Distribuidora Internacional de Alimentación, S.A. and Subsidiaries

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

For the twelve-month period ended 31 December 2020

(unaudited)

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

Distribuidora Internacional de Alimentación, S.A. and Subsidiaries

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the twelve-month period ended 31 December 2020

(I) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

(Expressed in thousands of Euros)

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

ASSETS	Notes	2020 31 December	2019 31 December
Property, plant and equipment	4	837,312	1,055,580
Goodwill	5.1	482,872	489,051
Use of right	5.2	569,369	700,037
Other intangible assets	5.3	27,529	40,593
Investments accounted for using the equity method	7	473	551
Trade and other receivables	6.1	24,039	46,010
Other non-current financial assets	6.2	56,956	64,043
Non-current tax assets	15	46,070	52,297
Non-current assets		**2,044,620**	**2,448,162**
Inventories	9	445,763	496,517
Trade and other receivables	6.1	128,369	110,971
Consumer loans from financial activities		1,407	1,409
Current tax assets	15	56,065	76,768
Current income tax assets	15	1,205	6,932
Other current financial assets	6.2	3,945	8,706
Other assets	8	6,681	6,418
Cash and cash equivalents	10	346,985	163,550
		990,420	871,271
Non-current assets held for sale	11	359	-
Current assets		**990,779**	**871,271**
TOTAL ASSETS		**3,035,399**	**3,319,433**

(I) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

(Expressed in thousands of Euros)

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

EQUITY AND LIABILITIES	Notes	2020	2019
		31 December	31 December
Capital	12.1	66,780	66,780
Share premium	12.2	544,997	544,997
Reserves	12.3	(822,197)	(93,655)
Own shares	12.4 a)	(5,763)	(7,252)
Other own equity instruments	12.4 b) and 16	250	89
Net losses for the period	12.3	(363,788)	(790,468)
Translation differences	12.6	(117,474)	(70,993)
Equity attributable to equity holders of the Parent		(697,195)	(350,502)
Total Equity		(697,195)	(350,502)
Non-current borrowings	13.1	1,625,790	1,865,716
Provisions	14	84,328	61,306
Other non-current financial liabilities	13.2	2,306	3,806
Deferred tax liabilities	15	20,157	11,440
Non-current liabilities		1,732,581	1,942,268
Current borrowings	13.1	589,032	325,536
Trade and other payables	13.3	1,183,353	1,215,446
Current tax liabilities	15	55,453	64,679
Current income tax liabilities	15	531	9,151
Other current financial liabilities	13.4	171,644	111,583
		2,000,013	1,726,395
Liabilities directly associated with non-current assets held for sale	11	-	1,272
Current liabilities		2,000,013	1,727,667
TOTAL EQUITY AND LIABILITIES		3,035,399	3,319,433

(II) CONSOLIDATED INCOME STATEMENT

for the twelve-month periods ended 31 December 2020 and 2019
(Expressed in thousands of Euros)

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

INCOME STATEMENT	Notes	2020 31 December	2019 31 December
Sales	3 and 17	6,882,373	6,870,435
Other income	18.1	45,833	77,156
TOTAL INCOME		6,928,206	6,947,591
Goods and other consumables used	18.2	(5,053,084)	(5,240,748)
Personnel expenses	18.3	(922,400)	(934,536)
Operating expenses	18.4	(637,836)	(675,383)
Depreciation and amortization	18.5	(426,531)	(518,366)
Impairment of non-current assets	18.5	(26,448)	(57,509)
Impairment of trade debtors	6.1	(12,931)	(31,327)
Losses on disposal of fixed assets	18.6	(31,079)	(69,968)
RESULT FROM OPERATING ACTIVITIES		(182,103)	(580,246)
Finance income	18.7	11,527	41,640
Finance expenses	18.7	(217,380)	(196,209)
Gain from net monetary positions	18.9	36,074	63,705
Result from financial instruments	18.10	-	(6,043)
Profit/(losses) of companies accounts for using the equity method	18.11	(59)	196
LOSSES BEFORE TAX FROM CONTINUING OPERATIONS		(351,941)	(676,957)
Income tax	15	(11,847)	(91,669)
LOSSES AFTER TAX FROM CONTINUING OPERATIONS		(363,788)	(768,626)
Losses net of taxes of discontinued operations	11	-	(21,842)
NET LOSSES		(363,788)	(790,468)
Atributted to:			
Equity holders of the Parent		(363,788)	(790,468)

(III) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the twelve-month periods ended 31 December 2020 and 2019

(Expressed in thousands of Euros)

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

	2020 31 December	2019 31 December
Net losses for the period	**(363,788)**	**(790,468)**
Other comprehensive income:		
Items not subject reclassifications to income statement	**-**	**-**
Items subject to reclassification to income statement		
Translation differences of financial statements of foreign operations	**23,705**	**2,401**
	23,705	2,401
Value adjustments due to cash flow hedges	**-**	**(18)**
Tax effect	**-**	**5**
	-	(13)
Other comprehensive income, net of income tax	**23,705**	**2,388**
Total comprehensive income, net of income tax	**(340,083)**	**(788,080)**
Attibuted to:		
Equityholders of the Parent	**(340,083)**	**(788,080)**
	(340,083)	**(788,080)**

(IV) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the twelve-month periods ended 31 December 2020 and 2019

(Expressed in thousands of Euros)

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

	Equity attributable to equityholders of the Parent									
	Registered capital	Share premium	Reserves and accumulated earnings	Net losses	Own shares	Other own equity instruments	Value adjustments due to cash flow hedges	Translations differences	Equity attributable to the Parent	Total equity
At 1 January 2019	**62,246**	**-**	**246,701**	**(352,587)**	**(55,861)**	**6,820**	**13**	**(73,394)**	**(166,062)**	**(166,062)**
Argentina hyperinflation adjustments	-	-	(878)	-	-	-	-	-	(878)	(878)
Transfer of the losses of the previous year	-	-	(352,587)	352,587	-	-	-	-	-	-
Net losses for the period	-	-	-	(790,468)	-	-	-	-	(790,468)	(790,468)
Other comprenshive income, net of income tax	-	-	-	-	-	-	(13)	2,401	2,388	2,388
Translation differences of financial statements of foreign operations	-	-	-	-	-	-	-	2,401	2,401	2,401
Value adjustments due to cahs flow hedges	-	-	-	-	-	-	(13)	-	(13)	(13)
Total comprehensive income for the period	**-**	**-**	**-**	**(790,468)**	**-**	**-**	**(13)**	**2,401**	**(788,080)**	**(788,080)**
Transacitions with equityholders or owners	4,534	544,997	13,109	-	48,609	(6,731)	-	-	604,518	604,518
Capital Reduction	(56,021)	-	56,021	-	-	-	-	-	-	-
Capital Increase	60,555	544,997	(6,218)	-	-	-	-	-	599,334	599,334
Issuance net share-based payments	-	-	-	-	-	269	-	-	269	269
Value adjustments share-based payment	-	-	6,018	-	-	(6,018)	-	-	-	-
Issuance of share-based payments	-	-	(2,073)	-	2,692	(982)	-	-	(363)	(363)
Transactions w ith ow n shares or equity holdigs	-	-	(40,662)	-	45,917	-	-	-	5,255	5,255
Other variations in shareholders´equity	-	-	23	-	-	-	-	-	23	23
At 31 December 2019	**66,780**	**544,997**	**(93,655)**	**(790,468)**	**(7,252)**	**89**	**-**	**(70,993)**	**(350,502)**	**(350,502)**
At 31 December 2019	**66,780**	**544,997**	**(93,655)**	**(790,468)**	**(7,252)**	**89**	**-**	**(70,993)**	**(350,502)**	**(350,502)**
Reserves to translations differences reclasification	-	-	70,186	-	-	-	-	(70,186)	-	-
At 1 January 2020	**66,780**	**544,997**	**(23,469)**	**(790,468)**	**(7,252)**	**89**	**-**	**(141,179)**	**(350,502)**	**(350,502)**
Argentina hyperinflation adjustments	-	-	(6,810)	-	-	-	-	-	(6,810)	(6,810)
Transfer of the losses of the previous year	-	-	(790,468)	790,468	-	-	-	-	-	-
Net losses for the period	-	-	-	(363,788)	-	-	-	-	(363,788)	(363,788)
Other comprenshive income, net of income tax	-	-	-	-	-	-	-	23,705	23,705	23,705
Translation differences of financial statements of foreign operations	-	-	-	-	-	-	-	23,705	23,705	23,705
Value adjustments due to cahs flow hedges	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**-**	**(363,788)**	**-**	**-**	**-**	**23,705**	**(340,083)**	**(340,083)**
Transacitions with equityholders or owners	-	-	(1,450)	-	1,489	161	-	-	200	200
Issuance net share-based payments	-	-	-	-	-	200	-	-	200	200
Issuance of share-based payments	-	-	(1,450)	-	1,489	(39)	-	-	-	-
At 31 December 2020	**66,780**	**544,997**	**(822,197)**	**(363,788)**	**(5,763)**	**250**	**-**	**(117,474)**	**(697,195)**	**(697,195)**

(V) CONSOLIDATED STATEMENT OF CASH FLOWS

for the twelve-month periods ended 31 December 2020 and 2019
(Expressed in thousands of Euros)

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

	Notes	2020 31 December	2019 31 December
Operating activities			
LOSS/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		(351,941)	(676,957)
Loss before tax from discontinued operations		-	(21,842)
Loss before income tax		*(351,941)*	*(698,799)*
Adjusmtents to Profit and Loss:		*723,852*	*860,471*
Depreciation and amortization	18.5	426,531	518,366
Impairment of non current assets	18.5	26,448	57,509
Impairment of trade debtors	6.1	12,931	31,327
Losses on disposal of non current assets	18.6	31,079	69,968
Result from financial instruments	18.10	-	6,043
Finance income	18.7	(11,527)	(41,640)
Finance expenses	18.7	217,380	196,209
Changes of provisions and grants		22,427	7,783
Other adjustements of discontinued operations	11	-	1,420
Other adjustments to Profit and Loss		(1,476)	13,682
Share of (Profit)/loss of companies accounted for using the equity method net of dividends	7	59	(196)
Adjusments to working capital:		*18,592*	*(101,331)*
Changes in trade and other receivables		(24,208)	68,069
Change in inventories		50,754	100,838
Changes in trade and other payables		(35,785)	(241,600)
Changes in consumer loan and refinancing commitments		2	(1,389)
Change in other assets		26,972	(40,997)
Change in other liabilities		9,512	(2,054)
Changes in working capital of discontinued operations	11	(1,329)	15,100
Current income tax payables		(7,326)	702
Net cash flow form/(used in) operating activities		*390,503*	*60,341*
Investing activities			
Purcharses of intangible assets	5.3	(3,285)	(4,770)
Development cost	5.3	(4,952)	(6,011)
Payments of property, plant and equipment	4	(68,448)	(151,705)
Payment of financial instruments		22,634	31,048
Disposals of intangible assets		44	1,147
Disposals of property, plant and equipment		9,677	13,464
(Payments)/Collections for other financial assets		11,738	3,954
Interest recevied		8,886	3,403
Acquisition of subsidiaries net of cash acquired		-	769
Net cash flow used in investing activities		*(23,706)*	*(108,701)*
Financing activities			
Capital increase, net of cost	12.1	-	599,334
Charge for sale of own shares		-	5,255
Financial lease payments	13.1 c)	(284,565)	(327,522)
Borrowings repaid		(23,284)	(379,756)
Borrowings made		163,762	164,752
Payments from other financial liabilities		28,679	1,697
Interest paid		(48,347)	(92,577)
Net cash flow form/(used in) financing activities		*(163,755)*	*(28,817)*
Net changes in cash and cash equivalents		*203,042*	*(77,177)*
Net foreign exchanges differences		(19,607)	884
Cash and cash equivalents at 1st January		*163,550*	*239,843*
Cash and cash equivalents at 31th December		*346,985*	*163,550*

(VI) Explanatory Notes to the Condensed Consolidated Interim Financial Statements for the twelve-month period ended 31 December 2020

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

1. CORPORATE INFORMATION

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

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

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

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

Relevant events occurring during 2020

a) New organisational model

Following the successful completion of the first phase of DIA's transformation, on 14 April 2020 it was announced that Mr Karl-Heinz Holland was stepping down as CEO of the parent and member of the Board of Directors with effect from 20 May 2020. Mr Stephan DuCharme, who up until then was non-executive chair of the Board of Directors was appointed as the parent company's new executive chairman, effective 21 May 2020, providing strategic guidance to the team under the new organisational model.

The DIA Group thus successfully concluded the first phase of the company's transformation process, which began in May 2019 led by Mr Karl-Heinz Holland, who rolled out a comprehensive change plan to respond to the company's situation. The first phase focused on three key areas:

● Attract and incorporate talent at all levels and in all business areas to drive the transformation.

● Restore the basic retail business concepts in the Group, including a new sales value proposition and best operational practices throughout the supply chain and store network.

● Create a new organisational model for the Group, based on independent and empowered national leadership with full responsibility for results, which will be strategically backed up by the Group's corporate department., having appointed CEOs for the different countries.

The corporate department will focus on the company's purpose and strategy, digital transformation, strategic communication, institutional relations, the development of leadership and talent and corporate finance.

In July, the Company announced the creation of a new Group Corporate Management team and the appointment of Mr Santiago Martinez-Lage as Group Corporate Director, reporting directly to the Group's executive chairman. This new management team is responsible for developing the sustainability plan related to social and environmental issues, as well as policies that will allow DIA to improve its relationship with the Company's different stakeholders, with the aim of strengthening DIA's role as an active player in society and the communities where the Group is present, adopting the best corporate governance practices and promoting sustainable growth in accordance with the best international standards.

In September, the corporate finance department announced the departure of the Group's Head of Corporate Finance, Mr Enrique Weickert Molina.

b) Changes to the Board of Directors and its committees

Christian Couvreux sadly passed away on 15 February 2021. Christian was a member of the DIA Group's Board since May 2019 and chairman of the Appointments and Remuneration Committee, and he sat on the Board's Capital and Financial Structure Committee. Since he joined, Christian Couvreux played a key role in DIA's transformation, bringing his extensive knowledge of and international experience in the food distribution sector.

At 31 December 2020, the parent company's Board of Directors and committees are made up as follows:

Board of Directors:

Chairperson:	Stephan DuCharme (executive director).
Directors:	Basola Vallés Cerezuela (independent director).
	Christian Couvreux (independent director coordinator).
	Jaime García-Legaz Ponce (independent director).
	José Wahnon Levy (independent director).
	Sergio Antonio Ferreira Dias (external proprietary director).

On 11 December 2020, the Board of Directors approved the appointment by co-optation of Mr Marcelo Maia Tavares as other external director of the Parent company, effective from 1 January 2021.

Audit and Compliance Committee:

Chairperson:	José Wahnon Levy (independent director).
Directors:	Sergio Antonio Ferreira Dias (external proprietary director).
	Jaime García-Legaz Ponce (independent director).

Appointments and Remuneration Committee:

Chairperson:	Christian Couvreux (independent director).
Directors:	Jaime García-Legaz Ponce (independent director).
	Basola Vallés Cerezuela (independent director).

Capital and Financial Structure Committee:

Chairperson:	Jaime García-Legaz Ponce (independent director).
Directors:	Sergio Antonio Ferreira Dias (external proprietary director).
	Christian Couvreux (independent director).

c) General Meeting of Shareholders of the Parent company

The Parent company's General Meeting of Shareholders was held on 31 July 2020 and the following resolutions, among others, were adopted: (i) approval of the 2019 annual accounts, directors' reports, distribution of profit/(loss) and non-financial information statement; (ii) approval of Board of Directors management from 21 May to 31 December 2019; (iii) ratification and re-appointment of Ms Basola Vallés Cerezuela as independent director; (iv) setting of Board of Directors members at eight and holding of vacancies; (v) approval of severance pay of former CEO and (vi) advisory vote on the annual director remuneration report for 2019. The proposed resolution on the Board of Directors management from 1 January to 20 May 2019 was not approved.

d) Impact of Coronavirus - Covid-19

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

The Spanish Government introduced extraordinary measures to tackle this situation immediately and effectively, approving Royal Decree 463/2020 of 14 March, which enforced the first state of emergency for the management of the health crisis caused by COVID-19. A series of royal decrees were also issued to put certain extraordinary emergency measures into action in order to deal with the economic and social impact of COVID-19, including restricted movement to protect the general public, contain the spread of the virus and bolster the public health system.

A three-stage easing plan was approved on 28 April to loosen the lockdown measures initially adopted and the first state of emergency ultimately ended in Spain on 21 June, having completed all stages of the easing plan and removed the measures put in place by the state of emergency declaration in the corresponding provinces, islands and territories.

On 25 October 2020, the Government declared a second nationwide state of emergency to stop the spread of the virus, which ended on 9 November 2020. On 3 November 2020, the Cabinet of Ministers approved an extension to the state of emergency for a further six months, from 9 November 2020 to 9 May 2021. During this period, the general public's circulation on streets and public spaces is restricted to certain hours of the day and residents are to remain within their own autonomous community or city, unless travel is essential on certain limited grounds. Gatherings in public and private spaces and places of worship are also restricted.

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

To tackle this crisis, the DIA Group has set up and rolled out the necessary human and technical resources and protocols to ensure the prime objective of protecting the health and well-being of its staff is safeguarded while maintaining an adequate level of service for all customers of our warehouses and stores, in order to guarantee the running of the global food supply chain of which the DIA Group forms part. This objective was successfully met.

