by 129 millions of euros and improving the leverage ratio by 0.8x compared to 2022.

Finally, the Group's ESG strategy was galvanised, launching the "Eating better every day" programme, the Diversity Strategic Plan and the presentation of the Sustainability Strategic Plan 24-25 (see Non-Financial Information Statement).



The Company's main financial figures are presented below:

(millions of euros)	2023	%	2022	%	INC
<b>Net turnover</b>	<b>745.0</b>	<b>100.0%</b>	<b>845.5</b>	<b>100.0%</b>	<b>-11.9%</b>
Supplies	(581.4)	-78.0%	(650.4)	-76.9%	-10.6%
Other operating income	24.1	3.2%	32.4	3.8%	-25.6%
Personnel expenses	(7.6)	-1.0%	(5.0)	-0.6%	52.0%
Other operating expenses	(162.0)	-21.7%	(186.8)	-22.1%	-13.3%
Amortisation and depreciation	(15.5)	-2.1%	(20.1)	-2.4%	-22.9%
Impairment and gains/(losses) on disposal of fixed assets	12.1	1.6%	(3.9)	-0.5%	-410.3%
<b>Results from operating activities</b>	<b>14.7</b>	<b>2.0%</b>	<b>11.7</b>	<b>1.4%</b>	<b>25.6%</b>
Financial gains/(losses) (excluding financial instruments)	2.0	0.3%	(2.0)	-0.2%	-200.0%
Impairment and gains/(losses) on disposal of financial instruments	(161.1)	-21.6%	(180.0)	-21.3%	-10.5%
<b>Net financial profit/loss</b>	<b>(159.1)</b>	<b>-21.4%</b>	<b>(182.0)</b>	<b>-21.5%</b>	<b>-12.6%</b>
<b>Profit/loss before tax</b>	<b>(144.4)</b>	<b>-19.4%</b>	<b>(170.3)</b>	<b>-20.1%</b>	<b>-15.2%</b>
Income tax	10.5	1.4%	(0.5)	-0.1%	-2200.0%
<b>RESULT FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>(133.9)</b>	<b>-18.0%</b>	<b>(170.8)</b>	<b>-20.2%</b>	<b>-21.6%</b>

## SUMMARY OF STORES (GROUP)

DIA GROUP	Owned	Franchises	Total
Total stores at 31 December 2022	2,752	2,947	5,699
New openings	14	98	112
Net transfers of owned stores to franchises	33	-33	—
Large format stores transferred to Alcampo	-217	-6	-223
Closings	-111	-69	-180
<b>Total Dia Group stores at 31 December 2023</b>	<b>2,471</b>	<b>2,937</b>	<b>5,408</b>
Clarel stores	-776	-218	-994
Stores in Portugal	-188	-270	-458
<b>Total Dia Group stores at 31 December 2023 excluding Clarel stores</b>	<b>1,507</b>	<b>2,449</b>	<b>3,956</b>
<b>SPAIN</b>	<b>Owned</b>	<b>Franchises</b>	<b>Total</b>
Total stores at 31 December 2022	1,948	1,686	3,634
New openings	13	23	36
Net transfers of owned stores to franchises	-32	32	—
Large format stores transferred to Alcampo	-217	-6	-223
Closings	-100	-35	-135
<b>Total Spain stores at 31 December 2023</b>	<b>1,612</b>	<b>1,700</b>	<b>3,312</b>
Clarel stores	-776	-218	-994
<b>Total Spain stores at 31 December 2023 excluding Clarel stores</b>	<b>836</b>	<b>1,482</b>	<b>2,318</b>

The total portfolio reached 2,318 stores after a net reduction of 302 stores (79 excluding the sale of stores to Alcampo). The renewal of the network reached 86% through 36 openings and 289 refurbishments. The franchise mix reached 64% of the network (+7 pp compared to 2022).

PORTUGAL	Owned	Franchises	Total
Total stores at 31 December 2022	172	291	463
New openings	–	–	–
Net transfers of owned stores to franchises	16	-16	–
Closings	–	-5	-5
<b>Total Dia Portugal stores at 31 December 2023</b>	<b>188</b>	<b>270</b>	<b>458</b>

The total portfolio reached 458 stores after a net reduction of 5 stores.

