Distribuidora Internacional de Alimentación, S.A. and Subsidiaries

Consolidated Summary Interim Financial Statements and Consolidated Summary Interim Management Report

for the twelve-month period

ending on 31 December 2022

(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

CONSOLIDATED SUMMARY INTERIM FINANCIAL STATEMENTS

for the 12-month period ending on 31 December 2022

(I) CONSOLIDATED SUMMARY STATEMENT OF FINANCIAL POSITION

At 31 December 2022

(Expressed in thousands of euro)

ASSETS	Notes	2022 31 December	2021 31 December
Property, plant and equipment	4	904,315	898,398
Goodwill	5.1	326,297	451,102
Use of right	5.2	492,677	505,318
Other intangible assets	5.3	37,289	24,434
Investments accounted for using the equity method	7	430	484
Trade and other receivables	6.1	11,316	15,386
Other non-current financial assets	6.2	60,476	61,772
Non-current tax assets	15	70,366	61,329
Non-current assets		1,903,166	2,018,223
Inventories	9	417,641	452,003
Trade and other receivables	6.1	199,087	178,031
Consumer loans from financial activities		908	1,010
Current tax assets	15	49,704	46,548
Current income tax assets	15	8,303	1,681
Other current financial assets	6.2	7,673	4,879
Other assets	8	9,627	7,382
Cash and cash equivalents	10	215,819	361,065
		908,762	1,052,599
Non-current assets held for sale	11	309,012	-
Current assets		1,217,774	1,052,599
TOTAL ASSETS		3,120,940	3,070,822

(I) CONSOLIDATED SUMMARY STATEMENT OF FINANCIAL POSITION

At 31 December 2022

(Expressed in thousands of euro)

EQUITY AND LIABILITIES	Notes	2022 31 December	2021 31 December
Capital	12.1	580,655	580,655
Share premium	12.2	1,058,873	1,058,873
Reserves	12.4	(1,443,547)	(1,185,937)
Own shares	12.4a)	(3,150)	(3,842)
Other own equity instruments	12.4b) and 16	250	416
Net losses for the period	12.3	(123,848)	(257,331)
Translation differences	12.6	(64,960)	(99,264)
Value adjustments due to cash flow hedges		3,284	-
Equity attributable to equity holders of the Parent		7,557	93,570
Total Equity		7,557	93,570
Non-current borrowings	13.1	1,009,544	1,023,183
Provisions	14	83,515	94,412
Other non-current financial liabilities	13.2	710	-
Deferred tax liabilities	15	50,742	36,453
Non-current liabilities		1,144,511	1,154,048
Current borrowings	13.1	278,877	272,454
Trade and other payables	13.2	1,329,274	1,274,612
Current tax liabilities	15	56,072	46,909
Current income tax liabilities	15	14,191	8,062
Other current financial liabilities	13.3	212,727	221,167
		1,891,141	1,823,204
Liabilities directly associated with non-current assets held for sale	11	77,731	-
Current liabilities		1,968,872	1,823,204
TOTAL EQUITY AND LIABILITIES		3,120,940	3,070,822

(II) CONSOLIDATED SUMMARY INCOME STATEMENT

For the 12-month periods ending on 31 December 2022 and 2021

(Expressed in thousands of euro)

INCOME STATEMENT	Notes	2022 31 December	Restated (*) 2021 31 December
Sales	3 and 17	6,524,320	5,900,055
Other income	18.1	35,746	30,379
TOTAL INCOME		6,560,066	5,930,434
Goods and other consumables used	18.2	(4,850,148)	(4,353,371)
Personnel expenses	18.3	(705,051)	(709,263)
Operating expenses	18.4	(710,567)	(613,063)
Depreciation and amortization	18.5	(354,323)	(341,044)
Impairment of non-current assets	18.5	(40,756)	(50,723)
Impairment of trade debtors	6.1	(4,286)	1,587
Losses on disposal of fixed assets	18.6	(24,003)	(22,843)
RESULT FROM OPERATING ACTIVITIES		(129,068)	(158,286)
Finance income	18.7	65,523	35,208
Finance expenses	18.7	(129,616)	(139,870)
Gain from net monetary positions	18.9	100,818	42,262
Result from financial instruments		-	110
Profit/(losses) of companies accounts for using the equity method	18.10	(55)	11
LOSSES BEFORE TAX FROM CONTINUING OPERATIONS		(92,398)	(220,565)
Income tax	15	(33,860)	(13,875)
LOSSES AFTER TAX FROM CONTINUING OPERATIONS		(126,258)	(234,440)
Result of discontinued operations	11	2,410	(22,891)
NET LOSSES		**(123,848)**	**(257,331)**
Atributted to:			
Equity holders of the Parent		(123,848)	(257,331)

Basic and diluted earnings per share, in euros			
Losses on continuing operations		(0.002)	(0.004)
Losses on discontinued operations		-	-
Losses for the period		(0.002)	(0.004)

(III) CONSOLIDATED SUMMARY STATEMENT OF COMPREHENSIVE INCOME

For the 12-month periods ending on 31 December 2022 and 2021

(Expressed in thousands of euro)

	2022 31 December	2021 31 December
Net losses for the period	(123,848)	(257,331)
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	34,304	25,020
	34,304	25,020
Value adjustments due to cash flow hedges	3,284	-
	3,284	-
Other comprehensive income, net of income tax	37,588	25,020
Total comprehensive income, net of income tax	(86,260)	(232,311)
Attibuted to:		
Equityholders of the Parent	(86,260)	(232,311)
	(86,260)	(232,311)

(IV) CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN EQUITY

For the 12-month periods ending on 31 December 2022 and 2021

(Expressed in thousands of euro)

	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 2021	**66,780**	**544,997**	**(815,387)**	**(363,788)**	**(5,763)**	**250**	-	**(124,284)**	**(697,195)**	**(697,195)**
Transfer of the losses of the previous year	-	-	(363,788)	363,788	-	-	-	-	-	-
Net losses for the period	-	-	-	(257,331)	-	-	-	-	(257,331)	(257,331)
Other comprenshive income, net of income tax	-	-	-	-	-	-	-	25,020	25,020	25,020
foreign operations	-	-	-	-	-	-	-	25,020	25,020	25,020
Total comprehensive income for the period	-	-	-	**(257,331)**	-	-	-	**25,020**	**(232,311)**	**(232,311)**
Transacitions with equityholders or owners	513,875	513,876	(6,762)	-	1,921	166	-	-	1,023,076	1,023,076
Capital increase	513,875	513,876	(1,217)	-	-	-	-	-	1,026,534	1,026,534
Issuance net share-based payments	-	-	-	-	-	227	-	-	227	227
Delivery of own shares	-	-	(2,346)	-	2,395	(61)	-	-	(12)	(12)
Share purchase	-	-	-	-	(474)	-	-	-	(474)	(474)
Other variations in shareholders´equity	-	-	(3,199)	-	-	-	-	-	(3,199)	(3,199)
At 31 December 2021	**580,655**	**1,058,873**	**(1,185,937)**	**(257,331)**	**(3,842)**	**416**	-	**(99,264)**	**93,570**	**93,570**
At 1 January 2021	**580,655**	**1,058,873**	**(1,185,937)**	**(257,331)**	**(3,842)**	**416**	-	**(99,264)**	**93,570**	**93,570**
Transfer of the losses of the previous year	-	-	(257,331)	257,331	-	-	-	-	-	-
Net losses for the period	-	-	-	(123,848)	-	-	-	-	(123,848)	(123,848)
Other comprenshive income, net of income tax	-	-	-	-	-	-	3,284	34,304	37,588	37,588
foreign operations	-	-	-	-	-	-	-	34,304	34,304	34,304
Value adjustments due to cahs flow hedges	-	-	-	-	-	-	3,284	-	3,284	3,284
Total comprehensive income for the period	-	-	-	**(123,848)**	-	-	**3,284**	**34,304**	**(86,260)**	**(86,260)**
Transacitions with equityholders or owners	-	-	(279)	-	692	(166)	-	-	247	247
Issuance net share-based payments	-	-	-	-	-	269	-	-	269	269
Delivery of own shares	-	-	(279)	-	692	(435)	-	-	(22)	(22)
At 31 December 2022	**580,655**	**1,058,873**	**(1,443,547)**	**(123,848)**	**(3,150)**	**250**	**3,284**	**(64,960)**	**7,557**	**7,557**

(V) CONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS

For the 12-month periods ending on 31 December 2022 and 2021

(Expressed in thousands of euro)

	Notes	2022 31 December	Restated* 2021 31 December
Operating activities			
LOSS/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		(92,398)	(220,565)
Loss/Profit before tax from discontinued operations		2,410	(22,891)
Loss before income tax		*(89,988)*	*(243,456)*
Adjusmtents to Profit and Loss:		*519,782*	*590,180*
Depreciation and amortization	18.5	354,323	341,044
Impairment of non current assets	18.5	40,756	50,723
Impairment of trade debtors	6.1	4,286	(1,587)
Losses on disposal of non current assets	18.6	24,003	22,843
Result from financial instruments		-	(110)
Finance income	18.7	(65,523)	(35,208)
Finance expenses	18.7	129,616	139,870
Changes of provisions and grants		(17,453)	9,440
Other adjustements of discontinued operations	11	55,475	71,171
Other adjustments to Profit and Loss		(5,756)	(7,995)
Share of (Profit)/loss of companies accounted for using the equity method net of dividends	18.10	55	(11)
Adjusments to working capital:		*38,312*	*7,658*
Changes in trade and other receivables		(33,928)	(40,183)
Change in inventories		(18,863)	(15,168)
Changes in trade and other payables		85,261	86,109
Changes in consumer loan and refinancing commitments		102	397
Change in other assets		(10,919)	9,948
Change in other liabilities		31,342	(35,191)
Changes in working capital of discontinued operations	11	(2,232)	2,856
Current income tax payables		(12,451)	(1,110)
Net cash flow form/(used in) operating activities		*468,106*	*354,382*
Investing activities			
Purcharses of intangible assets	5.3	(17,537)	(9,951)
Development cost	5.3	(6,722)	(2,904)
Payments of property, plant and equipment		(267,180)	(165,192)
Payment of financial instruments		(13,302)	(10,452)
Disposals of intangible assets		-	6
Disposals of property, plant and equipment		24,774	9,728
(Payments)/Collections for other financial assets		(3,498)	(577)
Interest recevied		29,039	11,875
Investment flows of discontinued operations	11	(4,157)	(4,055)
Net cash flow used in investing activities		*(258,583)*	*(171,522)*
Financing activities			
Capital increase, net of cost	12.1	-	257,334
Charge for sale of own shares	12.5 a)	-	(474)
Financial lease payments	13.1 c)	(237,567)	(236,340)
Borrowings repaid		(21,423)	(97,056)
Borrowings made		12,754	6,257
Payments from other financial liabilities		738	14,380
Interest paid		(35,578)	(65,287)
Financing flows of discontinued operations	11	(36,837)	(36,241)
Net cash flow form/(used in) financing activities		*(317,913)*	*(157,427)*
Net changes in cash and cash equivalents		*(108,390)*	*25,433*
Net foreign exchanges differences		(36,856)	(11,353)
Cash and cash equivalents at 1st January		*361,065*	*346,985*
Cash and cash equivalents at 31st December		*215,819*	*361,065*

(VI) Explanatory notes to the consolidated summary interim financial statements for the twelve-month period ending on 31 December 2022

1. CORPORATE INFORMATION

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

Distribuidora Internacional de Alimentación, S.A. is the head of a group comprising subsidiaries (hereinafter Dia Group or the Group).

The main activity of Dia Group is the retail trade of food products by means of self-service shops, its own or under a franchise regime, using the brand name of establishments in the Dia Group. The Parent opened its first establishment in Madrid in 1979.

Dia Group currently uses the brands Dia Market, Dia Maxi, La Plaza de Dia, Clarel, Minipreço and Dia&Go.

Dia shares have been listed on the Spanish stock exchanges since 5 July 2011.

Relevant events occurring during 2022

a) Changes to the Board of Directors and its committees

Mr. Jaime García-Legaz Ponce, having fully fulfilled his three-year term for which he was elected and having expressed his wish that his office would not be subject to re-election at the next General Meeting, effectively stepped down from his position as independent director at the General Shareholders' Meeting held on 7 June 2022.

The 7 June 2022 General Meeting of Shareholders approved the reelection for the statutory period of two years of Mr Stephan DuCharme as executive director, Mr Sergio Ferreira Dias as proprietary director and Mr José Wahnon Levy as an independent director. It also ratified the appointment by co-option of Mr. Vicente Trius Oliva agreed by the Board of Directors at the meeting held on 29 September 2021 and re-elected him for the statutory period of two years as an independent director. The GMS appointed Ms. Gloria Hernández García as an independent director for the statutory period of two years. Lastly, the Board fixed the number of its members at eight and agreed to maintain the vacancy existing following the resignation of Ms Basola Vallés Cerezuela on 18 April 2022.

At the 7 June 2022 meeting, the Board of Directors approved the appointment of Ms Gloria Hernández García as a member of the Audit and Compliance Committee and Mr Vicente Trius Oliva as a member of the Appointments and Remuneration Committee.

On 29 August 2022 the Board of Directors accepted the resignation of the Chairman of the Board of Directors and of the Global CEO (chief executive officer) of the parent Company and of the Dia Group. Pursuant to the above, the Board of Directors: (i) accepted the resignation of Mr. Stephan DuCharme as executive director of the Parent Company, continuing as a director (with the status of external proprietary director) and as non-executive chairman of the Board of Directors; (ii) approved the appointment of Mr. Martín Tolcachir (until then CEO of Dia Argentina) as Global CEO (chief executive officer and managing director) of the Parent Company and of the Dia Group; and (iii) as a consequence of the separation of positions, it approved the removal of the position of coordinating independent director, with Ms. Luisa Desplazes de Andrade Delgado stepping down from the exercising thereof.

At 31 December 2022, the Parent's Board of Directors and committees were thus made up as follows:

Board of Directors:

Chairperson:	Mr. Stephan DuCharme (External Proprietary Director and non-executive chairman).
Directors:	Mr. Sergio Antonio Ferreira Dias (external proprietary director).
	Mr. José Wahnon Levy (independent director).
	Mr .Marcelo Maia Tavares (another external director).
	Mr. Vicente Trius Oliva (independent director).
	Mrs.Luisa Desplazes de Andrade Delgado (independent director).
	Mrs.Gloria Hernández García (independent director).

Audit and Compliance Committee:

Chairperson:	Mr. José Wahnon Levy (independent director).
Directors:	Mr. Sergio Antonio Ferreira Dias (external proprietary director).
	Mrs.Gloria Hernández García (independent director).

Appointments and Remuneration Committee:

Chairperson:	Mrs.Luisa Desplazes de Andrade Delgado (independent director).
Directors:	Mr. Marcelo Maia Tavares (another external director).
	Mr. Vicente Trius Oliva (independent director).

b) General Meeting of Shareholders of the Parent Company

The General Meeting of Shareholders of the parent company was held on 07 June 2022 and the following resolutions, amongst others, were adopted: (i) Approval of the annual accounts, individual and consolidated management reports, non-financial reporting statement and proposed application of results for the 2021 financial year; (ii) Approval of the management of the Board of Directors during the 2021 financial year; (iii) Reelection of Ernst & Young S.L. as auditor of the Company and consolidated group accounts for the 2022 financial year; (iv) Modification of the corporate bylaws to reduce the period for the position of director to two years; (v) Reelection of Mr. Stephan DuCharme as executive director, Mr. Sergio Ferreira Dias as proprietary director and Mr. José Wahnon Levy as an independent director; (vi) Ratification of the appointment by co-option and reelection of Mr. Vicente Trius Oliva as an independent director; (vii) Appointment of Ms. Gloria Hernández García as an independent director; (viii) Fixing of the number of members of the Board of Directors at eight; (ix) Approval of the director remuneration policy; (x) Consultative vote on the annual report on director remuneration for the 2021 year; (xi) Delegations to issue shares and convertible bonds and exclusion of the right of preferential subscription; (xii) Approval of the reduction to 15 days of the term to call Extraordinary General Meetings; and (xiii) Delegation of powers to formalise, interpret, redress and implement agreements adopted by the General Meeting.

c) Impact of the conflict in Ukraine

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

The Parent Company informed the CNMV, through publications of Other Relevant Information, dated 28 February 2022, 15 March 2022 and 22 March 2022 that, within the framework of EU restrictive measures in response to the crisis in Ukraine and, specifically, in relation to the international sanctions imposed against Russia, the Parent Company is controlled by the luxembourg company LetterOne Investment Holdings S.A. ("LIHS"), with a 77.704% stake in its share capital and, furthermore, that, according to the information available at the time from LIHS, no individual LIHS shareholder holds, either individually or by agreement with other shareholders, control of LIHS. Consequently, the Parent Company is not affected by the international sanctions adopted in response to the crisis in Ukraine. This situation remains unchanged as at the date of the drawing up of these consolidated summary interim financial statements.

d) Corporate Operations

In 2022, the Group announced two corporate operations in Spain (see details in note 11). On 2 August, the sale of the large format stores business to Alcampo, S.A. (hereinafter Alcampo) (that operated most of all as Dia Maxi and La Plaza de Dia) was announced and on 23 December the sale of the brand Clarel, the Group's personal and home care business which operated the consolidated judicial entity Beauty by Dia, S.A) , to C2 Private Capital, S.L. These operations are pending fulfilment of different conditions and are expected to materialise during 2023. These corporate operations are part of the Group's strategy of focusing on proximity stores and the food distribution business.

The performance of these corporate operations entailed the classification of the assets sold as non-current assets held for sale in the consolidated summary statement of financial position and the result thereof as a result of discontinued operations in the consolidated summary income statement.

e) Profit/(loss) evolution during the year

The data for the year show consistent growth in the Dia Group's business supported by a differential value proposition for clients. Without taking into account the classification to discontinued operations of the Clarel business and the large format stores business agreed in the sale to Alcampo, net sales have grown by +9.6% compared to 2021 to 7,285.8 million euros and the Adjusted EBITDA stands at 200.4 million euros, improving 76.1 million euros compared to 2021, as indicated in note 3, reaching an adjusted EBITDA margin of 2.8%, 0.9bp higher than 2021 despite the high inflationary cost environment. The above data show an improvement compared to 2021 as a result of the consolidation of the strategic initiatives started in 2019 by the Group. Regarding the attributable net result, the loss is reduced by 51.9% reaching -123.8 million euros, 133.5 million euros better than in 2021.

The Group considers that during 2022 a significant progress has been made on this strategic roadmap that is based on three pillars: the deployment of a differentiating value proposition for its customers, both in store and online, with a renewed assortment and a great quality own brand at affordable prices; the strengthening of its relationship with its network of franchisees, allies in its ambition to be the favourite proximity store for customers, and also for suppliers; and in the technological transformation that allows greater efficiency in operations and generates value for the business through digital levers such as the e-commerce service.

This new Dia is highly implemented in Spain and Argentina, where 809 and 255 stores, respectively, have been transformed in the last year. In addition, 23 new stores have opened in Spain and 101 in Argentina. In this way, 2,211 stores of the new model, 77% of its proximity network, are already operating on these two markets and the entire renovation is expected to be completed during 2023. The business improvement in these two countries means that they perform above the market average, having gained share in the last half of the year.

For a better comparability of the result of the business, the main magnitudes without taking into account the classification to discontinued operations have been the following:

	2022 31 december	2021 31 december	Variation Absolute	 %
Net sales	7,285.8	6,647.7	638.1	9.6%
EBITDA Adjusted	200.4	124.3	76.1	61.2%
Margin EBITDA Adjusted	2.8%	1.9%	0,9pp	47.1%
EBITDA	347.9	299.0	48.9	16.4%
EBIT	(122.7)	(176.0)	53.3	30.3%
Net result	(123.8)	(257.3)	133.5	51.9%

Once the Clarel business and the large-format stores business agreed in the sale to Alcampo have been classified as discontinued operations, the main magnitudes of the income statement, which are presented in these consolidated summary interim financial statements, are as follows:

For the 12-month periods ending 31 December 2022 and 20211
(Thousands of euro)

	2022 31 december	2021 31 december	Variation Absolute	 %
Net sales	6,524.3	5,900.1	624.2	10.6%
EBITDA Adjusted	176.4	111.9	64.5	57.6%
Margin EBITDA Adjusted	2.7%	1.9%	0,8pp	42.6%
EBITDA	290.0	256.3	33.7	13.1%
EBIT	(129.1)	(158.3)	29.2	18.4%
Net result	(123.8)	(257.3)	133.5	51.9%

2. BASIS OF PRESENTATION

2.1. Basis of Preparation of the Consolidated Summary Interim Financial Statements

The directors of the parent have prepared these consolidated summary interim financial statements for the twelve-month period ended 31 December 2022 from the accounting records of Distribuidora Internacional de Alimentación S.A. and subsidiaries. These interim financial statements were prepared in accordance with IAS 34 Interim Financial Reporting and do not include all the financial reporting required for annual accounts prepared in accordance with International Financial Reporting Standards, as adopted by the EU (IFRS-EU). However, selected notes are included to explain facts and transactions relevant to understanding the changes in the consolidated financial situation of Dia Group and its consolidated financial performance since the last financial statements for the financial year ending on 31 December 2021.

