TO THE NATIONAL SECURITIES MARKET COMMISSION

Pursuant to article 226 of the consolidated text of the Securities Market Act and development regulation, Distribuidora Internacional de Alimentación, S.A. ("**DIA**" or the "**Company**") hereby informs about and discloses the following:

PRIVILEGED INFORMATION

On 30 November 2020, the Company published a communication of privileged information (registration number 613), informing the market that, following negotiations among L1R Invest1 Holdings S.à r.l. ("**L1R**"), DEA Finance S.à r.l. ("**DEA Finance**"), DIA and its syndicated financial lenders (the "**Syndicated Lenders**"), DIA had reached an agreement with all of its Syndicated Lenders regarding a recapitalisation and refinancing transaction (the "**Original Transaction**") aimed at providing a stable long-term capital and financial structure for the DIA group.

On the date hereof, following subsequent negotiations among DIA, L1R, DEA Finance, and its Syndicated Lenders, DIA has reached a new agreement with all of its Syndicated Lenders (the "**Lock-up Agreement**") providing a path for a more comprehensive recapitalisation and refinancing transaction (the "**Comprehensive Transaction**") which would ensure achieving a stable long-term capital and financial structure for the DIA group that would allow the management to focus fully on the implementation of its business plan.

The Comprehensive Transaction would involve the following key elements (interconditional on each other):

(i) an equity increase at the level of DIA of up to EUR 1,028 million[1] (the "**Capital Increase**"), in two tranches:

   (a) a debt capitalisation tranche of EUR 769.2 million to be subscribed for by L1R by way of set-off of the following financial debt within the DIA group (all such debt currently held by DEA Finance shall be purchased by L1R from DEA Finance prior to the capitalisation), at the nominal value of such debt:

      (w) EUR 200 million debt currently owed by DIA Finance, S.L. to DEA Finance as the principal amount outstanding under the super senior term loan facility (the "**SS Facility**") (such debt will be transferred from DIA Finance, S.L. to DIA prior to the capitalisation);

      (x) EUR 292.6 million of principal of the EUR 300 million 1.000% Euro Medium Term Notes maturing on 28 April 2021 (the "**2021 Notes**") issued by DIA and held by DEA Finance. The remaining outstanding

[1] Exact figure may vary in order to allow an adequate Capital Increase exchange ratio.

amount owed under the 2021 Notes not held by DEA Finance would be repaid by DIA at maturity on 28 April 2021;

(y) EUR 7.4 million debt under a loan to be granted by L1R to DIA to finance (or refinance) the payment by DIA of the principal amount outstanding under the 2021 Notes to those holders of 2021 Notes other than DEA Finance on 28 April 2021 (as referred to in paragraph (x) above); and

(z) EUR 269.2 million aggregate principal amount of EUR 300 million 0.875% Euro Medium Term Notes currently maturing on 6 April 2023 (the "**2023 Notes**") issued by DIA and held by DEA Finance; and

(b) a cash tranche of up to EUR 259 million, reserved in first instance to all shareholders other than L1R, so that they can exercise their preferential subscription rights and subscribe for new shares up to their pro-rata entitlements at the same issue price as the new shares to be issued in the debt capitalisation tranche. The cash proceeds raised in the cash tranche would be available for DIA for general corporate purposes, including the acceleration of its business transformation plan. The cash tranche would be subject to customary subscription rounds and over-subscription pro-rata rules, and would not be underwritten in case of incomplete subscription;

(ii) an amendment and restatement of the existing EUR 973,219,190 syndicated facilities agreement (the "**SFA**") to (a) extend the maturity date of facilities A-F (which amount to a total of EUR 902,426,478) (the "**Senior Facilities**") from 31 March 2023 to 31 December 2025, and (b) amend other terms and conditions of the SFA (as further detailed in Schedule 1);

(iii) an amendment of the terms and conditions of the 2023 Notes to (a) extend their maturity date from 6 April 2023 to no earlier than 30 June 2026 and (b) increase the coupon from the date of the amendment to 3.50% per annum (3% in cash and 0.50% PIK) plus an additional increase in interest of 1% PIK in circumstances where PIK is payable under the SFA (as set out below); and

(iv) an extension of the maturity dates of certain bilateral facilities and credit lines entered into by various DIA group companies with certain Syndicated Lenders or their affiliates (the "**Bilateral Facilities**").