The franchise mix reached 59% of the network (-4 pp compared to 2022).

BRAZIL	Owned	Franchises	Total
Total stores at 31 December 2022	365	243	608
New openings	–	–	–
Net transfers of owned stores to franchises	56	-56	–
Closings	-2	-16	-18
<b>Total Dia Brazil stores at 31 December 2023</b>	<b>419</b>	<b>171</b>	<b>590</b>

The total portfolio reached 590 stores after a net reduction of 18 stores.

The new franchise model continued to be tested with 9 additional stores remodelled in addition to the 6 in 2022.

The franchise mix reached 29% of the network (-11 pp compared to 2022).

ARGENTINA	Owned	Franchises	Total
Total stores at 31 December 2022	267	727	994
New openings	1	75	76
Net transfers of owned stores to franchises	-7	7	–
Closings	-9	-13	-22
<b>Total Dia Argentina stores at 31 December 2023</b>	<b>252</b>	<b>796</b>	<b>1,048</b>

The total portfolio reached 1,048 stores after a net expansion of 54 stores.

The renewal of the network reached 82% through 76 openings and 234 refurbishments.

The franchise mix reached 76% of the network (+3 pp compared to 2022).

## LIQUIDITY AND CAPITAL RESOURCES

### LIQUIDITY

The available liquidity at 31 December is as follows:

(millions of euros)	2023	2022	Change
Cash and cash equivalents	1.4	7.3	(5.9)
Available credit facilities	2.0	1.6	0.4
<b>Available liquidity</b>	<b>3.4</b>	<b>8.9</b>	<b>(5.5)</b>

## FINANCIAL DEBT

Net Debt was 36.6 millions of euros at year-end 2023, 18.2 millions of euros less than at year-end 2022.

NET DEBT			
(millions of euros)	2023	2022	Change
Non-current financial debt	32.0	36.5	-12.3%
Current financial debt	6.0	25.6	-76.6%
Cash and cash equivalents	(1.4)	(7.3)	-80.8%
<b>Net debt</b>	<b>36.6</b>	<b>54.8</b>	<b>-33.2%</b>

The detail by maturity is as follows:

2023	Limit/ Granted	Amount available	Drawn down	Year 1	Year 2	Year 3	Year 4	Other
Bonds and other negotiable securities	31,046	–	31,046	–	–	–	31,046	–
Bank borrowings (credit facilities)	2,000	2,000	–	–	–	–	–	–
Finance lease payables	219	–	219	200	18	1	–	–
<b>Indebtedness position</b>	<b>33,265</b>	<b>2,000</b>	<b>31,265</b>	<b>200</b>	<b>18</b>	<b>1</b>	<b>31,046</b>	<b>–</b>
Interest debt	896	–	896	896	896	–	–	–
Derivative financial instrument liabilities	2,507	–	2,507	2,507	2,507	–	–	–
Suppliers of fixed assets	2,181	–	2,181	2,181	1,710	471	–	–
Guarantees and deposits received	1,137	–	1,137	1,137	715	–	–	422
<b>Total adjusted debt</b>	<b>39,986</b>	<b>2,000</b>	<b>37,986</b>	<b>6,921</b>	<b>5,846</b>	<b>472</b>	<b>31,046</b>	<b>422</b>

## WORKING CAPITAL

Working capital at a Group level during 2023 improved 83.4 millions of euros.

(millions of euros)	2023	2022	Variación
Inventories	1.1	18.0	(16.9)
Trade debtors and other receivables	71.2	30.5	40.7
Trade creditors and other accounts payable	(47.6)	(168.4)	120.8
<b>Working capital</b>	<b>24.7</b>	<b>(119.9)</b>	<b>144.6</b>

The Company did not sign any non-recourse assignment agreements for supplier trade receivables in 2023 or in 2022. The Company did not have any confirming lines at year-end 2023 or 2022.