The economic impacts of this exceptional situation on the Group's sales cannot be reliably and objectively quantified. In terms of the associated costs, which can be clearly separated, the Group estimates that they total Euros 26 million in the first half of the year, including overtime costs for additional labour, the payment of bonuses to own employees and franchisees, and protection material for employees and customers. The costs associated with protecting staff and customers, such as providing masks and gloves, have been classified as recurring operating expenses from the second half of the year.

Given the complexity of the situation, the uncertain developments in the pandemic over the coming months and its potential impact on sales and production volumes, supply and distribution chains, businesses, consumers, capital markets and the economy in general, it is not possible at this time to objectively and reliably estimate the potential impact on the Group. This impact will be recorded prospectively in the financial statements when it occurs.

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

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

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

All the business, assets, liabilities and contracts held by DIA will be transferred to one or several subsidiaries indirectly wholly-owned by DIA, with the exception of: a) the European medium-term notes currently issued by the Parent company; b) any assets, liabilities and contracts that cannot be transferred due to legal or contractual restrictions; c) any assets, liabilities or contracts whose transfer would have a significant adverse effect on the business of the Parent company or the Company's group; d) any assets, liabilities and contracts whose transfer would incur a cost for the Company's group (including taxes or loss of tax assets) exceeding Euros 5,000,000; and, e) any lease agreements on real estate whose transfer or transmission would entitle the lessor to demand a rent increase or to terminate the lease. As the above-mentioned exceptions apply, as agreed with the syndicated lenders, the transfer of DIA's holding in the Brazilian and Argentine subsidiaries, and 26% of the Portuguese subsidiary, could not be executed in 2020 as part of the Hive Down.

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

The main milestones reached up to 31 December 2020 in relation to the Hive Down are as follows:

i. Subject to the aforementioned exceptions, the following have been transferred to DIA Retail, a subsidiary indirectly wholly-owned by DIA: a) the assets, liabilities and contracts comprising the Spanish retail and wholesale business (excluding certain assets, liabilities and contracts relating to the commercial operations of DIA), b) the interests in the Spanish subsidiaries Grupo El Árbol and Beauty by DIA and the Swiss subsidiary DIA World Trade, and c) the DIA central services.

ii. 74% of DIA’s interest in the Portuguese subsidiary DIA Portugal Supermercados has been transferred to a Luxembourgian subsidiary indirectly wholly-owned by DIA.

iii. All of the Clarel franchises owned by DIA have been transferred to the Spanish subsidiary Beauty by DIA. The sublease contracts linked to these franchises between DIA and Beauty by DIA have been terminated and the trade debtor and creditor accounts of these franchises transferred to Beauty by DIA.

iv. Guarantees have been extended on the shares or participations, bank accounts and receivables of the subsidiaries directly or indirectly wholly-owned by DIA that form part of the Syndicated Financing, as collateral therefor.

v. Certain subsidiaries directly or indirectly wholly-owned by DIA, which form part of the Hive Down, have become additional borrowers under the Syndicated Financing.

vi. With effect from 1 July 2020 all sales and warehouse operations of DIA have been transferred to DIA Retail, including inventories and receivables from third parties, as well as the portion of the syndicated lending pertaining to reverse factoring and other amounts corresponding to the Company’s sales operations.

vii. All real estate owned by DIA in Spain has been transferred to DIA Retail, along with those land rights held by DIA whose transfer is not subject to the aforementioned exceptions. This transfer also included the transfer of the portion of the syndicated lending linked to the Spanish business.

viii. The shares of the operating subsidiaries involved in the transaction have been transferred to other holding companies in Luxembourg, wholly-owned directly or indirectly by DIA, thus implementing the corporate structure agreed with the syndicated lenders.

ix. In the context of the implementation of the final Hive Down structure, the remaining portion of the syndicated lending drawn down by DIA has been transferred to DIA Finance (except for a minimal amount of Euros 2 million for operating purposes), as agreed with the syndicated lenders.

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

f) *Public takeover bid for bonds and global capitalisation and refinancing transaction.*

Public takeover bid for bonds

On 10 August 2020 the company DEA Finance S.à.r.l. (“DEA Finance” or the “Offeror”), a Luxembourgian limited liability company (*société à responsabilité limitée*) controlled by Letterone Holdings S.A., and sole lender under the super senior additional lending facility (“SS Facility”) granted to DIA Finance, S.L. (“DIA Finance”), announced a bid addressed to:

i. the eligible holders of bonds issued by the Parent company for an aggregate principal amount of Euros 300,000,000, with a coupon of 1.000% and maturing on 28 April 2021 (the “2021 Bonds”), and

ii. the eligible holders of bonds issued by the Parent company for an aggregate principal amount of Euros 300,000,000, with a coupon of 0.875% and maturing on 6 April 2023 (the “2023 Bonds”, and together with the 2021 Bonds, the “Bonds”),

for the acquisition of up to Euros 225,000,000 of the aggregate principal of the 2021 Bonds and up to Euros 225,000,000 of the aggregate principal of the 2023 Bonds in exchange for a cash consideration (the “Bid”). The Bid was subject to the terms and conditions set forth in the tender offer memorandum issued by the Offeror, including two minimum purchase conditions which required the eligible holders to present requests for Bond sale offers representing at least Euros 150,000,000 of the aggregate principal amount of the 2021 Bonds and at least Euros 150,000,000 of the principal amount of the 2023 Bonds.

In light of demand, DEA Finance subsequently broadened the terms of the Bid, increasing the limit established for Bond acquisition. In addition, on 15 September 2020, DEA Finance presented a new bid to acquire all the 2023 Bonds that were not held at that date by the Offeror.

After the bids were closed in September 2020, DEA Finance became the holder of (i) an aggregate principal amount of 2021 Bonds of Euros 292,600,000, equivalent to 97.53% of the aggregate amount of the 2021 Bonds, and (ii) an aggregate principal amount of 2023 Bonds of Euros 269,200,000, equivalent to 89.73% of the aggregate principal amount of the 2023 Bonds.

Global capitalisation and refinancing agreement

On 30 November 2020, the Parent company announced that, after the negotiations held between L1R Invest1 Holdings S.à.r.l. (“L1R”), DEA Finance S.à.r.l. (“DEA Finance”) and its syndicated lenders (the “Syndicated Lenders”), DIA had reached an agreement with all the Syndicated Lenders (the “Lock-Up Agreement”) which facilitated a global capitalisation and refinancing operation enabling a stable long-term capital and financial structure to be implemented for the DIA Group, thereby allowing its management team to fully focus on the execution of the DIA Group business plan.

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

i. an increase in equity of Euros 500,000,000 (the “Capital Increase”) which will release the DIA Group of an equivalent amount of financial debt, and in particular of:

   - the debt of Euros 200,000,000 held under the super senior term loan facility, granted by DEA Finance to DIA Finance, S.L. (The “SS Facility”); and
   - the debt corresponding to the bonds issued by DIA for an aggregate principal amount of Euros 300,000,000, with a coupon of 1.000% and maturity on 28 April 2021 (the “2021 Bonds”);

ii. the modification and refunding of the current syndicated financing agreement for a total amount of Euros 973,219,190 (the “Syndicated Financing Agreement”) in order to (a) extend the maturity date of the A-F Facilities (totalling Euros 902,426,478) (the “Senior Facilities”) from 31 March 2023 to 31 December 2025, and (b) modify other terms and conditions of the Syndicated Financing Agreement.

iii. the modification of the terms and conditions of the bonds issued by DIA for an aggregate principal amount of Euros 300,000,000, with a coupon of 0.875% and maturity in April 2023 (the “2023 Bonds”) in order to (a) extend their maturity date from 6 April 2023 to after 30 June 2026, and (b) increase the coupon from the modification date to an annual rate of 5% (3.25% in cash and 1.75% PIK), plus an increase in interest of 1% PIK where applicable under the Syndicated Financing Agreement; and

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

The effectiveness of the Transaction (and, therefore, of points (i) to (iv) above) is subject to compliance (or waiver of compliance) with certain conditions precedent no later than 18 December 2020 (in certain cases), which were met in form and term, and 28 April 2021 (in others), or any other date agreed between DIA and the Senior Facilities' agent.

On 18 December 2020, the Group signed an Implementation Agreement with the syndicated lenders, establishing the main terms and conditions of the modification of the current Syndicated Financing Agreement. These will take effect when the conditions precedent are met.

g) Profit/(loss) evolution during the year

The evolution of the Group's profit/(loss) during the year has been affected by the effective response to the COVID-19 crisis and the positive evolution of the transformation measures put into action.

The results reflect the progress made in the last year, with an increase in net sales despite having a smaller store network and the effect of the Brazilian and Argentinian currencies, and positive like-for-like sales for the year.

The key elements of these results are attributable to the transformation initiatives carried out, with improved supply chain and store operations, which have enabled the fresh produce offering to be enhanced, a streamlined product selection, an improved franchise model and expanded online sales.

These results have been supported by strict cost controls, a reinforced financial structure and a decrease in net debt.

2. BASIS OF PRESENTATION

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

The directors of the Parent have prepared these condensed consolidated interim financial statements for the twelve-month period ended 31 December 2020 on the basis of the accounting records of Distribuidora Internacional de Alimentación S.A. and subsidiaries companies. These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required of a complete set of annual accounts prepared under International Financial Reporting Standards endorsed by the European Union ("IFRS-EU"). However, selected explanatory notes are included to explain events and transactions that are significant to enable an understanding of the changes in the DIA Group's financial position and performance since the last consolidated annual accounts as at and for the year ended 31 December 2019.

The DIA Group has adopted the latest versions of all applicable standards issued by the IASB and endorsed by the European Union Regulatory Committee that are for mandatory application at 31 Decemeber 2020.

Comparative information in the condensed consolidated interim financial refers to the years ended 31 December 2020 and 2019.

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

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

2.2. Accounting principles

The condensed consolidated interim financial statements for 2020 have been prepared by the DIA Group applying the accounting principles and measurement criteria described in note 3 to the consolidated annual accounts for 2019, except those criteria that are applied for the first time.

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

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

2.3. Classification of Argentina as a hyperinflationary country

In 2018 a series of factors emerged in the Argentinian economy that prompted the DIA Group to reconsider its treatment of the foreign currency translation of its subsidiaries' financial statements, and to recover the financial investments made in Argentina. These factors include the inflation rate recorded in 2018 and the accumulated rate in the last three years and, lastly, the devaluation of the Argentinian Peso in recent months.

Consequently, in accordance with IFRS-EU, Argentina is considered a hyperinflationary economy for accounting purposes for the years ending after 1 July 2018. The application of IAS 29 to the Group's 2020 and 2019 consolidated annual accounts was conducted in accordance with the following criteria:

- Hyperinflation accounting has been applied to all the assets and liabilities of the DIA Argentina subsidiary before translation.
- The historical cost of non-monetary assets and liabilities and the equity items of this Company from their date of acquisition or inclusion in the consolidated statement of financial position to each period-end has been adjusted to reflect changes in the purchasing power of the currency arising from inflation.
- The initial equity recorded in the uniform currency is subject to the accumulated effect of the restatement due to inflation of non-monetary items from the date they were first recognised and the effect of translating these balances to the closing rate at the start of the year. The Group opted to recognise the different between equity at the closing of the prior year and at the start of the year in reserves, together with the accumulated exchange differences up to that date, 1 January 2018. In 2020, as a result of the interpretation issued by the committee of experts on international accounting standards, the Company adopted the accounting policy of recording changes in equity relating to currency effects and the effect of inflation in full under Translation differences. The comparative figures have not been restated. As a result, the Group has reclassified Euros 70,186 thousand from the Reserves and retained earnings heading to Translation differences.
- The Group has adjusted the consolidated income statement at 31 December 2020 and 31 December 2019 to reflect the financial profit relating to the impact of inflation on net monetary assets.
- The different items in the consolidated income statement and the consolidated cash flow statement at 31 December 2020 and 31 December 2019 have been adjusted by the inflation rate since their generation, with a balancing entry in financial results and net exchange differences, respectively.

The inflation rate considered for this calculation at 31 December 2020 was 36.14% (54.51% at 31 December 2019). This rate was obtained from the information issued by INDEC (National Statistics and Census Institute), a public body, through the publication of the Consumer Price Index which measures variations in the price of goods and services comprised in domestic consumer spending.

The monthly evolution of the price index was as follows:

Month	Index	Month	Index	Month	Index	Month	Index
Jan-17	1.015859	Jan-18	1.26989	Jan-19	1.89706	Jan-20	2.89976
Feb-17	1.036859	Feb-18	1.30061	Feb-19	1.96849	Feb-20	2.95815
Mar-17	1.061476	Mar-18	1.33105	Mar-19	2.06061	Mar-20	3.05706
Apr-17	1.089667	Apr-18	1.36751	Apr-19	2.13159	Apr-20	3.10281
May-17	1.105301	May-18	1.39589	May-19	2.19680	May-20	3.15067
Jun-17	1.118477	Jun-18	1.44805	Jun-19	2.25651	Jun-20	3.22314
Jul-17	1.137852	Jul-18	1.49297	Jul-19	2.30601	Jul-20	3.28201
Aug-17	1.153819	Aug-18	1.55103	Aug-19	2.39729	Aug-20	3.37063
Sep-17	1.175719	Sep-18	1.65238	Sep-19	2.53838	Sep-20	3.46621
Oct-17	1.193528	Oct-18	1.74147	Oct-19	2.62198	Oct-20	3.59657
Nov-17	1.209940	Nov-18	1.79639	Nov-19	2.73354	Nov-20	3.71021
Dec-17	1.247956	Dec-18	1.84255	Dec-19	2.84834	Dec-20	3.85883

The most significant impacts on the consolidated financial statement deriving from inflation in Argentina relate to the revaluation of property, plant and equipment (see Note 4) and the corresponding effect on deferred tax assets and liabilities. The impact of inflation on non-monetary items has been included in reserves.

Furthermore, the impact of the change in the net monetary position at 31 December 2020 and 31 December 2019 has been recognised as a financial profit (see Note 18.9).

2.4. Going concern

The directors of the Parent company have prepared these condensed consolidated interim financial statements for the twelve-month period ended year 2020 on a going concern basis.

At 31 December 2020, consolidated equity amounted to a negative amount of Euros 697 million(a negative amount of Euros 351 million at 31 December 2019) and working capital, calculated as current assets less current liabilities, excluding assets and liabilities held for sale, was also negative, amounting to Euros 1,010 million (Euros 855 million at 31 December 2019). The loss for 2020 amounts to Euros 364 million (loss of Euros 790 million in 2019) and the net variation in cash and cash equivalents was a positive amount of Euros 183 million (negative amount of Euros 76 million in 2019).

At 31 December 2020, the Parent's equity amounts negative to Euros 42 million (31 December 2019: Euros 223 million) impacted by 238 million impairment of the investment in the Brazilian affiliate to reflect the negative evolution of the Brazilian Real. In accordance with the Spanish Companies Act, when losses bring a company's equity to less than half of share capital, unless capital is increased or reduced to a sufficient extent, the company has grounds for dissolution and the Directors must call a general meeting within two months to adopt the dissolution agreement or reach the agreement or agreements deemed necessary to clear the grounds for dissolution.

Royal Decree-Law 16/2020, of 28 April 2020, on procedural and organisation measures to tackle Covid-19 in the justice system (the RDL) establishes that, solely for the purpose of determining the grounds for dissolution due to losses incurred reducing equity to less than half of capital – as stipulated in the Spanish Companies Act (article 363.1) – losses posted in 2020 will not be considered. Consequently, the parent company is not in a wind-up position at the date of this document.

In the context of the global recapitalisation and refinancing in progress, on 30 November 2020, the Parent company announced the signing of an agreement with its financial lenders and its main shareholder. By virtue of this agreement, the Parent company agreed, inter alia, to submit for approval by the Shareholders at an Extraordinary General Meeting a Capital Increase of Euros 500 million by means of converting into capital debt represented by Euros 300 million in 2021 Bonds and Euros 200 million of the SS Facility.

This resolution will redress the parent's equity balance during 2021, changing its capital structure and funding profile

The Directors of the parent Company therefore consider that the planned recapitalisation of the DIA Group, together with the release of a financial liability of Euros 500 million corresponding to the cancellation of the SS Facility and the 2021

Bonds, as well as the extension of the maturity date of the Senior Facilities, the 2023 Bonds and the Bilateral Facilities, will reinforce the equity situation of the Parent company, substantially reduce the financial debt of the DIA Group, eliminate the risk of refinancing in the medium term, ensure that the operating finance needs are covered and provide a viable long-term capital structure for the DIA Group, which will enable the management team to fully focus on the execution of the business plan.

At 31 December 2020, after managing to generate organic cash flow by executing the Business Plan and having reduced Net Financial Debt, at consolidated level the Company has Euros 397 million in cash and other cash equivalents. In this context, the Directors consider that the Group will continue to operate on a going concern basis.

3. INFORMATION ON OPERATING SEGMENTS

Information is provided on the following operating segments:

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

The Executive President monitors the operating results of its business units separately in order to make decisions on resource allocation and performance assessment. In order to assess the performance of each segment, the Group calculates an underlying operating profit or loss by segment, which the Group refers to as adjusted EBITDA.

This underlying operating profit or loss enables the Executive President to analyse the results of the segments, eliminating restructuring costs, the effect of NIIF 16 on leases and the effect of NIC 29 due to hyperinflation, which are lines of the income statement that do not directly depend on the segment's operations, but are based on Group decisions geared towards improving the operating results of the segment or certain corporate expenses.