The Comprehensive Transaction would essentially imply the following changes with respect to the Original Transaction:

(i) upsizing the equity increase from EUR 500 million to up to EUR 1,028 million, by means of (a) L1R also capitalising the entire principal amount of 2023 Notes held by it, such principal amount being EUR 269.2 million, and (b) offering a cash tranche of up to EUR 259 million for minority shareholders to exercise their pro rata preferential subscription rights; and

(ii) improving certain terms under the SFA for the benefit of DIA, including (a) introducing an effective basket for a permitted new super senior incremental facilities of up to EUR 50 million to be made available in the form of confirming, term loans and/or revolving commitments (which may be drawn by way of certain ancillary facilities) (the "**SS Incremental Facility**"), (b) a reduction of the Syndicated Lenders margin with respect to the Original Transaction, and (c) further flexibility around investments in Portugal and Argentina and in permitted disposals and financial reporting, all of it as indicated in Schedule 1.

The effectiveness of the Comprehensive Transaction (and, therefore, of all key elements (i) to (iv) above) is subject to the fulfilment or waiver of certain conditions precedent indicated in Schedule 2 on or before the longstop dates indicated in such Schedule.

The recapitalisation of the DIA group by up to EUR 1,028 million, together with the discharge of EUR 769.2 million of financial liabilities corresponding to the principal owed under the SS Facility, the 2021 Notes, and the 2023 Notes currently held by DEA Finance, in combination with the extension of the maturity dates of the Senior Facilities, the remaining 2023 Notes and the Bilateral Facilities, together with the injection of up to EUR 259 million of additional liquidity under the cash tranche, and with the permitted SS Incremental Facility, will restore and strengthen significantly the net equity position of DIA (which is currently in a negative equity situation), materially reduce the financial indebtedness of the DIA group, eliminate refinancing risk over the medium term, reduce significantly DIA group's interest burden, provide additional liquidity to ensure operational financing requirements are in place, improve and accelerate DIA's ability to access debt financing markets on normalised terms, and provide a stable long-term capital structure for DIA that will provide a clear runway for DIA's management to focus entirely on the implementation of its business plan.

Press release attached.

Madrid, 25 March 2021.

Distribuidora Internacional de Alimentación, S.A.

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Jesús Soto Cantero
Chief Financial Officer

Schedule 1 – Summary of amendments to the SFA

The main terms and conditions of the agreed amendment and restatement of the SFA are the following:

(i) extension of the maturity date of the Senior Facilities from 31 March 2023 to 31 December 2025;

(ii) extension of the maturity date of the Bilateral Facilities owed by DIA or any of its affiliates to a Syndicated Lender or its affiliates to a later date that is satisfactory to the Company, and otherwise on terms and conditions materially consistent with the relevant Bilateral Facility agreement;

(iii) repayment of (a) up to EUR 35 million of the super senior supplier commitments (the "**SS Supplier Commitments**") upon effectiveness of the Comprehensive Transaction, and (b) the rest of the SS Supplier Commitments (that is, at least EUR 35,792,712) by no later than 17 July 2022, with the amount of the repayments that each Syndicated Lender is entitled to being reduced on a euro-for-euro basis if a Bilateral Facility in respect of which it is a lender is permanently reduced and/or cancelled on or before the date on which each repayment falls due for payment;

(iv) increase in the total amount of the Syndicated Facilities available to be utilised by way of confirming lines or bilateral credit facilities by (a) an amount equal to the amount by which the SS Supplier Commitments are reduced and cancelled from time to time (such increase not resulting in an increase in the total aggregate amount of the Syndicated Facilities) and conversion of certain RCF commitments into term loan commitments, and (b) the SS Incremental Facility, which, subject to reaching an agreement with the Syndicated Lenders on the provision of such SS Incremental Facility and on its terms, may be made available in the form of confirming lines, bilateral facilities, revolving credit facilities, or term loans (should certain institutions not be able to provide ancillary facilities), up to an amount depending on the amount of cash proceeds received by DIA in the cash tranche of the Capital Increase, based on the following grid:

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

such SS Incremental Facility of up to EUR 50 million (x) ranking super senior (this is, it would rank senior to the Senior Facilities and the SS Supplier

Commitments), (y) being subject to a 7% margin cap, and (z) with the rest of its terms and conditions to be negotiated with the Syndicated Lenders;

(v) elimination of the annual cash sweep from a proportion of free cash flow, which would otherwise apply from the second quarter of 2022;

(vi) fixed amortisation of EUR 25 million of the Senior Facilities on 31 March 2023 and EUR 25 million on 31 March 2024 (the "**Early Repayments**"), with the amount of Early Repayments that each Syndicated Lender is entitled to being reduced on a euro-for-euro basis if a Bilateral Facility in respect of which it is a lender is permanently reduced and/or cancelled on or before the date on which each Early Repayment falls due for payment. Such potential reduction to the Early Repayments will not apply if the Restated EBITDA (as defined in the SFA) for the financial year ending immediately prior to the date on which that Early Repayment falls due exceeds EUR 300 million;