Dia Group has adopted the latest version of all applicable standards published by the IASB and adopted by the European Union Regulatory Commission, whose implementation has been mandatory as of 31 December 2022.

The comparison of the consolidated abbreviated interim financial statements shows annual periods ending on 31 December 2022 and 2021. The consolidated summary interim financial statements for the financial year of 2022 present for comparative purposes, with each of the items of the consolidated financial statements, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and the explanatory notes of the consolidated summary interim statements, in addition to the figures for the financial year of 2022, those corresponding to the previous financial year, which differ from those approved by the Ordinary General Shareholders' Meeting of the Parent Company on 7 June 2022 due to the classification of the Clarel business and the large format store business as agreed in the sale to Alcampo mentioned in the previous note 1 d), following the communications made for the sale of both businesses, and therefore, in accordance with the requirements of IFRS 5, the comparative figures for the financial year of 2021 have been re-expressed to classify the earnings of both businesses in a single line of the consolidated income statement under the heading “Earnings from discontinued activities.” See details of discontinued operations in note 11.

The subsidiaries currently in the Group are the same ones in it at 31 December 2021.

Dia Group subsidiaries consolidate under the full integration or equity method.

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

2.2. Accounting principles

The accounting policies used in the preparation of these consolidated summary interim financial statements are the same as those applied for the financial year ended 31 December 2021, since none of the standards, interpretations or amendments applicable for the first time this financial year impacted the Group's accounting policies.

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 analyses performed to date, it estimates that their initial application will not significantly impact its consolidated financial statements.

2.3. Classification of Argentina as a hyperinflationary country

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

Consequently, in accordance with IFRS-EU, Argentina is considered a hyperinflationary economy for accounting purposes for the years ending after 1 July 2018. The application of IAS 29 in the consolidated summary interim financial statements for the financial year of 2022 and the consolidated annual accounts for financial year of 2021 of the Group is performed in accordance with the following criteria:

- Hyperinflation accounting was applied to all the assets and liabilities of the subsidiary companies Dia Argentina and Distribuidora internacional, S.A. before the conversion.

- 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 was 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 difference between equity at the closing of the prior year and at the start of the year in reserves, together with the accumulated exchange differences up to that date, 1 January 2018. In 2020, as a result of the interpretation issued by the International Financial Reporting Standards Interpretations Committee, the parent adopted the accounting policy of recording changes in equity relating to currency effects and the effect of inflation in full under “Translation Differences”. Comparative figures were restated in 2019, although the net equity figure remained unchanged with this change in presentation. Therefore, the Group has adopted the accounting policy of recognition of changes in equity related to the currency effect and hyperinflation effect under “Translation Differences” in their entirety.

- The Group has adjusted the consolidated income statement at 31 December 2022 and 31 December 2021 to reflect the financial profit relating to the impact of inflation on net monetary assets.

- The different items on the consolidated summary income statement and the consolidated summary cash flow statement at 31 December 2022 and 31 December 2021 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 2022 was 94.79% (50.94% at 31 December 2021). This rate was obtained from information issued by the public organisation INDEC (National Statistics and Census Institute), an Argentinian 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	Month	Index	Month	Index
Jan-17	1.015859	Jan-18	1.26989	Jan-19	1.89706	Jan-20	2.89976	Jan-21	4.01507	Jan-22	6.05032
Feb-17	1.036859	Feb-18	1.30061	Feb-19	1.96849	Feb-20	2.95815	Feb-21	4.15859	Feb-22	6.33434
Mar-17	1.061476	Mar-18	1.33105	Mar-19	2.06061	Mar-20	3.05706	Mar-21	4.35865	Mar-22	6.76057
Apr-17	1.089667	Apr-18	1.36751	Apr-19	2.13159	Apr-20	3.10281	Apr-21	4.53650	Apr-22	7.16940
May-17	1.105301	May-18	1.39589	May-19	2.19680	May-20	3.15067	May-21	4.68725	May-22	7.53147
Jun-17	1.118477	Jun-18	1.44805	Jun-19	2.25651	Jun-20	3.22314	Jun-21	4.83605	Jun-22	7.93028
Jul-17	1.137852	Jul-18	1.49297	Jul-19	2.30601	Jul-20	3.28201	Jul-21	4.98099	Jul-22	8.51761
Aug-17	1.153819	Aug-18	1.55103	Aug-19	2.39729	Aug-20	3.37063	Aug-21	5.10394	Aug-22	9.11132
Sep-17	1.175719	Sep-18	1.65238	Sep-19	2.53838	Sep-20	3.46621	Sep-21	5.28497	Sep-22	9.67308
Oct-17	1.193528	Oct-18	1.74147	Oct-19	2.62198	Oct-20	3.59657	Oct-21	5.47080	Oct-22	10.28706
Nov-17	1.209940	Nov-18	1.79639	Nov-19	2.73354	Nov-20	3.71021	Nov-21	5.60918	Nov-22	10.79279
Dec-17	1.247956	Dec-18	1.84255	Dec-19	2.84834	Dec-20	3.85883	Dec-21	5.82458	Dec-22	11.34588

The most significant impacts on the consolidated financial statement deriving from inflation in Argentina relate to the revaluation of property, plant and equipment (see Note 4) and the corresponding effect on deferred taxes (see Note 15). The impact of inflation on non-monetary items has been included as translation differences.

The impact of the change in net monetary position at 31 December 2022 and 31 December 2021 was recognised as financial profit (see Note 18.9).

2.4. Going concern

The Directors of the Parent Company have prepared these consolidated summary statements for the year ending on 31 December 2020 on a going concern basis.

At 31 December 2022, consolidated net equity came to 7.6 million euros (93.6 million euros at 31 December 2021) and working capital, calculated as current assets less current liabilities, excluding assets and liabilities held for sale, was negative, amounting to minus 983 million euros (minus 771 million euros at 31 December 2021). The consolidated loss for 2021 amounts to 124 million euros (consolidated loss of 257 million euros in 2021) and the net consolidated variation in cash and cash equivalents was a negative amount of 145 million euros (positive amount of 14 million euros in 2021).

As for the parent company, at 31 December 2022, equity came to 667 million euros (838 million euros at 31 December 2021).

In addition, at 31 December 2022, the Group had available liquidity at the consolidated level of 350.5 million euros, which include the available balances of the financing obtained and the cash and other equivalent liquid assets existing at this date. Likewise, during 2023 the Group will have additional net liquidity as a result of the corporate operations mentioned in notes 1 d) and 13. Within this context, the directors consider the Group will continue to operate on a going concern basis.

3. OPERATING SEGMENT INFORMATION

Information is provided on the following operating segments:

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

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

This underlying operating result serves the Global CEO to analyse segment results by eliminating restructuring costs, the effect of IFRS 16 on rents and the effect of IAS 29 on hyperinflation, which are lines on the income statement that do not directly depend on segment operations. This underlying operating result is the basis for the Group's decision-making focused on improving the segment operating result or certain corporate expenses.

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

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

2022	SPAIN	PORTUGAL	ARGENTINA	BRAZIL	CONSOLIDATED
Sales (1)	3,674,742	595,975	1,364,130	889,473	6,524,320
Adjusted EBITDA	123,584	10,478	51,586	(9,293)	176,355
% of sales	3.36%	1.76%	3.78%	(1.04)%	2.70%
Non-current assets	1,167,236	218,645	256,430	260,855	1,903,166
Assets held for sale	309,012	-	-	-	309,012
Liabilities	2,085,664	263,414	358,891	327,683	3,035,652
Liabilities held for sale	77,731	-	-	-	77,731
Acquisition of non-current assets (2)	181,261	5,085	73,704	9,158	269,208
Number of outlets (3)	2,394	463	994	608	4,459
Number total of outlets total	3,634	463	994	608	5,699

2021	SPAIN	PORTUGAL	ARGENTINA	BRAZIL	CONSOLIDATED
Sales (1)	3,462,181	592,919	1,042,876	802,079	5,900,055
Adjusted EBITDA	80,092	11,939	30,418	(10,581)	111,868
% of sales	2.31%	2.01%	2.92%	(1.32)%	1.90%
Non-current assets	1,347,026	238,811	181,231	251,155	2,018,223
Liabilities	2,117,306	265,136	297,200	297,610	2,977,252
Acquisition of non-current assets (2)	159,695	22,098	35,481	28,393	245,667
Number of outlets (3)	2,503	499	912	737	4,651
Number total of outlets	3,789	499	912	737	5,937

(1) Eliminations in the turnover derived from consolidation are included within the Spain segment.
(2) Right-of-use assets are not included.
(3) Number of outlets excluding shops whose sales have been reclassified to discontinued operations.

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

Thousands of euro	SPAIN	PORTUGAL	ARGENTINA	BRAZIL	TOTAL DECEMBER 2022
Losses	**(61,567)**	**(20,094)**	**29,666**	**(71,853)**	**(123,848)**
Net financial expense	51,191	7,688	(17,595)	22,809	64,093
Income tax	512	1,044	30,419	1,885	33,860
Depreciation and amortization	221,300	37,150	43,340	52,533	354,323
Pérdida de las actividades interrumpidas	(2,410)	-	-	-	(2,410)
Gain from net monetary positions	-	-	(100,818)	-	(100,818)
Profit/(Losses) of companies accounts for using the equity method	55	-	-	-	55
Impairment of non-current assets	23,760	127	876	15,993	40,756
Losses on disposal of non current assets	8,403	(64)	18,127	(2,463)	24,003
Restructuring Cost and Long-Term Incentive Plans	**26,980**	**6,329**	**622**	**16,433**	**50,364**
Expenses relating to store and warehouses closings	-	-	-	10,280	10,280
Expenses related to the transfer of own shops to franchises	22,475	5,157	-	-	27,632
Expenses to efficiency projects	13,105	1,401	828	-	15,334
Other special projects					
Other expenses	(60)	-	2,226	8,890	11,056
Expenditure related to Long-Term Incentive Plans	(8,540)	(229)	(2,432)	(2,737)	(13,938)
IFRS 16 leases	(144,640)	(21,702)	(23,066)	(44,630)	(234,038)
NIC 29 hyperinflationary standard effect	-	-	70,015	-	70,015
EBITDA ajustaded	**123,584**	**10,478**	**51,586**	**(19,573)**	**176,355**

Thousands of euro	SPAIN	PORTUGAL	ARGENTINA	BRAZIL	TOTAL DECEMBER 2021
Net profit/(losses)	**(186,240)**	**(19,483)**	**(11,689)**	**(39,919)**	**(257,331)**
Net financial expense	72,663	7,985	7,303	16,711	104,662
Losses from financial instruments	(110)	-	-	-	(110)
Income tax	(1,250)	52	19,301	(4,228)	13,875
Depreciation and amortization	226,338	38,087	30,043	46,576	341,044
Losses net of taxes of discontinued operations	22,891	-	-	-	22,891
Gain from net monetary positions	-	-	(42,262)	-	(42,262)
Losses of companies accounts for using the equity method	(11)	-	-	-	(11)
Impairment of non-current assets	44,933	4,124	1,153	513	50,723
Losses on disposal of non current assets	4,455	(176)	17,984	580	22,843
Restructuring Cost and Long-Term Incentive Plans	**44,773**	**5,014**	**2,857**	**8,201**	**60,845**
Expenses related to the transfer of own shops to franchise	13,604	1,717	-	-	15,321
Expenses relating to store and warehouses closings	14,668	1,146	128	6,540	22,482
Expenses to efficiency projects	4,805	1,446	877	49	7,177
Other special expenses					
Other expenses	4,676	76	-	38	4,790
Expenditure related to Long-Term Incentive Plans	7,020	629	1,852	1,574	11,075
IFRS 16 leases	(148,350)	(23,664)	(20,223)	(39,015)	(231,252)
NIC 29 hyperinflationary standard effect	-	-	25,951	-	25,951
EBITDA ajusted	**80,092**	**11,939**	**30,418**	**(10,581)**	**111,868**

For informational purposes, a reconciliation of the adjusted EBITDA with the headings of the consolidated income statement for 2022 and 2021, if it had not been restated to present the activities of the Clarel business and the large-format stores business agreed in the sale to Alcampo as discontinued, is shown below:

Thousands of euro	SPAIN	PORTUGAL	ARGENTINA	BRAZIL	TOTAL DECEMBER 2022
Losses	**(61,567)**	**(20,094)**	**29,666**	**(71,853)**	**(123,848)**
Net financial expense	55,168	7,688	(17,595)	22,809	68,070
Income tax	512	1,044	30,419	1,887	33,862
Depreciation and amortization	263,240	37,150	43,340	52,533	396,263
Gain from net monetary positions	-	-	(100,818)	-	(100,818)
Profit/(Losses) of companies accounts for using the equity method	55	-	-	-	55
Impairment of non-current assets	32,969	127	876	15,993	49,965
Losses on disposal of non current assets	8,751	(64)	18,127	(2,463)	24,351
Restructuring Cost and Long-Term Incentive Plans	**25,828**	**6,329**	**622**	**16,433**	**49,212**
Expenses related to the transfer of own shops to franchises	22,475	5,157	-	-	27,632
Expenses relating to store and warehouses closings	-	-	-	18,366	18,366
Expenses to efficiency projects	11,953	1,401	828	-	14,182
Other special projects					
Other expenses	(60)	-	2,226	804	2,970
Expenditure related to Long-Term Incentive Plans	(8,540)	(229)	(2,432)	(2,737)	(13,938)
IFRS 16 leases	(177,319)	(21,702)	(23,066)	(44,630)	(266,717)
NIC 29 hyperinflationary standard effect	-	-	70,015	-	70,015
EBITDA ajustaded	**147,638**	**10,478**	**51,586**	**(9,291)**	**200,411**

Thousands of euro	SPAIN	PORTUGAL	ARGENTINA	BRAZIL	TOTAL DECEMBER 2021
Net profit/(losses)	**(186,240)**	**(19,483)**	**(11,689)**	**(39,919)**	**(257,331)**
Net financial expense	77,862	7,985	7,303	16,711	109,861
Losses from financial instruments	(110)	-	-	-	(110)
Income tax	(1,250)	52	19,301	(4,228)	13,875
Depreciation and amortization	278,277	38,087	30,043	46,576	392,983
Gain from net monetary positions	-	-	(42,262)	-	(42,262)
Losses of companies accounts for using the equity method	(11)	-	-	-	(11)
Impairment of non-current assets	53,262	4,124	1,153	513	59,052
Losses on disposal of non current assets	4,558	(176)	17,984	580	22,946
Restructuring Cost and Long-Term Incentive Plans	**50,423**	**5,014**	**2,857**	**8,201**	**66,495**
Expenses related to the transfer of own shops to franchise	13,604	1,717	-	-	15,321
Expenses relating to store and warehouses closings	14,668	1,146	128	6,540	22,482
Expenses to efficiency projects	10,455	1,446	877	49	12,827
Other special expenses					
Other expenses	4,676	76	-	38	4,790
Expenditure related to Long-Term Incentive Plans	7,020	629	1,852	1,574	11,075
IFRS 16 leases	(184,200)	(23,664)	(20,223)	(39,015)	(267,102)
NIC 29 hyperinflationary standard effect	-	-	25,951	-	25,951
EBITDA ajusted	**92,571**	**11,939**	**30,418**	**(10,581)**	**124,347**

4. TANGIBLE FIXED ASSETS

Details of "Property, plant and equipment" for 2022 and 2021 are as follows:

Net carrying amount	2022	2021
At 1 January	898,398	837,312
Additions	244,587	232,727
Amortisation and depreciation (note 18.5)	(151,266)	(133,519)
Impairment (note 18.5)	(29,857)	(23,479)
Disposals	(30,517)	(19,661)
Transfers to assets held for sale (note 11.1)	(74,844)	-
Translation differences	51,260	27,187
Other movements	(3,446)	(22,169)
At 31 December	904,315	898,398

In 2022, work continued on the refurbishment of a substantial number of stores, which had been commissioned in 2021, as mentioned in note 1.d).

The deregistrations occurring in 2022 mainly include those associated with the aforementioned refurbishments in Spain and Argentina, as well as the sale of the Arroyomolinos warehouse in Spain and store closures in Brazil.

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

The strong impact on conversion differences is due to the evolution of the Argentine peso exchange rate and to a lesser extent the Brazilian real exchange rate.

As a result of impairment tests performed based on the updated business plan, a value impairment was recorded in 2022 amounting to 29,857 thousand euros, essentially corresponding to the impairment of stores in Spain and Brazil. The impairment recorded in 2021, amounting to 23,479 thousand euros, corresponded essentially to the impairment of stores in Spain and Portugal, and the reversal of the impairment of stores in Brazil.

5. INTANGIBLE ASSETS

5.1. Goodwill

The "Goodwill" allocation at 31 December 2022 and 31 December 2021 was as follows:

Thousands of Euros	2022	2021
Spain	286,543	411,348
Portugal	39,754	39,754
Total	326,297	451,102

The variation of 124,805 thousand euros, registered during 2022 exercise, was essentially the result of the transfer to assets held for sale, amounting to 119,344 thousand euros, of which 108,524 thousand euros (see note 11) corresponding to the forthcoming sale of large format stores to Alcampo, and 10,820 thousand euros with regard to the sale of the Clarel business, with the latter having been impaired following the transfer to non-current assets held for sale, in order to bring it to its fair value (note 11.1). In addition, due to the impairment tests performed, a value impairment loss was recorded in 2022 amounting to 5,611 thousand euros (see note 18.5), corresponding to the impairment of consolidation goodwill assigned to those stores where the analysis resulted in the need to reflect an impairment. In addition, goodwill has been registered for the amount of 150 thousand euros. The remaining goodwill arising on consolidation, which is tested for impairment at the entity level, has not reflected a need for any impairment.

5.2. Right-of-use assets

The evolution of the "Right-of-use assets" entry during the first half of 2022 and 2021 was as follows:

Net carrying amount	2022	2021
At 1 January	505,318	569,369
Additions	297,854	199,199
Depreciation (note 18.5)	(190,732)	(191,732)
Disposals and impairment	(56,104)	(50,563)
Value update	22,145	12,236
Transfers to assets held for sale (note 11.1)	(56,495)	-
Translation differences	2,409	29
Other movements	(31,718)	(33,220)
At 31 December	492,677	505,318

The impact on conversion differences is due to the evolution of the exchange rate of the Argentine peso, and to a lesser extent of the Brazilian real.

5.3. Other intangible assets

The evolution of the “Other intangible assets” entry during the first half of 2022 and 2021 was as follows:

Net carrying amount	2022	2021
At 1 January	24,434	27,529
Additions	24,471	12,940
Amortisation and depreciation (note 18.5)	(12,325)	(15,793)
Impairment (note 18.5)	(89)	(291)
Disposals	(81)	(7)
Transfers to assets held for sale (note 11.1)	(324)	-
Translation differences	1,089	218
Other movements	114	(162)
At 31 December	37,289	24,434

Additions registered in 2022 and 2021 mainly include development expenses corresponding to IT projects produced internally in Spain for an amount of 6,722 thousand euros (2,904 thousand euros in 2021) and acquisitions of IT applications, mainly in Spain for an amount of 12,773 thousand euros, and in Argentina for an amount of 2,557 thousand euros (in 2021 mainly in Spain for a total of 6,565 thousand euros and in Argentina for the amount of 2,328 thousand euros).

6. FINANCIAL ASSETS

The details of financial assets included in the statements of financial position were as follows:

Thousands of Euros	2022	2021
Non-current assets		
Trade and other receivables	11,316	15,386
Other Non-current financial assets	60,476	61,772
Current assets		
Trade and other receivables	199,087	178,031
Consumer loans from financing activities	908	1,010
Other current financial assets	7,673	4,879
TOTAL	279,460	261,078

The current trade receivables balance at 31 December 2022 increased due to the incorporation of franchises in Brazil with the new franchise management model 2021 whereby the collection of invoiced deliveries to franchisees is performed in accordance with the cash generated at the franchisee point of sale terminal and due to the increase in advances from suppliers in Argentina from commercial agreements.