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

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

Thounsands of Euro at 31st December 2020	SPAIN	PORTUGAL	ARGENTINA	BRAZIL	CONSOLIDATED
Sales (1)	4,508,826	629,989	813,774	929,784	6,882,373
Adjusted EBITDA	99,566	17,196	19,915	(13,779)	122,898
% of sales	2.21%	2.73%	2.45%	(1.48)%	1.79%
Non-current assets	1,431,362	246,029	137,990	229,239	2,044,620
Liabilities	2,989,308	236,450	184,723	322,113	3,732,594
Acquisition of non-current assets (2)	59,988	10,376	7,569	5,397	83,330
Number of outlets	3,918	565	907	779	6,169

Thounsands of Euro at 31st December 2019	SPAIN	PORTUGAL	ARGENTINA	BRAZIL	CONSOLIDATED
Sales (1)	4,177,181	593,933	917,268	1,182,053	6,870,435
Adjusted EBITDA	18,156	9,618	12,051	(130,680)	(90,855)
% of sales	0.43%	1.62%	1.31%	(11.06)%	(1.32)%
Non-current assets	1,620,239	257,238	170,003	400,682	2,448,162
Liabilities	2,733,785	218,258	208,405	508,215	3,668,663
Non-current assets held for sale	1,272	-	-	-	1,272
Acquisition of non-current assets (2)	33,765	9,242	9,432	40,536	92,975
Number of outlets	4,236	576	934	880	6,626

(1) Sales eliminations arising from consilidation are included in segment Spain
(2) Use of rigth not incluided

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

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

Thousands of euro	SPAIN	PORTUGAL	ARGENTINA	BRAZIL	TOTAL DECEMBER 2019
Net profit/(losses)	**(443,531)**	**(29,207)**	**(23,660)**	**(294,070)**	**(790,468)**
Net financial expense	76,786	9,602	34,644	33,537	154,569
Losses from financial instruments	5,970	-	73	-	6,043
Income tax	64,515	7,425	(10,853)	30,582	91,669
Depreciation and amortization	345,404	43,564	36,111	93,287	518,366
Losses net of taxes of discontinued operations	21,842	-	-	-	21,842
Gain from net monetary positions	-	-	(63,705)	-	(63,705)
Losses of companies accounts for using the equity method	(196)	-	-	-	(196)
Impairment of non-current assets	32,876	3,524	(163)	21,272	57,509
Losses on disposal of non current assets	18,452	22	16,241	35,253	69,968
Restructuring Cost	***108,966***	***1,169***	***6,855***	***14,119***	***131,109***
Expenses relating to store and warehouses closings	22,578	332	1,103	13,580	37,593
Expenses to efficiency projects	56,211	446	5,752	539	62,948
Other special expenses					
of which "consultory"	30,177	391	-	-	30,568
IFRS 16 leases	(212,928)	(26,481)	(17,355)	(64,660)	(321,424)
NIC 29 hyperinflationary standard effect	-	-	33,863	-	33,863
EBITDA ajusted	**18,156**	**9,618**	**12,051**	**(130,680)**	**(90,855)**

4. PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment for 2020 and 2019 are as follows:

Net carrying amount	31-dic-20	31-dic-19
At 1 January	**1,055,581**	**1,328,007**
Additions	75,093	82,194
Amortisation and depreciation (note 18.5)	(172,808)	(208,494)
Impairment (note 18.5)	(21,173)	(44,540)
Disposals	(57,595)	(86,211)
Hyperinflation	36,820	54,083
Transfers to assets held for sale	-	(170)
Transfers IFRS 16	-	(29,637)
Translation differences	(103,589)	(64,300)
Other movements	24,983	24,648
At 31 December	**837,312**	**1,055,580**

In 2020 and 2019 additions have been limited due to the Group's financial difficulties. Additions were a result of new stores being opened, the refurbishment work carried out and the remodelling to accommodate new formats.

Disposals in 2020 and 2019 mainly include those associated with the remodelling and closure of stores in Brazil and Spain during this period.

As a result of the impairment testing conducted using the new business plan, an impairment loss of Euros 21,173 thousand was recognised in 2020, primarily concerning stores in Brazil and warehouses and fruit displays in Spain. The impairment loss of Euros 44,540 thousand recognised in 2019 corresponded to stores in Brazil and warehouses and fruit displays in Spain.

5. INTANGIBLE ASSETS

5.1. Goodwill

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

Thousands of Euros	2020	2018
Spain	443,118	449,297
Portugal	39,754	39,754
Total	**482,872**	**489,051**

The change of Euros 6,179 thousand was primarily a result of impairment testing, leading to the recognition of an impairment loss in 2020 for Euros 5,082 thousand (see note 18.5). This relates to impairment of the goodwill allocated to the stores where the analysis has led to the need to reflect impairment. No impairment loss has had to be recognised for the other goodwill on consolidation, which is tested for impairment at an individual entity level.

5.2. Right-of-use

In 2019, IFRS 16 Leases was applied for the first time.

The Group has chosen to apply IFRS 16 using the modified retroactive method, recognising the right-of-use asset for an amount equal to the lease liability (see Note 13.1 c). In applying this approach, the Group does not restate comparative information.

Details of right-of-use assets and movement during 2020 and 2019 are as follows:

Net carrying amount	2020	2019
At 1 January	**700,037**	**738,080**
Additions	165,351	255,819
Depreciation (note 18.5)	(237,330)	(291,214)
Disposals	(49,787)	(58,419)
Hyperinflation	1,127	2,514
Value update	29,377	26,525
Transfers IFRS16	-	29,637
Translation differences	(39,415)	(2,747)
Other movements	9	(158)
At 31 December	**569,369**	**700,037**

The balance at 1 January 2019 relates to the right-of-use amount generated by the initial charge.

Transfers under IFRS 16 in 2019 for a net amount of Euros 29,637 thousand relate to the assets recorded in the 2018 consolidated annual accounts as property, plant and equipment under finance leases and comprise certain commercial premises, technical installations, machinery and other property, plant and equipment (vehicles), which have been transferred to this caption as a result of the enforcement of IFRS 16, since they correspond to right-of-use.

5.3. Other intangible assets

Details of other intangible assets and movements are as follows:

Net carrying amount	2020	2019
At 1 January	**40,593**	**48,927**
Additions	8,237	10,781
Amortisation and depreciation (note 18.5)	(16,393)	(18,658)
Impairment (note 18.5)	(193)	508
Disposals	(3,781)	(1,783)
Hyperinflation	203	913
Translation differences	(1,431)	(811)
Other movements	294	716
At 31 December	**27,529**	**40,593**

Additions recorded in 2020 and 2019 mainly include development expenses corresponding to in-house IT projects produced in Spain for an amount of Euros 4,952 thousand (Euros 6,011 thousand in 2019) and acquisitions of software essentially in Spain for a total of Euros 3,285 thousand (Euros 4,770 in 2019).

6. FINANCIAL ASSETS

Details of financial assets in the statements of financial position at 31 December 2020 and 2019 are as follows:

Thousands of Euros	2020	2019
Non-current assets		
Trade and other receivables	24,039	46,010
Other Non-current financial assets	56,956	64,043
Current assets		
Trade and other receivables	128,369	110,971
Consumer loans from financing activities	1,407	1,409
Other current financial assets	3,945	8,706
TOTAL	**214,716**	**231,139**

6.1. Trade and other receivables

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

Thousands of Euros	2020	2019
Trade and other receivables	24,039	46,010
Total non-current	**24,039**	**46,010**
Trade and other receivables	111,004	63,458
Other receivables	4,402	8,102
Receivables from suppliers	10,941	33,040
Advances to suppliers	46	510
Receivables from associates companies	1,976	5,861
Total current	**128,369**	**110,971**

a) Trade receivables

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

Thousands of Euros	2020	2019
Trade and other receivables non current	24,039	46,010
Trade and other receivables current	165,481	119,773
Total Trade and other receivables	**189,520**	**165,783**
Impairment loss	(54,477)	(56,315)
Total	**135,043**	**109,468**

b) Receivables from suppliers

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

In the first half of 2020, the Group entered into agreements to transfer trade receivables from suppliers without recourse. The balance at 31 December 2020 is Euros 0. In 2019, the Group entered into this type of agreement for Euros 14,128 thousand. The Group believes that it has retained neither the default risk nor the credit risk on these transfers without recourse, therefore writing off these amounts from receivables from suppliers. Costs of Euros 179 thousand were accrued on the transfer of these receivables during the year 2020 (Euros 947 thousand in the same period of the prior year) (see Note 18.7).

c) Trade receivables from other related parties

In 2020 and 2019, transactions have been carried out with the companies ICDC, Horizon and Red Libra (see Note 20),mainly relating to trade operations. Balances at 31 December 2020 and 2019 are shown below:

Thousands of Euros	2020	2019
ICDC	132	4,760
Horizon	1,844	1,092
Red Libra	-	9
Commercial debts with other related parties	**1,976**	**5,861**

d) Impairment

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

2020 Thousands of Euros	Customer for sales (note 6.1 a))	Other debtors	Credits receivable from suppliers	Total
At 1st January	**(56,315)**	**(7,242)**	**(5,260)**	**(68,817)**
Charge	(14,114)	(503)	(2,399)	(17,016)
Applications	5,938	7	-	5,945
Reversals	3,634	292	159	4,085
Transfer	(4,344)	133	399	(3,812)
Translation differences	10,724	417	266	11,407
A 31st December de 2020	**(54,477)**	**(6,896)**	**(6,835)**	**(68,208)**

6.2. Other financial assets

All the Group's financial assets are measured at amortised cost. Details of finance assets at 31 December 2020 and 2019 are as follows:

Thousands of Euros	2020	2019
Equity instruments	1,080	1,270
Guarantees	55,757	62,548
Other loans	119	225
Total non-current	**56,956**	**64,043**
Franchise deposits	752	2,280
Credits to personnel	2,033	3,014
Other loans	12	76
Loans on the sale of fixed assets	31	347
Other finantial assets	1,117	2,989
Total current	**3,945**	**8,706**

7. OTHER EQUITY-ACCOUNTED INVESTEES

Details of equity-accounted investees at 31 December 2020 and 2019 are as follows:

	At 31st December 2020	At 31st December 2019
ICDC Services Sárl	50%	50%
Horizon International Services Sàrl	25%	25%
RED LIBRA	-	50%

The key financial indicators of these companies in 2020 and 2019 are as follows:

	ICDC Services Sárl		Horizon		RED LIBRA	
Thousands of euro	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Current assets						
Cash and cash equivalents	104	638	830	867	9	189
Other current assets	302	20,526	36,079	16,369	77	123
Total current assets	**406**	**21,164**	**36,909**	**17,236**	**86**	**312**
Non current assets	**-**	**2**	**10**	**22**	**-**	**-**
Current liabilities						
Financial liabilities (payable accounts excluded)	-	-	-	-	-	-
Other current liabilities	148	20,872	28,273	16,081	4	92
Total current liabilities	**148**	**20,872**	**28,273**	**16,081**	**4**	**92**
Net assets	**258**	**294**	**8,646**	**1,177**	**82**	**220**
Reconciliation with net carrying amount						
Net assets at 1 January	**294**	**393**	**1,177**	**1,045**	**220**	**(364)**
Annual profit (losses)	4	42	188	132	(220)	284
Dividends paid	(40)	(141)	-	-	-	-
Shareholder contributions					-	300
Net assets at year end	**258**	**294**	**1,366**	**1,177**	**-**	**(81)**
Part of group %	50%	50%	25%	25%	-	50%
Part of the group in thousands of euro	129	147	344	294	-	110
Net carrying amount	**129**	**147**	**344**	**294**	**-**	**110**

8. OTHER ASSETS

Details of other assets are as follows:

Thousands of Euros	2020 Current	2019 Current
Prepayments for operating leases	2,908	3,071
Prepayments for guarantees	275	353
Prepayments for insurance contracts	745	969
Other prepayments	2,753	2,025
Total other assets	**6,681**	**6,418**

9. INVENTORIES

Details of inventories are as follows:

Thousands of Euros	2020	2019
Goods for resale	442,428	490,892
Other supplies	3,335	5,626
Total inventories	**445,763**	**496,517**

Reductions in the value of inventories to their net realisable value amount to Euros 10,123 thousand at 31 December 2020 (Euros 9,759 thousand at 31 December 2019).

At 31 December 2020 there are no restrictions of any kind on the availability of inventories.

10. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

Thousands of Euros	2020	2019
Cash and current account balances	290,915	129,970
Cash equivalents	56,070	33,580
Total	**346,985**	**163,550**

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

11. DISPOSAL GROUPS HELD FOR SALE AND DISCONTINUED OPERATIONS

The Group has classified the assets from its Porto Alegre (Brazil) business as held for sale in the 2020 statement of financial position.

The Group had classified the assets and liabilities of its Cash & Carry business (Max Descuento stores) as held for sale in the statement of financial position and as discontinued activities in the consolidated income statement since June 2018 and finalised the sale or liquidation of this business in the Spain segment during the second half of 2019.

Profit and loss on these activities discontinued by the Group at 31 December 2019, after recognising the fair value impairment of assets held for sale, was as follows:

Thousands of Euros	2019
Income	54,109
Amortisation and depreciation	(6)
Impairment	(4,236)
(Losses)/Gains on disposal of fixed assets	29
Expenses	(71,738)
Gross Margin	**(21,842)**
Loss before taxes of discontinued operations	**(21,842)**
Profit of discontinued operations	**(21,842)**

The impact in 2019 of the divestment of the Cash&Carry business has been estimated at Euros 16.2 million, of which Euros 4.2 million are included under impairment of non-current assets and Euros 12 million under the gross loss. In addition, losses of Euros 5.6 million were incurred as a result of transactions linked to the operating of stores up until their sale or definitive closure.

The effect on the cash flow of the Group's discontinued operations during the same period is as follows:

Thousands of Euros	2019
Loss before tax from discontinued operations	**(21,842)**
Adjustments to Profit and Loss	1,420
Changes in working capital	15,100
Total cash flows	**(5,322)**

Details of the assets and liabilities of discontinued operations classified as held for sale at 31 December 2020 and 2019 are as follows:

Thousands of Euros	2020	2019
Assets		
Tangible fixed assets	359	-
Non-current assets held for sale	**(359)**	**-**
Liabilities		
Trade and other payables	-	1,272
Liabilities directly associated with non-current assets held for sale	**-**	**1,272**

12. EQUITY

12.1. Capital

At 31 December 2020 and 2019 DIA's share capital is Euros 66,779,789.79, represented by 6,677,978,979 shares of Euros 0.01 par value each, subscribed and fully paid up. The shares are freely transferable.

The following agreements were reached at the Extraordinary General Shareholders' Meeting on 22 October 2019:

i. Writing off of losses against reserves and a capital reduction of Euros 56,021,086.17 by reducing the nominal value of the Company's shares by Euros 0.09 per share in order to restore the balance and structure of the Company's equity. The capital decrease was registered at the Mercantile Registry of Madrid on 28 October 2019 and as a result, the Company's new share capital amount is Euros 6,224,565.13, represented by 622,456,513 shares of Euros 0.01 par value each.

ii. Share capital increase for a nominal amount of Euros 60,555,224.66 by issuing and placing into circulation 6,055,522,466 new ordinary shares of Euros 0.01 par value each, with a share premium of Euros 0.09 and a cash amount of Euros 605,552,246.60 (par value plus share premium).

After the National Securities Market Commission's approval of the Capital Increase Prospectus on 25 October 2019 and the subscription over the different periods (preferential subscription, additional adjudication and discretionary adjudication), the Company reported that the capital increase had been fully subscribed on 20 November. LetterOne subscribed a total of 4,562,191,872 new shares, representing 75.339% of the total capital increase for a cash total of Euros 456,219,187.20. Therefore, the interest held by LetterOne in the Company increased from the 69.759% held prior to the capital increase to 74.819% thereafter. The new shares subscribed by LetterOne were fully paid by offsetting part of the receivables held with the Company under the participating loans dated 29 May and 26 June 2019 for Euros 40 million and Euros 450 million, respectively, and which L1R Invest1 Holding, S.à.r.l. contributed to inject liquidity into the Company. These new shares were listed for trading on Spanish stock markets on 27 November 2019, with effect from 28 November 2019.

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

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

Letterone Investment Holdings, S.A. holds 74.819%

12.2. Share premium

As mentioned in Note 12.1 above, the capital increase was carried out in 2019 by issuing 6,055,522,466 new ordinary shares of Euros 0.01 par value each, with a share premium of Euros 0.09, amounting to a share premium total of Euros 544,997,021.94.

12.3. Reserves and retained earnings

Details of reserves and retained earnings are as follows:

Thousands of Euros	2020	2019
Other reserves non available	15,170	15,170
Other reserves	(837,367)	(108,825)
Profit attributable to equity holders ot the parent	(363,788)	(790,468)
Total	**(1,185,985)**	**(884,123)**

The application of the Company’s 2019 losses ultimately approved by the General Shareholders’ Meeting on 31 July 2020 was to take 2019 losses (Euros 281,543,229.11) to prior year’s losses.

As agreed at the General Shareholders' Meeting on 22 October 2019, losses have been offset by charging Euros 23,527 thousand to reserves. Losses of Euros 56,021 thousand from the capital reduction mentioned in the Capital section have also been offset.

12.4. Own shares and other own equity instruments

a) Own shares

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

At 31 December 2020 the Company holds 984,480 own shares of the Parent with an average purchase price of Euros 5.8540 per share, representing a total amount of Euros 5,763,169.84.

b) Other own equity instruments

At 31 December 2020, Other equity instruments includes the reserve for deferred remuneration in shares for non-proprietary directors (see Note 16).

