

Dia Group increases its net sales in the first half of the year to 3,602 million euros, with an evolution in comparable sales of 5.7%, supported by its proximity strategy

Second quarter 2023 Trading Update:

- **Dia Group's net sales** totaled 1,821.1 million euros in the second quarter, 1.3% below the same period of 2022, as a result of a reduction by more than 5% of the store network. In Spain the network contracted by 12% as a result of the sale of large format stores to Alcampo. The Group's net sales from January to June grew by 4.0%, reaching 3,602.4 million euros.
- **The Group's Like-for-Like sales** increased by 4.6% in the second quarter (4.1% excluding store sales⁷). In the first half, they increased by 5.7% (5.3% excluding store sales⁷).
- In **Spain**, gross sales under banner rose 3.9% in the second quarter to 1,349.1 million euros with Like-for-Like sales growth of 13.2% (13.6% excluding store sale⁷). Like-for-Like sales grew of 12.8% (13.3% excluding store sale⁷) in the first half, allowing Dia to gain market share at comparable surfaces.
- In **Argentina**, net sales decreased by 1.4% in the second quarter impacted by a negative exchange rate impact, to reach 360.7 million euros, coupled with Like-for-Like sales declining by 2.0% (measured in number of units). In the first half of the year, Like-for-Like sales fell by 0.8% (measured in number of units). However, Dia continued to gain market share from January to June, which is evidence of the complex macroeconomic context that the country is going through and that affects the distribution sector as a whole.
- In **Portugal**, gross sales under the banner increased 3.5% in the second quarter, with a strong Like-for-Like sales performance of 7.3% and 154.1 million euros in net sales (+4.9% vs. 2Q22), offsetting the 7% reduction in the store network and the drop in volume recorded for this market.
- In **Brazil**, net sales contracted by 23.0%, to 182.8 million euros, still affected by the change in assortment mix that is being implemented since the beginning of the year in the country (focused on reducing the weight of categories with lower margins which also do not match our concept of proximity) coupled with the 2% reduction of the store network and the strong price decrease in commodities which the country is evidencing.
- At Group level, **the number of tickets has increased by 6.4%** in the second quarter, emphasising the positive trend from previous quarters, with a reduction of 1.7% in the size of the average shopping basket.

SECOND QUARTER & FIRST HALF 2023 TRADING UPDATE

Q2 2023 Sales Breakdown

(in millions of euros)

	GSUB ¹			Net Sales ²			Like-for-Like ³ Sales
	2Q23	2Q22	Var. (%)	2Q23	2Q22	Var. (%)	2Q23 vs. 2Q22
Spain	1,349.1	1,298.9	3.9%	1,123.5	1,095.3	2.6%	13.2%
Excl. Stores under disposal ⁵	1,306.0	1,165.4	12.1%	1,085.4	975.5	11.3%	13.1%
Excl. Clarel Sale	1,261.1	1,216.6	3.7%	1,055.0	1,028.6	2.6%	13.7%
Excl. Stores under disposal ⁵ and Clarel	1,218.0	1,083.2	12.5%	1,016.9	908.9	11.9%	13.6%
Argentina	460.1	891.4	(48.4%)	360.7	365.8	(1.4%)	(2.0%)
Portugal	209.9	202.7	3.5%	154.1	146.9	4.9%	7.3%
Brazil	229.2	262.7	(12.7%)	182.8	237.3	(23.0%)	(13.3%)
Group Total	2,248.3	2,655.7	(15.3%)	1,821.1	1,845.2	(1.3%)	4.6%
Group Total Excl. Stores under disposal⁵ and Clarel	2,117.2	2,439.9	(13.2%)	1,714.4	1,658.9	3.3%	4.4%
Total Group Excl. Stores under disposal⁵, Clarel and Portugal	1,907.4	2,237.3	(14.7%)	1,560.3	1,511.9	3.2%	4.1%

HI 2023 Sales Breakdown

(in millions of euros)