## ANALYSIS OF CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET OPERATIONS

Commitments delivered and received by the Company but not recognised on the Balance Sheet relate to contractual obligations that have not yet been executed. At 31 December 2023, commitments delivered amounted to 6 millions of euros (15 millions of euros at 31 December 2022). The details and nature of these commitments are set out in Note 23 a) to the Annual Accounts.

## MAIN RISKS AND UNCERTAINTIES

Financial risk management is centralised in the Group's Senior Management, which, through the Group's Finance Management, in close collaboration with the operating units, oversees management and verifies that financial risk-taking activities are regulated by corporate policies and procedures approved by the Board of Directors as well as ensuring financial risks are identified, measured and managed in accordance with these policies.

The Group's Finance Management has established the necessary mechanisms to control the exposure to changes in interest and exchange rates, as well as credit and liquidity risks in accordance with the structure and financial position and the economic variables of the environment, resorting to hedging transactions if necessary.

In particular, the Company's activities are exposed to interest rate and exchange rate risks, as well as credit and liquidity risks.

### a) Cash flow interest rate and fair value risks

The Company's interest rate risk arises from interest rate fluctuations that affect the finance cost of long-term borrowings issued at variable rates.

The Group contracts various interest rate hedging transactions to mitigate its exposure, in accordance with its Risk Management Policy. At 31 December 2023, the Dia Group has arranged derivatives with external counterparties to hedge against interest rate risk on long-term financing.

In financial years 2023 and 2022, the Company did not enter into any significant transactions involving long-term debt at variable interest rates.

The Company's policy is to keep financial assets liquid and available for use. These balances are held in financial institutions with high credit ratings.

### b) Currency risk

In 2023 and 2022 the Company did not carry out any significant transactions in currencies other than the functional currency and did not carry out hedging operations in either financial year.

The Company has several investments in foreign operations, the net assets of which are exposed to currency risk. Currency risk affecting net assets of the Company's foreign operations in Argentinian pesos and Brazilian reais is mitigated primarily through borrowings in the foreign currencies concerned. At 31 December 2023 and 2022, the Company did not have balances with group companies in countries located in Argentina and Brazil.

The Company's exposure to currency risk at 31 December 2023 and 2022 in respect of the balances outstanding in currencies other than the functional currency was immaterial.

### c) Credit risk

Credit risk is the risk the Company is exposed to if a client or counterparty of a financial instrument fails to comply with their contractual obligations, and mainly stems from trade receivables and the Company's investments in financial assets.

The Company has no significant concentrations of credit risk. The risk of concentration is minimised with diversification, managing and combining various areas of impact. The Company's main loans are to different types of customers such as franchisees and retail customers. The Company considers that the evolution of macroeconomic conditions would not have significant impacts on estimated credit risk.

The Company has policies to ensure that wholesale sales of products are made to customers with a suitable credit record. Sales to retail customers are made in cash or by credit card. Derivative transactions are only arranged with financial institutions that have a high credit rating in order to mitigate credit risk. The Company has policies in place to limit the total risk with any financial institution.

The Company's credit risk is due to its operations with most of its franchisees and is mitigated by the deposits linked to the 2020 franchise management model mentioned in Note 17 to the Annual Accounts and the guarantees received mentioned in Note 23 b) to the Annual Accounts.

Non-current trade transactions relate to the financing of the initial inventory of the franchisees, which is repaid monthly based on the cash generation profile of the business. This funding of the initial inventory order corresponds to the previous Dia franchise model, which was essentially based on payment for the delivery of goods. Current trade transactions relate to the financing of the supply of goods and to maturities of less than 12 months from the initial financing of the previous model. With the change of franchise management model introduced in 2020, the franchisee pays for the sale of both initial stock and recurring sales and not for the goods invoiced at the time of receipt, i.e. the collection is based on the cash generated at the franchisee's point-of-sale terminal, so the entire debt is recognised as current. The changes in the current and non-current

balances of "Commercial transactions" at the close of each financial year is due to the Hive Down operation referred to in Notes 1 b) and 2 b) to the Annual Accounts.