6.1. Trade and other receivables

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

Thousands of Euros	2022	2021
Trade and other receivables	11,316	15,386
Total non-current	11,316	15,386
Trade and other receivables	185,817	163,378
Other receivables	7,471	4,171
Receivables from suppliers	5,251	9,983
Advances to suppliers	541	495
Receivables from associates companies	7	4
Total current	199,087	178,031

a) Trade receivables

This caption sets out current and non-current trade receivables from goods sales to its franchisees. The composition of these receivables is as follows:

Thousands of Euros	2022	2021
Trade and other receivables non current	11,316	15,386
Trade and other receivables current	239,619	216,082
Total Trade and other receivables	250,935	231,468
Impairment loss	(53,795)	(52,704)
Total	197,140	178,764

b) Receivables from suppliers

This caption includes balances with suppliers that have become debtors as a result of the charge notes issued for discounts of various kinds in accordance with the commercial conditions agreed with them.

The Group did not sign commercial credit assignment agreements for non-recourse suppliers in 2022 nor in 2021.

c) Trade receivables from other related parties

In 2022 and 2021, transactions were carried out with the companies ICDC and Horizon (see Note 20), mainly relating to trade operations. Balances at 31 December 2022 and 2021 are shown below:

Thousands of Euros	2022	2021
Holand&Barret Benelux	7	-
Horizon	-	4
Commercial debts with other related parties	7	4

d) Impairment

The movements in valuation corrections from impairment of accounts receivable in 2022 and 2021 were as follows:

2022

Thousands of Euros	Customer for sales (note 6.1 a))	Other debtors	Credits receivable from suppliers	Total
At 1st January	**(52,704)**	**(3,004)**	**(4,275)**	**(59,983)**
Charge	(7,622)	(101)	(218)	(7,941)
Applications	1,279	(81)	-	1,198
Reversals	3,559	188	(92)	3,655
Transfer	-	1,713	-	1,713
Transfers to assets held for sale	2,647	1	184	2,832
Other movements	(583)	-	2	(581)
Translation differences	(371)	(329)	88	(612)
At 31st December de 2022	**(53,795)**	**(1,613)**	**(4,311)**	**(59,719)**

2021

Thousands of Euros	Customer for sales (note 6.1 a))	Other debtors	Credits receivable from suppliers	Total
At 1st January	**(54,477)**	**(6,896)**	**(6,835)**	**(68,208)**
Charge	(5,680)	(1,468)	-	(7,148)
Applications	1,702	4,961	-	6,663
Reversals	5,851	379	2,505	8,735
Other movements	(484)	42	23	(419)
Translation differences	384	(22)	32	394
At 31st December de 2021	**(52,704)**	**(3,004)**	**(4,275)**	**(59,983)**

6.2. Other financial assets

The details of “Financial Assets” were as follows:

Thousands of Euros	2022	2021
Equity instruments	44	44
Guarantees	60,396	61,671
Other loans	36	57
Total non-current	**60,476**	**61,772**
Franchise deposits	160	610
Credits to personnel	1,604	2,299
Other loans	103	-
Loans on the sale of fixed assets	35	31
Derivates	4,341	-
Other finantial assets	1,430	1,939
Total current	**7,673**	**4,879**

Bonds and other deposits include legal deposits made in Brazil, which at 31 December 2021 were reducing the provisions referred to in note 13. On the other hand, deposits amounting to 17,002 thousand euros were recovered in Brazil during the financial year of 2022.

At 31 December 2022 the Group evaluated and decided to apply hedge accounting to contracts arranged to hedge against the interest rate risk that the Group has contracted on its debt.

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Details of equity-accounted investees at 31 December 2022 and 2021 are as follows:

	At 31st December 2022	At 31st December 2021
ICDC Services Sárl in liquidation	50%	50%
Horizon International Services Sàrl	25%	25%

The key financial indicators of these companies in 2022 and 2021 are as follows:

	ICDC Services Sárl in liquidation		Horizon	
Thousands of euro	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Current assets				
Cash and cash equivalents	193	142	1,361	1,286
Other current assets	4	144	417	6,270
Total current assets	**197**	**286**	**1,778**	**7,556**
Non current assets	-	-	-	-
Current liabilities				
Other current liabilities	17	48	388	6,098
Total current liabilities	**17**	**48**	**388**	**6,098**
Net assets	**180**	**238**	**1,390**	**1,458**
Reconciliation with net carrying amount				
Net assets at 1 January	**238**	**258**	**1,458**	**340**
Annual profit (losses)	(58)	(20)	(68)	91
Dividends paid	-	-	-	-
Shareholder contributions	-	-	-	-
Net assets at year end	**180**	**238**	**1,390**	**431**
Part of group %	50%	50%	25%	25%
Part of the group in thousands of euro	90	119	348	365
Net carrying amount	**90**	**119**	**348**	**365**

The impact on the income statement of the integrated companies applying the equity method at 31 December 2022 amounts to 55 thousand euros of expenditure, once the stake of the company ICDC Services Sárl in liquidation has been adjusted in 8 thousand euros in company DWT (11 thousand euros of revenue in 2021) (see note 18.10).

8. OTHER ASSETS

Details of other assets were as follows:

Thousands of Euros	2022 Current	2021 Current
Prepayments for operating leases	5,154	2,609
Prepayments for guarantees	-	25
Prepayments for insurance contracts	1,924	1,970
Other prepayments	2,549	2,778
Total other assets	9,627	7,382

9. STOCKS

Details of stocks were as follows:

Thousands of Euros	2022	2021
Goods for resale	413,774	449,432
Other supplies	3,867	2,571
Total inventories	417,641	452,003

Reductions in the value of inventories to their net realisable value amounted to 5,826 thousand euros at 31 December 2022 (7,563 thousand euros at 31 December 2021).

At 31 December 2022 there were no restrictions of any kind on the availability of stocks.

10. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents were as follows:

Thousands of Euros	2022	2021
Cash and current account balances	114,443	267,445
Cash equivalents	101,376	93,620
Total	215,819	361,065

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

The evolution of the cash flow is determined by positive cash generation by the business and cash outflows owing to the substantial investment effort made by the company during 2022, that has made the acquisition of fixed asset 269,608 thousand euros (see note 3) and the payment of interest and debt by financial entities (see cash flow statement).

Distribuidora Internacional de Alimentación, S.A. Edificio TRIPARK – Parque Empresarial – C/ Jacinto Benavente 2A 28232 Las Rozas de Madrid – Madrid
Tel.: +34 91 398 54 00 – Fax: +34 91 555 77 41 – www.diacorporate.com
Tax ID number: A-28164754 – Company filed with the Mercantile Registry of Madrid on 9 December 1966 in Companies Volume 2.063, sheet 91, page 11.719

11. DISPOSAL GROUPS OF ITEMS HELD FOR SALE AND DISCONTINUED OPERATIONS

11.1. Non-current assets and liabilities held for sale as of 31 December 2022

On August 2, 2022, the Parent Company disclosed, together with two subsidiaries wholly owned indirectly by the Parent Company, namely, Dia Retail España, S.A.U. ("Dia Retail") and Grupo El Árbol, Distribución y Supermercados, S.A.U. ("GEA", jointly with the Parent Company and Dia Retail, the "Sellers") an agreement for the sale and purchase of real estate and movable assets and the transfer of certain titles of possession, use and enjoyment of certain establishments (the "Agreement"), whereunder the Sellers will sell, transfer or assign, as applicable, to Alcampo, S.A. (i) a portfolio of up to a maximum of 235 supermarkets, (ii) two logistics warehouses located in Villanubla (Valladolid) and (iii) certain agreements, licences, assets and employees related with said establishments and logistics warehouses (the "Transaction"). The price of the Transaction, which will be paid in full in cash, may vary depending on, amongst other parameters, the total number of assets ultimately transferred. The Company expects to dedicate the resources obtained to accelerate the implementation of its strategic plan by completing the process of remodelling the proximity stores of its current network, in addition to accelerating new openings within this same format. The conclusion of the Transaction is subject to the fulfilment or waiver, as regulated by the Agreement, of the following conditions precedent on or before 15 April 2023: (i) acquisition by the purchaser of merger control authorisation by the European Commission and/or the National Markets and Competition Commission, (ii) obtaining by the Sellers of authorisation by the financial entities of the syndicated financing of the Company for the implementation of the Transaction and (iii) transferability of a certain number of stores, varying in line with various parameters. The parent Company does not expect any negative accounting impacts in its consolidated income statement arising from the Transaction. The parent Company shall report in due time on fulfilment of the conditions precedent and on the final price of the Transaction.

On 23 December 2022, the Parent Company reported that its wholly owned subsidiary Dia Retail had signed a share purchase agreement (the "Agreement") whereunder Dia Retail will transfer to C2 Private Capital, S.L. (the "Purchaser") its wholly owned subsidiary, Beauty by Dia, S.A.U. ("Clarel") (the "Clarel Transaction"). The deal reached, amongst other assets, includes 1,015 Clarel stores spread across the country and three distribution centres. Dia Retail is expected to dedicate the resources obtained to accelerate the implementation of its strategic plan by completing the process of remodelling the proximity stores of its current network, in addition to accelerating new openings within this same format. The conclusion of the Transaction is subject to the fulfilment or waiver, as regulated by the Agreement, of the following conditions precedent on or before 30 June 2023: (i) obtaining by the purchaser of merger control authorisation from the European Commission and/or the National Markets and Competition Commission, and (ii) adoption by the Purchaser of certain measures for the financial insurance of Clarel goods. The Company shall report in due time on fulfilment of the conditions precedent once it has been carried out.

The detail of the assets and liabilities of both businesses, reclassified to held for sale in the financial year of 2022, has been set out below:

Thousands of Euros	2022	Clarel Business	Large Format Stores Business
Assets			
Porperty, plant and equipment (note 4)	71,204	19,946	51,258
Goodwill (note 5.1)	108,524	-	108,524
Use of right (note 5.2)	53,453	16,447	37,006
Other intangible assets (note 5.3)	289	192	97
Trade and other receivables	1,480	1,480	-
Other non-non current finacial assets	3,133	3,133	-
Inventories	55,446	55,446	-
Trade and other receivables	11,231	11,231	-
Other current financial assets	52	52	-
Other assets	42	42	-
Cash and cash equivalents	4,158	4,158	-
Non-current assets held for sale	**309,012**	**112,127**	**196,885**
Liabilities			
Non-current borrowings	31,890	11,756	20,134
Provisions	1,220	1,220	-
Current borrowings	23,434	10,804	12,630
Trade and other payables	7,327	7,327	-
Current tax liabilities	2,337	2,337	-
Current income tax liabilities	11,523	11,523	-
Liabilities directly associated with non-current assets held for sale	**77,731**	**44,967**	**32,764**

As a result of the fair value consolidation of non-current assets in the Clarel business, goodwill has been impaired by the amount of 10,820 thousand euros (note 5.1), tangible fixed assets by the amount of 3,640 thousand euros (note 4), usage rights for the amount of 3,042 thousand euros (note 5.2), and other intangible assets for the amount of 35 thousand euros (note 5.3). The large format store business has no negative impacts.

11.2. Information on earnings and cash flows from discontinued operations

Earnings from the Group's discontinued operations for the financial years of 2022 and 2021, as mentioned in note 2.1, are as follows:

Thousands of Euros	2022	Clarel Business	Large Format Stores Business	2021	Clarel Business	Large Format Stores Business
Income	762,115	261,504	500,611	748,144	257,793	490,351
Amortisation and depreciation	(41,940)	(17,196)	(24,744)	(51,939)	(19,257)	(32,682)
Impairment	(9,210)	(18,665)	9,455	(8,329)	(1,121)	(7,208)
(Losses)/Gains on disposal of fixed assets	(348)	(310)	(38)	(103)	6	(109)
Expenses	(704,230)	(242,749)	(461,481)	(705,465)	(244,936)	(460,529)
Gross Margin	**6,387**	**(17,416)**	**23,803**	**(17,692)**	**(7,515)**	**(10,177)**
Financial expenses	(3,977)	(1,723)	(2,254)	(5,199)	(1,986)	(3,213)
Loss before taxes of discontinued operations	**2,410**	**(19,139)**	**21,549**	**(22,891)**	**(9,501)**	**(13,390)**
Net gain obteined on the sale of Group's companies	**2,410**	**(19,139)**	**21,549**	**(22,891)**	**(9,501)**	**(13,390)**

The line "impairment of non-current assets" includes an accounting impact of 17,537 thousand euros recorded in the consolidated income statement as at the close of 31 December 2022 under the item "Earnings from discontinued operations" through the fair value adjustment of the Clarel business.

The effect on cash flows from activities discontinued by the Group in the financial years of 2022 and 2021 is presented in the consolidated statement of cash flows.

12. EQUITY

12.1. Capital

The share capital of Dia as at 31 December 2022, after the increase in capital carried out in the financial year of 2021, was 580,655,340.79 euros, represented by 58,065,534,079 shares with a par value of 0.01 euros each, wholly subscribed and paid up. The shares were freely transferable.

The Company's shares are listed on the Spanish stock markets. According to public information filed with the Spanish National Securities Market Commission, board members controlled approximately 0.09155% of the Company's share capital.

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

- LetterOne Investment Holdings, S.A. indirectly held 77.704%
- Direct ownership was held by L1R Invest1 Holding, S.à.r.l. for the same percentage

12.2. Share premium

The share premium for Dia at 31 December 2022 amounted to 1,058,872,572.94 euros, represented by 6,055,522,466 shares with a share premium of 0.09 euros and 51,387,555,100 shares with a share premium of 0.01 euros.

12.3. Reserves and retained earnings

Details of reserves and retained earnings are as follows:

Thousands of Euros	2022	2021
Other reserves non available	1,867	1,867
Other reserves	(1,445,414)	(1,187,804)
Profit attributable to equity holders ot the parent	(123,848)	(257,331)
Total	**(1,567,395)**	**(1,443,268)**

The application of the parent's negative earnings for the 2021 financial year, approved by the 2022 Ordinary General Meeting of Shareholders held on 7 June 2022, consisted of its full transfer for the amount of 143,401,140.77 euros to negative earnings from previous financial years.

12.4. Own shares and other equity instruments

a) Treasury stock

Changes in own shares in 2022 and 2021 are as follows:

	Number of shares	Average price	Total (€)
At 31 December 2020	**984,480**	**5.8540**	**5,763,169.84**
Delivery of shares to Members of Board Director	(409,177)		(2,395,332.10)
Share purchase	28,332,781		474,177.48
At 31 December 2021	**28,908,084**	**0.1329**	**3,842,015.22**
Delivery of shares to Members of Board Director	(5,208,448)		(692,226.31)
At 31 December 2022	**23,699,636**	**0.1329**	**3,149,788.91**

During the financial year of 2022, 5,208,448 shares valued at 692 thousand euros, net of withholdings, were handed over by way of remuneration to the directors. The difference between the net value of the shares handed over amounted to 70 thousand euros (note 16) and its value of own shares, has been taken to voluntary reserves.

During the 2021 financial year 409,177 shares valued at 2,395 thousand euros were handed over by way of remuneration to the Directors. The difference between the net value of the shares delivered amounted to 50 thousand euros and its value of treasury stock was recorded by reducing the voluntary reserves.

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

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

b) Other equity instruments

At 31 December 2022, 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 company by the weighted average number of ordinary shares outstanding throughout both years, excluding own shares.

	2022	2021
Average number of shares	**58,039,570,123**	**58,041,123,969**
Result for the period in thousands of Euros	(123,848)	(257,331)
Result per share in Euros	(0.002)	(0.004)

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

	Weighted average ordinary shares in circulation at 31/12/2022	Ordinary shares at 31/12/2022	Weighted average ordinary shares in circulation at 31/12/2021	Ordinary shares at 31/12/2021
Total shares issued	58,065,534,079	58,065,534,079	58,065,534,079	58,065,534,079
Own shares	(25,963,956)	(23,699,636)	(24,410,110)	(28,908,084)
Total shares	**58,039,570,123**	**58,041,834,443**	**58,041,123,969**	**58,036,625,995**

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 2022 and 2021 are as follows:

Thousands of euro	2022	2021
Argentina	(31,384)	(47,972)
Brazil	(33,576)	(51,292)
Total	**(64,960)**	**(99,264)**

13. FINANCIAL LIABILITIES

Details of financial liabilities in the consolidated interim statements of financial position at 31 December 2022 and 2021 are as follows:

Thousands of Euros	2022	2021
Non-current liabilities		
Non-current borrowings	1,009,544	1,023,183
Other non-current financial liabilities	710	-
Current liabilities		
Current borrowings	278,877	272,454
Trade and other payables	1,329,274	1,274,612
Other financial liabilities	212,727	221,167
Total financial liabilities	**2,831,132**	**2,791,416**

13.1. Borrowings

The details of current and non-current borrowings, in thousand of euros, were as follows:

At 31st december 2021	Total	Current 1 year	2 years	3 years	4 years	5 years	> 5 years	Non Current Total
Debentures and bonds	31,691	800	-	-	30,891	-	-	30,891
Syndicated credits (Revolving credit facilities) (*)	52,207	-	-	52,207	-	-	-	52,207
Syndicated credits (Term loan) (**)	392,899	25,000	25,000	342,899	-	-	-	367,899
Other bank loans	65,031	62,329	2,702	-	-	-	-	2,702
Credit facilities drawn down	170,161	6,051	-	164,110	-	-	-	164,110
Finance lease payables (***)	541,744	170,101	134,790	97,062	54,834	18,766	66,191	371,643
Guarantees and deposits received	15,269	3,175	-	-	-	-	12,094	12,094
Other current borrowings	19,419	11,421	3,059	1,796	1,796	1,347	-	7,998
Total non-current borrowings	**1,288,421**	**278,877**	**165,551**	**658,074**	**87,521**	**20,113**	**78,285**	**1,009,544**

A 31 de diciembre de 2020	Total	Current 1 year	2 years	3 years	4 years	5 years	> 5 years	Non Current Total
Debentures and bonds	31,267	467	-	-	-	30,800	-	30,800
Syndicated credits (Revolving credit facilities) (*)	52,571	1,594	-	-	50,977	-	-	50,977
Syndicated credits (Term loan)	392,842	-	25,000	25,000	342,842	-	-	392,842
Other bank loans	57,526	57,526	-	-	-	-	-	-
Credit facilities drawn down	187,109	3,170	-	-	183,939	-	-	183,939
Finance lease payables (***)	548,479	198,142	154,552	91,462	43,460	17,052	43,811	350,337
Guarantees and deposits received	14,667	916	-	-	-	-	13,751	13,751
Other current borrowings	11,176	10,639	537	-	-	-	-	537
Total current borrowings	**1,295,637**	**272,454**	**180,089**	**116,462**	**621,218**	**47,852**	**57,562**	**1,023,183**

(*) The incremental costs linked to the new debt unaccrued at 31 December 2022, amounting to 6,168 thousand euros (8,238 thousand euros at 31 December 2021), are deducted from the balance of the "Syndicated Loan (Revolving credit facilities)" heading. Additionally, the increase in the fair value adjustment of non-current debt pursuant to IFRS9 is included for an amount of 1,676 thousand euros (2,516 thousand euros in the previous financial year).

(**) At 31 December 2022 the incremental costs associated with the new "Incremental SS Facility" amounting to 173 thousand euros were deducted from the amount of the "Syndicated Term Loan" heading (230 thousand euros in the previous financial year).

(***) The finance lease liability amount resulting from the application of IFRS 16 stands at 524,149 thousand euros at 31 December 2022 (Current: 163,011 thousand euros and Non current: 361,138 thousand euros). In 2021, the amount was 530,445 thousand euros (Current: 190,412 thousand euros and non-current: 340,033 thousand euros).

a) Bonds

A meeting of bondholders of the 2023 Bonds was held on 20 April 2021 and approved, subject to completion of the capitalisation and refinancing transaction for 2021, the extension of the maturity date of the 2023 Bonds to 30 June 2026 and an increase in the coupon from the effective date of the capitalisation and refinancing transaction for 2021 at a rate of 3.5% per annum (3% cash and 0.50% PIK) plus an additional increase in interest of 1% PIK in circumstances where applicable under the syndicated financing agreement. On 2 September 2021, following completion of the capitalisation and refinancing operation, said conditions came into force.

The following agreements were also implemented on 23 April 2021:

- L1R and the Parent Company agreed that the credit right of L1R under the 2021 bonds that it holds in the amount of 292,600 thousand euros of principal, (the creditor position having previously been assigned by DEA Finance to L1R) will continue to exist, accrue interest and survive the maturity date of 28 April 2021, and the principal capital amount due thereunder will be payable and enforceable for the purposes of capitalisation in the Capital Increase as part of the credit capitalisation tranche. The interest payable under the private debt instrument was 1.000% per annum and the amount of principal owed thereunder would be payable and enforceable for capitalisation purposes in the Capital Increase as part of the first tranche of credit capitalisation.