12.5. Earnings per share

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

	2020	2019
Average number of shares	**6,676,983,717**	**6,669,403,563**
Profit for the period in thousands of Euros	(363,789)	(790,468)
Profit per share in Euros	(0.05)	(0.12)

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

	Weighted average ordinary shares in circulation at 31/12/2020	Ordinary shares at 31/12/2020	Weighted average ordinary shares in circulation at 31/12/2019	Ordinary shares at 31/12/2019
Total shares issued	6,677,978,979	6,677,978,979	6,677,978,979	6,677,978,979
Own shares	(995,262)	(984,480)	(8,575,416)	(1,238,790)
Total shares available and diluted	**6,676,983,717**	**6,676,994,499**	**6,669,403,563**	**6,676,740,189**

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

12.6. Translation differences

Details of translation differences at 31 December 2020 and 2019 are as follows:

Thousands of euro	2020	2019
Argentina	(70,186)	-
Brazil	(47,288)	(70,993)
Total	**(117,474)**	**(70,993)**

As mentioned in the consolidated annual accounts for the year ended 31 December 2019 in Note 2.3, as a result of applying IAS 29 for Argentina, the Company chose the accounting policy of recording changes in equity relating to currency effects in full under the Reserves heading, treating them as adjustments to equity balances.

In March 2020, the International Financial Reporting Standards Interpretations Committee concluded that the currency effect of economies declared as hyperinflationary must be recorded under the translation differences heading in equity. As a result, the DIA Group has reclassified Euros 70,186 thousand (Note 2.3) from the Reserves and retained earnings heading to Translation differences.

13. FINANCIAL LIABILITIES

Details of financial liabilities in the consolidated statements of financial position at 31 December 2020 and 2019 are as follows:

Thousands of Euros	2020	2019
Non-current liabilities		
Non-current borrowings	1,625,790	1,865,716
Other non-current financial liabilities	2,306	3,806
Current liabilities		
Current borrowings	589,032	325,536
Trade and other payables	1,183,353	1,215,446
Other financial liabilities	171,644	111,702
Total financial liabilities	**3,572,125**	**3,522,087**

13.1.Borrowings

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

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

A 31 de diciembre de 2019	Total	Current 1 year	2 years	3 years	4 years	5 years	> 5 years	Non Current Total
Debentures and bonds	**596,892**	**3,980**	299,255	-	293,657	-	-	**592,912**
Syndicated credits (Revolving credit facilities) (*)	**144,560**	**3,153**	-	-	141,407	-	-	**141,407**
Syndicated credits (Term loan)	**377,268**	**-**	-	-	377,268	-	-	**377,268**
Other bank loans	**122,913**	**56,188**	66,725	-	-	-	-	**66,725**
Mortgage loans	**393**	**393**	-	-	-	-	-	**-**
Credit facilities drawn down	**196,001**	**26,049**	-	-	169,952	-	-	**169,952**
Finance lease payables (**)	**732,268**	**225,973**	183,877	147,016	81,804	24,193	69,405	**506,295**
Guarantees and deposits received	**13,397**	**2,688**	-	-	-	-	10,709	**10,709**
Otras deudas con empresas del grupo	**-**	**-**	-	-	-	-	-	**-**
Other current borrowings	**7,560**	**7,112**	448	-	-	-	-	**448**
Total current borrowings	**2,191,252**	**325,536**	**550,305**	**147,016**	**1,064,088**	**24,193**	**80,114**	**1,865,716**

(*) The incremental costs linked to the new debt unaccrued at 31 December 2020, amounting to Euros 3,702 thousand (Euros 5,354 thousand at 31 December 2019), are deducted from the balance of the Syndicated Loan (Revolving credit facilities) heading.

(**) The finance lease liability amount resulting from the application of IFRS 16 stands at Euros 591,492 thousand at 31 December 2020 (current: Euros 190,306 thousand and non-current: Euros 401,186 thousand). In 2019, the amount was Euros 705,401 thousand (current: Euros 217,226 thousand and non-current: Euros 488,175 thousand).

a) Bonds

The Parent company has outstanding bonds with a nominal value of Euros 600,000 thousand at 31 December 2020, all of which were issued as part of a Euro Medium Term Note programme approved by the Central Bank of Ireland.

Details of bond issues pending repayment at 31 December 2020 are as follows:

			Maturity date in thousands of euros		
Issuing Company	Issue date	Term (years)	Voucher	2021	2023
DIA, S.A.	07.04.2017	6	0.875%	-	300,000
DIA, S.A.	28.04.2016	5	1.000%	300,000	-

During the period from 31 December 2019 to 31 December 2020 there have been no movements in bond issues.

b) Loans and borrowings

Multi-product Syndicated Financing and other credit facilities

The Group has entered into a Syndicated Financing Agreement with a series of Financial Creditors for a total amount of Euros973,219 thousand, originally signed on 31 December 2018, modified and refinanced on different occasions and maturing on 31 March 2023. This financing includes a Super Senior supplier lending facility of Euros 70,793 thousand with maturity on 17 July 2021 and the option to extend for one additional year.

In relation to the guarantees package imposed by the financing creditors on the Parent company in the Syndicated Financing Agreement, the obligation is established to implement a Hive Down, whereby (a) new companies and Company subsidiaries will be set up, (b) certain Parent company assets, liabilities and Agreements will be transferred to certain subsidiaries indirectly held by the Parent company, and in particular, (c) the new Spanish operating subsidiary and the Spanish financing subsidiary will become additional borrowers under the new Financing Agreements, and (d) the Parent company will issue new pledges on the shares of the new subsidiaries set up in the hive down, the Spanish operating subsidiary and the Spanish financing subsidiary (see Note 1. e)).

On 23 June 2020, in compliance with the obligations imposed by the syndicated financing to execute the Hive Down, the Parent company formalized the transfer to DIA Retail España, S.A of the portion of syndicated debt linked to the Spanish business, as well as the portion of syndicated debt relating to confirming and other debt linked to the Parent company's commercial operations. As a result of these transfers, DIA Retail España, S.A. Is now the borrower of a total syndicated debt amount of Euros 653,552 thousand.

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

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

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

- Personal obligations (to do and not to do certain things) and the provision of information customary in this type of financing transaction in accordance with the Company's current rating.
- Not to distribute Parent company dividends to shareholders without the agreement of the financing institutions until the debt held with them has been repaid in full.
- To provide a new Covenant plan for the Company no later than 31 December 2019.
- Financial covenants:
  - Financial Leverage Ratio: this ratio will be calculated on 30 June and 31 December of every year. The first calculation will take place on 31 December 2020. The covenant level sets a deviation margin at up to 35% of the Adjusted Net Debt / Adjusted EBITDA ratio forecast in the Covenant plan, according to the definition of these concepts in the syndicated financing.
  - Liquidity Ratio: a minimum of Euros 30 million in cash and cash equivalents is fixed, excluding trapped cash, to be verified on 31 December 2019 for each quarter of the following 12-month period up to 31 December 2020.
  - Capital expenditure ratio and restructuring costs: from 31 December 2019 capital expenditure and restructuring costs may not exceed 12.5% and 20%, respectively, of the aggregate total of both items included in the business plan to be delivered in December 2019.

- From 31 December 2021 onwards, an annual cash sweep of excess free cash flow will be applied, with the first repayment, if applicable, from the second quarter of 2022 onwards, calculated on the basis of 50% of available cash flow once the investment and restructuring costs provided for in the updated business plan have been fully paid. These amounts will be used to repay early and cancel any outstanding amounts in the following order: a) firstly, the Supplier Facility, b) secondly, any other New Financing Facilities (if required to do so under the terms of such New Financing Facilities), and c) thirdly, the tranches under the Financing Agreement.

- The obligation to repay the syndicated financing facilities with (a) the funds obtained from the divestment of Max Descuento and Clarel (b) the funds obtained from the proposed capital increase of Euros 600 million (c) any participating loan that LetterOne grants prior to the capital increase is removed.

- At least 80% of the Group's cash must be held in bank accounts subject to guarantees securing the financing and held by Syndicated Lenders (if applicable) providing cash deposit services in the jurisdiction in which the Group company operates.

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

Certain guarantees have also been set up in relation to financing during 2020 and 2019, including:

- Personal guarantee from the Company, Dia Retail, S.A., Beauty By DIA, S.A., DIA E-shopping, S.L., Pe-Tra Servicios a la Distribución, S.L., Grupo El Árbol Distribución y Supermercados, S.A.
- Pledge on shares owned by the Company in Dia Retail, S.A., Beauty By DIA, S.A., DIA E-shopping, S.L., Grupo El Árbol Distribución y Supermercados, S.A., as well as on the shares that Dia Retail, S.A. owns in Pe-Tra Servicios a la Distribución, S.L.
- Pledge on shares owned by the Company in DIA Portugal Supermercados, Sociedade Unipersossoal, LDC.
- Pledge on shares owned by the Company and Pe-Tra Servicios a la Distribución S.L. in DIA Argentina, S.A.
- Pledge on shares owned by the Company in DIA Brasil Sociedade Ltda. and DIA World Trade S.A.
- Pledge on receivables arising from financing agreements between Group companies granted by the Company.
- Pledge on current accounts held by the Company, Dia Retail, S.A., Beauty By DIA, S.A., DIA E-shopping, S.L., and Pe-Tra Servicios a la Distribución, S.L.
- Personal guarantee by DIA World Trade, S.A.
- Mortgage guarantees on certain real estate assets located in Spain and Portugal and guarantees on certain intellectual property rights registered in Spain and Portugal.

The Group has additional credit facilities that are not part of the financing agreements. Below are details of the syndicated financing and other credit facilities drawn down at 31 December 2020 and 31 December 2019:

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

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

At 31st december 2019	Limit	Amount used	Conf/Fact	Amount avaible
Revolving Credit Facility (RCF) - Syndicated Financing	*149,914*	*149,914*	-	-
Super Senior Supplier Tranche	*3,153*	*3,153*	-	-
Tranche A	*56,155*	*56,155*	-	-
Tranche B	*27,494*	*27,494*	-	-
Tranche D	*38,111*	*38,111*	-	-
Tranche F	*25,000*	*25,000*	-	-
Loan Facility (Term loan) - Syndicated Financing	*377,268*	*377,268*	-	-
Tranche A	*31,204*	*31,204*	-	-
Tranche B	*101,388*	*101,388*	-	-
Tranche D	*244,676*	*244,676*	-	-
Credit Facility - Syndicated Financing	*233,363*	*169,952*	*10,059*	*53,352*
Credit Lines	***13,500***	***1,915***	-	***11,585***
Tranche B	*13,500*	*1,915*	-	*11,585*
Credit Lines which may be utilised as reverse factoring	***165,761***	***124,332***	-	***41,429***
Tranche B	*64,761*	*23,977*	-	*40,784*
Tranche C	*101,000*	*100,355*	-	*645*
Credit Lines which may be utilised as factoring	***54,102***	***43,705***	***10,059***	***338***
Tranche D	*54,102*	*43,705*	*10,059*	*338*
Reverse Factoring - Syndicated Financing	*212,674*	-	*212,249*	425
Super Senior Supplier Tranche	*67,640*	-	*67,281*	*359*
Tranche C	*141,687*	-	*141,628*	*59*
Tranche F	*3,347*	-	*3,340*	*7*
Total Multiproduct Syndicated Financing	**973,219**	**697,134**	**222,308**	**53,777**
Other Credit lines (not included in syndicated credits)	**26,049**	**26,049**	-	-

Credit facilities not included in syndicated loans amounting to Euros 5,775 thousand at 31 December 2020 and Euros 26,049 thousand at 31 December 2019 refer to several credit facilities arranged with banks by DIA Brasil Sociedade Limitada and DIA Argentina. All of these facilities mature in 2021.

On 30 November 2020, after the negotiations held between L1R Invest1 Holdings S.à.r.l., DEA Finance S.à.r.l., the Syndicated Lenders and the DIA Group, the Group reached an agreement with all the Syndicated Lenders (the "Lock-Up Agreement") which includes the following key elements (which are conditional on each other):

- an increase in equity of Euros 500,000 thousand which will release the DIA Group of an equivalent amount of financial debt, and in particular of:

  a. the debt corresponding to the super senior facility of Euros 200,000 thousand granted by DEA Finance S.à.r.l. to DIA Finance, S.L.; and
  b. the debt corresponding to the bonds issued by DIA for an aggregate principal amount of Euros 300,000 thousand, with a coupon of 1.000% and maturity on 28 April 2021;

- the modification and refunding of the current syndicated financing agreement for a total amount of Euros 973,219 thousand (the Syndicated Financing Agreement) in order to extend the maturity date of the A-F Facilities, totalling Euros 902,426 thousand, from 31 March 2023 to 31 December 2025, and modify other terms and conditions of the Syndicated Financing Agreement.

- the modification of the terms and conditions of the bonds issued by DIA for an aggregate principal amount of Euros 300,000 thousand, with a coupon of 0.875% and maturity in April 2023 in order to extend their maturity date from 6 April 2023 to after 30 June 2026, and increase the coupon from the modification date to an annual rate of 5% (3.25% in cash and 1.75% PIK), plus an increase in interest of 1% PIK where applicable under the Syndicated Financing Agreement; and

- the extension of the maturity dates of certain bilateral facilities and credit facilities entered into between several DIA Group companies with certain Syndicated Lenders or entities in their respective groups.

The effectiveness of the Operation is subject to compliance (or waiver of compliance) with certain conditions precedent no later than 28 April 2021.

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

- extension of the maturity date of the Senior Facilities from 31 March 2023 to 31 December 2025;

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

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

- increase in the total amount of the Syndicated Lending available for use through reverse factoring facilities or bilateral lending facilities by an amount equal to that by which the Commitments of the Suppliers Facility are reduced and cancelled at the given time (without the increase leading to a rise in the overall aggregate sum of the Syndicated Lending) and conversion of certain revolving credit facility (RCF) commitments into term loan commitments;

- elimination from the annual cash sweep of a portion of the free cash flow which would otherwise be applied from the second quarter of 2022;

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

- initial reduction in the additional super senior debt (the "Additional Super Senior Debt Basket") from Euros 380,000 thousand to Euros 75,000 thousand plus any amount of the Suppliers Facility Commitments that has not yet been repaid by the Company (as per paragraph (iii) above);

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

- increase in the interest margin applicable to the Syndicated Lenders under the Senior Facilities up to a margin of 325 annual basis points;

- ratchet increase of 100 annual basis points PIK in the interest margin of the Syndicated Lenders in the event that (a) the leverage ratio for the 12-month period ending 31 December 2022 and/or 30 June 2023 is higher than 3.25:1, and (b) the leverage ratio for each 12-month period ending thereafter on 31 December and 30 June is higher than 2.50:1, no longer applying this increase if the leverage ratio falls below the applicable threshold on any of the subsequent verification dates;

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

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

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

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

Financial covenants

- Liquidity ratio:

  From 31 December 2019 to 31 December 2020, a minimum of Euros 30 million is fixed for the Group’ s cash and cash equivalents, excluding trapped cash.

  This will be measured quarterly throughout the established period.

  At 31 December 2020, the Group has met the established liquidity criteria.

- Financial Leverage Ratio:

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

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

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

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

At 31 December 2020 the financial leverage ratio required of the DIA Group's condensed consolidated interim financial statements, has been met. Details are as follows:

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

Total adjusted net debt and restated Ebitda figures are calculated according to the definition included in the loan agreement. Thus, these figures do not agree with the figures included in Notes 3 and 13.1in this document.

- Investment ratio (capex) and restructuring costs:

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

  At 31 December 2020, the Company has met the established ratios.

Debt baskets

The Syndicated Financing Agreement allows the Group to incur in a certain amount of financial debt in addition to the existing debt:

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

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

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

DIA Finance S.A. is the lender of the Committed Financing of Euros 200,000 thousand and will also be the lender of any additional Super Senior Debt until the Super Senior Suppliers tranche has been fully repaid and settled, at which time a portion of the said debt amount may be granted or passed on to DIA Retail España, S.A.

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

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

- The Financing Agreement also allows the Group to arrange additional financing of up to Euros 400,000 thousand to refinance the 2021 Bonds, and if the requested financing exceeds Euros 300,000 thousand, it will be used to prepay part of the Syndicated Financing Agreement debt, provided that the following conditions are met:

- The end date of the new loans cannot be before the end date of any financing entered into under the Syndicated Financing Agreement. The loans cannot be secured, unless classified after the tranche A and B financing and before the C, D, E and F tranches. If the loans are not secured, the debt must be formalised by the Company; if the loans are secured, the debt must be formalised by DIA Finance, S.A.

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

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

Bank loans

Details of the maturity of the Group's mortgages and other bank loans, grouped by type of operation and company, at 31 December 2020 and 31 December 2019 are as follows:

At 31st December 2020

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

At 31st December 2019

Tipo	Titular	Divisa	Total	Current 1 year	2 years	Non-Current Total
Loan	DIA	Euros	**15,036**	**15,036**	-	**-**
Loan	DIA Brasil	Euros	**8,300**	**-**	8,300	**8,300**
Loan	Dia Argentina	Euros	**99,577**	**41,152**	58,425	**58,425**
	Other Loans		**122,913**	**56,188**	**66,725**	**66,725**
Mortgage	Beauty by DIA	Euros	**393**	**393**	-	**-**
	Mortgage Loans		**393**	**393**	**-**	**-**

During 2020 the following transactions were carried out:

- On 15 June 2020 and 15 December 2020, the Parent Company DIA, S.A. repaid the third, fourth and final partial maturity on the Liberbank loan amounting to Euros 7,500 thousand in each repayment. After these two repayments, this loan has been fully cancelled.