The Company did not sign any non-recourse assignment agreements for supplier trade receivables in 2023 or in 2022.

Note 8 c) to the Annual Accounts details the Company's exposure to credit risk at 31 December 2023 and 2022.

The returns on these financial assets totalled 6,357 thousands of euros in 2023 and 3,771 thousands of euros in 2022. The increase is due to the interest generated by the hedges generated.

At 31 December 2023, the Company had interest rate risk hedging derivatives contracted with banks for a total amount of 275,000 thousands of euros, which it had in turn assigned to Group company Dia Finance, S.L.U., which holds the debt vis-à-vis the banks. These derivatives generated financial revenue at the Company for the adjustment to their fair value with banks (included in the amount of 3,771 thousands of euros indicated above), and, furthermore, financial expenses for the adjustment to the fair value of the derivatives transferred to Dia Finance, S.L.U. At Group level, hedge accounting has been evaluated and applied.

The maturity analysis of non-current and current trade debtors and other receivables at 31 December 2023 and 2022 is shown in Note 8 c) to the Annual Accounts, while the impairment policy is set out in Note 4 g).

## e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to settle its financial liabilities when due.

The Company undertakes prudent management of liquidity risk based on maintaining sufficient cash and negotiable securities, the availability of finance by means of a sufficient sum of agreed credit facilities and enough capacity to liquidate market positions. Given the dynamic nature of its underlying business, the Group's Finance Department aims to be flexible with regard to financing with drawdowns on credit facilities taken out.

Liquidity risk is monitored by the Group's Cash Committee which meets every two weeks to check that the Group's financing requirements are covered by the resources available.

The Company's exposure to liquidity risk at 31 December 2023 and 2022 is presented in Note 8 d) to the Annual Accounts and the evolution of balances with Group companies is explained in Note 17 b) and c) to the Annual Accounts.

The finance costs accrued on these financial liabilities totalled 7,016 thousands of euros and 5,964 thousands of euros in 2023 and 2022, respectively.

Finance expenses in 2023 include the expenses associated with derivative contracts recognised as current debt. In 2022, they include those associated with derivative contracts assigned to Dia Finance S.L.U. amounting to 3,284 thousands of euros, as explained in Note 20 b) to the Annual Accounts.

## SUBSEQUENT EVENTS TO THE CLOSE OF THE PERIOD

On 18 January 2024 the Constitutional Court, in plenary session, declared certain measures modifying Corporation Tax introduced by Royal Decree Law 3/2016 of 2 December unconstitutional. Specifically, the measures introduced that are declared unconstitutional and that affected the Spanish companies were the establishment of greater restrictions on the offsetting of tax loss carryforwards, the obligation to automatically include a minimum annual reversal of impairments of investments in subsidiaries and associates in the tax base for Corporation Tax, and the establishment of tighter limits on the application of deductions for international double taxation. In this regard, it should be noted that the Group currently has an appeal before the National High Court for the unconstitutionality of RD 3/2016 deriving from 2020 when the Company challenged the corporation tax returns for 2016, 2017 and 2018. The Company has considered this subsequent event as type 1, and recognised an asset with the tax authorities in respect of Corporation Tax for 2016 and 2017 amounting to 43,490 thousands of euros (tax plus late-payment interest), an intra-group liability with Dia Retail España, S.A. amounting to 25,945 thousands of euros and net income of 17,545 thousands of euros.

On 19 January 2024, the Company's Board of Directors resolved to co-opt Mr Alberto Gavazzi as an external proprietary director nominated by shareholder L1R Invest1 Holdings, S.à.r.l. (LetterOne), to fill the vacancy caused by the resignation of Mr Stephan DuCharme, announced to the market on 22 September 2023.