- L1R and the Parent Company entered into a loan agreement for an amount of 7,400 thousand euros to finance the payment of principal payable by Dia under the 2021 Bonds not held by L1R (7,400 thousand euros). The principal amount of this loan would thereof be payable and enforceable for capitalisation purposes in the capital increase as part of the first tranche of credit capitalisation.

- The Parent Company received a notice of assignment of the creditor position in favour of L1R under a private debt instrument originally issued in exchange for the 2023 Bonds held by DEA Finance amounting to 269,200 thousand euros. The interest payable under the private debt instrument was 0.875% per annum. The amount of principal owed thereunder would be payable and enforceable for capitalisation purposes in the capital increase as part of the first tranche of credit capitalisation.

The details on bond issues outstanding for amortisation at 31 December 2022 and which remained listed on the Irish Stock Exchange under a Euro Medium Term Note debt issuance programme was as follows:

Issuing Company	Issue date	Amount	Voucher	PIK	PIK-Amount	Maturity date
DIA, S.A.	07.04.2017	30,800	3.00%	0.50%	91	30.06.2026

On 6 April 2022 the parent paid the interest on the fifth coupon of the 2023 Euro Medium Term Notes (“2023 Bonds”) in the amount of 657 thousand euros and capitalised the corresponding interest on the PIK margin of 0.50% accrued from 21/09/2021 to 06/04/2022 amounting to 91 thousand euros.

The balance sheet value of these bonds was 30,891 thousand euros, as detailed in the table at the start of this note and corresponded to their nominal value for a total of 30,800 thousand euros, plus the capitalisation of the PIK for an amount of 91 thousand euros Additionally, the coupon accrued through to 31 December 2022 for an amount of 800 thousand euros

b) Loans and borrowings

On 31 December 2018, the Parent Company formalised a Syndicated Financing Agreement (“SFA”) with different Syndicated Creditors, which has been successively amended and redrafted on subsequent dates, the last amendment being dated 2 September 2021. The amount of the Syndicated Financing agreement (the "Senior Facilities") at the start of the 2022 financial year amounted to a total of 902,426 thousand euros, and a Super Senior Supplier line amounting to 40,242 thousand euros.

The margin applicable to Syndicated Creditors under the Syndicated Financing Agreement is 3.0% per annum, with a ratchet increase of 125 basis points per annum PIK of the margin on the interest 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 greater than 3.25:1, and (b) the leverage ratio for each 12-month period ending on 31 December and 30 June thereafter is greater than 2.50:1, with the increase ceasing to apply in the event that the leverage ratio falls below the applicable threshold on any of the subsequent verification dates;

The expiry of the Syndicated Financing Agreement is 31 December 2025. The depreciations committed by the parent Company under the Syndicated Financing Agreement amount to 25,000 thousand euros for Senior Facilities on 31 March 2023 and 25,000 thousand euros on 31 March 2024. This reduces the amount of the advance repayments to which each syndicated lender is entitled by an amount equal to the amount by which the Bilateral Facility entered into by the lender is permanently reduced or cancelled on or before the date when the repayment is to be made. This potential reduction in the amount of advance repayments will not apply if the restated EBITDA (as defined in the SFA) for the financial year prior to the date when the repayment is to be made is greater than 300,000 thousand euros.

The Super Senior supplier line was due on 17 July 2022. Prior to said date, the Parent Company agreed with the syndicated creditors to extend said maturity until 30 September 2022, the date when said finance was fully settled.

On that date, the parent Company proceeded to convert certain limits of the RCF Revolving Credit Facility commitments to confirming facilities amounting to 38,546 thousand euros.

In addition, on 2 September 2021 the Parent Company arranged with some of the Syndicated Creditors a Super Senior Incremental Facility in the form of confirming agreements and term loan agreements for a total sum of 50,000 thousand euros, with a margin of 5.00% per year. Said funding has a super senior rank (in other words, it will be senior to Senior Facilities).

With regard to the sale and purchase agreement for real estate and movable assets and the transfer of certain titles of possession, use and enjoyment of certain establishments, whereby the following will be sold, transferred or assigned, as applicable, to Alcampo, S.A. (i) a portfolio of up to a maximum of 235 supermarkets, (ii) two logistics facilities located in Villanubla (Valladolid), and (iii) certain contracts, licences, assets and employees connected with said establishments and logistics warehouses, the Company has reached an agreement with the syndicated creditors for syndicated finance, and in the event that the conditions precedent to the agreement are fulfilled, the Company will proceed to repay the syndicated debt for an amount of 97,200 thousand euros, which may be increased up to a maximum of 11,000 thousand euros, depending on the stores that end up being transferred.

Other terms & conditions

Hive Down

The Parent Company acknowledges that the Group's hive down obligations under the SFA have been fully satisfied and it has no further obligation to take further action with respect to the hive down except for:

- the transfer of any Group assets (other than shares in other subsidiaries) not transferred to Dia Retail España, S.A.U. for applying one or more of the restrictions agreed under the SFA. The Group must seek to implement to the extent that all restrictions cease to apply;

- the transfer of the shares held by the Parent Company in its Portuguese subsidiary to the fully-owned Luxembourg company. The parent shall make its best efforts to seek to implement this as soon as possible, once any legal, regulatory or tax impediments preventing the transfer cease to apply; and

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

Extension of the due date of the Bilateral Facilities owed by Dia or any of its subsidiaries to the syndicated lenders to a later date satisfactory to the Parent Company and always on terms substantially consistent with each Bilateral Facility agreement in question;

Guaranties

The security obligations of the Parent Company at year-end 2022 under the Syndicated Financing Agreement (SFA) are as follows:

- Personal guarantee of the parent, Dia Retail España, S.A., Beauty By Dia, S.A., Pe-Tra Servicios a la Distribución, S.L.U. and Grupo El Árbol Distribución y Supermercados, S.A.U.

- Pledge on shares owned by the parent in Luxembourg Investment Company 317 S.à r.l. and Dia Brazil Sociedade Ltda.

- Pledge on shares owned by Luxembourg Investment Company 317 S.à r.l. in Luxembourg Investment Company 318 S.à r.l.

- Pledge on shares owned by Luxembourg Investment Company 318 S.à r.l. in Dia Finance, S.L.

- Pledge on shares owned by Dia Finance, S.L.U. in Luxembourg Investment Company 319 S.à r.l.

- Pledge on shares owned by Luxembourg Investment Company 319 S.à r.l. in Luxembourg Investment Company 320 S.à r.l., Luxembourg Investment Company 321 S.à r.l., Luxembourg Investment Company 322 S.à r.l., and Luxembourg Investment Company 323 S.à r.l.

- Pledge on shares owned by Luxembourg Investment Company 320 S.à r.l. in Dia Retail España, S.A.U.

- Pledge on shares owned by the parent and Luxembourg Investment Company 322 S.à r.l. in Dia Portugal Supermercados, S.A.

- Pledge on shares owned by Dia Retail España, S.A.U. in Beauty By Dia, S.A.U., Grupo El Árbol Distribución y Supermercados, S.A., Pe-Tra Servicios a la Distribución, S.L.U. and Dia World Trade SA.

- Personal guarantee by Dia World Trade, S.A.

- Pledge on shares owned by the parent and Pe-Tra Servicios a la Distribución S.L.U. in Dia Argentina, S.A.

- Pledge on credit claims arising from financing agreements between Group companies awarded by the parent.

- Pledge on certain current accounts of the parent, Dia Retail España, S.A.U., Beauty By Dia, S.A.U., Pe-Tra Servicios a la Distribución, S.L.U. and Dia Finance, S.L.U.

- Mortgage guarantees on certain real estate assets located in Spain and guarantees on certain intellectual property rights registered in Spain.

- Pledge on credit claims on certain loans between Group companies in which Dia Finance, S.L.U. and/or Luxembourg Investment Company 317 S.à r.l., Luxembourg Investment Company 318 S.à r.l., Luxembourg Investment Company 319 S.à r.l., Luxembourg Investment Company 320 S.à r.l., Luxembourg Investment Company 321 S.à r.l., Luxembourg Investment Company 322 S.à r.l. and Luxembourg Investment Company 323 S.à r.l. are creditors.

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

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

Debt baskets

The Syndicated Financing Agreement in force at 31 December 2022 allows the Group to incur some financial debt in addition to the existing debt:

- Additional Super Senior Debt (“Additional Super Senior Financing”) provided that the total amount of the Super Senior Debt does not exceed 75,000 thousand euros. Any amount borrowed under the SS Incremental Facility would count for the purposes of the Additional Super Senior Debt Basket of 75,000 thousand euros;

- The borrower under the Super Senior Incremental Facility is Dia Retail España, S.A.U. Dia Finance S.L.U. will also be the borrower of any additional Super Senior Debt.

The SFA formalised with the syndicated lenders establishes that amounts granted under the SS supplier tranche and any other SS additional debt be classified as on an equal footing with each other and with seniority over the other SFA tranches.

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

Other commitments

The SFA includes certain commitments and obligations, including:

- Not to distribute parent dividends to shareholders without the agreement of the syndicated lenders until the debt held with them has been repaid in full.

- Personal obligations to act and not act and to deliver information typical in this type of financing operation in accordance with the Company's current rating, such as, example, restrictions on the parent granting encumbrances or rights of guarantee over assets, selling or disposing of certain assets, performing sale/leaseback transactions, modifying the Group's line of business, mergers and consolidations with other companies, transactions with subsidiaries and restricted payments (including dividends, swaps, reimbursements and prepayments of loans to members of the Group). If the parent wishes to breach any of these commitments, it would need the prior consent of syndicated lenders whose commitments account for more than 75% of the total commitments.

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

The SFA also includes typical commitments including (i) authorisations, (ii) legal compliance, (iii) sanctions and anticorruption, (iv) taxes, (v) environmental compliance, and (vi) applicable registration requirements.

Details are set out below of the financial lines comprising the Syndicated Financing by company, in thousand of euros, along with other credit lines drawn down at 31 December 2022 and 2021:

At 31st december 2022	Limit	Amount used	Conf/Fact	Amount avaible
DIA RETAIL	**582,759**	**273,075**	**182,589**	**127,095**
Loan Facility (Term loan) - Syndicated Financing	***119,144***	***119,144***	-	-
Tranche A	*31,969*	*31,969*	-	-
Tranche B	*87,175*	*87,175*	-	-
Revolving Credit Facility (RCF) - Syndicated Financing	***24,437***	-	-	***24,437***
Super Senior Supplier Tranche	-	-	-	-
Tranche A	*3,784*	-	-	3,784
Tranche B	*20,653*	-	-	20,653
Credit Facility - Syndicated Financing	***255,598***	***153,931***	-	***101,667***
Credit Lines	***14,500***	***28***	-	***14,472***
Tranche B (*)	*14,500*	*28*	-	*14,472*
Credit Lines which may be utilised as reverse factoring	***196,876***	***109,681***	-	***87,195***
Tranche A	*31,560*	-	-	*31,560*
Tranche B	*64,316*	*9,763*	-	*54,553*
Tranche C	*101,000*	*99,918*	-	*1,082*
Credit Lines which may be utilised as factoring	***44,222***	***44,222***	-	-
Tranche D	*44,222*	*44,222*	-	-
Reverse Factoring - Syndicated Financing	***183,580***	-	***182,589***	**991**
Super Senior Supplier Tranche	*38,546*	-	*38,303*	*243*
Tranche C	*141,687*	-	*140,940*	*747*
Tranche F	*3,347*	-	*3,346*	*1*
DIA FINANCE	**317,666**	**317,584**	-	**82**
Loan Facility (Term loan) - Syndicated Financing	***251,088***	***251,088***	-	-
Tranche D	***251,088***	***251,088***	-	-
Revolving Credit Facility (RCF) - Syndicated Financing	***56,699***	***56,699***	-	-
Tranche D	***31,699***	***31,699***	-	-
Tranche F	***25,000***	***25,000***	-	-
Credit Facility - Syndicated Financing	***9,879***	***9,797***	-	***82***
Credit Lines which may be utilised as reverse factoring	***9,879***	***9,797***	-	***82***
Tranche D	*9,879*	*9,797*	-	*82*
DIA S.A.	**2,000**	**382**	-	**1,618**
Credit Facility - Syndicated Financing	***2,000***	***382***	-	***1,618***
Credit Lines	***1,000***	***382***	-	***618***
Tranche B	*1,000*	*382*	-	*618*
Credit Lines which may be utilised as reverse factoring	***1,000***	-	-	***1,000***
Tranche B	*1,000*	-	-	*1,000*
Total Multiproduct Syndicated Financing	**902,425**	**591,041**	**182,589**	**128,795**
DIA RETAIL	**50,000**	**22,840**	**26,906**	**254**
Loan Facility (Term loan) - Syndicated Financing	***50,000***	***22,840***	***26,906***	***254***
Loan Facility (Term loan)	*22,840*	*22,840*	-	-
Credit Lines reverse factoring	*27,160*	-	*26,906*	*254*
Total Multiproduct Syndicated Financing	**50,000**	**22,840**	**26,906**	**254**
Other Credit lines (not included in syndicated credits)	**6,051**	**6,051**	-	-

*Limit distributed between DIA Retail, BBD and GE

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

* Limit distributed between DIA Retail, BBD and GEA

The credit facilities not included in syndicated loans for the amount of 6,051 thousand euros at 31 December 2022 (wholly drawn down) and 5,389 thousand euros at 31 December 2021 (drawn down for the sum of 3,170 thousand euros) refer to various credit facilities held with financial institutions by Dia Brasil Sociedade Limitada and Dia Argentina, all maturing during the financial years of 2023 and 2024.

Financial covenants

The general terms and conditions described below are those established in the Syndicated Financing Agreement in force on 31 December 2022:

- Financial leverage ratio: to be calculated each 30 June and 31 December. The first calculation was on 31 December 2020. The covenant level sets a deviation margin of up to 35% of the Adjusted Net Debt / Adjusted EBITDA ratio forecast in the Updated Covenant Plan, according to the definition of these concepts in the SFA.

- Capital expenditure ratio and restructuring costs: it was established that from 31 December 2022 capital expenditure and restructuring costs could not exceed 12.5% and 20%, respectively, of the aggregate total of both items included in the Updated Covenant Plan delivered in December 2022.

Prior to 31 December 2022, the Parent Company complied with its obligation to deliver to the Syndicated Creditors an updated covenant plan ("Updated Covenant Plan") that included the fiscal years 2023, 2024 and 2025.

On the basis of said Updated Covenant Plan, the financial covenants of the Parent Company for the financial years 2023 to 2025 have been updated, complying with the requirement that the new leverage covenant for said financial years should be lower than the leverage covenant included in the original business plan of the Parent Company for the financial year of 2022 (5.60:1);

Under the Syndicated Financing Agreement, the Group must comply with the following ratios:

- **Financial Leverage Ratio:**

The Group undertakes to meet a given financial leverage ratio. This would be measured half-yearly every 30 June and 31 December.

The covenant level establishes a deviation margin of up to 35% with regard to the ratio of Adjusted Group Net Debt/Restated EBITDA established in the Group Covenant Plan and Updated Covenant Plan, setting the following limits:

Thousands of Euros	2020	2021	2022	2023	2024	2025
Covenant Level	1,025.9x	14.2x	5.6x	4.8x	3.7x	2.9x

At 31 December 2022 the financial leverage ratio required of the Dia Group's consolidated financial statement had been met. Details are as follows:

Total adjusted net debt / Restated EBITDA < 5.6x

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 4 and 13.1 in this document.

- **Investment ratio (capex) and restructuring costs:**

The Group undertakes to ensure that, as a whole, during the following periods falling between:

- ✔ 1 January 2020 and 31 December 2022: (i) the total investment expenses (capex) shall not exceed the total amount provided for in the Covenants Plan by more than 187.5 million euros, which is a 12.5% deviation, setting a maximum capex amount of 1,688 million euros for said period and, (ii) the restructuring expenses shall not exceed the amount provided for in the Covenants Plan by more than 23.3 million euros, which is a 20% deviation from the amount provided for in the Covenants Plan. In July 2022, financial creditors approved an increase of 38 million euros, setting the overall limit for restructuring expenses for this period of 178 million euros.

- ✔ 1 January 2023 and 31 December 2025: (i) the total investment expenses (capex) shall not exceed the total amount provided for in the Updated Covenants Plan by more than 85 million euros, which equates to a 12.5% deviation, setting a maximum capex amount of 759 million euros for said period and, (ii) the restructuring expenses shall not exceed the amount provided for in the Covenants Plan by more than 26 million euros, setting the overall limit of restructuring expenses for this period of 152 million euros.

Bank loans

Details of the maturity of the Group's mortgages and other bank loans, grouped by type of transaction and company, at 31 December 2022 and 31 December 2021, in thousand of euros, were as follows:

At 31st December 2022

Type	Owner	Currency	Total	Current 1 year	2 years	Non-Current Total
Loan	DIA Portugal	EUR	**39,190**	**39,190**	-	-
Loan	DIA Brasil	EUR	**25,841**	**23,139**	2,702	**2,702**
	Other Loans		65,031	62,329	2,702	2,702

At 31st December 2021

Type	Owner	Currency	Total	Current 1 year
Loan	DIA Portugal	EUR	**39,290**	**39,290**
Loan	DIA Brasil	EUR	**18,236**	**18,236**
	Other Loans		57,526	57,526

The following transactions have been carried out in the financial year of 2022 at Dia Brasil:

Thousands of Euros	2022	New financing	Paybacks	Valuation Fx	2023
Loan Brasil	**18,236**	10,915	(5,011)	1,701	**25,841**

- On 14 January 2022, Dia Brasil duly repaid all of two bilateral loans for a total amount of 914 thousand euros (loan of 2,840 thousand Brazilian reals and another of 2,931 thousand Brazilian reals).
- During 2022, another loan amounting to 1,287 thousand euros was fully repaid (the equivalent value of which is 8,122 thousand Brazilian reals).
- On 24 June 2022, Dia Brasil signed a bilateral loan for 24 months, with monthly repayment and final maturity on 24 June 2024 amounting to 10,915 thousand euros (60,939 thousand Brazilian reals), repaying during 2022 the sum of 2,809 thousand euros (15,234 thousand Brazilian reals). The balance of said loan at the close of the year is 8,106 thousand euros.

The following transactions were carried out in the 2021 year:

- Within the context of the capitalisation and refinancing transaction for 2021, the debt under the SS Facility loan of 200,000 thousand euros granted by DEA Finance in favour of Dia Finance, for which L1R became the creditor, was transferred in April 2021 to the Company Dia. The transferred amount was 200,893 thousand euros to long-term loans and 1,166 thousand euros to short-term loans. These amounts included interest accrued and not paid at a rate of 7.5% per annum.
- This debt was converted into equity as part of the first tranche of the capital increase implemented on 6 August 2021 in the context of the capitalisation and refinancing transaction, with a zero balance at 31 December 2021.
- In summary, by virtue of the capital increase carried out during the 2021 financial year, the Company was released from the following financial liabilities:
  - the 200.000 thousand euros Dia owed L1R by way of principal under the SS term loan facility;
  - the 292,600 thousand euros Dia owed L1R by way of principal under the bonds issued by Dia for an aggregate principal amount of 300,000 thousand euros with a 1.000% coupon, maturing on 28 April 2021 (the "2021 bonds");
  - the 7,400 thousand euros Dia owed L1R under a loan to finance (or refinance) payment by Dia of the principle of the 2021 bonds to bond holders other than L1R on 28 April 2021;
  - the 269,200 thousand euros Dia owed L1R by way of principal under the bonds issued by Dia for an aggregate principal amount of 300,000 thousand euros with a 0.875% coupon, maturing on 6 April 2023 (the "2023 bonds"), which were previously replaced by a private debt instrument.

c) Finance lease payables

The details of finance lease payables and movement during 2022 and 2021 in thousand of euros, are as follows:

	Short-term debt	Long-term debt	Total
At 1st January 2021	**197,373**	**414,587**	**611,960**
Additions	-	200,088	200,088
Disposals	-	(55,328)	(55,328)
Interesest expenses	48,419	-	48,419
Transfers	220,284	(220,284)	-
Value update	-	12,236	12,236
Other movements	(31,196)	-	(31,196)
Payments	(236,340)	-	(236,340)
Translation differences	(398)	(962)	(1,360)
A 31st December de 2021	**198,142**	**350,337**	**548,479**
A 1st Januay2022	**198,142**	**350,337**	**548,479**
Additions	-	297,883	297,883
Disposals and impairment	-	(53,655)	(53,655)
Interesest expenses	49,971	-	49,971
Transfers	210,829	(210,829)	-
Transfers to assets held for sale (note 13)	(22,719)	(31,029)	(53,748)
Value update	-	22,145	22,145
Other movements	(29,015)	(2,321)	(31,336)
Payments	(237,567)	-	(237,567)
Translation differences	460	(888)	(428)
At 31st December 2022	**170,101**	**371,643**	**541,744**

The debt regarding financial lease assets already in existence at 31 December 2018 and referring to certain commercial premises, technical installations, machinery and other fixed capital (transport elements) at 31 December 2022 amounts to 10,505 thousand euros in the long term (10,304 thousand euros in 2021), and 7,090 thousand euros in the short term (7,730 thousand euros in 2021).