- On 31 January 2020, the Parent company subsidiary DIA Finance, S.A. signed the Financing Agreement with the lender DEA Finance S.à. R.l., in the format of a Super Senior Facility amounting to Euros 200,000 thousand, thereby meeting the obligation held by the majority shareholder of the Company, L1R Invest1 Holdings S.à r.l., which guaranteed its commitment to grant the said financing. The applicable interest rate is 7% plus Euribor. This loan has been fully drawn down during 2020.

- On 18 December 2020, DIA Portugal arranged the extension of its bilateral loan agreement by an additional 18 months, setting a new maturity date for July 2022. This extension takes effect once the conditions precedent of the refinancing agreement are met.

- In 2020, DIA Brazil renewed its bilateral loans and at 31 December 2020 the balance stands at Euros 65,647 thousand, as follows:

    - On 14 February 2020, a bilateral loan agreement of 127,007 thousand Brazilian Reals was renewed, repayable on a straight-line basis until January 2022. At 31 December 2020, the balance amounts to 75,041 thousand Brazilian Reals.

- On 7 July 2020, the loan amounting to Euros 26,352 miles was repaid.
- On 10 December 2020, a new bilateral loan of 10,000 Brazilian Reals was granted, with maturity in December 2021.
- On 18 December 2020, an agreement was reached to extend the two bilateral loans totalling Euros 35,439 thousand for an additional 18 months from the current March 2021 maturity. Thus, the new maturity is set for September 2022, subject to compliance with the conditions precedent of the syndicated refinancing agreement.
- On 18 December 2020, the maturity of the bilateral loan of Euros 100,000 Brazilian Reals has been extended for an additional 18 months, setting the new maturity for July 2020, effective once the conditions precedent of the syndicated refinancing agreement are met.

c) Finance lease payables

On 1 January 2019, IFRS 16 Leases was applied for the first time.

The Group chose to apply IFRS 16 using the modified retroactive method, recognising the right-of-use asset for an amount equal to the lease liability (see Note 5.2).

Details of finance lease payables and movement during 2020 and 2019 are as follows:

	Short-term debt	Long-term debt	Total
At 1st January 2019	**230,761**	**507,319**	**738,080**
Additions	-	257,187	257,187
Disposals	-	(58,372)	(58,372)
Interesest expenses	69,120	-	69,120
Transfers	243,601	(243,601)	-
Transfers IFRS16	9,611	20,678	30,289
Value update	-	26,525	26,525
Payments	(326,168)	(1,354)	(327,522)
Translation differences	(952)	(2,087)	(3,039)
A 31st December de 2019	**225,973**	**506,295**	**732,268**
Additions	-	169,177	169,177
Disposals	-	(49,079)	(49,079)
Interesest expenses	58,802	-	58,802
Transfers	211,438	(211,438)	-
Transfers IFRS16	-	29,377	29,377
Payments	(284,565)	-	(284,565)
Translation differences	(14,275)	(29,745)	(44,020)
At 31st December 2020	**197,373**	**414,587**	**611,960**

The balance at 1 January 2019 relates to the finance liability amount generated by the initial charge.

The transfers on account of IFRS 16 in 2019 amounting to Euros 9,611 and Euros 20,678 thousand as current and non-current debt, respectively, correspond to the debt on goods under finance leases already existing at 31 December 2018, which comprise certain commercial premises, technical installations, machinery and other property, plant and equipment (vehicles) (see Note 5.2). The non-current debt on goods under finance leases for these elements at 31 December 2020 amounts to Euros 13,401 thousand (Euros 18,120 in 2019) and current debt amounts to Euros 7,067 thousand (Euros 8,747 in 2019).

13.2. Other non-current financial liabilities

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

Thousands of Euros	2020	2019
Other non-current financial liabilities	2,306	3,806
Total grants and other non-current financial liabilities	**2,306**	**3,806**

Other non-current financial liabilities at 31 December 2019 include Euros 3,806 thousand relating to the debt with Caixa Bank for the purchase of 50% of the Finandia subsidiary on 19 July 2019. During 2020 this liability has decreased by Euros 1,500 thousand because this amount has been taken to Other current liabilities.

13.3. Trade and other payables

Details are as follows:

Thousands of Euros	2020	2019
Suppliers	1,012,854	1,039,460
Suppliers, other related parties	2,638	1,433
Advances received from receivables	2,355	2,016
Trade payables	146,441	152,035
Onerous contracts provisions	19,065	20,502
Total Trade and other payables	**1,183,353**	**1,215,446**

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

Trade and other payables do not bear interest.

At 31 December 2020 the Group has reverse factoring facilities with a limit of Euros 248,299 thousand (31 December 2019: Euros 254,237 thousand) of which Euros 248,120 has been used (31 December 2019: Euros 250,304 thousand).

The Group has recorded the relevant provision for onerous contracts relating to the costs for terminating lease agreements with the stores/warehouses where either expected closure or expected negative cash flows have required an impairment of their assets. For these lease agreements, the right-of-use and the finance lease liability generated by the application of IFRS 16 have been cancelled.

13.4. Other financial liabilities

Details of other financial liabilities are as follows:

Thousands of Euros	2020	2019
Personnel	84,625	65,909
Suppliers of fixed assets	54,133	41,456
Other current liabilities	32,886	4,218
Total other liabilities	**171,644**	**111,583**

Other current liabilities include deposits received from franchises for an amount of Euros 29,253 thousand. The increase in this caption corresponds to the deposits required from franchises which have begun to be managed through the new 2020 franchise model, according to which collections are made based on cash generated in the point-of-sale terminal of the franchisee (Euros 1,704 thousands in 2019). Furthermore, Euros 1,500 thousand are included in both years relating to the debt with Caixa Bank for the purchase of 50% of the Finandia subsidiary on 19 July 2019.

13.5. Fair value estimates

The fair value of financial assets and liabilities is determined by the amount for which the instrument could be exchanged between willing parties in a normal transaction and not in a forced transaction or liquidation.

The Group generally applies the following systematic hierarchy to determine the fair value of financial assets and financial liabilities:

- Level 1: Firstly, the Group applies the quoted prices of the most advantageous active market to which it has immediate access, adjusted where necessary to reflect any difference in credit risk between the instruments commonly traded and the instrument being measured. The current bid price is used for assets held or liabilities to be issued and the asking price for assets to be acquired or liabilities held. If the Group has assets and liabilities with offsetting market risks, it uses mid-market prices for the offsetting risk positions and applies the bid or asking price to the net position, as appropriate.
- Level 2: When current bid and asking prices are unavailable, the price of the most recent transaction is used, adjusted to reflect changes in economic circumstances.
- Level 3: Otherwise, the Group applies generally accepted valuation techniques using, insofar as is possible, market data and, to a lesser extent, specific Group data.

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

Thousands of Euros	Loans and receivables	
	31/12/2020	31/12/2019
Financial assets		
Trade and other receivables	152,408	156,981
Other financial assets	60,901	72,749
Consumer loans from financial activities	1,407	1,409
Total	**214,716**	**231,139**

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

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

	Carrying amount					
Thousands of Euros	Debts and items payable		Hedge derivatives		Fair value	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Financial liabilities						
Trade and other payables	1,183,353	1,215,446	-	-	-	-
Debentures and bonds	599,394	596,892	-	-	494,676	427,317
Mortgage Loans	-	393	-	-	-	-
Syndicated credits (Revolving credit facilities)	136,193	144,560	-	-	-	-
Syndicated credits (Term loan)	387,289	377,268	-	-	-	-
Credit facilities drawn down	186,667	196,001	-	-	-	-
Bank loans and credits	273,118	122,913	-	-	-	-
Finance lease payables	611,960	732,268	-	-	-	-
Guarantees and deposits received	12,081	13,397	-	-	-	-
Other financial liabilities	182,070	122,262	-	687		-
Total	**3,572,125**	**3,521,400**	**-**	**687**	**494,676**	**427,317**

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

The fair value of current and non-current listed bonds is measured in accordance with their market price (level 1).

Derivative financial instruments are contracted with financial institutions with sound credit ratings. The fair value of derivatives is calculated using valuation techniques based on observable market data for forward contracts (level 2).

14. PROVISIONS

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

Thousands of Euro	Provisions for long-term employee benefits under defined benefit plans	Tax provisions	Social security provisions	Legal contingencies provisions	Other provisions	Total provisions
At 1 January 2019	**2,997**	**30,066**	**7,970**	**19,053**	**1,220**	**61,306**
Charge	12,158	10,121	6,657	14,740	64	**43,740**
Applications	-	(1,152)	(2,698)	(1,384)	-	**(5,234)**
Reversals	(82)	(1,682)	(1,388)	(5,584)	(88)	**(8,824)**
Reversals	-	-	(22)	22	-	**-**
Other movements	20	390	-	-	6	**416**
Translation differences	(135)	(2,054)	(2,347)	(2,469)	(72)	**(7,077)**
A 31st December de 2020	**14,958**	**35,690**	**8,172**	**24,378**	**1,130**	**84,328**
At 1 January 2018	**3,077**	**21,418**	**10,954**	**12,493**	**1,164**	**49,106**
Charge	282	9,289	7,091	16,372	149	**33,183**
Applications	-	-	(5,565)	(3,190)	(21)	**(8,776)**
Reversals	(396)	(568)	(2,355)	(6,186)	(21)	**(9,526)**
Other movements	34	30	-	-	7	**71**
Translation differences	-	(103)	(654)	(436)	(57)	**(1,250)**
A 31st December de 2019	**2,997**	**30,066**	**7,970**	**19,053**	**1,220**	**61,306**

The provisions for long-term employee benefits in 2020 relate mainly to the 2020-2022 Long-Term Incentive Plan, as mentioned in Notes 3 and 16.

Tax provisions in 2020 mainly arise from estimated provisions for differences in criteria with the authorities in Brazil (in 2019 this was essentially in Brazil, Spain and Portugal).

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

Tax reversals in 2020 and 2019 mainly arise from matters resulting from tax inspections that are no longer considered probable.

In 2020 and 2019, charges, applications and reversals of provisions for lawsuits filed by employees (related to social security contributions) include labour contingencies mainly in Brazil and Argentina.

With regard legal provisions, in the first half of 2020, Euros 6,767 thousand have been allocated in Spain in relation to a dispute with the Food Information and Control Agency at the Ministry of Agriculture (AICA). Furthermore, in 2019 Euros 643 thousand was allocated in Spain to cover lawsuits with third parties (Euros 7.361 thousand in 2019), Euros 5,572 thousand in Brazil (Euros 5,697 thousand in 2019), and Euros 1,113 thousand in Argentina (Euros 2,898 thousand in 2019).

The reversals of these legal provisions in both years were due to contract risks that did not materialise.

The Group may at any time be party to litigation or a pre-litigation claim arising in the ordinary course of business. They all relate to civil, criminal or tax disputes involving the Group. The most relevant court proceedings to date are summarised below. See details of tax contingencies in Note 15.

Arbitration

In June 2018, the Company applied for arbitration to the Spanish Civil and Commercial Court of Arbitration ("CIMA") against Eroski and Cecosa (jointly, the "Eroski Group") in relation to the breach of the agreement signed by both parties regarding the incorporation of Red Libra Trading Services, S.L., the joint venture set up by the Company and the Eroski Group (the "Agreement"). In this arbitration request, the Company claimed from the Eroski Group, among other things, damages amounting to Euros 40 million. In July 2018, the Eroski Group filed a defence and counterclaim, alleging breach of the Agreement by DIA and claiming damages of Euros 59.8 million from DIA.

On 4 March 2020 an agreement was signed between the parties whereby they both irrevocably waive the existing shares held between them in relation to these arbitration proceedings, which has been jointly notified by the parties to the CIMA Arbitration Court, which has issued an order of 11 March 2020 declaring the proceedings closed and the proceedings definitively terminated by virtue of the agreement reached between the parties.

Administrative proceedings

In 2016, the Agency for Food Information and Control initiated a number of penalty procedures against the Company for alleged serious infringements under Law 12/2013 of 2 August on measures to improve the functioning of the food chain. On 13 March 2017, the Ministry of Agriculture and Fisheries, Food and Environment issued a resolution imposing penalties of Euros 6.8 million on the Company for serious infringements in the acquisition of food (the "Resolution"). The Company appealed the Resolution, first in administrative channels and later in the courts of law. On 3 June 2020 the Spanish National Court informed the Company of its resolution of 15 April 2020, whereby the appeal presented by the Company is dismissed. An appeal for this resolution to be reversed can be filed before the Supreme Court. The Company has to date filed a statement before the Supreme Court in preparation for an appeal for reversal of the Spanish National Court's ruling. On 17 February 2021, the contentious-administrative section of the Supreme Court (*sala de lo contencioso administrativo del Tribunal Supremo*) has notified an order (*auto*) admitting the appeal prepared by the Company by partially estimating the objective cassational interest (*interés casacional obetivo*) of the claims included in the preparation statement (escrito de preparación). The Company will file the corresponding appeal (recurso de casación) in time. Notwithstanding the foregoing, as at 31 December 2020, there is a provision of Euros 6.8 million for said procedure.

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

Court proceedings in Argentina

In December 2018, the Argentinian Social Security Authorities (Directorate for Social Security Resources), attached to the Federal Administration of Public Revenue (AFIP) brought an economic-criminal proceeding against DIA Argentina SA and certain executives for alleged tax evasion in relation to Social Security payment obligations. Specifically, the AFIP's Social Security department questioned the status of franchisees as employers, given their apparent lack of financial solvency.

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

In June 2020 AFIP determined that the alleged debt amounts to ARS 346 million (Euros 4 million).

As of the date of this report, the proceeding is in the investigation phase, with a non-consensual and unnotified debt. In December 2020, DIA Argentina, S.A. requested the inclusion of the possible tax debt (Social Security) that this procedure could give rise to, however, to date the acceptance or scope of said request is not known. A provision for ARS 170 million (Euros 1.7 million) has been recorded for this proceeding.

In addition to the above proceeding, on 18 February 2019 DIA Argentina S.A. became formally involved in the investigation of the Argentinian Association of Entrepreneurs (the "AMEA") in a criminal and economic proceeding. This proceeding is in the preliminary investigation stage. On 16 July 2019, DIA Argentina, S.A. was formally accused of participating in an allegedly unauthorised financial intermediation transaction led by AMEA and was subject to a precautionary lien in the amount of ARS 100 million. This accusation is essentially based on the fact that the Company maintained a commercial relationship with the association at the time of the alleged events. This resolution was appealed and a decision from a superior collegiate court is pending.

In November 2020, the corresponding economic-criminal court ordered the withdrawal of the proceeding order of DIA Argentina, S.A. Ultimately, the judge issued a dismissal in favour of DIA Argentina, S.A., which is final and without recourse.

Criminal proceedings before the Spanish National Court

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

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

As a result, DIA asked to be considered in the proceeding as the injured party and the Court accepted the request.

At the date of authorisation of these condensed consolidated interim financial statements, the statements from witnesses, experts and the parties under investigation ordered by the court have been completed.

The investigation stage is in progress and DIA is currently an injured party to the proceeding, possible events during the proceeding notwithstanding.

Civil proceedings brought by minority shareholders

On 2 June 2020, the Company was notified of a civil lawsuit for damages brought by an individual minority shareholder, pursuant to which the shareholder claims from the Company [and LetterOne, as co-defendants], compensation amounting to Euros 23,350 for the losses and damages allegedly suffered as a result of the decrease in value of the Company's shares in connection with the restatement of the 2016 and 2017 annual accounts undertaken in 2018. The Company considers that it is not civilly liable for these damages and has, therefore, responded to the lawsuit in a timely and suitable manner. The date for the preliminary hearing of these proceedings is set for 19 April 2021.

On 12 June 2020, the Company was notified of the filing of a civil lawsuit for damages by another individual minority shareholder, whereby the shareholder is claiming Euros 110,605 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 has responded to the lawsuit in a timely and appropriate manner. On 4 February 2021, the preliminary hearing was held and the court date for the next 25 June 2021.

Procedure relating to LetterOne's acquisition of its shares in DIA

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

Other proceedings.

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

15. TAX ASSETS AND LIABILITIES AND INCOME TAX

Details of the tax assets and liabilities at 31 December 2020 and 2019 are as follows:

Thousands of Euros	2020	2019
Non current tax assets	46,070	52,297
Taxation authorities, VAT	39,232	66,972
Taxation authorities	16,833	9,796
Current income tax assets	1,205	6,932
Total tax assets	**103,340**	**135,997**
Deferred tax liabilities	20,157	11,440
Taxation authorities, VAT	20,800	25,768
Taxation authorities	34,653	38,911
Current income tax liabilities	531	9,151
Total tax liabilities	**76,141**	**85,270**

Non-current tax assets comprise ICMS for Brazilian Reals 293,629 thousand (Brazilian Reals 236,157 thousand at 31 December 2019) which correspond to tax on the circulation of goods and services, and tax on purchases of property, plant and equipment in Brazil, which is equivalent to VAT in other jurisdictions. Additionally, the VAT receivable caption includes the current portion of ICMS in Brazil, which amounts to 36,440 thousand Brazilian Reals (43,513 thousand Brazilian Reals) at 31 December 2020.

