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

Further to the communication of privileged information published by the Company on 9 November 2020 (registration number 564), DIA hereby informs and discloses to 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 has reached an agreement with all of its Syndicated Lenders (the "**Lock-up Agreement**") which provides a path for a comprehensive recapitalisation and refinancing transaction (the "**Transaction**") which would provide a stable long-term capital and financial structure for the DIA group that would allow the management to focus fully on the implementation of the DIA group business plan.

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

(i) a EUR 500,000,000 equity increase at the level of DIA (the "**Capital Increase**") to discharge an equivalent amount of financial debt within the DIA group, and in particular:

   (a) the debt under the EUR 200,000,000 super senior term loan facility owed by DIA Finance, S.L. to DEA Finance (the "**SS Facility**"); and

   (b) the debt under the EUR 300,000,000 1.000% Euro Medium Term Notes maturing on 28 April 2021 (the "**2021 Notes**");

(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 DIA's EUR 300,000,000 0.875% Euro Medium Term Notes due April 2023 (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 5% per annum (3.25% in cash and 1.75% PIK) plus an additional increase in interest of 1% PIK in circumstances where it is applicable 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 effectiveness of the Transaction (and, therefore, of all items (i) to (iv) above) is subject to the fulfilment or waiver of certain conditions precedent by no later than 18 December 2020 (in some cases), 28 April 2021 (in other cases), or such other date as DIA and the agent in respect of the Senior Facilities may agree, all of it as further detailed in Schedule 2.

In the course of the negotiations of the Transaction, subject always to appropriate confidentiality measures, certain preliminary estimates of DIA's financial results for financial year 2020 have been shared certain of the Syndicated Lenders. Schedule 3 hereto includes a summary of such preliminary estimates.

The recapitalisation of the DIA group, together with the discharge of the SS Facility and the 2021 Notes financial liabilities for an amount of EUR 500,000,000, as well as the extension of the maturity dates of the Senior Facilities, the 2023 Notes and the Bilateral Facilities, will materially reduce the financial indebtedness of the DIA group, eliminate refinancing risk over the medium term, ensure operational financing requirements are in place, and provide a stable long-term capital structure for DIA that will allow the management to focus fully on the implementation of the DIA group business plan.

Press release attached.

Madrid, 30 November 2020.

Distribuidora Internacional de Alimentación, S.A.

Álvaro López-Jorrín
Secretary to the Board of Directors

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 35,000,000 of the super senior supplier commitments (the "**SS Supplier Commitments**") upon effectiveness of the 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 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;

(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 25,000,000 of the Senior Facilities on 31 March 2023 and EUR 25,000,000 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 300,000,000;

(vii) initial reduction of the super senior secured facilities basket (the "**SS Facility Basket**") from EUR 380,000,000 to EUR 75,000,000 plus any amount of the SS Supplier Commitment which has not yet been repaid by the Company (as per paragraph (iii) above);

(viii) elimination of the EUR 400,000,000 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 to 325 basis points per annum;

(x) margin ratchet of 100 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 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) 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, 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, 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, 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; and

(xiv) 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 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 below, including (the "**Conditions Precedent**"):

(i) evidence of discharge of the financial liabilities under the SS Facility and the 2021 Notes through the issuance of new shares by the Company in the Capital Increase, and/or from the proceeds thereof;

(ii) evidence that the Company's obligations in respect of the stub holders of the 2021 Notes have been discharged through funds made available by L1R to the Company through new loans which have been subsequently discharged through the issuance of new shares by the Company;

(iii) evidence that the maturity date in respect of the 2023 Notes has been extended to no earlier than 30 June 2026 and that the interest rate under the 2023 Notes is no higher than 5% per annum (3.25% in cash and 1.75% PIK) plus an additional increase in interest of 1% PIK in circumstances where it is applicable under the SFA;

(iv) evidence that the lender of each of the Bilateral Facilities has agreed to extend the maturity date from its current maturity date to a later date that is satisfactory to DIA (conditional only on the matters set out in paragraphs (i) and (ii) above), and otherwise on terms and conditions materially consistent with the relevant Bilateral Facilities agreements;

(v) evidence that the SFA has been amended so as to increase the total amount of the Senior Facilities available to be utilised by way of confirming lines or bilateral credit facilities in each case provided as ancillary facilities by an amount equal to the amount by which the SS Supplier Commitments are reduced and cancelled from time to time;

(vi) execution of an ad hoc refinancing framework agreement for the sole purposes of filing (after the effectiveness of the 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, confirmation that no event of default has occurred and is continuing).