13.2. Other non-current financial liabilities

Other non-current financial liabilities at 31 December 2022 for the amount of 710 thousand euros, include advances for franchises by way of the entry fee in Argentina.

13.3. Trade and other payables

Details are as follows:

Thousands of Euros	2022	2021
Suppliers	1,081,130	1,028,935
Suppliers, other related parties	300	1,368
Advances received from receivables	459	2,771
Trade payables	231,960	213,155
Onerous contracts provisions	15,425	28,383
Total Trade and other payables	**1,329,274**	**1,274,612**

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

Trade and other payables do not bear interest.

At 31 December 2022 the Group had reverse factoring facilities with a limit of 253,545 thousand euros (31 December 2021: 249,621 thousand euros) of which 246,729 thousand euros had been used (31 December 2021: 244,045 thousand euros).

	2022			2021		
Thousands of Euros	Limit	Amount used	Amount avaible	Limit	Amount used	Amount used
Reverse Factoring - Syndicated Financing (notes 13.1 b) and 19.2)	183,580	182,589	991	183,682	181,361	2,321
Reverse Factoring - Syndicated Financing (Term loan) (notes 13.1 b) and 19.2)	27,160	26,906	254	27,160	24,861	2,299
Reverse Factoring - not included Syndicated Financing (note 19.2)	42,805	37,234	5,571	38,779	37,823	956
Total	253,545	246,729	6,816	249,621	244,045	5,576

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

13.4. Other financial liabilities

Details of other financial liabilities are as follows:

Thousands of Euros	2022	2021
Personnel	77,392	56,954
Suppliers of fixed assets	87,451	116,894
Other current liabilities	47,884	47,319
Total other liabilities	212,727	221,167

The personnel item includes the amount of 7,787 thousand euros as provisions for remuneration of personnel under the Short-term Incentive Plan (see notes 14 and 16).

The fixed asset suppliers item suffered a downturn with regard to the close of the 2021 financial year as a result of the volume of forecasts regarding invoices pending receipt with regard to the refurbishment undertaken at the stores in that financial year.

Other current liabilities essentially include deposits received from franchises amounting to 47,630 thousand euros (41,932 thousand euros in 2021). Upon termination of the contractual relationship with Dia, the amounts already paid and deposited as security shall be deducted from the franchisee's final debt.

13.5. Estimates of fair values

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

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

- Level 1: Firstly, the Group applies the quoted prices of the most advantageous active market to which it has immediate access, adjusted where necessary to reflect any difference in credit risk between the instruments commonly traded and the instrument being measured. The current bid price is used for assets held or liabilities to be issued and the asking price for assets to be acquired or liabilities held. If the Group has assets and liabilities that offset market risks, it uses average 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	
	31/12/2022	31/12/2021
Financial assets		
Trade and other receivables	210,403	193,417
Other financial assets	68,149	66,651
Consumer loans from financial activities	908	1,010
Total	**279,460**	**261,078**

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

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

	Carrying amount			
Thousands of Euros	Debts and items payable		Fair value	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Financial liabilities				
Trade and other payables	1,329,274	1,274,612	-	-
Debentures and bonds	31,691	31,267	25,256	25,307
Syndicated credits (Revolving credit facilities)	52,207	52,571	-	-
Syndicated credits (Term loan)	392,899	392,842	-	-
Credit facilities drawn down	170,161	187,109	-	-
Bank loans and credits	65,031	57,526	-	-
Finance lease payables	541,744	548,479	-	-
Guarantees and deposits received	15,269	14,667	-	-
Other financial liabilities	232,856	232,343		-
Total	**2,831,132**	**2,791,416**	**25,256**	**25,307**

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).

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 2021	**26,038**	**34,498**	**10,002**	**22,805**	**1,069**	**94,412**
Charge	956	3,724	6,080	9,568	425	**20,753**
Applications	-	(1,057)	(1,987)	(7,720)	-	**(10,764)**
Reversals	(16,781)	(1,290)	(1,935)	(6,404)	(5)	**(26,415)**
Transfers	(6,331)	9,416	2,178	2,001	-	**7,264**
Transfers to liabilities held for sale	(582)	-	(22)	(533)	(83)	**(1,220)**
Other movements	72	842	-	-	6	**920**
Translation differences	(769)	261	(241)	(669)	(17)	**(1,435)**
A 31st December de 2022	**2,603**	**46,394**	**14,075**	**19,048**	**1,395**	**83,515**
At 1 January 2020	**14,958**	**35,690**	**8,172**	**24,378**	**1,130**	**84,328**
Charge	11,529	2,156	7,624	6,047	16	**27,372**
Applications	-	-	(3,036)	(1,764)	-	**(4,800)**
Reversals	(319)	(3,784)	(2,443)	(5,829)	(71)	**(12,446)**
Transfers	-	74	(147)	147	-	**74**
Other movements	20	271	-	-	7	**298**
Translation differences	(150)	91	(168)	(174)	(13)	**(414)**
A 31st December de 2021	**26,038**	**34,498**	**10,002**	**22,805**	**1,069**	**94,412**

Long-term compensation allowances, reversals and transfers to personnel in 2022 and allowances in 2021 are primarily for Long-Term Incentive Plans as detailed in Notes 3 and 16. Transfers amounting to 6,331 thousand euros were taken as remuneration pending payment to staff (see note 13.4).

Fiscal allocations in 2022 arise essentially from estimates of provisions for differences of judgment with the Public Authority in Brazil (in 2021 essentially in Argentina, Brazil and Spain).

The tax provisions in 2022 were fully applied to the payment of settlements arising from inspections into the 2009, 2010 and 2011 tax years in Spain.

Tax reversals in 2022 and 2021 mainly arise from matters resulting from tax inspections that are no longer considered probable.

In 2022 and 2021, charges, applications and reversals of provisions for lawsuits filed by former employees (related to social security contributions) include labour contingencies mainly in Brazil and Argentina.

With regard to legal provisions, in order to cover other disputes with third parties, in 2022 4,688 thousand euros were provisioned in Spain (1,154 thousand euros in 2021), in Portugal 1,360 thousand euros (1,370 thousand euros in 2021), in Argentina 1,959 thousand euros (2,408 thousand euros in 2021) and in Brazil 1,561 thousand euros (1,115 thousand euros in 2021).

The reversals of legal provisions in both financial years were the result of contract risks which did not materialise, in Brazil for an amount of 1,030 thousand euros in 2022 (2,726 thousand euros in 2021), in Portugal for an amount of 1,105 thousand euros in 2022 (970 thousand euros in 2021), in Spain for an amount of 3,426 thousand euros in 2022 (818 thousand euros in 2021) and in Argentina for an amount of 843 thousand euros in 2022 (1,315 thousand euros in 2021).

Applications of legal provisions during the first six months of the 2022 financial year included a payment made on 20 May 2022 in Spain of 6,880 thousand euros for the lawsuit that had been provided for since the first half of 2020 with the Food Control and Information Agency of the Ministry of Agriculture (AICA).

During 2022, an amount of 13,595 thousand euros corresponding to judicial deposits required by ongoing litigation and which were reducing the tax, social and legal provisions in Brazil has been transferred to other non-current financial assets. The amounts reflected in transfers correspond entirely to the balances as of December 31, 2021 of these judicial deposits (see note 6.2).

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.

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

The total amount determined by AFIP was 808 million Argentine pesos for the 2014-2018 period. However, the court ordered that 462 million Argentine pesos be deducted from the total debt due to amounts already paid by former franchisees.

In December 2020, the prosecutor assigned to the case asked the judge to proceed with the charges against Dia Argentina, S.A. and some of its directors and former directors. At the same time, Dia Argentina, S.A. deposited the debt of its former franchisees as part of the tax amnesty regime in force at the time, in its capacity of joint and several liability, for a total of 156 million Argentine pesos.

On 6 April 2022, the Criminal Judge summoned Dia Argentina, S.A. in connection with the prosecutor's request to proceed with the formal prosecution for the month of October and November 2022. However, these summonses have been suspended pending a decision by the Criminal Court as a result of the granting of the tax amnesty and payment of amounts referred to in the following paragraphs.

On 29 April 2022, three of the former directors called by the court (as they were sued jointly and severally) asked to be accepted under the new tax amnesty in force at the time (Law 27.653). 175 million Argentine pesos of nominal capital was paid in this regard, whereby the calculation of interest (calculated at a maximum of 75%) and elimination of a penalty on the basis of the benefits of the tax regulations established a total of 257 million Argentine pesos.

By dint of the previous payment and that made in December 2020, Dia Argentina, S.A. requested the benefits of said inclusion in the new tax amnesty, requesting on 17 May 2022 the termination of the criminal action due to debt satisfaction. Should this application be accepted and the termination of the criminal action ordered, the substantive discussion would be reduced or limited to the original administrative file.

On 21 December 2022, Dia Argentina, S.A. was notified of the favourable pre-opinion of the prosecutor (prosecuting body) investigating this case, validating the position of Dia Argentina, S.A. requesting the termination of the criminal action for satisfaction of the debt, recognising the timely payments made by the franchisees, as well as the payment of all the amounts paid in all the tax amnesties.

If this line were validated by the Criminal Judge, the criminal action against Dia Argentina, S.A. and the former directors would be extinguished. As at the date of drawing up these consolidated annual accounts, for the reasons set out, no accounting provision has been established.

Criminal proceedings before the Spanish National High Court

On 14 January 2020, the parent became aware of the processing of Preliminary Proceedings 45/2019 before the Court of Investigation 6 of the Spanish National High Court, in which the court was investigating certain events involving former Dia executives. The proceedings derived from a lawsuit brought by several of the parent's minority shareholders, subsequently joined by investigation proceedings by the Anti-Corruption Prosecutor's Office, initiated as a result of the claim filed by Dia before the Prosecutor's Office on 6 February 2019.

The Company was also notified, at its request, of the ruling of 10 January 2020 issued by the Court of Investigation 6 of the National High Court in the same preliminary proceedings, determining the facts investigated, the crimes that might have been committed and the persons to be summonsed for investigation, in addition to other investigative measures to be conducted by the Court. Specifically, the ruling of 10 January 2020 stated that the crimes to be investigated in the abovementioned proceedings were misappropriation and accounting fraud in relation to Dia's financial statements for the 2016 and 2017 financial years, allegedly committed by former executives and harming Dia in a number of ways.

As a result of the above, Dia requested it be allowed to appear in the proceedings as an injured party. By Judicial Order of 17 January 2020, the National High Court admitted the parent as party to the proceedings.

Following the investigation proceedings deemed appropriate by the Court of Investigation, by means of two Rulings of 26 February 2021, the National High Court denied Dia the status of injured party in order to grant it subsidiary civil liability status and to terminate the investigation phase and begin the intermediate phase prior to the oral trial phase (summary proceedings).

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

On 4 May 2021, the Court of Investigation agreed to open oral proceedings against the defendants and against Dia in its capacity as party to subsidiary civil liability. All the defence counsels, including Dia, submitted their respective defence pleadings. In response to this ruling, Dia filed a motion for dismissal and after various defence counsels and the Public Prosecution Service joined it, Court of Investigation 6 upheld the motion on 23 June 2021 and expelled from the proceeding the franchisee association (ASAFRAS) that had been the plaintiff.

The proceedings were referred to the Central Criminal Court, the body responsible for prosecuting the events.

The court issued an order to admit evidence on 26 November 2021 and set dates for the oral trial phase to be held from September 2022.

However, in February and March 2021, in response to the abovementioned Orders of 26 February 2021, various petitions for reconsideration and appeal were lodged by the defence counsels and private plaintiff. All the petitions for reconsideration were rejected by Court of Investigation 6. Meanwhile, with regards the above mentioned appeals, the appeal lodged by the parent seeking restitution of its injured party status was dismissed on 5 July 2021 by the National High Court, in accordance with the procedural status at the time. In a ruling of 16 December 2021, the National High Court partially upheld one of the appeals of the defence counsels and revoked the summary proceedings on the basis that there was no evidence of any detriment to minority shareholders, returning jurisdiction to Court of Investigation 6 to continue the proceedings in the manner deemed appropriate.

As a result of the above, the Central Criminal Court suspended the oral trial phase and the hearings scheduled from September 2022 onwards were cancelled.

The Court of Investigation 6 then leveraged an order of 2 February 2022 to amend the summary proceedings with a view to incorporating a paragraph that would uphold the impact that restating the Company's financial statements had on the market, and as a consequence the detriment this entailed for investors. Furthermore, on 3 February 2022, Dia was again denied the possibility of bringing charges and on 4 February it was agreed there was no place for the expert witness proposed by the minority shareholders to prove their detriment as the investigation phase was deemed to have been completed.

The parties, including Dia, appealed against the recently amended summary proceedings. These appeals were partially accepted by the National High Court on the understanding that the summary proceedings of 26 February 2021 be revoked and therefore not able to be supplemented or amended. Similarly, the National High Court dismissed Dia's appeal against the decision of 3 February 2022 preventing it from bringing charges, arguing that the reasons that justified Dia being denied the status of injured party in the proceedings remained in full force and effect.

With this as the background, Court of Investigation 6 informed the Public Prosecution Service of the continuation of proceedings, which considered free dismissal a mere procedural matter required in order for subsequent appeals to be lodged. The Court decided to dismiss the proceedings by order of 8 September 2022. In response to this ruling, appeals for reconsideration and appeal were made by different parties to the process. The former was dismissed by order of 17 October 2022. The latter was dismissed by order of 30 November 2022 by the Criminal Court. In response to this latest ruling, the Public Prosecution Office announced the preparation of an appeal for reversal, to which Dia is not a party.

Civil proceedings brought by minority shareholders

On 12 June 2020, the parent was notified of the filing of a civil action suit for damages by another individual minority shareholder, whereby the shareholder was claiming 110,605 euros in damages, alleging breach by the Company of the obligation to reflect a true and fair view of its equity in the 2016 and 2017 financial statements, and the decrease in share value within the context of the restatement of the annual accounts in 2018. The Company responded to the lawsuit in a timely and appropriate manner. On 25 June 2021, the first session of the trial proceedings was held, and ended on 19 July 2021. On 30 September 2021, a judgment was handed down from the court of first instance dismissing the suit. On 9 November 2021, the parent received notice of an appeal against the judgment. On 7 January 2022 the parent proceeded to file its objection to the appeal. The appeal is currently pending a decision by the Provincial Court of Madrid.

Other civil proceedings

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

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

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

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

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

On 31 March 2022, Dia filed both appeals which, at the date of preparing these consolidated summary interim financial statements, were pending a ruling as to their acceptance by the Supreme Court.

Other procedures

In addition to the above, Group companies have other non-significant legal proceedings with third parties which have been duly provisioned.

15. TAX ASSETS AND LIABILITIES AND INCOME TAX

The breakdown of balances relating to tax assets and liabilities at 31 December 2022 and 31 December 2021 is as follows:

Thousands of Euros	2022	2021
Non current tax assets	70,366	61,329
Taxation authorities, VAT	43,131	34,102
Taxation authorities	6,573	12,446
Current income tax assets	8,303	1,681
Total tax assets	**128,373**	**109,558**
Deferred tax liabilities	50,742	36,453
Taxation authorities, VAT	17,029	15,551
Taxation authorities	39,043	31,358
Current income tax liabilities	14,191	8,062
Total tax liabilities	**121,005**	**91,424**

Non-current tax assets correspond in their entirety to ICMS in Brazil for 396,766 thousand Brazilian reals at 31 December 2022 for the tax on the Circulation of Goods and Services, equivalent to VAT in other jurisdictions. The current amount of this tax, amounting to 59,737 thousand Brazilian reals, forms part of the caption "Public Tax Office, VAT receivable" at 31 December 2022.

In relation to the tax on circulation of goods and services (ICMS-ST), in March 2017 the Supreme Court judgment of October 2016 was ratified, allowing companies to recover a portion of the tax paid. This decision was confirmed by the final court ruling of May 2019 in favour of Dia Brasil.

At 31 December 2019, Dia Brasil had an estimated total amount of ICMS assets to be recovered comprising 372,670 thousand Brazilian reals and an impairment test provision (impairment) as to the recoverability of the credits within 10 years amounting to 93,000 thousand Brazilian reals, the final balance on its balance sheet thus being 279,670 thousand Brazilian reals.

During the 2020 and 2021 financial years, with the assistance of external consultants, the amount of ICMS assets regarding the 2009, 2010, 2011, 2012, 2018, 2019 and 2020 periods for the state of São Paulo was re-evaluated, along with the 2017, 2018, 2019 and 2020 periods for the state of Rio, because the amount accounted for during these periods had been calculated on a precautionary basis. As a result, there was an increase in non-current assets amounting to 38,638 thousand Brazilian reals in the 2020 financial year and 29,066 thousand Brazilian reals in the 2021 financial year.

In addition, in the 2020 and 2021 financial years the corresponding update was performed for late-payment interest accounted for (29,864 thousand Brazilian reals) and net offsetting of recurrent balances in the amount of (40,465 thousand Brazilian reals). Finally, the 10-year recoverability test performed at the end of the 2020 and 2021 financial years allowed the reversal of all the impairment previously recorded in 2019.

During the financial year of 2022, with the help of external consultants, the amount of ICMS assets for the 2013, 2014, 2015, 2016 and 2017 and 2021 financial years for the State of São Paulo was re-evaluated because the amount accounted for during these periods had been calculated on a precautionary basis. As a result, there was an increase in non-current assets amounting to 31,432 thousand Brazilian reals. In addition, during 2022, interest in arrears recorded was restated by 55,893 thousand Brazilian reals. Meanwhile, the net compensation of recurrent balances amounted to (42,586) thousand Brazilian reals resulting from the difference in credits generated in 2022 (27,506 thousand Brazilian reals) with the amounts of compensation amounting to (70,092 thousand Brazilian reals).

Meanwhile, in order to speed up the offsetting of ICMS credits, a process was begun to sell these credits; in 2022 year a negative adjustment was applied for the sum of 18,009 thousand Brazilian reals, to present this at its fair realisation value

As a result of all the movements described, Dia Brasil has recorded on its balance sheet at 31 December 2022 a non-current asset for ICMS amounting to 396,766 thousand Brazilian reals (70,366 thousand euros) and under short-term assets an amount of 59,737 thousand Brazilian reals (10,594 thousand euros), with the total balance on its balance sheet for this tax of 456,503 thousand Brazilian reals (80,960 thousand euros) valued at the exchange rate of 31 December 2022).

In 2022, 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.

Details of the income tax expense/income are as follows:

Thousands of Euros	2022	2021
Current income taxes		
Current period	23,416	9,333
Prior periods' current income taxes	3,511	(5,527)
Total current income taxes	**26,927**	**3,806**
Deferred taxes		
Source of taxable temporary differences	6,004	9,871
Source of deductible temporary differences	(29,461)	(19,039)
Reversal of taxable temporary differences	(1,936)	(1,897)
Reversal of deductible temporary differences	32,326	21,134
Total deferred taxes	**6,933**	**10,069**
TOTAL EXPENSE TAX	**33,860**	**13,875**

➢ **Main inspection proceedings**

Brazil

In the second half of 2022, as a result of the tax inspections in Dia Brasil, the following notifications were received:

- For a total amount of 35,523 thousand euros (200,300 thousand Brazilian reals) in connection with the payment and usage of the ICMS tax credit for the financial years 2017-2018. The company has filed an administrative appeal and will be tried by the Court of First Administrative Instance of the State of São Paulo. The company, based on the report by external legal advisors, has assessed the risk of loss as remote/possible for the most part.

- For a total amount of 33,884 thousand euros (191,058 thousand Brazilian reals) in relation to different discrepancies of the PIS and COFINS taxes for the years 2019-2020. The company shall lodge an administrative appeal. The company, based on the report produced by external legal consultants, has valued the risk of loss as possible, and as a result a provision amounting to 178 thousand euros (1,005 thousand Brazilian reals) has been recorded as of 31 December 2022.

Portugal

Likewise, as a result of the general inspection proceedings regarding the financial year 2019 at Dia Portugal, in the second half of 2022 notice was received from the Portuguese tax authorities for an updated amount of 341 thousand euros essentially connected with discrepancies in the VAT rate applied to certain products. The company will appeal via administrative channels, considering that there are sufficient arguments to achieve a favourable outcome.