(vii) initial reduction of the super senior secured facilities basket (the "**SS Facility Basket**") from EUR 380 million to EUR 75 million plus any amount of the SS Supplier Commitments which has not yet been repaid by the Company (as per paragraph (iii) above). Any amounts borrowed under the SS Incremental Facility would utilise capacity under the EUR 75 million SS Facility Basket;

(viii) elimination of the EUR 400 million additional senior and junior debt basket, which was intended for the purposes of, amongst other things, refinancing the 2021 Notes;

(ix) increase in the applicable margin for Syndicated Lenders under the Senior Facilities from 250 basis points per annum to the lower of (a) 325 basis points per annum, or (b) 300 basis points per annum if (y) an aggregate principal amount of 2023 Notes currently held by DEA Finance in an amount of EUR 269.2 million has been capitalised in the Capital Increase, and (z) the amount of cash proceeds received by DIA in the cash tranche of the Capital Increase is equal to or greater than EUR 125 million;

(x) margin ratchet of 125 basis points per annum PIK if (a) the leverage ratio for the relevant 12 month period ending on each of 31 December 2022 and/or 30 June 2023 is greater than 3.25:1, and/or (b) the leverage ratio for each 12 month period ending on each of 31 December and 30 June thereafter is greater than 2.50:1, such increase ceasing to apply if the leverage ratio falls below the relevant threshold on any subsequent test dates;

(xi) obligation to deliver to the Syndicated Lenders a budget for financial years 2021 and 2022 as a condition to the completion of the Comprehensive Transaction, and an updated business plan (to include financial years 2023, 2024 and 2025) no later than 31 December 2022 (the "**Updated Business Plan**");

(xii) roll forward of the Company's financial covenants, based on the Updated Business Plan, with the Company's leverage covenant for financial years 2023 to 2025 being equal to or lower than the leverage covenant included for financial year 2022 in the Company's existing business plan;

(xiii) extension of permitted debt and equity baskets to allow certain investments by the DIA group in Portugal and Argentina (in addition to Brazil), and increase of the permitted disposals basket;

(xiv) elimination of certain obligations of upstreaming cash from foreign operating subsidiaries exceeding certain minimum agreed levels of cash which are currently contemplated under the SFA;

(xv) acknowledgement that the Company's hive down obligations under the SFA have been fully satisfied and that the Company is under no further obligation to take further actions with respect to the hive down save for:

(a) the transfer of any asset of the Company (other than shares in any other subsidiary) which has not been transferred to DIA Retail España, S.A. because of one or more of the restrictions agreed under the SFA applying, which the Company must procure to execute if and to the extent that all applicable restrictions cease to apply at any time;

(b) the transfer of the Company's shares in its Brazilian and Argentinean subsidiaries to the corresponding wholly owned Luxembourg companies, which the Company must procure to execute if and to the extent there is a change in law or the applicable tax regime(s) that would allow the relevant shares to be transferred without any cost; and

(c) the transfer of the Company's shares in its Portuguese subsidiary to the relevant wholly owned Luxembourg company, in respect of which the Company must use best endeavours to effect such transfer as soon as reasonably practicable after the relevant legal, regulatory or taxation impediment to the transfer ceases to apply;

(xvi) obligation to (a) submit a petition for the *homologación judicial* before the relevant Spanish court of an ad hoc refinancing agreement to be entered into between, among others, the Company and the Syndicated Lenders, and (b) use its reasonable endeavours to pursue the successful sanction (*auto de homologación*) of the ad hoc refinancing agreement by the relevant Spanish court, but without guaranteeing or committing to any result.

Schedule 2 – Conditions Precedent

The effectiveness of the Comprehensive Transaction (and, therefore, of all items (i) to (iv) in the first page of this communication of inside information) is subject to the fulfilment or waiver of certain conditions precedent by the longstop dates indicated further below, including the following (the "**Conditions Precedent**"):

(i) evidence that the maturity date in respect of the 2023 Notes not currently held by DEA Finance has been extended to no earlier than 30 June 2026 and that the interest rate under the 2023 Notes is no higher than 3.50% per annum (3% in cash and 0.50% PIK) plus an additional increase in interest of 1% PIK in circumstances where PIK interest is payable under the SFA;

(ii) evidence to the satisfaction of the Company that the lender of each of the Bilateral Facilities has committed to consider and negotiate in good faith a potential further extension of the maturity date from its current maturity date (considering the relevant extensions agreed on 18 December 2020);

(iii) evidence that the confirming lines, factoring lines or bilateral credit facilities by virtue of which the ancillary facilities are documented have been amended to reflect the applicable margin in accordance with the amendments agreed in the amended and restated SFA;