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

(i) the longstop date for those Conditions Precedent in items (iv), (v), and (viii) above is 18 December 2020; and

(ii) the longstop date for those Conditions Precedent in items (i), (ii), (iii), (vi)and (vii) above is 28 April 2021.

Schedule 3 – Summary of DIA's preliminary estimates for FY 2020[1]

- Like-for-like sales of between 6.3% and 7.0% at the end of FY 2020.
- Net sales of between EUR 6.3 and 6.6 billion at the end of FY 2020.
- Adjusted EBITDA margin of between 1.8% and 1.9% at the end of FY 2020 (excluding effect of IAS 29 and IFRS 16, restructuring costs and LTIP costs).

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[1] DISCLAIMER:

- o The above preliminary estimates (i) reflect the views and/or expectations of DIA with respect to the performance, business and future events relating to the DIA group, (ii) are mere tentative estimates, which are subject to a number of economic, financial, business, market, legal, and other risks, uncertainties and assumptions, beyond the control of DIA, and (iii) are therefore not to be viewed as facts or guarantees of future performance. A number of important factors could cause actual plans and results and figures to differ materially from the expectations and estimates expressed above. Moreover, new factors may well emerge, and it is not possible to predict which factors will emerge and how they will affect the business of DIA and its group.
- o These preliminary estimates were prepared by DIA based on the information available at the beginning of the negotiations of the Transaction and have not been updated since then.
- o These preliminary estimates are not, and should not be considered as, public market guidance. Therefore, no obligation is assumed by DIA to disseminate any updates or revisions of this information, or to reflect any change therein, or any change in plans, events, conditions or circumstances on which such information is based.
- o No representations or warranties are made, whether express or implied, as to the accuracy or completeness of the above estimates, or as to their attainability.
- o These estimates have not been verified or revised by DIA's auditors or by any other third party independent advisors.

DIA Group completes capital structure transformation

Long-term financing and capital structure solution agreed with 100 per cent of syndicated lenders and underpinned by significant support from reference shareholder LetterOne

Forty per cent reduction in leverage, refinancing risk eliminated and no material debt maturities for five years

Conversion of €500 million of debt into equity; €902 million syndicated loan facilities maturity extended to December 2025; €300m 2023 bonds extended to June 2026

DIA can now fully focus on the successful delivery of its long-term business plan

Madrid, November 30, 2020. DIA Group, ("**DIA**" or the "**Group**") the proximity food retailer operating in Spain, Portugal, Brazil and Argentina, today announced an agreement with reference shareholder LetterOne, DEA Finance and its syndicated lenders that establishes a long-term financing structure to support the continued successful implementation of the Group's business transformation.

The transaction, which has the unanimous support of the syndicated lenders, allows DIA to eliminate refinancing risk, reduces leverage significantly by 40 per cent and establishes a debt maturity profile better aligned to DIA's long-term strategic requirements.

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

"This transformational agreement aligns all of DIA's key financial stakeholders and provides the Group with strong and stable capital foundations that will underpin the successful delivery of our business transformation.

Our reference shareholder LetterOne has, once again, demonstrated its sustained support for DIA's transformation journey, and has now committed over €1.1 billion of equity capital since July 2019. I would also like to thank our syndicated lenders for their support and recognition of DIA's long-term positive trajectory.

During 2020, the Group has delivered continued positive top line and adjusted EBITDA performance. We will now accelerate the second phase of the business plan and I am confident we will make further progress in 2021 and beyond."

The main points of the agreement are:

- **DEA Finance** to convert €500 million of debt into equity
    - Equitization of €200 million super senior loan granted by DEA Finance
    - Equitization of €300 million of Notes with maturity in April 2021, of which 97.5% were acquired by DEA Finance via a tender offer in August 2020
- **DEA Finance** to extend €300 million of Notes with maturity in April 2023 until June 2026, of which 89.7% were acquired by DEA Finance via a tender offer in August 2020
- **Syndicated lenders** to extend the maturity of €902 million of syndicated loan facilities from March 2023 until December 2025
- **DIA Group** to amortise of €35 million of super senior loans granted by syndicated lenders, with the remaining €36 million to be repaid in July 2022
- **Closing** by April 2021 after shareholder and note holder approvals

ENDS

ABOUT DIA GROUP

DIA Group (Distribuidora Internacional de Alimentación [International Food Distributor]) is a leading local supermarket chain, with 6,200 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