Argentina

In July 2021, the Argentine administration opened an inspection of income tax for the financial year of 2017. In November 2022, the inspection proceedings were concluded, with no significant corrections or penalties.

In 2022, the Argentine administration opened two inspection proceedings for Dia Argentina, one on value-added tax for the tax year of 2016 and another on this same tax for financial years 2017-2018. The following notifications were received as a result of the previous actions:

- In the first half of 2022, notice was received of the value-added tax of the 2016 fiscal year for an updated amount of 727 thousand euros of principal (137,962 thousand Argentine pesos) when allocating the status of employees to the franchisees of Dia Argentina. As an unfavourable decision was obtained in the administrative court in

December 2022, legal proceedings will be brought. The external legal advisors continue to deem the likelihood of losing this case as remote.

- In December 2022, notification was received regarding the value added tax of the 2017 financial year for a total amount of 1,048 thousand euros of principal (199,041 thousand Argentine pesos) for the same reason as above. The company shall lodge an administrative appeal.

Switzerland

Finally, in February 2022, the Swiss authorities opened an inspection against DWT on VAT for the years 2017 to 2021. In April 2022, the inspection proceedings were concluded, with no significant corrections or penalties.

➢ **Other ongoing litigation**

Brazil

As a result of the inspections closed in 2014, Dia Brasil received two notifications from the Brazilian tax authorities regarding 2010, one for an updated amount of 14,391 thousand euros (81,144 thousand Brazilian reals) in relation to the discrepancy regarding the tax on income from supplier discounts, and the other for an updated amount of 69,406 thousand euros (391,354 thousand Brazilian reals) for omission of income mainly from the circulation of goods. 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. This decision has been appealed by the authorities. Based on reports from external lawyers, the company considers there are sufficient grounds to secure a ruling in this lawsuit in favour of Dia Brasil. In relation to the second issue (on the 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 an 80% favourable ruling for Dia Brasil. In November 2022, the Administrative Court of Second Instance (CARF) decided to initiate a new procedure in order to check the remaining 20% of recognised deficiencies. The external lawyers continue to deem the likelihood of losing this case as remote.

As a result of the inspection proceedings closed in January 2019, Dia Brasil received a notification from the Brazilian tax authorities regarding the 2014 period for an updated amount of 92,703 thousand euros (522,715 thousand Brazilian reals) regarding different items of the PIS and COFINS taxes. The Company presented a defence which was partially upheld in the administrative court of first instance - DRJ. On 25 November 2021, the Company submitted its Voluntary Appeal, which will be heard by the administrative court of second instance, CARF. The company has appealed this ruling through administrative proceedings and will if necessary file a court appeal, since it considers 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 2,330 thousand euros (13,136 thousand brazilian reals) at 31 December 2022. Furthermore, approximately 30% of the amount of the ruling corresponds to the discrepancy regarding the tax on income from supplier discounts, which had already been raised in the 2010 inspection.

As a result of the tax inspections at Dia Brasil, in the first half of 2021 notification was received from the Brazilian tax authorities regarding the 2017 period for an updated amount of 4,811 thousand euros (27,129 thousand Brazilian reals) in connection with ancillary obligations under the PIS/COFINS tax. In May 2021, the corresponding appeal was filed, which was unfavourable to Dia Brasil. As a result of the above, in October 2021 the Company filed its Voluntary Appeal, which will be heard by the administrative court of second instance, CARF. The external legal advisors continue to deem the likelihood of losing this case as remote.

Spain

Likewise, as a result of inspection proceedings from previous financial years, on the date of closure of these accounts, the Spanish company Distribuidora Internacional de Alimentación S.A. maintained 3 lawsuits in administrative litigation proceedings regarding Corporate Income Tax which are not provisioned, as the risk of possible insolvency has been classified, for the following periods and updated amounts: 2008 to 2010, 1,778 thousand euros; 2011 to 2012, 1,113 thousand euros; and 2013 to 2014, 2,083 thousand euros.

Argentina

In addition, it should be noted that the lawsuit in relation to payment obligations in Argentina to the Social Security directorate, dependent on the Federal Administration of Public Revenue (AFIP), is explained in note 14 "Provisions".

The directors do not expect that any major additional liabilities in relation to the consolidated annual accounts taken as a whole will arise as a result of the years open to inspection or the appeals submitted.

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

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

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

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

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

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

As a consequence of said termination, it was agreed on the same date to approve recognition by the LTIP 2020-22 beneficiaries of the right to receive a certain amount in cash, if certain conditions are fulfilled, as a sign of the Group's trust in the executive team. The Incentive generated in favour of said beneficiaries will, where applicable, be paid in 2023.

The Board of Directors approved on the same date 4 August 2021 a new LTIP 2021-24, adapted to the new Group and market circumstances and the Group's strategy, intended for certain Group executives. On the date of the drawing up of these consolidated summary interim statements, the Board of Directors decided to terminate the agreement of 4 August 2021 and not to proceed with the formalisation of said Plan, as the structure and objectives established do not correspond to the value creation purposes required to achieve the Strategic Plan, to complete the transformation of the Company and sustainable growth of the business.

On 26 October 2022, the Board of Directors approved a new incentive plan (Long Term Bonus) LTB 2023-2025, aligned with the Company's strategy, the main purpose of which is to retain key employees to achieve the business plan objectives within the duration of the plan. The terms and conditions of this plan, as well as the initial beneficiary list, have yet to be completed as agreed by the Board of Directors, and have not been registered during the 2022 exercise

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

At 31 December 2022 the total provision made for Long-Term Incentive Plans was 8,720 thousand euros. This amount is recorded for an amount of 933 thousand euros as long-term provisions and for an amount of 7,787 thousand euros (see note 14) in the personnel line under other financial liabilities, as mentioned in note 13.4. As mentioned in the above paragraphs, and in accordance with the decision taken by the Board of Directors to repeal the 2021-24 LTIP, the liabilities existing under this Plan have been cancelled. Taking into account this cancellation, the net effect recorded in results has led to revenue in the consolidated income statement of 13,938 thousand euros (see note 3).

In addition, in application of the remuneration policy approved at the 30 August 2019 Extraordinary General Meeting and the remuneration policy approved at the 7 June 2022 General Meeting of Shareholders, deferred remuneration in shares established for non-proprietary directors amounting to 269 thousand euros (227 thousand euros in the financial year of 2021) accrued in 2022. See Note 18.3.

17. REVENUE

Net turnover corresponds to sales income from own stores, sales and service provision to franchises and online sales from the Group's activity, focused mainly on the markets in Spain, Portugal, Brazil and Argentina. At 31 December 2022 and 2021, net turnover amounted to 6,524,320 thousand euros and 5,900,055 thousand euros, respectively. The distribution by geographical segment is shown as follows:

	2022			2021		
	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	**3,683,878**	**342**	**3,683,536**	**3,596,325**	**742**	**3,595,583**
Spain	1,729,694	342	1,729,352	1,832,277	742	1,831,535
Portugal	235,333	-	235,333	264,843	-	264,843
Brazil	575,171	-	575,171	641,999	-	641,999
Argentina	1,143,680	-	1,143,680	857,206	-	857,206
Sales to franchise stores	**2,647,744**	**-**	**2,647,744**	**2,137,281**	**-**	**2,137,281**
Spain	1,812,316	-	1,812,316	1,510,353	-	1,510,353
Portugal	338,993	-	338,993	309,742	-	309,742
Brazil	288,869	-	288,869	141,671	-	141,671
Argentina	207,566	-	207,566	175,515	-	175,515
On line sales	**180,340**	**-**	**180,340**	**155,157**	**-**	**155,157**
Spain	131,640	-	131,640	119,282	-	119,282
Portugal	10,706	-	10,706	7,315	-	7,315
Brazil	25,110	-	25,110	18,405	-	18,405
Argentina	12,884	-	12,884	10,155	-	10,155
Other sales	**12,700**	**-**	**12,700**	**12,044**	**10**	**12,034**
Spain	1,434	-	1,434	1,011	-	1,011
Portugal	10,943	-	10,943	11,029	10	11,019
Brazil	323	-	323	4	-	4
Argentina	-	-	-	-	-	-
Total	**6,524,662**	**342**	**6,524,320**	**5,900,807**	**752**	**5,900,055**

18. OTHER INCOME AND EXPENSES

18.1. Other income

Details of other income are as follows:

Thousands of Euros	2022	2021
Fees and interest to finance companies	66	117
Service and quality penalties	4,407	3,045
Revenue from lease agreement and other revenues from franchises	10,671	7,955
Revenue from information services to suppliers	7,275	5,762
Revenue from the sale of packaging	5,346	7,355
Other revenues	7,981	6,145
Total other operating income	35,746	30,379

18.2. Goods and other consumables used

This heading includes purchases, less volume discounts and other trade discounts and changes in inventories.

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

Thousands of Euros	2022	2021
Goods and other consumables used	5,473,193	4,924,555
Disccounts	(667,368)	(628,021)
Inventory variation	3,295	24,599
Other sales costs	41,028	32,238
Total consumption of goods and other consumables	4,850,148	4,353,371

18.3. Personnel expenses

Details of personnel expenses are as follows:

Thousands of Euros	2022	2021
Salaries and wages	516,461	504,277
Social Security	133,857	133,985
Indemnizaciones	49,858	37,380
Defined contribution plans	(14,345)	15,258
Other employee benefits expenses	18,951	18,136
Parcial total personnel expenses	704,782	709,036
Expenses for share-based payment transactions (Notes 15 and 19)	269	227
Total personnel expenses	705,051	709,263

18.4. Operating expenses

Details of operating expenses are as follows:

Thousands of Euros	2022	2021
Repairs and maintenance	111,714	101,127
Utilities	132,065	117,295
Fees	77,173	61,810
Advertising	50,511	42,253
Taxes	21,948	14,894
Rentals, property	32,629	31,053
Rentals, equipment	8,723	9,310
Transport	169,797	137,805
Travel expenses	13,283	10,895
Security	27,455	27,798
Other general expenses	65,269	58,823
Total operating expenses	**710,567**	**613,063**

The increase in this item was mainly due to higher electricity and diesel prices.

18.5. Amortisation, depreciation and impairment

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

Thousands of Euros	2022	2,021
Amortisation of intangible assets (Note 5.3)	12,325	15,793
Depreciation of property, plant and equipment (Note 4)	151,266	133,519
Depreciation of uses rights (Note 5.2)	190,732	191,732
Total amortisation and depreciation	**354,323**	**341,044**
Impairment of goodwill (Note 5.1)	5,611	26,953
Impairment of intangible assets (Note 5.3)	89	291
Impairment of property, plant and equipment (Note 4)	29,857	23,479
Impairment of use of right	5,199	-
Total impairment	**40,756**	**50,723**

18.6. Profit/(loss) on disposal of non-current assets

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

Thousand Euros	2022	2021
Losses on disposal of non-current assets	(48,777)	(32,561)
Profit from disposal of fixed assets	24,774	9,718
Total	**(24,003)**	**(22,843)**

The losses recorded in the financial years of 2022 and 2021 are essentially the result of the remodellings of stores performed in Spain and Argentina.

18.7. Finance income/cost

Details of finance income are as follows:

Thousands of Euros	2022	2021
Interest on other loans and receivables	29,039	11,875
Exchange gains (note 18.8)	791	400
Other finance income	35,693	22,933
Total finance income	65,523	35,208

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

Details of finance cost are as follows:

Thousands of Euros	2022	2021
Interest on bank loans	37,037	40,860
Intereses on debentures and bonds	1,083	7,457
Finance expenses for finance leases	53,028	49,850
Exchange losses (note 18.8)	2,524	4,201
Financial expenses assigment of receivables operations (note 6.1 (b))	7	-
Other finance expenses	35,937	37,502
Total finance expenses	129,616	139,870

Other finance expenses in 2022 and 2021, are mainly, the debit and credit bank taxes linked to sales income, in Argentina.

18.8. Foreign currency transactions

The transactions in foreign currency carried out by the Dia Group during 2022 and 2021 are not significant. Details of the exchange differences on foreign currency transactions are however as follows:

Thousands of Euros	2022	2021
Currency exchange losses (note 18.7)	(2,524)	(4,201)
Currency exchange gains (note 18.7)	791	400
Trade exchange losses	(1,087)	(4,543)
Trade exchange gains	1,993	5,523
Total	(827)	(2,821)

18.9. Profit/(loss) on net monetary position

This caption includes the positive financial effect of the impact of inflation on monetary assets, which amounted to 100.8 million euros in 2022 and 42.3 million euros in 2021 (see Note 2.3). The majority of this amount was generated by trade payables.

In Argentina, the sales margin rose to 14.3% in 2022 (15.3% in 2021). In 2022, the sales margin, before applying IAS 29, would be 19.4% (18.2% in 2021). The sales margin differences in the two periods is due mainly to an improved gross margin, which essentially reflects a smaller promotional effort. The method of restating the cost of goods sold is based on the measurement of the initial inventories at the rate corresponding to the period immediately prior to the start of year, in this case December 2021. Assuming an average inventory turnover of 30 days. This methodology means that the restatement adjustment has a greater effect on the cost of goods sold than the rest of the lines in the income statement, with the margin deteriorating because of the application of IAS 29.

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

This item records the result attributable to companies that consolidate under the equity method, with a loss of €55,000 in 2022 (a profit of 11 thousand euros in 2021) (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 unused at reporting date;
- bank commitments received.

Expansion operation commitments were undertaken for expansion at Group level.

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

Pledged:

Thousands of Euros - 31st December de 2022	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	>5 YEARS	TOTAL
Guarantees	321	201	1,577	9,366	11,465
Mortgage security	27,275	-	-	-	27,275
Credit facilities to customers (finance companies)	30,847	-	-	-	30,847
Cash	**58,443**	**201**	**1,577**	**9,366**	**69,587**
Purchase options	6,636	1,919	-	550	9,105
Commitments related to commercial contracts	5,210	2,605	1,212	137	9,164
Other commitments	-	-	-	5,828	5,828
Transactions / properties / expansion	**11,846**	**4,524**	**1,212**	**6,515**	**24,097**
Total	**70,289**	**4,725**	**2,789**	**15,881**	**93,684**

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

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

Thousands of Euros	2022	2021
Less than one year	697	1,081
Total minimum lease payments, property	**697**	**1,081**
Less than one year	1,118	1,354
One to five years	727	897
Over five years	5	1
Total minimum lease payments, furniture and equipment	**1,850**	**2,252**

The Parent Company is the guarantor of the Syndicated Financing Agreement together with other subsidiaries of the Group.

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).

The purchase options include warehouse options amounting to 8,555 thousand euros at 31 December 2022 (31,913 thousand euros at 31 December 2021).

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

In addition, the Parent Company has granted a guarantee with regard to certain obligations with the subsidiary in Portugal, a guarantee by Société Générale for a maximum amount of 30,990 thousand euros, expiring on 30 September 2023.

Received:

Thousands of Euros at 31st December de 2022	IN 1 YEAR	IN 2 YEARS	3-5 YEARS	> 5 YEARS	TOTAL
Available Credit Facility - Syndicated Financing	103,367	-	-	-	103,367
Available Revolving Credit Facility - Syndicated Financing	24,437	-	-	-	24,437
Available Credit Facility - Commercial Paper	100	-	-	-	100
Available Reverse Factoring	991	-	-	-	991
Available Loan Facility (Term Loan)	254	-	-	-	254
Available Reverse Factoring (not included Syndicated credits)	5,571	-	-	-	5,571
Cash	**134,720**	-	-	-	**134,720**
Guarantees received for commercial contracts	12,474	3,189	6,529	47,363	69,555
Other commitments	-	-	-	131	131
Transactions / properties / expansion	**12,474**	**3,189**	**6,529**	**47,494**	**69,686**
Total	**147,194**	**3,189**	**6,529**	**47,494**	**204,406**

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

b) Contingencies

The Group is undergoing legal proceedings and tax inspections in a number of jurisdictions, some of which had been completed by the taxation authorities at 31 December 2022 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, 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 2022 and 2021 the Group has carried out the following transactions with associate: ICDC, Horizon and LetterOne Group, essentially corresponding to commercial operations and financial expenses deriving from the Capital Increase operation completed in 2021. The trade payables balance at 31 December 2022 and 2021 is shown in Notes 7.1c) 13.1 and 13.3. The transactions carried out in both periods were as follows:

Thousands of Euros	2022	2021
ICDC	16	(22)
Horizon	85	1,387
LetterOne Group	(382)	(15,192)
Total transactions	**(281)**	**(13,827)**

Transactions with directors and senior management personnel

Details of remuneration received by the directors and senior management of the Group in 2022 and 2021 are as follows:

Thousands of Euros			
2022		2021	
Board Director	Senior managment	Members of Board Director	Senior managment
1,014	12,725	670	11,820

In 2022 and 2021 the Directors of the Parent Company earned remuneration of 788 thousand and 670 thousand euros, respectively (included in the above details) in their capacity as board members.

Article 38.5 of the articles of association requires the disclosure of the remuneration earned by each of the members of the board of directors of the Parent Company in 2022 and 2021. Details are as follows:

2022			Thousands of euro		
Members of Board Directors	From	to	Financial instruments	Fixed salary	Variable compensation in cash
Mr. José Wahnon Levy	01/01/2022	31/12/2022	31	150	-
Mr. Jaime García-Legaz	01/01/2022	07/06/2022	32	52	-
Ms. Basola Vallés	01/01/2022	18/04/2022	29	36	-
Mr. Stephan DuCharme	01/01/2022	31/12/2022	-	-	-
Mr. Sergio Antonio Ferreira Dias	01/01/2022	31/12/2022	-	-	-
Mr. Marcelo Maia	01/01/2022	31/12/2022	-	120	226
Mr. Vicente Trius Oliva	01/01/2022	31/12/2022	-	120	-
Ms. Luisa Delgado	01/01/2022	31/12/2022	-	150	-
Ms. Gloria Hernández	07/07/2022	31/12/2022	-	68	-
Total			92	696	226

2021			Thousands of euro	
Members of Board Directors	From	to	Financial instruments	Fixed salary
Mr. Christian Couvreux	01/01/2021	15/02/2021	50	21
Mr. José Wahnon Levy	01/01/2021	31/12/2021	-	150
Mr. Jaime García-Legaz	01/01/2021	31/12/2021	-	166
Ms. Basola Vallés	01/01/2021	31/12/2021	-	120
Mr. Stephan DuCharme	01/01/2021	31/12/2021	-	-
Mr. Sergio Antonio Ferreira Dias	01/01/2021	31/12/2021	-	-
Mr. Marcelo Maia	01/01/2021	31/12/2021	-	112
Mr. Vicente Trius Oliva	29/09/2021	31/12/2021	-	26
Ms. Luisa Delgado	01/11/2021	31/12/2021	-	25
Total			50	620

Additionally, as a result of the applicable remunerations policy, there is deferred remuneration in shares for non-proprietary directors, the accrual of which has initially been estimated at 269 thousand euros as at 31 December 2022 (227 thousand euros in 2021) (see Notes 16 and 18.3). During the financial year of 2022 net shares of withholdings amounting to 70 thousand euros (92 thousand euros gross) were handed over to Mr. Jaime García-Legaz, Ms. Basola Vallés and Mr. José Wahnon. These 92 thousand euros euros were incorporated as remuneration in financial instruments in the 788 thousand euros overall remuneration accruing to the Directors in 2022 in their capacity as board members.

The civil liability insurance premiums paid in respect of directors and senior management personnel totalled 401 thousand euros in 2022 (2021: 439 thousand euros).

21. OTHER INFORMATION

Employee information

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

	2022	2021
Management	156	142
Middle management	2,447	2,346
Other employees	31,396	35,323
Total	33,999	37,811

The average headcount includes 5,869 employees from the businesses of Clarel and large format stores in 2022 (6,032 in 2021), whose staff expenditure is presented in the result of discontinued operations in the income statement.

22. EVENTS AFTER THE REPORTING PERIOD

On February 22nd, 2023, the Board of Directors has approved the following agreements:

(i) the appointment of Ms. Gloria Hernández as Chairperson of the Audit and Compliance Committee in substitution of Mr. José Wahnon Levy who was close to reaching the 4 year mark as Chairperson of this Committee.

(ii) The reassignment of Mr. Sergio Dias as "Another External Director" as of April 1st, 2023, date in which he will cease to hold all his current positions within L1 Group.

CONDENSED CONSOLIDATED INTERIM DIRECTOR’S REPORT 2022

2022 GROUP OPERATIONAL UPDATE

Fiscal year 2022 has confirmed the business turnaround, with an improvement in all operational and financial variables. All the measures that have been promoted to achieve a profound redirection of the company are having their effect and this New Dia is already a reality in Spain and Argentina, which have recorded excellent results in sales and EBITDA margin.