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

	2020	2019
Capitalised tax loss carryforwards	2,018	-
+ Deferred tax assets	30,376	56,814
Total deferred tax assets	32,394	56,814
Assets offset	(32,394)	(56,814)
Deferred tax assets	**-**	**-**
Deferred tax liabilities	52,551	68,254
Liabilities offset	(32,394)	(56,814)
Deferred tax liabilities	**20,157**	**11,440**

In 2019, the Group derecognised all capitalised tax bases and only recognised deferred tax assets to the extent that there are deferred tax liabilities that relate to the same tax authority.

In 2020, the Spanish companies Distribuidora Internacional de Alimentación, S.A. (parent) and DIA Retail, S.A., Pe-Tra Servicios a la Distribución, S.L., Beauty by Dia, S.A., Grupo El Árbol Distribución y Supermercados S.A., Dia Eshopping, S.L. , DIA Finance S.L. and Finandia S.A. (subsidiaries) filed consolidated tax returns in 2020 as part of tax group 487/12, pursuant to Title VII, Chapter VI of the Spanish Corporate Income Tax Law 27/2014 of 27 November 2014.

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

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

On 29 January 2019, DIA Brazil received the result of the inspections carried out on the 2014 accounts, resulting in an updated debt of Euros 73,710 thousand (469,793 thousand Brazilian Reals) relating to the different items of PIS and COFINS taxes. The company has appealed this ruling through administrative proceedings and, if necessary, will file a court appeal, since it considers that there are sufficient grounds to obtain a favourable outcome. Based on reports drawn up by two legal firms, the company has deemed the risk of loss of the items disputed in this appeal as remote/possible in the most part and has therefore only recorded a provision of Euros 1,852 thousand (11,806 thousand Brazilian Reals) at 31 December 2020. Furthermore, approximately 30% of the amount of the ruling corresponds to the discrepancy regarding the tax on income from supplier discounts, which had already been raised in the 2010 inspection.

As a result of the inspections, which were closed in 2014, DIA Brazil received two notifications from the Brazilian tax authorities regarding 2010, one for an updated amount of Euros 11,731 thousand (74,768 thousand Brazilian Reals) in relation to the discrepancy regarding the tax on income from supplier discounts, and the other, mainly, for omission of income from circulation of goods for an updated amount of Euros 60,389 thousand (384,890 thousand Brazilian Reals). In relation to the first issue (regarding tax on income from supplier discounts), an unfavourable decision was passed down in the administrative proceedings and the company filed a court appeal in 2016. In 2020 a favourable ruling by the examining magistrate was received to annul the notification. This decision has been appealed by the authorities. Based on reports from external lawyers, the company considers that there are sufficient grounds to secure a ruling in this lawsuit in favour of DIA Brazil. In relation to the second issue (on circulation of goods), the administrative proceedings resulted in an unfavourable ruling, which was subsequently appealed. As a result, the administrative court of second instance (CARF) recognised deficiencies in the inspection process and ordered another inspection, which concluded in June 2019 with a favourable ruling for DIA Brazil. The administrative court of second instance (CARF) must now analyse the conclusions of the new inspection. The external legal advisors continue to deem the likelihood of losing this case as remote.

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

In order to encourage the objectives set out in the Company's business plan for the 2020-2022 period to be met, on 25 March 2020 the Board of Directors, following a favourable report from the Appointments and Remuneration Committee, approved the Long-Term Incentive Plan 2020-2022 (ILP 2020-22) aimed at certain executives in the Company, both at its corporate headquarters and in other countries. The Long-Term Incentive Plan covers an initial period from 01/01/2020 to 31/12/2022. This amount may be reviewed and modified by the Board of Directors during the Plan's term. The Long-Term Incentive Plan 2020-22 is a money incentive that rewards the generation of value within the DIA Group during the Plan's term. At 31 December 2020 the total provision amount for the 2020-22 long-term incentive plan is Euros 11,597 thousand.

In 2019, expenses relating to the 2016-2018 long-term Incentive Plan amounting to Euros 180 thousand were recorded under personnel expenses in the income statement with a balancing entry in “Other own equity instruments” since this was a share-based plan accruing personnel expenses until the share handovers in April 2019 and January 2020, respectively. The equity instruments granted during 2019 under this plan have led to a net movement in other equity instruments of Euros 2,782 thousand, reflecting the distribution of 365,590 own shares, net of withholdings. In addition, an amount of Euros 3,984 thousand of these instruments was written off relating to the second handover based on the decision adopted by the Board of Directors. The April 2019 delivery and the cancellation of the second delivery in January 2020 had an impact on reserves of Euros 6,018 thousand due to the impact of the non-market condition caused by the difference in the share price taken as the reference.

In addition, in 2020 as a result of the new remunerations policy approved by shareholders at the Extraordinary General Meeting held on 30 August 2019, there is deferred remuneration in shares for non-proprietary directors, the accrual of which has initially been estimated at Euros 200 thousand (Euros 50 thousand in 2019).

17. REVENUE

17.1. Revenue from contracts with customers

Revenue corresponds to sales income from the store itself, sales to franchises and online sales from the Group's activity, which is mainly focused in the markets of Spain, Portugal, Brazil and Argentina. At 31 December 2020 and 2019, revenue amounts to Euros 6,882,373 thousand and Euros 6,870,435 thousand, respectively. It's distribution by geographical segment is shown as follows:

	2020			2019		
	Ordinary income of the segment	Ordinary income between segments	Ordinary income of external clients	Ordinary income of the segment	Ordinary income between segments	Ordinary income of external clients
Sales in own stores	**4,550,747**	**2,003**	**4,548,744**	**4,420,372**	**2,770**	**4,417,602**
Spain	2,938,061	2,003	2,936,058	2,657,760	2,770	2,654,990
Portugal	340,953	-	340,953	304,391	-	304,391
Brazil	606,901	-	606,901	700,023	-	700,023
Argentina	664,832	-	664,832	758,198	-	758,198
Sales to franchise stores	**2,179,781**	**-**	**2,179,781**	**2,354,749**	**-**	**2,354,749**
Spain	1,450,973	-	1,450,973	1,437,792	-	1,437,792
Portugal	275,991	-	275,991	277,834	-	277,834
Brazil	309,104	-	309,104	480,059	-	480,059
Argentina	143,713	-	143,713	159,064	-	159,064
On line sales	**139,216**	**-**	**139,216**	**63,059**	**-**	**63,059**
Spain	121,381	-	121,381	62,066	-	62,066
Portugal	1,248	-	1,248	-	-	-
Brazil	11,358	-	11,358	993	-	993
Argentina	5,229	-	5,229	-	-	-
Other sales	**14,632**	**-**	**14,632**	**35,034**	**9**	**35,025**
Spain	414	-	414	22,333	-	22,333
Portugal	11,797	-	11,797	11,708	-	11,708
Brazil	2,421	-	2,421	978	-	978
Argentina	-	-	-	15	9	6
Total	**6,884,376**	**2,003**	**6,882,373**	**6,873,214**	**2,779**	**6,870,435**

18. OTHER INCOME AND EXPENSES

18.1. Other income

Details of other income are as follows:

Thousands of Euros	2020	2019
Fees and interest to finance companies	236	149
Service and quality penalties	4,262	21,024
Revenue from lease agreements	21,130	30,154
Other revenues from franchises	5,904	9,407
Revenue from information services to suppliers	8,357	7,861
Revenue from the sale of packaging	2,827	3,841
Other revenues	3,117	4,720
Total other operating income	**45,833**	**77,156**

18.2. Merchandise and other consumables used

This heading includes purchases, less volume discounts and other trade discounts and changes in inventories. In 2020, as a result of the change in supplier negotiations, many of the discounts are included in the invoice.

Details of the main items in this heading are as follows:

Thousands of Euros	2020	2019
Goods and other consumables used	5,767,327	6,192,972
Disccounts	(761,229)	(1,091,086)
Inventory variation	14,499	94,044
Other sales costs	32,487	44,818
Total consumption of goods and other consumables	**5,053,084**	**5,240,748**

18.3. Personnel expenses

Details of personnel expenses are as follows:

Thousands of Euros	2020	2019
Salaries and wages	661,874	653,482
Social Security	167,075	177,505
Indemnizaciones	58,056	70,576
Defined contribution plans	17,728	7,484
Other employee benefits expenses	17,467	25,220
Parcial total personnel expenses	**922,200**	**934,267**
Expenses for share-based payment transactions	200	269
Total personnel expenses	**922,400**	**934,536**

Changes in this heading are a result of the costs associated with the redundancy proceedings carried out in 2019.

18.4. Operating expenses

Details of operating expenses are as follows:

Thousands of Euros	2020	2019
Repairs and maintenance	94,521	70,861
Utilities	85,558	95,126
Fees	59,274	82,505
Advertising	47,840	55,640
Taxes	19,261	31,669
Rentals, property	32,274	46,350
Rentals, equipment	7,765	5,499
Transport	157,292	163,012
Travel expenses	14,231	21,780
Security	29,953	29,796
Other general expenses	89,867	73,145
Total operating expenses	**637,836**	**675,383**

18.5. Amortisation, depreciation and impairment

Details are as follows:

Thousands of Euros	2020	2,019
Amortisation of intangible assets (Note 5.3)	16,393	18,658
Depreciation of property, plant and equipment (Note 4)	172,808	208,494
Depreciation of uses rights (Note 5.2)	237,330	291,214
Total amortisation and depreciation	**426,531**	**518,366**
Impairment of goodwill (Note 5.1)	5,082	13,477
Impairment of intangible assets (Note 5.3)	193	(508)
Impairment of property, plant and equipment (Note 4)	21,173	44,540
Total impairment	**26,448**	**57,509**

18.6. Gains/(losses) on disposal of non-current assets

Details of gains/(losses) on disposal of non-current assets are as follows:

Thousand Euros	2020	2019
Losses on disposal of non-current assets (Notes 4 and 5)	(40,800)	(77,871)
Profit from disposal of fixed assets (Note 4)	9,721	14,611
Profit/(loss) from the sale of subsidiaries	-	(6,708)
Total	**(31,079)**	**(69,968)**

The losses recorded in 2020 and 2019 are mainly due to the remodelling and closure of stores in Brazil.

On 19 July 2019, the Group acquired 50% of the stake in FINANDIA E.F.C. as a result of Caixabank Consumer Finance E.F.C.. S.A.U. exercising the purchase option it held in the event of a change of control in the Dia Group. As a result of this acquisition, a loss of Euros 12,514 thousand was recorded, of which Euros 6,708 thousand was included under Profit/(loss) on the sale of subsidiaries and Euros 5,806 thousand was included under Profit/(loss) on financial instruments (see Note 18.10).

18.7. Finance income/cost

Details of finance income are as follows:

Thousands of Euros	2020	2019
Interest on other loans and receivables	1,551	207
Exchange gains (note 18.8)	192	3,343
Change in fair value of financial instruments	609	293
Other finance income	9,175	37,797
Total finance income	**11,527**	**41,640**

Other finance income in 2019 derives mainly from the financial restatement of assets in Brazil relating to the ICMS tax, other taxes and amounts deposited to guarantee contingent liabilities.

Details of finance cost are as follows:

Thousands of Euros	2020	2019
Interest on bank loans	40,214	49,962
Intereses on debentures and bonds	8,133	11,021
Finance expenses for finance leases	59,853	70,777
Interest on shareholder's loan	-	3,706
Exchange losses (note 18.8)	84,932	17,614
Change in fair value of financial instruments	735	-
Financial expenses assigment of receivables operations (notes 6.1 (b))	179	947
Other finance expenses	23,334	42,182
Total finance expenses	**217,380**	**196,209**

The negative translation differences have arisen on loans with third parties and intra-group debt in Brazil.

Other finance costs at 31 December 2020 and 2019 reflect the bank debit and credit interest rates in Argentina linked to its revenues. Furthermore, in 2019 costs were recognised for the financial restatement of liabilities in Brazil. In 2019, non-incremental costs relating to the refinancing are included for Euros 8,315 thousand.

18.8. Foreign currency transactions

The transactions in foreign currency carried out by the DIA Group during 2020 and 2019 are not significant. Details of the exchange differences on foreign currency transactions are however as follows:

Thousands of Euros	2020	2019
Currency exchange losses (note 18.7)	(84,932)	(17,614)
Currency exchange gains (note 18.7)	192	3,343
Trade exchange losses	(2,363)	(1,605)
Trade exchange gains	2,538	2,973
Total	**(84,565)**	**(12,903)**

18.9. Gains/(losses) on net monetary position

This caption includes the positive financial effect of the impact of inflation on monetary assets, which amounted to Euros 36.1 million in 2020 and Euros 63.7 million in 2019 (see Note 2.3). The majority of this amount is generated by trade payables.

In Argentina, the sales margin rose by 15.5% in 2020 (13.1% in 2019). In 2020, the sales margin, before applying IAS 29, would be 17.9% (16.7% in 2019). The sales margin differences in the two periods is due mainly to an improved gross margin, which essentially reflects a smaller promotional effort. One impact that negatively affects the margin by applying IAS 29 is the impact of restating inflation on the cost of goods sold. The method of restating this item is based on the measurement of the initial inventories at the rate corresponding to the period immediately prior to the start of the year, in this case December 2020. This is considered an average inventory turnover of 30 days. This methodology means that the restatement adjustment has a greater effect on the cost of goods sold that the rest of the lines in the income statement.

18.10. Profit or loss on financial instruments

In 2019 this heading mainly includes an amount of Euros 5,806 thousand for the negative adjustment to the measurement of the investment in Finandia linked to the purchase of 50% of this company (see Note 18.6).

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

This heading includes the profit/(loss) attributable to equity-accounted companies amounting to Euros 59 thousand in costs (income of Euros 196 thousand in 2019) (see Note 7).

19. COMMITMENTS AND CONTINGENCIES

a) Commitments

Commitments pledged and received by the Group but not recognised in the consolidated statement of financial position comprise contractual obligations which have not yet been executed. The two types of commitments relate to cash and expansion operations. The Group also has lease contracts that represent future commitments undertaken and received.

Off-balance-sheet cash commitments comprise:

– available credit facilities and syndicated loans which were unused at the reporting date;

– bank commitments received.

Expansion operation commitments were undertaken for expansion at Group level.

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

19.1. Pledged:

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

Thousands of Euros - 31st December de 2019	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	>5 YEARS	TOTAL
Guarantees	3,014	97	201	18,398	21,710
Credit facilities to customers (finance companies)	80,862	-	-	-	80,862
Cash	**83,876**	**97**	**201**	**18,398**	**102,572**
Purchase options	18,985	-	-	25,827	44,812
Commitments related to commercial contracts	7,099	2,065	2,839	1,625	13,628
Other commitments	3,268	3,258	-	9,285	15,811
Transactions / properties / expansion	**29,352**	**5,323**	**2,839**	**36,737**	**74,251**
Total	**113,228**	**5,420**	**3,040**	**55,135**	**176,823**

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

Thousands of Euros	2020	2019
Less than one year	496	44
Total minimum lease payments, property	**496**	**44**
Less than one year	3,237	2,249
One to five years	1,221	1,939
Over five years	158	4
Total minimum lease payments, furniture and equipment	**4,616**	**4,192**

At 31 December 2019, only minimum payments linked to lease agreements not included in the scope of IFRS 16 or which are not provisioned for as onerous contracts are listed.

The Parent company is the guarantor of the drawdowns on the credit facilities made by its Spanish subsidiaries, which at 31 December 2020 amounted to Euros 183,209 thousand (Euros 4,643 thousand in 2019).

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

Mortgage loans include the value of assets placed as collateral for bilateral loans in DIA Portugal in "commercial paper" facilities and reverse factoring (see Note 13).

Purchase options include options over warehouses amounting to Euros 44,262 thousand, in both years.

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

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

- Societè Generale guarantee for a maximum amount of Euros 27,170 thousand with maturity 28 March 2021.
- Societè Generale guarantee for a maximum amount of Euros 13,585 thousand with maturity 28 March 2021.

19.2. Received:

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

Thousands of Euros at 31st December 2019	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	> 5 YEARS	TOTAL
Available credit facilities	53,352	-	-	-	53,352
Avaible loans may be balanced with reverse factoring	425	-	-	-	425
Available confirming lines (not included in syndicated credits)	3,508	-	-	-	3,508
Cash	**57,285**	**-**	**-**	**-**	**57,285**
Guarantees received for commercial contracts	16,960	6,540	4,506	53,644	81,650
Other commitments	-	49	35	201	285
Transactions/ properties/ expansion	**16,960**	**6,589**	**4,541**	**53,845**	**81,935**
Total	**74,245**	**6,589**	**4,541**	**53,845**	**139,220**

At 31 December 2020, within the framework of the syndicated financing agreement, the Super Senior reverse factoring facility for suppliers of Euros 67,640 thousand is established as the amount granted under the Super Senior Supplier tranche.

b) Contingencies

The Group is undergoing legal proceedings and tax inspections in a number of jurisdictions, some of which have been completed by the taxation authorities at 31 December 2020 and appealed by Group companies (see Note 15). The Group recognises a provision if it is probable that an obligation will exist at year end which will give rise to an outflow of resources embodying economic benefits and the outflow can be reliably measured. As a result, management uses significant judgement when determining whether it is probable that the process will result in an outflow of resources and when estimating the amount.

Note 14 contains details of legal contingencies and Note 15 includes details of tax contingencies.