## INFORMATION ABOUT THE FORESEEABLE EVOLUTION OF THE GROUP

The Dia Group's future outlook involves:

- 1) Entering into a phase of organic growth in Spain and Argentina:
  - Continuing to strengthen Club DIA and increasing the average shopping basket
  - Improving the quality and assortment of fresh products to improve frequency of visits
  - Continuing to improve and innovate the DIA brand assortment.
  - Expanding e-Commerce coverage and services.
- 2) Finalising strategic portfolio decisions:
  - Concluding the divestment of Portugal and Clarel.
  - Assessing strategic investment scenarios in Brazil to reduce the Group's consumption of liquidity and future losses.
- 3) Sustained improvement in financial results:
  - Improved profitability and increase cash generation.
  - Continue with the deleveraging and 2025 refinancing.
- 4) Implementing the 2024-25 sustainability plan "Every day counts".
  - Development of the local economy (priority)
  - Promoting a diverse and inclusive culture (priority)
  - Traction of a more sustainable value chain
  - Care for our natural environment

## R+D+i ACTIVITIES

Since its creation, Dia has placed a strong emphasis on developing knowledge, management methods and business models that have allowed the Company to generate sustainable competitive advantages. Through franchising, Dia transfers all of its expertise to franchisees so that they can run a profitable and efficient business.

As established in IAS 38, Dia includes the development costs generated internally in the assets, once the project has reached a development phase, as long as they are clearly identifiable and linked to new commercial model projects and IT developments, to the extent that it can be justified that they will result in an increase in future profit for the Group.

The costs associated with R&D incurred by Dia during 2023 are, as a percentage, much smaller compared to the rest of the costs incurred from developing activities within its company purpose.

No activations were made during the financial years 2023 and 2022.

## ACQUISITION AND DISPOSAL OF OWN SHARES

The movement in treasury share is as follows:

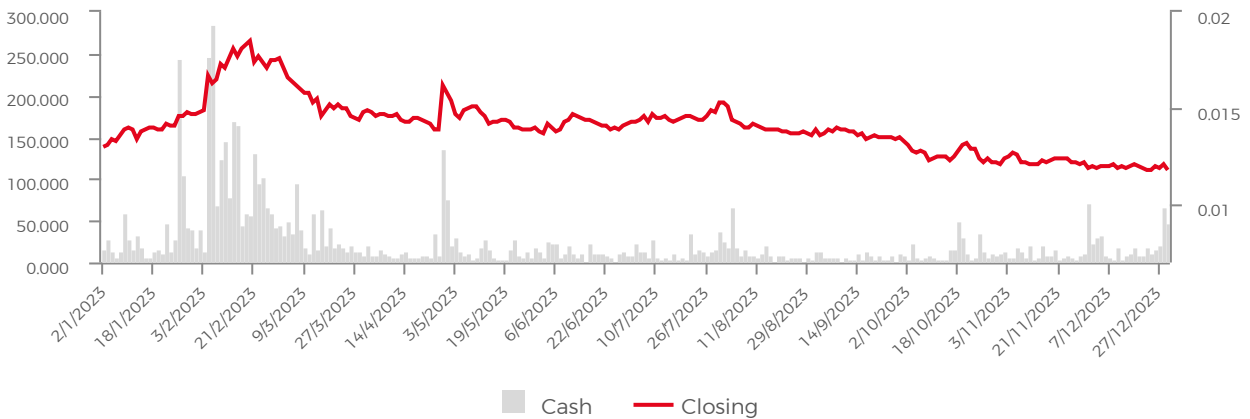
	Number of shares	Average price	Total
<b>At 31 December 2021</b>	<b>28,908,084</b>	<b>0.1329</b>	<b>3,842,015.22</b>
Delivery of shares to Board members	(5,208,448)		(692,226.31)
<b>At 31 December 2022</b>	<b>23,699,636</b>	<b>0.1329</b>	<b>3,149,788.91</b>
<b>At 31 December 2023</b>	<b>23,699,636</b>	<b>0.1329</b>	<b>3,149,788.91</b>

During financial year 2022, 5,208,448 shares valued at 692 thousands or euros net of withholdings, were distributed to directors as remuneration. The difference between the net value of the shares delivered 70 thousands of euros (Note 16) and their value in treasury share was recognised as a reduction to reserves.