The company's strategy is focused on proximity food distribution. The objective is to be the neighborhood store in which to make a complete purchase, easily and quickly, and to achieve this it offers a wide assortment in which manufacturer brands, fresh products from local suppliers and a high-quality Dia brand coexist. This differentiating value proposition has proven to be the right one even in a macroeconomic environment such as the current one, as reflected in customer satisfaction and acceptance.

The inflationary effect has been one of the factors that have marked the 2022 fiscal year, reaching 5.7% in Spain; 5.8% in Brazil; 94.8% in Argentina and 9.6% in Portugal. This scenario of high inflation began to be generated in 2021 as a result of Covid-19 pandemic aftermath and disruptions in the supply chain and has worsened in 2022 as a result of the war in Ukraine.

In this environment, the Group's Net Sales have advanced 9.6% compared to 2021, with a positive like-for-like annual growth in all markets in which the company operates and with an improvement in the adjusted EBITDA margin reaching 2.8%, compared to 1.9% at the end of the previous year.

Net loss in 2022 stands at €123.8 million, down 52% compared to 2021, even though it was affected by impairments on investments in Clarel and Brazil amounting to €31.5 million.

Net financial indebtedness increased by 35% during the year to 544.1 million euros, mainly as a result of the investment effort made during the year.

During the year, almost 1,100 stores were remodeled, and 128 new stores were opened, mainly in Spain and Argentina. In addition, in Brazil, during the last quarter of the year, several pilot stores have been implemented under the new value proposition.

With these openings and renovations, 88% of the proximity network in Spain and 55% of the network in Argentina have been fully transformed, and the remodeling process is expected to be completed in 2023.

FY 2022 RESTULS

The following tables show the main figures of the income statement considering all activities of Dia Group, that is, including those derived from the Clarel business and the large-format store business that have been agreed to sell to Alcampo (hereinafter Discontinued Operations).

(million of euros)	2022	%	2021	%	Charge (%)
Gross sales under banner	**8,900.4**		**8,767.3**		**1.5%**
Like-for-like sales growth (%)	5.7%		-3.6%		
Net sales	**7,285.8**	**100.0%**	**6,647.7**	**100.0%**	**9.6%**
Cost of goods sold & other income	(5,706.0)	-78.3%	(5,159.0)	-77.6%	10.6%
Gross profit	**1,579.8**	**21.7%**	**1,488.7**	**22.4%**	**6.1%**
Labour costs	(692.6)	-9.5%	(692.6)	-10.4%	0.0%
Other operating expenses & leases	(490.1)	-6.7%	(430.6)	-6.5%	13.8%
Restructuring and LTIP costs	(49.2)	-0.7%	(66.5)	-1.0%	-26.0%
EBITDA	**347.9**	**4.8%**	**299.0**	**4.5%**	**16.4%**
D&A	(396.3)	-5.4%	(393.0)	-5.9%	0.8%
Impairment	(50.0)	-0.7%	(59.1)	-0.9%	-15.4%
Write-offs	(24.3)	-0.3%	(22.9)	-0.3%	6.1%
EBIT	**(122.7)**	**-1.7%**	**(176.0)**	**-2.6%**	**-30.3%**
Net financial results	32.7	0.4%	(67.5)	-1.0%	-148.4%
Losses before tax from continuing operations	**(90.0)**	**-1.2%**	**(243.5)**	**-3.7%**	**-63.0%**
Income tax	(33.9)	-0.5%	(13.9)	-0.2%	143.9%
Losses after tax from continuing operations	**(123.8)**	**-1.7%**	**(257.3)**	**-3.9%**	**-51.9%**
Discontinuing operations	-	0.0%	-	0.0%	n/a
Net attributable Result	**(123.8)**	**-1.7%**	**(257.3)**	**-3.9%**	**-51.9%**

The reconciliation between the EBITDA indluded in the previous table and the headings of the income statement, if Discontinued Activities had not been classified, is explained in the following table:

2022 (million of euros)	Income statement	Logistics cost	Restructuring cost	Total 2022
Net sales	**7,285.8**	**-**	**-**	**7,285.8**
Cost of goods sold & other income	**(5,300.2)**	**(406.8)**	**1.0**	**(5,706.0)**
Goods and other consumables used	(5,332.3)	(406.3)	-	(5,738.6)
Other income	36.4	(0.5)	-	35.9
Impairment of trade debtors	(4.3)	-	1.0	(3.3)
Gross profit	**1,985.6**	**(406.8)**	**1.0**	**1,579.8**
Labour costs	(853.2)	128.7	31.9	(692.6)
Other operating expenses	(759.8)	276.8	15.6	(467.4)
Leased property expenses	(24.7)	1.3	0.7	(22.7)
Restructuring and LTIP costs	-	-	(49.2)	(49.2)
EBITDA	**347.9**	**-**	**-**	**347.9**

2021 (million of euros)	Income statement	Logistics cost	Restructuring cost	Total 2021
Net sales	**6,647.7**	**-**	**-**	**6,647.7**
Cost of goods sold & other income	**(4,806.9)**	**(352.3)**	**0.2**	**(5,159.0)**
Goods and other consumables used	(4,839.0)	(352.1)	-	(5,191.1)
Other income	30.9	(0.2)	-	30.7
Impairment of trade debtors	1.2	-	0.2	1.4
Gross profit	**1,840.8**	**(352.3)**	**0.2**	**1,488.7**
Labour costs	(854.9)	120.2	42.1	(692.6)
Other operating expenses	(642.1)	229.9	7.2	(405.0)
Leased property expenses	(44.8)	2.2	17.0	(25.6)
Restructuring and LTIP costs	-	-	(66.5)	(66.5)
EBITDA	**299.0**	**-**	**-**	**299.0**

- The Group's Net Sales have increased 9.6%, growing in all markets. Revenues from company-owned stores represent 60.2% of the Group's Net Sales, compared to 35.5% from franchise stores and 4.3% from online and other activities.
- The Group's Like-for-Like sales increased 5.7%, showing a consistent growth of our businesses supported by a differential value proposition for our customers. This figure was achieved as a result of three consecutive quarters of like-for-like sales growth and a positive cumulative increase in the last 9 months in all the markets in which we operate.
- Gross Profit (as a percentage of Net Sales) to 21.7% from 22.4% year-on-year impacted by inflation, increase in franchised stores and growth in our own brand share.
- Personnel expenses decreased by 0.9pp to 9.5% as a percentage of Net Sales, despite wage increases affected by inflation, benefiting from the transfer to franchising of company-owned stores.
- Other operating expenses increased from 6.5% to 6.7% as a percentage of Net Sales, strongly impacted by the increase in the cost of electricity and diesel.
- EBITDA improved to 4.8% of Net Sales (0.3pp better than 2021) due to cost reductions from less profitable store closures and outsourcing carried out in 2022, as well as a reduction in restructuring costs, which neutralized the impact of lower Gross Profit.
- Depreciation and amortization increased by 3.3 million euros due to the increase in store remodeling.
- The Net Result stood at € -123.8 million, representing an improvement of € 133.5 million compared to year-end 2021.

If the impacts of Discontinued Operations are reclassified, the main figures of the income statement, which are those presented in the consolidated summary interim financial statemests, remain as follows:

(million of euros)	2022	%	2021	%	Charge (%)
Gross sales under banner	**8,014.7**		**7,905.5**		**1.4%**
Like-for-like sales growth (%)	6.1%		-3.0%		
Net sales	**6,524.3**	**100.0%**	**5,900.1**	**100.0%**	**10.6%**
Cost of goods sold & other income	(5,198.8)	-79.7%	(4,640.4)	-78.6%	12.0%
Gross profit	**1,325.5**	**20.3%**	**1,259.7**	**21.4%**	**5.2%**
Labour costs	(558.0)	-8.6%	(557.8)	-9.5%	0.0%
Other operating expenses & leases	(427.1)	-6.5%	(384.8)	-6.5%	11.0%
Restructuring and LTIP costs	(50.4)	-0.8%	(60.8)	-1.0%	-17.1%
EBITDA	**290.0**	**4.4%**	**256.3**	**4.3%**	**13.1%**
D&A	(354.3)	-5.4%	(341.1)	-5.8%	3.9%
Impairment	(40.8)	-0.6%	(50.7)	-0.9%	-19.5%
Write-offs	(24.0)	-0.4%	(22.8)	-0.4%	5.3%
EBIT	**(129.1)**	**-2.0%**	**(158.3)**	**-2.7%**	**-18.4%**
Net financial results	36.7	0.6%	(62.3)	-1.1%	-158.9%
Losses before tax from continuing operations	**(92.4)**	**-1.4%**	**(220.6)**	**-3.7%**	**-58.1%**
Income tax	(33.9)	-0.5%	(13.9)	-0.2%	143.9%
Losses after tax from continuing operations	**(126.2)**	**-1.9%**	**(234.4)**	**-4.0%**	**-46.2%**
Discontinuing operations	2.4	0.0%	(22.9)	-0.4%	n/a
Net attributable Result	**(123.8)**	**-1.9%**	**(257.3)**	**-4.4%**	**-51.9%**

(1) With the activities of the Clarel Business and the Large Format Store Business agreed in the sale to Alcampo, presented as discontinuing operations

The reconciliation between the EBITDA indluded in the consolidated summary interim financial statemests and the indicated in the previous table, due to the allocation according to their nature of the logistics costs charged to the warehouses and the restructuring costs for the years 2022 and 2021, is explained in the following table:

2022 (million of euros)	Income statement	Logistics cost	Restructuring cost	Total 2022
Net sales	**6,524.3**	**-**	**-**	**6,524.3**
Cost of goods sold & other income	**(4,818.6)**	**(381.2)**	**1.0**	**(5,198.8)**
Goods and other consumables used	(4,850.0)	(380.6)	-	(5,230.6)
Other income	35.7	(0.6)	-	35.1
Impairment of trade debtors	(4.3)	-	1.0	(3.3)
Gross profit	**1,705.7**	**(381.2)**	**1.0**	**1,325.5**
Labour costs	(705.1)	116.6	30.5	(558.0)
Other operating expenses	(678.0)	263.3	15.7	(399.0)
Leased property expenses	(32.6)	1.3	3.2	(28.1)
Restructuring and LTIP costs	-	-	(50.4)	(50.4)
EBITDA	**290.0**	**-**	**-**	**290.0**

(1) With the activities of the Clarel Business and the Large Format Store Business agreed in the sale to Alcampo, presented as discontinuing operations

2021 (million of euros)	Income statement	Logistics cost	Restructuring cost	Total 2021
Net sales	**5,900.1**	**-**	**-**	**5,900.1**
Cost of goods sold & other income	**(4,321.5)**	**(319.1)**	**0.2**	**(4,640.4)**
Goods and other consumables used	(4,353.5)	(318.9)	-	(4,672.4)
Other income	30.4	(0.2)	-	30.2
Impairment of trade debtors	1.6	-	0.2	1.8
Gross profit	**1,578.6**	**(319.1)**	**0.2**	**1,259.7**
Labour costs	(708.2)	108.3	42.1	(557.8)
Other operating expenses	(583.0)	208.8	7.2	(367.0)
Leased property expenses	(31.1)	2.0	11.3	(17.8)
Restructuring and LTIP costs	-	-	(60.8)	(60.8)
EBITDA	**256.3**	**-**	**-**	**256.3**

(1) With the activities of the Clarel Business and the Large Format Store Business agreed in the sale to Alcampo, presented as discontinuing operations

The evolution of the Adjusted EBITDA during the period and its reconciliation with the EBIT taking into account all the activities of Dia Group is detailed below:

EBITDA to Adjusted EBITDA reconciliation (million of euros)	2022	2021	Change
EBIT	(122.7)	(176.0)	53.3
Depreciation & Amortization	396.3	393.0	3.3
Impairment of fixed assets	50.0	59.1	(9.1)
Losses on write-down of fixed assets	24.3	22.9	1.4
EBITDA	**347.9**	**299.0**	**48.9**
Restructuring costs	63.1	55.4	7.7
Long-term incentive program (LTIP)	(13.9)	11.1	(25.0)
IFRS 16 lease effect	(266.6)	(267.1)	0.5
IAS 29 hyperinflation effect	70.0	26.0	44.0
Adjusted EBITDA	**200.4**	**124.3**	**76.1**

- Adjusted EBITDA reached 2.8% as a percentage of Net Sales, an improvement of 0.9pp vs. 2021 (1.9% as porcentaje of Net Sales). In absolute terms, Adjusted EBITDA was €200.4 million, an increase of €76.1 million, reflecting the positive results of ongoing operational management improvement and cost control.

Reclassifying the impacts derived form Discontinued Activities as presented in the consolidated summary interim financial statemests, the evolution is as follows:

EBITDA to Adjusted EBITDA reconciliation (million of euros)	2022	2021	Change
EBIT	(129.1)	(158.3)	29.2
Depreciation & Amortization	354.3	341.1	13.2
Impairment of fixed assets	40.8	50.7	(9.9)
Losses on write-down of fixed assets	24.0	22.8	1.2
EBITDA	**290.0**	**256.3**	**33.7**
Restructuring costs	64.3	49.7	14.6
Long-term incentive program (LTIP)	(13.9)	11.1	(25.0)
IFRS 16 lease effect	(234.0)	(231.2)	(2.8)
IAS 29 hyperinflation effect	70.0	26.0	44.0
Adjusted EBITDA	**176.4**	**111.9**	**64.5**

(1) With the activities of the Clarel Business and the Large Format Store Business agreed in the sale to Alcampo, presented as discontinuing operations

INFORMATION BY COUNTRY

SPAIN

SPAIN (million of euros) (*)	2022	%	2021	%	Change
Gross sales under banner	**5,316.8**		**5,002.8**		**6.3%**
Like-for-like sales growth	7.3%		-5.2%		
Net sales	**4,436.2**		**4,209.8**		**5.4%**
Adjusted EBITDA	**147.6**	**3.3%**	**92.6**	**2.2%**	**59.4%**

(*) All activities of DIA Group included

Net sales increased by 5.4% despite 155 fewer stores (down 4.1%). Like-for-Like sales growth was 7.3%, reversing the negative trend of 2021 (-5.2%). From the second half of the year, after a slow start, we achieved an acceleration in sales leveraged on the good result of remodeling (with Like-for-Like of 12.2%) and an increase in the number of tickets (+6%) that allowed us to gain market share.

Adjusted EBITDA reached €147.6 million, €55.0 million higher than in 2021. This improvement is due to a €226.4 million increase in net sales, an improved store mix (increased outsourcing and closure of unprofitable stores), as well as strict cost management. This has led to an adjusted EBITDA margin of 3.3% on Net Sales, compared to 2.2% in 2021. This improvement in profitability made it possible to absorb the strong inflationary pressure with particularly high growth in energy costs (€20 million more than in 2021) and diesel (€17 million more than in 2021).

In 2022, two corporate operations in Spain were fully aligned with the Group's strategy: focus on proximity stores and food distribution. On the one hand, the sale of large format stores to Alcampo and on the other hand, the sale of Clarel, the Group's hygiene and beauty business, to C2 Private Capital.

The announcement of these operations has caused these assets to appear in the statutory accounts as held for sale, as well as the sale and the result of the same in 2022, having also restated the income statement for the year 2021. The following tables show the main figures for Spain considering these operations as discontinued.

SPAIN (million of euros)	2022	%	2021	%	Change
Gross sales under banner	**4,431.1**		**4,141.1**		**7.0%**
Like-for-like sales growth	8.3%		-4.5%		
Net sales	**3,674.7**		**3,462.2**		**6.1%**
Adjusted EBITDA	**123.6**	**3.4%**	**80.1**	**2.3%**	**54.3%**

PORTUGAL

PORTUGAL (million of euros)	2022	%	2021	%	Change
Gross sales under banner	**818.5**		**806.1**		**1.5%**
Like-for-like sales growth	3.7%		-4.3%		
Net sales	**596.0**		**592.9**		**0.5%**
Adjusted EBITDA	**10.5**	**1.8%**	**11.9**	**2.0%**	**-11.8%**

Net Sales in Portugal reached 596.0 million euros, a growth of 0.5%, affected by a 7.2% lower store base. Like-for-Like sales growth in Portugal was 3.7%, a result that reverses the negative trend of 2021 where a negative Like-for-Like of -4.3% was experienced.

The entry of new players in the market, as well as the strong investment and expansion of competitors, have created a challenging scenario for Dia, which, together with the inflationary situation experienced in the country, has put pressure on margins and business profitability.

The own brand has been one of Dia's major commitments in Portugal, with the renewal of more than 600 references, already representing 43.6% of the total basket of its customers.

Adjusted EBITDA closed 2022 at €10.5 million, €1.4 million lower than in 2021, with a 0.2pp drop in the adjusted EBITDA margin on Net Sales. This drop is partly due to the competitive pricing policy maintained during the year and the increase in supplies and maintenance expenses.

BRAZIL

BRAZIL (million of euros)	2022	%	2021	%	Change
Gross sales under banner	**995.4**		**886.7**		**12.3%**
Like-for-like sales growth	7.4%		0.6%		
Net sales	**889.5**		**802.1**		**10.9%**
Adjusted EBITDA	**(9.3)**	**-1.0%**	**(10.6)**	**-1.3%**	**-12.3%**

Net Sales grew 10.9% year-on-year despite a 17.5% decrease in the number of stores following the strategic closure of unprofitable locations (129 closures in 2022). Like-for-Like sales growth in Brazil was 7.4%, up 6.8pp vs. 2021. This increase is largely due to the inflation observed in the country as well as the price competitiveness maintained despite inflationary pressure.

During 2021, a review of the franchise model was carried out, which during half of 2022 has led to a high volume of outsourcing, reaching a total of 89 transfers during the year. This model has generated an increase in the level of satisfaction of our franchised collaborators.

Adjusted EBITDA improved by €1.3m and also improved in terms of margin (0.3pp better than 2021), despite the increase in inputs, through good management of fixed costs and investment control.

ARGENTINA

ARGENTINA (million of euros)	2022	%	2021	%	Change
Gross sales under banner	**1,769.7**		**2,071.7**		**-14.6%**
Like-for-like sales growth	2.0%		-0.5%		
Net sales	**1,364.1**		**1,042.9**		**30.8%**
Adjusted EBITDA	**51.6**	**3.8%**	**30.4**	**2.9%**	**69.7%**

Argentina closed 2022 with a very positive result in terms of net sales, market share and profitability, demonstrating that the model and strategy followed in the country are the right one.

Net sales increased by 30.8% (in euros), leveraging the good results of store renovations and openings during the year. The evolution of the Argentine peso, with a lower-than-expected devaluation and below inflation, has generated a currency gain for the Group. Measured in Argentine pesos, Net Sales growth was 87.5%, obviously driven by inflation in the country.

Like-for-Like sales growth in Argentina was 2.0%, which has allowed us to accelerate our growth ahead of the competition and gain market share in the country for 6 consecutive quarters.

Dia Argentina is already the leader of Greater Buenos Aires and has the ambition to lead the Argentine market in the coming years.

Adjusted EBITDA reached €51.6 million and a margin of 3.8% on Net Sales. This represents an improvement in profitability of 0.9pp compared to 2021 and demonstrates the good management of commercial margins and fixed costs.

BALANCE SHEET

(milllon of euros)	2022	2021
Non-current assets	1,903.2	2,018.2
Inventories	417.6	452.0
Trade & Other receivables	199.1	178.0
Other current assets	76.2	61.5
Cash & Cash equivalents	215.8	361.1
Non-current assets held for sale	309.0	-
Total assets	**3,120.9**	**3,070.8**
Total equity	7.6	93.6
Non-current borrowings	1,009.5	1,023.2
Current borrowings	278.9	272.5
Trade & Otherpayables	1,329.3	1,274.6
Provisions & Other	417.9	406.9
Liabilities directly associated with non-current assets held for sale	77.7	-
Total equity & liabilities	**3,120.9**	**3,070.8**

(1) With the activities of the Clarel Business and the Large Format Store Business agreed in the sale to Alcampo, presented as discontinuing operations

At December 31, 2022, the equity balance in the Parent Company's individual financial statements (which are those used to calculate the legal dissolution or capital increase obligation) amounted to €667.3 million (€837.8 million at December 2021) affected by an impairment of €180 million of the investment in the Brazilian subsidiary.

NET FINANCIAL DEBT

Total Net Financial Debt increased by €140 million during 2022 to €544.1 million, due to increased CAPEX to transform the business offset, to a lesser extent, by positive cash flow from operations and increased working capital.