20. RELATED PARTIES

Details of related party balances and transactions are as follows:

Balances and transactions with associates

During 2020 and 2019 the Group has carried out the following transactions with associate: ICDC, HIS, Red Libra, LetterOne and Finandia, mainly relating to commercial transactions. The trade payables balance at 31 December 2020 and 2019 is shown in Notes 6.1.c) and 13.3. The transactions carried out with associates in both years are as follows:

Thousands of Euros	2020	2019
ICDC	1,213	15,470
HIS	11,780	2,021
Red Libra	-	(163)
LetterOne	(5,265)	(6,748)
Finandia	-	(200)
Total transactions	**7,728**	**10,380**

Transactions with directors and senior management personnel

Details of remuneration received by the directors and senior management of the Group in 2020 and 2019 are as follows:

Thousands of Euros			
2020		2019	
Members of Board Director	Senior managment	Members of Board Director	Senior managment
4,954	15,552	3,246	8,299

In 2020 and 2019 the directors of the Parent earned Euros 617 thousand and Euros 708 thousand, respectively, (included in the table above) in their capacity as board members.

In 2019 shares from the 2016-2018 Incentive Plan were awarded to members of Senior Management, recognised in shares awarded in each of the years.

Article 39.5 of the Parent's articles of association requires the disclosure of the remuneration earned by each of the members of the board of directors in 2020 and 2019. Details are as follows:

2020			Thousands of Euros			
Members of Board Directors	From	to	Fixed salary	Compesation	No competence	Others (Ret.Kind)
D. Crhistian Couvreaux	01/01/2020	31/12/2020	170.0	-	-	-
D. Jose Wahnon Levy	01/01/2020	31/12/2020	150.0	-	-	-
D. Jaime Garcia Legaz	01/01/2020	31/12/2020	183.0	-	-	-
D. Basola Vallés	01/01/2020	31/12/2020	114.0	-	-	-
D. Karl-Heinz Holland (*)	01/01/2020	25/05/2020	1,167.0	2,850.0	300.0	20.1
D. Michael Joseph Casey	01/01/2020	14/01/2020	-	-	-	-
D. Stephan DuCharme	01/01/2020	31/12/2020	-	-	-	-
D. Sergio Antonio Ferreira Dias	01/01/2020	31/12/2020	-	-	-	-
Total			**1,784**	**2,850**	**300**	**20**

(*) Remuneration as senior management and as director

2019			Thousands of Euros			
Members of Board Directors	From	to	Financial Instrument	Fixed salary	No competence	Others (Ret.Kind)
D. Richard Golding	01/01/2019	21/05/2019	2.4	48.4	-	-
D. Mariano Martín Mampaso	01/01/2019	20/03/2019	3.0	51.0	-	-
D. Antonio Urcelay Alonso	01/01/2019	21/05/2019	2.4	48.4	-	-
D. Borja de la Cierva Sotomayor (*)	01/01/2019	21/05/2019	1.8	299.4	353.9	5.9
D. Julián Díaz González	01/01/2019	21/05/2019	2.8	41.0	-	-
Dª Angela Lesley Spindler	01/01/2019	21/05/2019	2.9	44.8	-	-
Dª María Luisa Garaña Corces	01/01/2019	21/05/2019	2.4	44.4	-	-
D. Miguel Ángel Iglesias Peinado (*)	01/01/2019	21/05/2019	1.0	76.9	-	2.6
D. Crhistian Couvreaux	21/05/2019	31/12/2019	2.3	94.2	-	-
D. Jose Wahnon Levy	21/05/2019	31/12/2019	1.9	94.4	-	-
D. Jaime Garcia Legaz	01/01/2019	31/12/2019	4.4	154.8	-	-
D. Karl-Heinz Holland (*)	21/05/2019	31/12/2019	-	1,841.7	-	17.7
D. Stephan DuCharme	21/05/2019	31/12/2019	-	-	-	-
D. Sergio Antonio Ferreira Dias	21/05/2019	31/12/2019	-	-	-	-
D. Michael Joseph Casey	21/05/2019	31/12/2019	-	-	-	-
Total			27	2,839	354	26

(*) Remuneration as senior management and as director

Additionally, As a result of the new remunerations policy approved by shareholders at the Extraordinary General Meeting held on 30 August 2019, there is deferred remuneration in shares for non-proprietary directors, the accrual of which has initially been estimated at Euros 200 thousand (Euros 50 thousand in 2019). The accrual of shares granted and pending delivery under the previous remunerations policy, net of withholdings, amounted to Euros 27 thousand in 2019 (a gross amount of Euros 39 thousand). The amounts for 2019 in the above tables relating to the remuneration of Directors in equity instruments only reflect the amount of net shares granted and pending delivery, relating to the previous remunerations policy.

In 2020, remunerations have also been recorded for employees performing Director functions in prior years, on account of considerations for post-contractual non-compete agreements, amounting to Euros 253 thousand in the case of Borja de la Cierva.

The increase in the remunerations to members of senior management is mainly due to (i) the integration of new members of senior management who have accrued higher fixed and variable salaries than those of senior management personnel considered in the year 2019, (ii) the provision amount at 31 December 2020 for the long term incentive plan 2020-2022, and (iii) the increase in amounts arising from terminating employment relationships with Senior Executives.

The civil liability insurance premiums paid in respect of directors and senior management personnel totalled Euros 562 thousand in 2020 (2019: Euros 808 thousand).

21. OTHER INFORMATION

Employee information

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

	2020	2019
Management	167	175
Middle management	1,456	1,613
Other employees	36,993	38,000
Total	38,616	39,788

22. EVENTS AFTER THE REPORTING PERIOD

On 11 December 2020, the Board of Directors approved the appointment by co-optation of Mr Marcelo Maia Tavares as other external director of the Parent company, effective from 1 January 2021. On the same date, the Board of Directors approved the appointment of Mr Jesús Soto Cantero as new Group CFO, with effect from 1 January 2021.

On 29 January 2021, the loans granted by the Parent company to Dia Argentina, amounting to Euros 12,000 thousand were capitalised via shareholder contributions.

Christian Couvreux sadly passed away on 15 February 2021. Christian was a member of the DIA Group's Board since May 2019 and chairman of the Appointments and Remuneration Committee, and he sat on the Board's Capital and Financial Structure Committee. Since he joined, Christian Couvreux played a key role in DIA's transformation, bringing his extensive knowledge of and international experience in the food distribution sector.

On 16 February 2021, the credit rating agency, Moody's, confirmed the Company's long-term corporate family rating of Caa2 and upgraded its probability of default rating from Caa3-PD to Caa2-PD. Moody's also confirmed its long-term senior unsecured debt rating of Ca and its senior unsecured MTN programme rating of (P)Ca. It revised the outlook from "negative" to "stable".

CONDENSED CONSOLIDATED INTERIM DIRECTOR'S REPORT 2020

2020 GROUP OPERATIONAL UPDATE

In line with the operational roadmap presented at the first quarter financial results, 2020 saw the implementation of Phase Two of DIA's business transformation led by strengthened country leadership teams with strategic guidance, performance oversight and capital allocation provided by the corporate center.

Key priorities during 2020 included the continued development of DIA's commercial value proposition, improved assortment with a focus on fresh produce and the development of a new private label offer combining quality, value-for-money and more attractive packaging.

In the second half of the year, the comprehensive roll out of an updated franchise model began in Spain and Portugal. The program, which includes payment and operational support, a new merchandise payment and sales incentive system as well as a simplified cost structure has now been activated for over 950 of DIA's franchise partners in Spain (64% of franchisees including Clarel) and 180 partners in Portugal (67% of franchisees). In Argentina an updated franchise model is also being rolled out while a tailored offer is being prepared to launch in Brazil.

The expansion of online and express delivery continues in all four countries to meet new customer purchasing trends accelerated during pandemic restrictions. In Spain, 14 stores have been converted into dark stores (i.e. online fulfilment only) and the Company reached agreements with a number of partners to improve last mile delivery which is now available from 440 stores[1] covering 90% of population in main cities[2] from our own website as well as through partnerships. In Portugal, online delivery now covers the Greater Lisbon and Oporto areas, with express delivery available in 95 stores via regional partnerships.

In addition, the Group maintains a strict focus on cost efficiencies and delivering reduced complexity. This is primarily being achieved thanks to the ongoing enhancement of our operational model across the entire supply chain, as well as more efficient logistics processes.

A key driver of the Group's improved performance has been the implementation of a new organisational structure aligned to DIA's long-term vision, resulting in greater country autonomy to develop compelling, relevant offers for local customers, led by an empowered CEO and supported by a strategic and lean corporate center.

Other highlights on a country-by-country basis are listed below:

- **Spain**: Roll out of optimized assortment and store layout to over 1,100 stores in Spain (c. 40% of network excluding Clarel) with priority focus on fresh fruit and vegetable offer resulting in 12% increase in Net Sales for fresh produce categories. Ready-made and new private label products launched in stores during second half of the year. New store model testing launched including an improved look and feel, and more simple and efficient layout.
- **Portugal**: Fresh produce service frequency increased for 450 priority stores to support fresh offer. Continuing implementation of optimized assortment and light refurbishments in over 380 stores (c. 77% excluding Clarel).
- **Brazil**: Continued the implementation of a reinforced assortment adding over 400 new private label products developed during the year. The management kept focus on defining a value proposition adapted to the local market and developing a sustainable and profitable business model. The sale of underperforming operations in Rio Grande Do Sul Region has been successfully completed and the strategic focus is on the state of Sao Paulo and Sao Paulo metropolitan area.
- **Argentina**: New assortment implemented in over 65% of stores focused on potentiating fresh offer. On-going expansion of online and express delivery with over 240 pick-up stores and 114 stores with last-mile service. New store model testing launched.

[1] As of 31/12/20
[2] Over 50,000 inhabitants

GROUP PERFORMANCE

Financial summary (€m)	2020	2019	Change (%)
Like-for-like sales growth (%)	7.6%	-7.6%	n/a
Net sales	6,882.4	6,870.5	0.2%
Gross Profit	1,498.5	1,318.5	13.7%
Adjusted EBITDA	122.9	(90.9)	n/a
EBIT	(182.1)	(580.2)	68.6%
Net attributable Result	(363.8)	(790.5)	54.0%
Financial summary (€m)	**2020**	**2019**	**Change (€m)**
Trade Working Capital (negative)	609.2	607.9	1.3 inflow
Total Net Debt	1,867.8	2,027.7	(159.9)

Group Net Sales increased 0.2% on a streamlined store network (-6.9%), and despite Brazilian Real and Argentinean Peso devaluations, and lower tourist traffic in Spain and Portugal as a result of Covid-19 related restrictions.

Group Comparable Sales (Like-for-Like) reached 7.6%, continuing the positive momentum initiated in the first quarter, driven by ongoing business improvements efforts and resulting in a 24.6% increase in average basket size.

Gross Profit (as a percentage of Net Sales) increased to 21.8% from 19.2% during 2020 thanks to increased volumes and positive operational improvements.

Adjusted EBITDA turned back positive to 1.8% as a percentage of Net Sales.

Net Result amounted to negative Euros 363.8 million, impacted by foreign exchange losses recognized mainly related to the depreciation of the Brazilian Real.

Available Liquidity: Ample levels at Euros 397 million (December 2019: Euros 421 million) with 87% in the form of Cash or Cash equivalents.

Net Financial Debt (ex IFRS16): Euros 1,276 million down Euros 46 million versus December 2019 thanks to positive Cash Flow from Operations, controlled Capital Expenditures and stable Trade Working Capital.

FY 2020 RESULTS

(€m)	2020	2019	Change (%)
Gross sales under banner	**8,394.5**	**8,675.3**	**-3.2%**
Like-for-like sales growth (%)	7.6%	-7.6%	n/a
Net sales	**6,882.4**	**6,870.5**	**0.2%**
Cost of goods sold & other income	(5,383.9)	(5,552.0)	-3.0%
Gross profit	**1,498.5**	**1,318.5**	**13.7%**
Labour costs	(735.6)	(741.0)	-0.7%
Other operating expenses & leases	(391.3)	(380.8)	2.8%
Restructuring costs	(69.7)	(131.1)	-46.9%
EBITDA	**301.9**	**65.6**	**360.3%**
D&A	(426.5)	(518.4)	-17.7%
Impairment	(26.4)	(57.5)	-54.0%
Write-offs	(31.1)	(70.0)	-55.6%
EBIT	**(182.1)**	**(580.2)**	**-68.6%**
Net financial results	(169.8)	(96.7)	75.6%
EBT	**(351.9)**	**(677.0)**	**-48.0%**
Income taxes	(11.9)	(91.7)	-87.1%
Consolidated profit	**(363.8)**	**(768.6)**	**-52.7%**
Discontinuing operations	-	(21.8)	n/a
Net attributable Result	**(363.8)**	**(790.5)**	**-54.0%**

The reconciliation between the EBITDA indicated in the financial states and the one indicated in the preceding table, due to the assignment due to the nature of the logistical costs attributed to the stores and the restructuring cost for 2020 and 2019, is explained in the next table:

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

(€m)	Income statement	Logistics cost	Restructuring cost	Total 2019
Net sales	**6,870.5**	**-**	**-**	**6,870.5**
Cost of goods sold & other income	**(5,194.9)**	**(365.1)**	**8.1**	**(5,552.0)**
Goods and other consumables used	(5,240.8)	(365.1)	0.3	(5,605.6)
Other income	77.2	-	-	77.2
Impairment of trade debtors	(31.3)	-	7.8	(23.5)
Gross profit	**1,675.6**	**(365.1)**	**8.1**	**1,318.5**
Labour costs	(934.5)	130.1	63.4	(741.0)
Other operating expenses	(629.0)	233.6	33.4	(362.0)
Leased property expenses	(46.4)	1.4	26.2	(18.8)
Restructuring costs	-	-	(131.1)	(131.1)
EBITDA	**65.6**	**-**	**-**	**65.6**

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

EBITDA to Adjusted EBITDA reconciliation

(€m)	2020	2019	Change
Gross Operating Profit (EBITDA)	**301.9**	**65.6**	**236.3**
Restructuring costs	69.7	131.1	(61.4)
IFRS 16 lease effect	(270.1)	(321.4)	51.3
IAS 29 hyperinflation effect	21.3	33.9	(12.6)
Adjusted EBITDA	**122.9**	**(90.9)**	**213.8**

Group Net Sales increased 0.2% on 6.9% fewer stores and the currency impact of Brazilian Real and Argentinean Peso (depreciation of 24.1% and 33.7% respectively, during 2020) and lower tourist traffic in some areas in Spain and Portugal because of Covid-19 restrictions.

Group Comparable Sales (Like-for-Like) reached 7.6%, continuing the positive momentum since the first quarter supported by ongoing transformation efforts, driven by an increase of 24.6% in average basket size and more than offsetting a 13.7% decrease in number of tickets.

Gross Profit (as a percentage of Net Sales) increased to 21.8% from 19.2% during 2020 thanks to the increase in the volume effects and positive operational improvements including optimized logistics and reduction of food waste.

Labor costs decreased 0.1% as a percentage of Net Sales, as 2019 rationalization measures continued to offset Covid-19 related staffing requirements.

Other operating expenses (as a percentage of Net Sales) increased to 5.7% from 5.5% during 2019 impacted by the defranchising process carried out during 2019 and 2020, despite negative Covid-19 related costs including protective equipment, which have been offset by cost cutting initiatives.

EBITDA increased significantly to Euros 301.9 million in the period (360.3%), thanks to improved Gross Profit and a continued cost discipline as well as a decrease in Restructuring Costs.

Adjusted EBITDA improved to 1.8% as a percentage of Net Sales and turning back positive to Euros 122.9 million.

Depreciation and Amortization decreased by Euros 91.9 million on strategic closures of stores and warehouses.

Net Result amounted to negative Euros 363.8 million (-54.0%), impacted by foreign exchange losses recognized (Euros 84.7 million during the year) mainly related to the depreciation of the Brazilian Real.

Financial Results

(€m)	2020	2019	Change
Finance income	10.7	38.3	(27.6)
Interest expense	(48.3)	(65.6)	17.3
Other financial expenses	(23.6)	(33.9)	10.3
Refinancing costs	-	(8.3)	8.3
FX differences	(84.7)	(14.3)	(70.4)
IFRS 16 related financial costs	(59.9)	(70.8)	10.9
Gains from net monetary position (IAS 29)	36.1	63.7	(27.6)
Results from financial instruments	-	(6.0)	6.0
P&L from companies accounted under equity method	(0.1)	0.2	(0.3)
Net financial results	**(169.8)**	**(96.7)**	**(73.1)**

Interest expenses decreased Euros 17.3 million due to the improved financing conditions achieved following the refinancing process in July 2019.

Other financial expenses decreased to Euros 23.6 million thanks to lower bank credit and credit interest rates in Argentina linked to revenues and other financial expenses linked to financial liabilities in Brazil.

Foreign Exchange differences include Euros 75.1 million of negative currency effect resulting from the devaluation of the Brazilian Real in the period, of which Euros 57.3 million (76.3%) came from Euro denominated intra-Group long-term structural financing provided to DIA Brazil primarily by the Group, and the remaining Euros 17.8 million (23.7%) from USD and Euro denominated bank loans held by the Brazilian affiliate.

The drop in the number of stores and lower inflation in Argentina drove the reduction in IFRS16 and IAS29 effects, respectively.

INFORMATION BY COUNTRY

SPAIN (€m)	2020	%	2019	%	Change (%)
Gross sales under banner	**5,357.7**		**5,023.0**		**6.7%**
Like-for-like sales growth	11.3%		-6.4%		
Net sales	**4,508.8**		**4,177.2**		**7.9%**
Adjusted EBITDA	**99.6**	**2.2%**	**18.2**	**0.4%**	**447.2%**

Positive Net Sales trend continues strongly year on year despite 7.5% fewer stores.