	GSUB ¹			Net Sales ²			Like-for-Like ³ Sales
	1H23	1H22	Var. (%)	1H23	1H22	Var. (%)	1H23 vs. 1H22
Spain	2,673.7	2,501.3	6.9%	2,241.0	2,095.6	6.9%	12.8%
Excl. Stores under disposal ⁵	2,498.2	2,239.4	11.6%	2,081.9	1,859.5	12.0%	12.9%
Excl. Clarel Sale	2,505.5	2,345.1	6.8%	2,107.2	1,969.0	7.0%	13.2%
Excl. Stores under disposal ⁵ and Clarel	2,330.1	2,083.2	11.9%	1,948.1	1,733.0	12.4%	13.3%
Argentina	907.2	1,616.1	(43.9%)	701.4	652.0	7.6%	(0.8%)
Portugal	401.9	386.9	3.9%	294.6	283.1	4.1%	7.8%
Brazil	454.6	479.9	(5.3%)	365.4	434.7	(15.9%)	(8.6%)
Group Total	4,437.4	4,984.3	(11.0%)	3,602.4	3,465.3	4.0%	5.7%
Group Total Excl. Stores under disposal⁵ and Clarel	4,093.8	4,566.2	(10.3%)	3,309.5	3,102.7	6.7%	5.5%
Total Group Excl. Stores under disposal⁵, Clarel and Portugal	3,691.9	4,179.3	(11.7%)	3,014.9	2,819.5	6.9%	5.3%

Total Number of Stores⁴

Total Number of Stores⁴	5,435	5,733	(5.2%)
Excl. Stores under disposal ⁵	5,435	5,510	(1.4%)
Excl. Stores under disposal ⁵ and Clarel	4,425	4,485	(1.3%)
Excl. Stores under disposal ⁵ , Clarel and Portugal	3,965	3,991	(0.7%)

Operational evolution in the second quarter of 2023

Of the 3,965 Dia Group stores at the end of the second quarter (excluding 1,010 Clarel stores and 460 Dia Portugal stores), 2,723 already operate under the new model, 69% of our network led by Spain (84%) and Argentina (73%). In the period, 430 stores have been refurbished and 57 stores have been opened. By country, Spain has 1,957 stores operating under the new model; Argentina has 751 and Brazil 15, all showing positive and sustainable performance in a challenging environment such as today's.

The number of tickets maintains a positive trend, with an increase of 4.8% between January and June at Group level, with a reduction of 2.9% in the size of the average shopping basket. The commitment to the proximity⁶ store model, combined with a full assortment and high-quality Dia products at affordable prices, has allowed the company to reinforce its strategy at a complex economic time in which households are opting for smaller, although more frequent purchases and in which the private label continues to be an ally for our customers in the geographies in which we operate.

In the second quarter of the year, the transformation of Dia's private label in Spain has also progressed. At the end of June, the company already had more than 90% of its products renewed; During the quarter, 72 new references were launched. The New Dia Quality has made Dia products become recognized and valued by customers, increasing their share of the shopping basket to 54%.

Corporate transactions update

In 2022, the company announced two significant corporate transactions for the store network in Spain with the aim of advancing its strategy focused on proximity food retail. The sale of a large-format group of stores to Alcampo and the sale of Clarel, the business unit devoted to personal and home care.

At the end of June 2023, the sale of large-format stores to Alcampo was fully executed. In total, 223 stores have been transferred throughout the semester.

On May 10th, the Spanish National Markets and Competition Commission (CNMC) authorised the sale of Clarel. On August 1st, 2023, the company announced to the CNMV that the buyer did not comply with the precedent conditions agreed upon. Therefore the transaction has been terminated.

Also, the company signed the agreement to sell its business in Portugal to Auchan for an estimated value of 155 million euros (Enterprise Value Post IFRS 16) following a simplification strategy and focusing management efforts on the most relevant markets for the Group.

NOTES:

1. Gross Sales Under Banner (GSUB) as defined in the Consolidated Management Report for the first half of 2022. Total value of the turnover obtained in the stores at current exchange rates, including all indirect taxes (cash ticket value) and in all the Company's stores, both owned and franchised. In the case of Argentina, Gross Sales Under Banner are penalised twice over, since the inflation between the two periods is not considered, but the devaluation effect is taken into account.
2. Net sales expressed at current exchange rates and applying IAS 29 "Financial reporting in hyperinflationary economies" in Argentina, i.e. sales affected by devaluation and exchange rates.
3. Represents the growth rate of Gross Sales Under Banner (GSUB) at a constant exchange rate of those stores that have operated for a period greater than twelve months and one day under similar business circumstances. The figures corresponding to Like-for-Like sales in Argentina have been adjusted to reflect the variation in volume (units), avoiding erroneous calculations due to the effect of hyperinflation.
4. At the end of the period.
5. Excluding the sale of the 223 stores of the asset sale agreement reached with Alcampo, announced by the company on August 2nd, 2022.
6. Excluding Maxi (Spain and Portugal), La Plaza and Clarel stores.
7. Stores sale refers to the large-format stores transferred to Alcampo, the sale Clarel and the sale of Dia Portugal.

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