RECONCILIATION NET DEBT

(million of euros)	2022	2021	Change
Non-current borrowings	1,009.5	1,023.2	(13.7)
Current borrowings	278.9	272.5	6.4
Cash & Cash equivalents	(215.8)	(361.1)	145.3
Derivatives	(4.3)	-	(4.3)
Total net debt	**1,068.3**	**934.6**	**133.7**
IFRS 16 related debt effect	(524.1)	(530.4)	6.3
Net financial debt	**544.1**	**404.1**	**140.0**

(1) With the activities of the Clarel Business and the Large Format Store Business agreed in the sale to Alcampo, presented as discontinuing operations

Actual gross debt maturity profile at December 31, 2022 (excl. IFRS16) in the amount of 764.3 million euros.

(million of euros)	2023	2024	2025	2026	2027 onward	Total
Non syndicated facilities & other	25.4	10.4	4.8	3.8	14.4	58.7
Financing from Syndicated Lenders	89.6	25.0	536.6	-	-	651.2
Bonds	0.8	-	-	30.9	-	31.7
SS Incremental Financing	-	-	22.6	-	-	22.6
Net financial debt	**115.8**	**35.4**	**564.0**	**34.7**	**14.4**	**764.2**

(1) With the activities of the Clarel Business and the Large Format Store Business agreed in the sale to Alcampo, presented as discontinuing operations

The most relevant maturity of the gross financial debt corresponds to syndicated financing (74% of the overall gross debt) and matures in three years (from December 2024 to December 2025) and 15% of the gross financial debt matures in less than one year:

- Syndicated Lender Financing: 89.6 million during 2023, 25 million in March 2024 and 536.6 million in December 2025.
- Non-syndicated financing and others: 25.4 million in 2023, 10.4 million in 2024 and thereafter, 22.9 million.
- Super Senior Financing: 22.6 million in December 2025.
- Bonds and debentures: 30.9 million in June 2026.

AVAILABLE LIQUIDITY

(million of euros)	2022	2021	Change
Cash & Cash equivalents	215.8	361.1	(145.3)
Available credit facilities	134.7	154.3	(19.6)
Total liquidity	**350.5**	**515.4**	**(164.9)**

(1) With the activities of the Clarel Business and the Large Format Store Business agreed in the sale to Alcampo, presented as discontinuing operations

Available liquidity at year-end was EUR 350.5 million (December 2021: EUR 515.4 million), of which EUR 215.8 million related to cash and cash equivalents and EUR 134.7 million to undrawn bank financing and confirming facilities.

WORKING CAPITAL

(million of euros)	2022 (1)	2022	2021	Change with Discontinued Activities	Change without Discontinued Activities
Inventories (A)	417.6	473.0	452.0	(34.4)	21.0
Trade & other receivables (B)	199.1	210.3	178.0	21.1	32.3
Trade & other payables (C)	1,329.3	1,336.6	1,274.6	54.7	62.0
Total working capital (A+B-C)	**(712.5)**	**(653.2)**	**(644.6)**	**(67.9)**	**(8.6)**

(1) With the activities of the Clarel Business and the Large Format Store Business agreed in the sale to Alcampo, presented as discontinuing operations

Working capital at Group level during 2022 remained stable with a slight improvement of €8.6 million. The increase in net sales for the period in the amount of €638.1 million represents an improvement of €62.0 million in trade and other payables, partly offset by the 11.9% increase compared to December 2021 in trade and other receivables due to the higher number of franchises in 2022 and by the higher level of inventories by €21.0 million as they were impacted by the effect of inflation.

Working capital, presenting the activities of the Clarel business and the large format stores business agreed for sale to Alcampo as discontinued, improved by 59.3 million euros, mainly due to the decrease in the stock associated with these businesses and the lower volume of trade and other receivables.

As of December 2022, and December 2021, the Group had no non-recourse factoring lines used. At year-end 2022, the amount of confirming used by the Group stood at €246.7 million at December 31, 2022 (December 2020: €244.0 million).

CAPEX

(million of euros)	2022	2021	Change (%)
Spain	181.3	159.7	13.5%
Portugal	5.1	22.1	-76.9%
Argentina	73.7	35.5	107.6%
Brazil	9.1	28.4	-68.0%
Total Capex	**269.2**	**245.7**	**9.6%**

CAPEX in 2022 increased by 9.6% due to the continuation of the remodeling and store expansion plan in Spain and Argentina, linked to DIA's new proximity concept. The investment has allowed the remodeling of 809 stores in Spain and 255 stores in Argentina, as well as the opening of 27 stores in Spain and 101 stores in Argentina. Additionally, it has allowe us to advance the implementation of the omnichannel pieces that Will support online business in Spain.

STORE NETWORK

The following table shows the store network of the DIA Group by country and its evolution during the year.

DIA GROUP	Owned	Franchised	Total
Total stores 31 December 2021	3,227	2,710	5,937
New openings	18	110	128
Net change from franchised to owned stores	-213	213	0
Closings	-280	-86	-366
Total DIA GROUP stores at 31 December 2022	**2,752**	**2,947**	**5,699**
Large Format Store Business agreed in the sale to Alcampo	-220	-6	-226
Clarel stores	-809	-205	-1,014
Total DIA GROUP stores at 31 December 2022 whithout Large Format Store Business agreed in the sale to Alcampo and Clarel Business	**1,723**	**2,736**	**4,459**

SPAIN	Owned	Franchised	Total
Total stores 31 December 2021	2,191	1,598	3,789
New openings	12	15	27
Net change from franchised to owned stores	-126	126	0
Closings	-129	-53	-182
Total tiendas DIA España a 31 diciembre 2022	**1,948**	**1,686**	**3,634**
Large Format Store Business agreed in the sale to Alcampo	-220	-6	-226
Clarel stores	-809	-205	-1,014
Total DIA Spain stores at 31 December 2022 whithout Large Format Store Business agreed in the sale to Alcampo and Clarel Business	**919**	**1,475**	**2,394**

PORTUGAL	Owned	Franchised	Total
Total stores 31 December 2021	202	297	499
New openings	0	0	0
Net change from franchised to owned stores	-3	3	0
Closings	-27	-9	-36
Total DIA Portugal stores at at 31 December 2022	**172**	**291**	**463**

BRAZIL	Owned	Franchised	Total
Total stores 31 December 2021	570	167	737
New openings	0	0	0
Net change from franchised to owned stores	-89	89	0
Closings	-116	-13	-129
Total DIA Brazil stores at at 31 December 2022	**365**	**243**	**608**

ARGENTINA	Owned	Franchised	Total
Total stores 31 December 2021	264	648	912
New openings	6	95	101
Net change from franchised to owned stores	5	-5	0
Closings	-8	-11	-19
Total DIA Argentina stores at at 31 December 2022	**267**	**727**	**994**

EVETS FOLLOWING THE CLOSE OF THE PERIOD

On February 22nd, 2023, the Board of Directors has approved the following agreements:

(i) the appointment of Ms. Gloria Hernández as Chairperson of the Audit and Compliance Committee in substitution of Mr. José Wahnon Levy who was close to reaching the 4 year mark as Chairperson of this Committee.

(ii) The reassignment of Mr. Sergio Dias as "Another External Director" as of April 1st, 2023, date in which he will cease to hold all his current positions within L1 Group.

DEFINITION OF APMs

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

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

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

- Franchisees' turnover from sales to end customer. Net Sales record the value of sales of goods by DIA to the franchisee. In addition to the sale of goods and associated discounts and incentives, amounts invoiced as a percentage of the franchisee's final sales figure are recorded in net sales for licensed rights and ancillary technical and commercial assistance services, and for the provision for the assignment of commercial use and monthly operation of the 2020 franchise model.

- Mobile phone top-up transactions. Net sales only include the amount of commission associated with these transactions.

- Concessions' turnover from sales to end customer (meat and fish counters among others). In general, the concession-holder makes use of the at the point of sale space for which it is invoiced for a sublease recorded as "other income". In addition, DIA charges a commission to the concession-holder for point-of-sale terminal collection management, which is registered as "net sales". As for the purchase of goods, the concession-holder may purchase goods from a third party or otherwise from DIA. Group net sales include sales of DIA goods to the concession-holder and the collection management fee. Gross sales under banner nonetheless include all sales by the concession-holder to the end customer.

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

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

NET SALES TO GROSS SALES UNDER BANNER RECONCILIATION			
(million of euros)	**2022**	**2021**	**Change (%)**
Net sales	**6,524.3**	**5,900.1**	**10.6%**
VAT	973.8	753.0	29.3%
Others	516.5	342.1	51.0%
Interim inflation adjustment in Argentina	-	910.3	n/a
Total Gross sales under banner	**8,014.7**	**7,905.5**	**1.4%**

(1) With the activities of the Clarel Business and the Large Format Store Business agreed in the sale to Alcampo, presented as discontinuing operations

If the reclassification to discontinued operations had not occurred, the evolution would have been as follows:

NET SALES TO GROSS SALES UNDER BANNER RECONCILIATION			
(million of euros)	**2022**	**2021**	**Change (%)**
Net sales	**7,285.8**	**6,647.7**	**9.6%**
VAT	1,078.5	855.7	26.0%
Others	536.1	353.6	51.6%
Interim inflation adjustment in Argentina	-	910.3	n/a
Total Gross sales under banner	**8,900.4**	**8,767.3**	**1.5%**

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

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

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

   As an illustrative example, if a store opened on 1 October 2021, its sales are excluded from the daily basis for LFL sales until 30 September 2022. From 1 October 2022 onwards, the store's sales will be considered in the basis of the LFL sales calculation, and for the purposes of assessing growth over the same period of the previous year, the store's sales on the same day of the previous year are taken into account. As an additional illustrative example, if a store remains closed for three days during the 2022 financial year for painting and cleaning tasks, the basis for calculation excludes sales by that store on the same days the previous year when it was open.

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

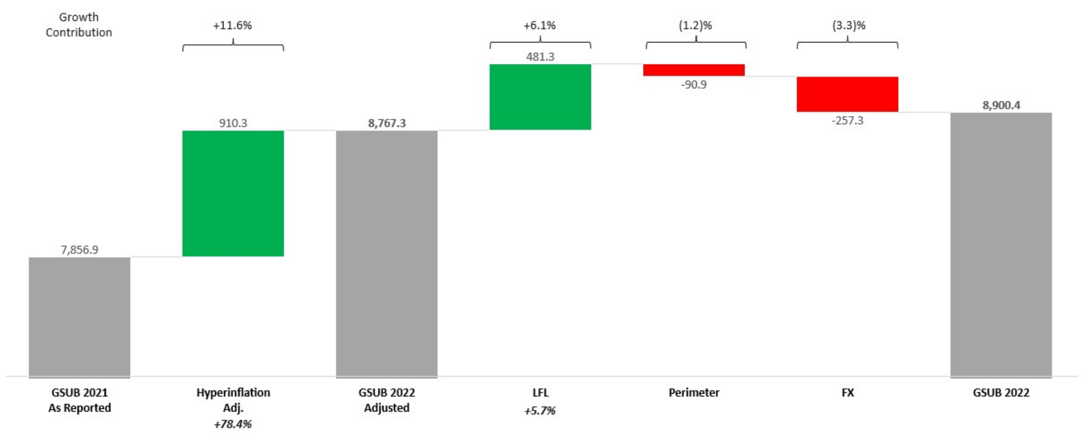
   Like-for-Like comparable sales growth is used to analyse the evolution of sales in a period compared to a previous period for a comparable sales area and isolating the effects of changes in exchange rates.

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

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

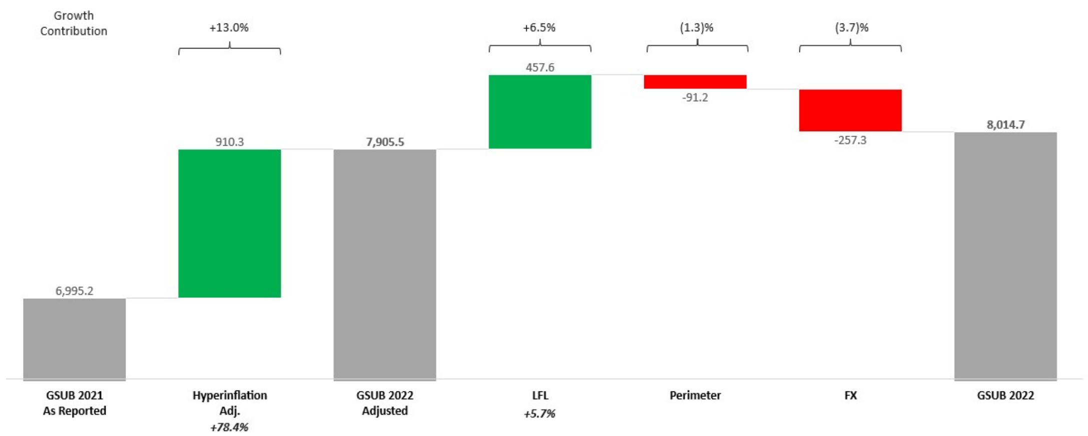
The evolution of gross sales under banner between periods and its components is presented below, both considering the global activities of the Group and isolating the effect of Discontinued Operations:

Components of growth in gross sales under banner (without discontinued operations)



Gross sales under banner grew by a total of 13.3% versus 2021 (reported) favored by +11.6% due to the inflationary adjustment in Argentina (domestic inflation =78.4%) leveraged by a Like-for-Like contribution of +6.1% (Like-for-Like =+5.7%), offsetting a lower store perimeter of -1.2% and a negative currency effect of -3.3%.

Components of growth in gross sales under banner (with discontinued operations)



Gross sales under banner grew by a total of 14.6% versus 2021 (reported) favored by +13.0% due to the inflationary adjustment in Argentina (domestic inflation =78.4%) leveraged by a Like-for-Like contribution of +6.5% (Like-for-Like =+6.1%), offsetting a lower store perimeter of -1.3% and a negative currency effect of -3.7%.

Gross profit: Profit calculated mainly by deducting from Net Sales and Other Income: (i) goods sold and other consumables; (ii) impairment of trade receivables; and (iii) labour costs, other operating expenses and lease expenses related with logistics activities, as per the reconciliation presented in the 2022 Results section of the Management Report. This metric is used as an indicator of the return obtained from the sale of goods after deducting the acquisition costs of the goods sold, including the logistics costs incurred to deliver the goods to the point of sale, irrespective of the nature of the cost (labour, other operating costs, etc.).

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

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

(million of euros)	2022	2021	Change
EBIT	(129.1)	(158.3)	29.2
Depreciation & Amortization	354.3	341.1	13.2
Impairment of fixed assets	40.8	50.7	(9.9)
Losses on write-down of fixed assets	24.0	22.8	1.2
EBITDA	**290.0**	**256.3**	**33.7**
Restructuring costs	64.3	49.7	14.6
Long-term incentive program (LTIP)	(13.9)	11.1	(25.0)
IFRS 16 lease effect	(234.0)	(231.2)	(2.8)
IAS 29 hyperinflation effect	70.0	26.0	44.0
Adjusted EBITDA	**176.4**	**111.9**	**64.5**

(1) With the activities of the Clarel Business and the Large Format Store Business agreed in the sale to Alcampo, presented as discontinuing operations

If the reclassification to discontinued operations had not occurred, the evolution would have been as follows:

(million of euros)	2022	2021	Change
EBIT	(122.7)	(176.0)	53.3
Depreciation & Amortization	396.3	393.0	3.3
Impairment of fixed assets	50.0	59.1	(9.1)
Losses on write-down of fixed assets	24.3	22.9	1.4
EBITDA	**347.9**	**299.0**	**48.9**
Restructuring costs	63.1	55.4	7.7
Long-term incentive program (LTIP)	(13.9)	11.1	(25.0)
IFRS 16 lease effect	(266.6)	(267.1)	0.5
IAS 29 hyperinflation effect	70.0	26.0	44.0
Adjusted EBITDA	**200.4**	**124.3**	**76.1**

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

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

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

The IFRS 16 effect on rents of 234.0 million euros and 231.3 million euros in 2022 and 2021, respectively, corresponds to costs that would have been accounted for as lease expenses had IFRS16 not been implemented. The difference between these amounts and the payments for leases according to note 13.1 c) on the Consolidated Condensed Interim Financial Statements, Financial debt, amounting to 237.6 million euros and 236.3 million euros in 2022 and 2021, respectively, is due to the fact that the payments include financial leases that were already part of the tangible fixed assets before the application of the new standard, as well as adjustments for hyperinflation and others.

RENTALS WITHOUT IFRS 16 APLICATION

(million of euros)	2022	2021
Rentals without IFRS 16 aplication	**234.0**	**231.3**
Lease payments for financial leases prior to the implementation of the standard	9.2	8.3
Hiperinflation adjustment related to rentals	(6.0)	(3.0)
Others	0.4	(0.3)
Lease payments for financial leases (Note 13.1)	**237.6**	**236.3**

(1) With the activities of the Clarel Business and the Large Format Store Business agreed in the sale to Alcampo, presented as discontinuing operations

The IFRS 16 effect on rents of 266.7 million euros and 267.1 million euros in 2022 and 2021, respectively, corresponds to costs that would have been accounted for as lease expenses had IFRS16 not been implemented, considering all activities. The difference between these amounts and the payments for leases, financial debt, amounting to 270.3 million euros and 272.6 million euros in 2022 and 2021, respectively, is due to the fact that the payments include financial leases that were already part of the tangible fixed assets before the application of the new standard, as well as adjustments for hyperinflation and others.

RENTALS WITHOUT IFRS 16 APLICATION

(million of euros)	2022	2021
Rentals without IFRS 16 aplication	**266,6**	**267,1**
Lease payments for financial leases prior to the implementation of the standard	9,2	8,7
Hiperinflation adjustment related to rentals	(6,0)	(3,0)
Others	0,4	(0,2)
Lease payments for financial leases	**270,2**	**272,6**

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

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

Capex: investment calculated as the sum of additions of property, plant and equipment and other intangible assets as described in notes 4 and 5 to the Condensed Consolidated Financial Statements. Capex is a measure of the Company's investment in fixed assets to contribute to the future growth of its business.

(million of euros)	2022	2021	Change (%)
Additions - Property, plant and equipment	244.6	232.7	5.0%
Additions - Other intangible asset	24.6	13.0	89.2%
Total Capex	**269.2**	**245.7**	**9.6%**

Net Financial Debt: The Company's financial position calculated by deducting the total value of cash and cash equivalents, the interest rate derivate hedge asset and the effect of applying IFRS 16 from the total value of outstanding current and non-current financial debt, as explained in note 13.1 to the Condensed Consolidated Financial Statements.

NET FINANCIAL DEBT RECONCILIATION

(million of euros)	2022	2021	Change
Non-current borrowings	1,009.5	1,023.2	(13.7)
Current borrowings	278.9	272.5	6.4
Cash & Cash equivalents	(215.8)	(361.1)	145.3
Derivates	(4.3)	-	(4.3)
Total net debt	**1,068.3**	**934.6**	**133.7**
IFRS 16 related debt effect	(524.1)	(530.4)	6.3
Net financial debt	**544.1**	**404.1**	**140.1**

(1) With the activities of the Clarel Business and the Large Format Store Business agreed in the sale to Alcampo, presented as discontinuing operations

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

Available liquidity: this is the result of adding together the Cash and cash equivalents as described in note 10 to the Condensed Consolidated Interim Financial Statements, and the undrawn balance of available lines of finance and reverse factoring described in note 19. Available liquidity is a metric used to measure the Group's capacity to honour its payment commitments using available liquid assets and finance.

(million of euros)	2022	2021	Change
Cash & Cash equivalents	215.8	361.1	(145.3)
Available credit facilities	134.7	154.3	(19.6)
Total liquidity	**350.5**	**515.4**	**(164.9)**

(1) With the activities of the Clarel Business and the Large Format Store Business agreed in the sale to Alcampo, presented as discontinuing operations

Working capital: This is the sum of inventories and trade and other receivables less trade and other payables. Working capital is a metric used to measure the amount of callable assets available to settle the Group's short-term payables in everyday operations.

(million of euros)	2022 (1)	2022	2021	Change with Discontinued Activities	Change without Discontinued Activities
Inventories (A)	417.6	473.0	452.0	(34.4)	21.0
Trade & other receivables (B)	199.1	210.3	178.0	21.1	32.3
Trade & other payables (C)	1,329.3	1,336.6	1,274.6	54.7	62.0
Total working capital (A+B-C)	**(712.5)**	**(653.2)**	**(644.6)**	**(67.9)**	**(8.6)**

(1) With the activities of the Clarel Business and the Large Format Store Business agreed in the sale to Alcampo, presented as discontinuing operations

In the retail sector, this figure tends to be negative given the fast rotation of produce in stores and the fact that customer collection periods are very short compared to supplier payment terms.