(iv) evidence of discharge of the outstanding principal amount under the SS Facility, the 2021 Notes and the 2023 Notes (or with respect to the 2023 Notes held by DEA Finance, any instrument into which such 2023 Notes have been exchanged prior to the closing of the Comprehensive Transaction to facilitate the implementation of the Comprehensive Transaction) currently held by DEA Finance through the issuance of new shares by the Company in the Capital Increase, and/or from the proceeds thereof;

(v) evidence that (a) the Company has discharged its obligations to repay the outstanding principal amount in respect of the 2021 Notes not currently held by DEA Finance, and (b) L1R or DEA Finance has made available a new loan to the Company in an amount equal to the outstanding principal amount in respect of the 2021 Notes not currently held by DEA Finance, and the Company's obligation to repay such new loan has been discharged through the issuance of new shares by the Company to L1R;

(vi) execution of an ad hoc refinancing framework agreement for the sole purposes of filing (after the effectiveness of the Comprehensive Transaction) for the *homologación judicial* in Spain of such ad hoc refinancing agreement;

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

(viii) other customary conditions precedent in this type of agreements (such as execution, notarisation and delivery of certain documentation and confirmation that no event of default has occurred and is continuing).

The longstop date for the fulfilment or waiver of the Conditions Precedent is the later to occur of the following dates (or such other date as DIA and the agent in respect of the Senior Facilities may agree):

(i) 30 July 2021; or

(ii) 29 October 2021, in the event that the prospectus required for the proposed Capital Increase has not been approved by the *Comisión Nacional del Mercado de Valores* by 15 June 2021 (provided that the Company has used reasonable endeavours to achieve such approval by 15 June 2021).

DIA Group to increase capital by up to €1,028 million

DIA to equitize €269 million of Notes with maturity in April 2023, in addition to conversion of €500 million of debt into equity announced last November.

€259 million in cash for minority shareholders to participate in capital increase.

Transaction, which can reach up to €1,028 million, improves Group's capital structure agreed last year with support of all syndicated lenders and reference shareholder LetterOne.

Madrid, March 25, 2021. DIA Group ("DIA" or the "Group"), the proximity food retailer operating in Spain, Portugal, Brazil and Argentina, today announced that it has further strengthened its long-term capital structure by improving the agreement reached last November with reference shareholder LetterOne, DEA Finance and its syndicated lenders.

By increasing capital by up to €1,028 million, the Group will be best positioned to continue the development of its business roadmap. €769 million of the total amount will come from the conversion of debt into equity, while €259 million will serve as a cash tranche for minority shareholders looking to participate in the capital increase.

The transaction reduces DIA's leverage by 60 per cent, strengthens its solvency and improves its liquidity. As a result, DIA will not face significant debt maturities until the end of 2025.

The new agreement will deliver a new injection of liquidity that will accelerate DIA's transformation process. Since July 2019, the Company has received more than €1.6 billion.

Commenting on the transaction, Stephan DuCharme, Executive Chairman of DIA, said:

"The expansion of the agreement reached last year is the result of the continued support and commitment of our reference shareholder and creditors, who have once again demonstrated their confidence and faith in our business roadmap and its early results, as well as DIA's long-term prospects. This transaction is an opportunity for all shareholders, minority and institutional, to be part of the Group's growth story."

The capital increase consists of two tranches:

- **LetterOne** to convert €769 million of debt into equity:
  - Equitization of €200 million of the Super Senior loan granted by DEA Finance (announced in November 2020).
  - Equitization of €292.6 million of Notes with maturity in April 2021, of which 97.5% were acquired by DEA Finance via a tender offer in August 2020 (announced in November 2020).

- €7.4 million debt under a loan to be granted by LetterOne to DIA to repay the Notes with maturity in April 2021 to those holders other than DEA Finance.
    - Equitization of €269.2 million of Notes with maturity in April 2023, of which 89.7% were acquired by DEA Finance via a tender offer in August 2020.

- **Cash tranche** of up to €259 million for minority shareholders.

Additionally, the transaction includes the following elements:

- Syndicated lenders to extend the maturity of €902 million of syndicated loan facilities from 31 March 2023 until 31 December 2025 (announced in November 2020).
- Amendment of terms and conditions of the 2023 Notes for an amount of €30.8 million not acquired by DEA Finance, to extend its maturity from April 2023 to no earlier than 30 June 2026.
- Transaction closing is expected in the beginning of the third quarter of this year.

CADA DIA MÁS CERCA

DIA Group (Distribuidora Internacional de Alimentación [International Food Distributor]) is a leading local supermarket chain, with 6,169 shops and franchises in Spain, Portugal, Brazil, and Argentina. DIA is primarily supplied by local suppliers and meets the day-to-day food needs of over 20 million loyal customers, thanks to the commitment of its 39,000 employees across the globe.

MEDIA CONTACT

Lara Vadillo
Phone: +34 619226587
Email: comunicacion@diagroup.com