Adjusted EBITDA increased 180bps offsetting increased Operating Expenses to support enhanced fresh offer, Covid-19 related costs and Euros 6.8 million legal contingency recognition as highlighted in the Interim Consolidated Financial Statements for the year 2020.

PORTUGAL (€m)	2020	%	2019	%	Change (%)
Gross sales under banner	**862.9**		**767.9**		**12.4%**
Like-for-like sales growth	6.1%		-4.6%		
Net sales	**630.0**		**593.9**		**6.1%**
Adjusted EBITDA	**17.2**	**2.7%**	**9.6**	**1.6%**	**79.2%**

Net Sales increased by 6.1% during the year, mainly driven by local transformation measures and refurbishments focused on supporting fresh product offer that offset the effect of lower tourist traffic in main cities during the peak holiday season.

Adjusted EBITDA increased 110bps on the back of operational excellence measures implemented.

BRAZIL (€m)	2020	%	2019	%	Change (%)
Gross sales under banner	**1,045.6**		**1,344.0**		**-22.2%**
Like-for-like sales growth	7.1%		-8.8%		
Net sales	**929.8**		**1,182.1**		**-21.3%**
Adjusted EBITDA	**(13.8)**	**-1.5%**	**(130.7)**	**-11.1%**	**89.5%**

Net Sales up 4.5% in local currency year on year, with 11.5% fewer stores following closure of underperforming locations.

Adjusted EBITDA recovered significantly achieving a 9.6% improvement in margin but remains negative due to low performing regional activity.

ARGENTINA (€m)	2020	%	2019	%	Change (%)
Gross sales under banner	**1,128.3**		**1,540.5**		**-26.8%**
Like-for-like sales growth	-1.7%		-10.2%		
Net sales	**813.8**		**917.3**		**-11.3%**
Adjusted EBITDA(*)	**19.9**	**2.4%**	**12.1**	**1.3%**	**64.5%**

Net Sales up 35.9% in local currency on the back of improved operational performance in a challenging macroeconomic environment.

Adjusted EBITDA(*) increased 110bps driven by ongoing cost reduction efforts and despite negative volume effect on sales and currency effect.

(*) Adjusted EBITDA margin to Net Sales calculated without inflation in Argentina is 2.2%.

BALANCE SHEET

Balance Sheet (€m)	2020	2019
Non-current assets	2,044.6	2,448.2
Inventories	445.8	496.5
Trade & Other receivables	128.4	111.0
Other current assets	69.3	100.2
Cash & Cash equivalents	347.0	163.6
Non-current assets held for sale	0.4	-
Total assets	**3,035.4**	**3,319.4**
Total equty	(697.2)	(350.5)
Long-term debt	1,625.8	1,865.7
Short-term debt	589.0	325.5
Trade & Otherpayables	1,183.4	1,215.4
Provisions & Other	334.4	262.0
Liabilities associated with assets held for sale	-	1.3
Total equity & liabilities	**3,035.4**	**3,319.4**

At 31 December 2020, the shareholders' equity balance in the individual financial statements of the Parent Company (which are those used for the purpose of computing the legal dissolution or capital increase obligation) amounted to negative Euros 41.8 million (Euros 222.7 million as of December 2019) impacted by Euros 238.0 million impairment of the investment in the Brazilian affiliate to reflect the negative evolution of the Brazilian Real.

NET DEBT

(€m)	2020	2019
Net financial debt	1,276.3	1,322.2
IFRS 16 related debt effect	591.5	705.4
Total net debt	**1,867.8**	**2,027.6**

Decrease in Total Net Financial Debt of Euros 45.9 million since end 2019, down to Euros 1,276.3 million driven by positive Cash Flow from Operations, stable Trade Working Capital and limited Capital Expenditures.

Debt maturity profile

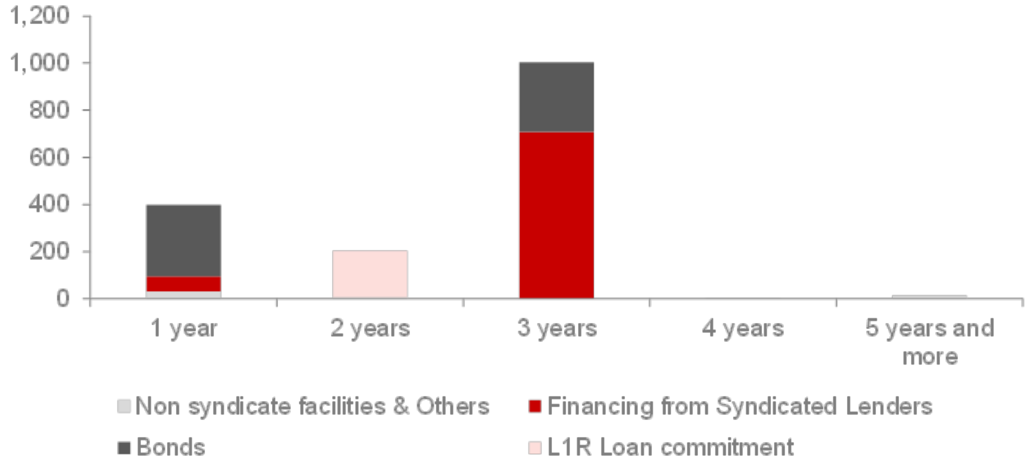
Actual Gross Debt Maturity Profile as of 31th December 2020 (exc. IFRS 16): Euros 1,623.3 million.

Non-Syndicated Facilities & Others are Euros 31.9 million (December 2020-December 2021), Euros 5.7 million (December 2021-December 2022), and Euros 15.8 million (December 2022 onwards).

L1R Super Senior Loan facility are Euros 200.0 million (July 2022).

Bonds are Euros 303.8 million (April 2021) and Euros 295.6 million (April 2023).

Financing from Syndicated Lenders are Euros 63.0 million (December 2020-December 2021) and Euros 707.5 million (December 2022-December 2023).



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

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

The offeror announced in the tender offer memorandum that following settlement date, it may seek to engage with the Company to discuss and implement options to address the Company's capital structure on a long-term basis.

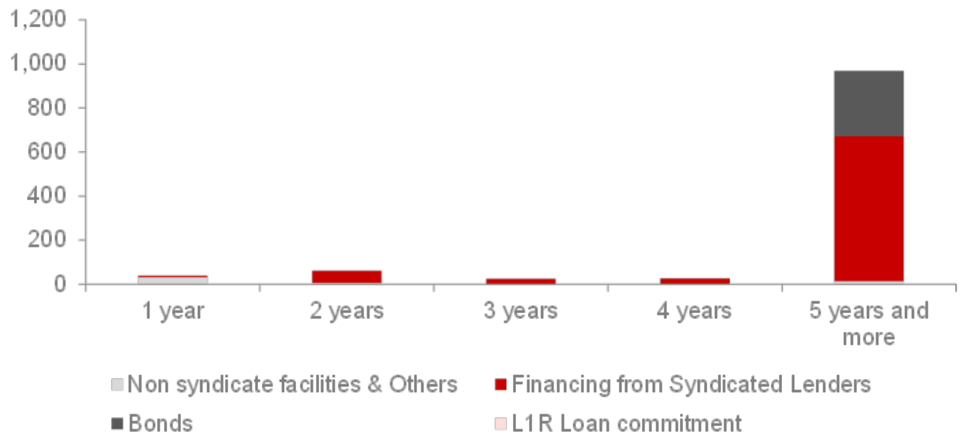
On 30th November 2020, the company announced an agreement reached with its majority shareholder L1R Invest1 Holdings S.à.r.l. ("L1R"), DEA Finance and its syndicated financial lenders to implement a comprehensive recapitalization and refinancing transaction (the "Transaction") which would allow the management to focus fully on the implementation of the DIA group business plan.

The Transaction involves: (i) a Euros 500 million equity increase at DIA to discharge an equivalent amount of financial debt under the Euros 200 million L1R Super Senior Facility and Euros 300 million 2021 Bonds due on 28th April 2021; (ii) an amendment and restatement of the existing Euros 973 million syndicated facilities agreement to extend the maturity date of certain facilities to 31st December 2025 and amend other terms and conditions; (iii) an amendment of terms and conditions of Euros 300 million 2023 Bonds to extend the maturity date from 6th April 2023 to 30th June 2026 and increase the interest to 5% per annum; and (iv) an extension of the maturity dates of certain bilateral facilities and credit lines entered into with certain syndicated financial lenders ("Bilateral Facilities").

The effectiveness of the Transaction is subject to the fulfillment or waiver of certain conditions precedent by no later than 18th December 2020 (in some cases) and that were successfully completed and 28th April 2021 (in other cases).

The recapitalization of the DIA Group, together with the discharge of a significant amount of Net Financial Debt, as well as the extension of the maturity dates of the senior facilities, the 2023 Bonds 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.

For informational purposes, find below a proforma debt maturity profile once the Transaction is closed:



TRADE WORKING CAPITAL

(€m)	2020	2019	Change
Non recourse factoring	-	14.1	(14.1)
Inventories (A)	445.8	496.5	(50.7)
Trade & other receivables (B)	128.4	111.0	17.4
Trade & other payables (C)	1,183.4	1,215.4	(32.1)
Total working capital (1)	**(609.2)**	**(607.9)**	**(1.3)**

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

Trade Working Capital stable at Euros 609.2 million, thanks to a 10.2% decrease in inventories facilitated by improved stock management, an increase of Euros 17.4 million of Trade and Other Receivables linked to the increase in Net Sales and a decrease of Euros 32.0 million in Trade and other Payables within a normalized relationship with suppliers and credit insurance agencies.

Non-Recourse Factoring amounted to 0 at year end 2020 (December 2019: 14.1m) and stable Confirming amount of Euros 248.1 million as of December, 31th (December 2019; Euros 250.3 million).

CAPEX

(€m)	2020	2019	Change (%)
Spain	60.0	33.8	77.5%
Portugal	10.4	9.2	13.0%
Argentina	7.6	9.4	-19.1%
Brazil	5.4	40.5	-86.7%
Total Capex	**83.3**	**93.0**	**-10.4%**

Capital Expenditure down 10.4% due to investment control measures implemented in the early stages of the business transformation plan.

STORE NETWORK

DIA GROUP	Owned	Franchised	Total
Total stores 31 December 2019	3,725	2,901	6,626
New openings	4	10	14
Net change from franchised to owned stores	28	-28	0
Closings	-270	-201	-471
Total DIA GROUP stores at 31 December 2020	**3,487**	**2,682**	**6,169**
Spain	2,441	1,477	3,918
Portugal	298	267	565
Brazil	462	317	779
Argentina	286	621	907

DIA reached an inflection point during 2020, initiating the conversion of owned stores into franchised stores in Spain and Portugal, following the completion of a two year franchisee network rationalization process which saw 712 net stores converted from franchised to owned within the group. In Spain, 203 franchised stores are now managed by franchisees that already hold at least one location and 113 stores were transferred already from owned stores to franchised stores during 2020 with newly selected entrepreneurs attracted by DIA's strategic vision.

During the year, 41 net stores were transferred from franchised to owned in Spain including 22 Clarel stores, 8 net locations were transferred from franchised to owned in Brazil and net changes in Portugal were 0 (19 stores were transferred to owned stores and 19 owned stores were transferred to franchised). Net change of format in Argentina resulted in 21 additional franchised stores.

Regarding the closing, 104 DIA stores closed in Spain (55 franchised and 49 owned) as well as 1 La Plaza store, 12 franchised stores in Portugal, 29 in Argentina (13 franchised and 16 owned) and 107 in Brazil (81 owned and 26 franchised including the strategic sale of Rio Grande do Sul stores). In addition, as part of a previously announced exit strategy for this specific type of franchisees, a total of 95 Cada Dia stores were closed during the period. Additionally, 123 Clarel stores were closed in Spain.

The openings correspond to 2 owned stores and 3 franchised stores in Spain, 1 franchised store in Portugal, 2 owned stores and 4 franchised stores in Brazil and 2 franchised stores in Argentina.

EVENTS FOLLOWING THE CLOSE OF THE PERIOD

On 11 December 2020, the Board of Directors approved the appointment by co-optation of Mr Marcelo Maia Tavares as other external director of the Parent company, effective from 1 January 2021. On the same date, the Board of Directors approved the appointment of Mr Jesús Soto Cantero as new Group CFO, with effect from 1 January 2021.

On 29 January 2021, the loans granted by the Parent company to Dia Argentina, amounting to Euros 12,000 thousand were capitalised via shareholder contributions.

Mr. Christian Couvreux sadly passed away on 15 February 2021. Mr. Christian Couvreux was a member of the DIA Group's Board since May 2019 and chairman of the Appointments and Remuneration

Committee, and he sat on the Board's Capital and Financial Structure Committee. Since he joined, Mr Christian Couvreux played a key role in DIA's transformation, bringing his extensive knowledge of and international experience in the food distribution sector.

On 16 February 2021, the credit rating agency, Moody's, confirmed the Company's long-term corporate family rating of Caa2 and upgraded its probability of default rating from Caa3-PD to Caa2-PD. Moody's also confirmed its long-term senior unsecured debt rating of Ca and its senior unsecured MTN programme rating of (P)Ca. It revised the outlook from "negative" to "stable".

DEFINITION OF APMs

In the preparation of the financial information that is reported internally and externally, the Directors of DIA have adopted a series of Alternative Performance Measures (APMs) to gain a better understanding of the business performance. These APMs have been chosen according to the Company's activity profile and take into account the information of business performance commonly published by other international peers. Nevertheless, these APMs may or may not be totally comparable with those of other companies in the same industry. In all cases, APMs should be considered as data that are not intended to replace (or be superior to) IFRS measurements.

PURPOSE

The purpose of these APMs is to assist in the understanding of the business performance by providing additional useful information about the underlying performance of the activity and financial position of the Company.

APMs are also used to enhance the comparability of information between reporting periods and geographical units by adjusting for other cost and revenue items or uncontrollable factors that affect IFRS measures. APMs are therefore used by Directors and management for performance analysis, planning, reporting, and incentive-setting purposes.

CHANGES TO APMs

The Adjusted EBITDA definition was updated in 2019 to:

I. Exclude the effect of IAS 29 and IFRS 16, and,

II. Include as Ordinary Operational Expenses or Revenues –to be more conservative – those related to store remodeling and closings, long-term incentive programs (LTIP), and write-offs of account receivables related to Franchisees.

On 25 March the Board of Directors, approved an LTIP for the 2020-22 period. The Company has amended the Adjusted EBITDA definition to exclude the accrual of costs related to long-term incentive programs (LTIP) to isolate this effect.

Adjusted EBITDA definition will therefore exclude: effect of IAS 29 and IFRS 16, restructuring costs and LTIP costs.

Gross Sales Under Banner: Total Turnover Value obtained in stores, including indirect taxes (sales receipt value) in all the Company's stores, both owned and franchised.

NET SALES TO GROSS SALES UNDER BANNER RECONCILIATION

(€m)	2020	2019	Change (%)
Net sales	6,882.4	6,870.5	0.2%
VAT and other	1,512.1	1,804.8	-16.2%
Total Gross sales under banner	**8,394.5**	**8,675.3**	**-3.2%**

LFL growth of Gross Sales under Banner: Growth rate of Gross Sales under Banner at constant currency of the stores that have been operating for more than thirteen months under the same conditions. To be more conservative in applying this definition, LFL figures reported in this document exclude from the comparison base of calculation only those stores that have been closed for significant remodeling activities or severely impacted by external objective reasons. Additionally, the LFL figures corresponding to Argentina have been deflated using internal inflation to reflect volume LFL, avoiding misleading nominal calculations in relation to hyperinflation

Adjusted EBITDA: Underlying Operating Profit that is calculated after adding back to EBIT Depreciation & Amortization (including amortization related to the closing of stores and impairment of fixed assets), losses on the write-down of fixed assets, impairment of fixed assets, restructuring costs, gains and losses on disposals of fixed assets, the effect related to the application of IAS 29 and IFRS 16, and the costs related to LTIP programs.

OPERATING PROFIT TO ADJUSTED EBITDA RECONCILIATION

(€m)	2020	2019	Change
Operating profit (EBIT)	(182.1)	(580.2)	398.2
Depreciation & Amortization	426.5	518.4	(91.9)
Losses on write-down of fixed assets	31.1	70.0	(38.9)
Impairment of fixed assets	26.4	57.5	(31.1)
Gross operating profit (EBITDA)	**301.9**	**65.6**	**236.3**
Restructuring costs	58.1	131.1	(73.0)
Long-term incentive program	11.6	-	11.6
IFRS 16 lease effect	(270.1)	(321.4)	51.3
IAS 29 hyperinflation effect	21.3	33.9	(12.6)
Adjusted EBITDA	**122.9**	**(90.9)**	**213.7**

Net Financial Debt: Is the result of subtracting from the total value of the Company's short-term and long-term debt, the total value of its cash, cash equivalents, and other liquid assets and the debt related effect from the application of IFRS 16. All the information necessary to calculate the Company's net debt is included in the balance sheet.

NET DEBT RECONCILIATION

(€m)	2020	2019	Change
Long-term debt	1,224.6	1,377.5	(152.9)
Short-term debt	398.7	108.3	290.4
Cash & Cash equivalents	347.0	163.6	183.4
Total net debt	**1,276.3**	**1,322.2**	**(45.9)**
IFRS 16 related debt effect	591.5	705.4	(113.9)
Net financial debt	**1,867.8**	**2,027.6**	**(159.8)**