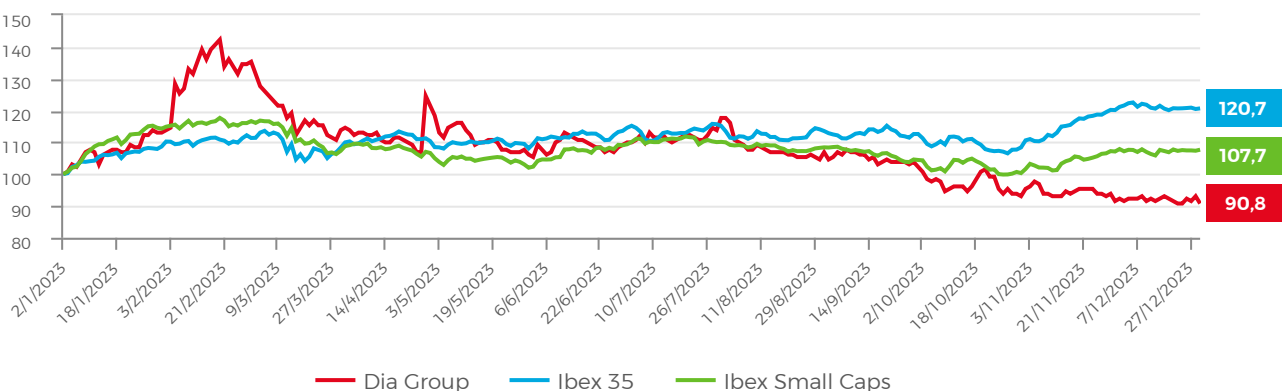
At 31 December 2023 and 2022 the Company held 23,699,636 own shares with a rounded off average purchase price of 0.1329 euros per share, representing a total amount of 3,149,788.91 euros.

## OTHER RELEVANT INFORMATION STOCK EXCHANGE INFORMATION

Dia Group: Share price and turnover Jan-Dec 2023



Dia Group vs Ibex 35 and Ibex Small Caps (from 30/12/2022 to 30/12/2023)



## DIVIDEND DISTRIBUTION POLICY

The Group has entered into a Syndicated Financing Agreement with a series of Financial Lenders originally signed on 31 December 2018, amended and consolidated on different occasions and maturing on 31 December 2025. This agreement includes a commitment by the Company 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.

## AVERAGE PAYMENT PERIOD TO SUPPLIERS

The information required by the Third Additional Provision of Spanish Law 15/2010 of 5 July as amended by the Resolution of 29 January 2016 of the Spanish Institute of Accounting and Auditing and by Spanish Law 18/2022 of 28 September on the creation and growth of companies, regarding the information to be included in the notes to the annual accounts in relation to the average period of payment to suppliers in the commercial transactions of the Company:

	2023	2022
	Days	Days
Average payment period to suppliers	54	51
Ratio of transactions paid	55	54
Ratio of transactions pending payment	33	34
	Amount (thousands of euros)	Amount (thousands of euros)
Total payments made	823,321	844,224
Total payments pending	21,026	140,762

The amount of payments made during financial year 2023 in a period shorter than the maximum permitted is 803,921 thousands of euros (98% of the total), corresponding to 45 thousands of invoices (64% of the total).

The amount of payments made during financial year 2022 in a period shorter than the maximum permitted is 825,031 thousands of euros (98% of the total), corresponding to 42 thousands of invoices (63% of the total).

The average payment period is calculated taking reverse factoring facilities with suppliers into account.

## OTHER INFORMATION

Dia's Annual Corporate Governance Report and the Annual Report on Directors Remuneration are part of this consolidated management report and are available at [www.diacorporate.com](http://www.diacorporate.com) and published as other relevant information on the CNMV (Spanish National Securities Market Commission) website.

In accordance with Law 11/2018, of December 28, regarding non-financial information and diversity, the Dia Group has prepared the "Non-financial information statement" relating to the 2023 financial year, which, as established in articles 44 and 49 of the Commercial Code, is part of this report and which is attached as a separate document.