

**REPORT ISSUED BY THE BOARD OF DIRECTORS OF DISTRIBUIDORA INTERNACIONAL DE ALIMENTACION, S.A., FOR THE PURPOSES OF ARTICLES 286, 296, 297 AND 301 OF THE SPANISH COMPANIES ACT, IN RELATION TO THE PROPOSED RESOLUTION TO INCREASE THE SHARE CAPITAL BY ISSUING NEW SHARES IN TWO SEPARATE TRANCHES OF (I) CAPITALISATION OF CREDITS, AND (II) CASH CONTRIBUTIONS WITH RECOGNITION OF SHAREHOLDERS' PREFERENTIAL SUBSCRIPTION RIGHTS AND INCOMPLETE SUBSCRIPTION PROVISION, INCLUDED IN ITEM 12 OF THE AGENDA OF THE GENERAL SHAREHOLDERS' MEETING HELD ON 31 MAY 2021.**

**1. Report for the purposes of Articles 286, 296 and 297 of the Spanish Companies Act**

**(i) Introduction**

This report is issued by the Board of Directors of Distribuidora Internacional de Alimentación, S.A. (“**DIA**” or the “**Company**”) in relation to the proposed share capital increase resolution in an effective amount (nominal plus share premium) up to EUR 1,027,751,102, through the issue and putting into circulation of 51,387,555,100 new ordinary shares of EUR 0.01 nominal value each, with a share premium of EUR 0.01 per share, of the same class and series as those currently in circulation, represented through book-entries (the “**Capital Increase**”). The Capital Increase is structured in two separate subscription tranches by means of (i) compensation of credit rights; and (ii) cash contributions.

The Board of Directors drafts this report in compliance with the provisions of Articles 286, 296, 297 and 301 of the consolidated text of the Spanish Companies Act, approved by Royal Legislative Decree 1/2010, of 2 July (the “**Spanish Companies Act**”).

The Capital Increase proposal referred to in this report will be submitted for consideration at the General Shareholders' Meeting of DIA, called for 31 May 2021.

The first tranche of the Capital Increase shall be executed by means of a capitalisation of the credit rights that the majority shareholder of the Company, L1R Invest1 Holdings, S.à r.l. (“**LetterOne**”) holds against the Company, in an total amount of EUR 769,200,000 (the “**First Tranche**”). The First Tranche is equivalent to the pro rata portion of the total amount of the Capital Increase which LetterOne would be entitled to subscribe in exercise of its preferential subscription right, on the basis of its current shareholding (74.819%), if a single capital increase for an effective amount of EUR 1,027,926,402.17 had been made by means of cash contributions.

The second tranche of the Capital Increase shall be executed by means of cash contributions, for a maximum amount of EUR 258,551,102, with preferential subscription rights, and is addressed to all the shareholders of the Company other than LetterOne and the Company with regards to the treasury shares held by it, that is, to

*[Translation for information purposes only]*

holders of shares representing the 25.166% of the Company's share capital (the "**Second Tranche**"). LetterOne has formally waived its preferential subscription right in the Preferential Subscription Period of this tranche, considering that its proportionate share of the Capital Increase has been covered under the First Tranche, except that, in order to achieve a workable exchange ratio, in addition to certain adjustments to the amounts of the tranches, LetterOne does not formally waive 12 preferential subscription rights to be allocated to it in the Second Tranche (thus, as explained below, achieving a number of shares targeted by the Second Tranche that will be divisible by 13).

For clarification purposes, although the effective amount of the Second Tranche which would correspond to minority shareholders according to their shareholding in the Company's share capital (25.166%) would be of EUR 258,726,402.17, that effective amount shall be reduced by EUR 175,300.17 for purely technical reasons and in order to obtain a workable ratio of the number of preferential subscription rights to be allocated to shareholders for each share of the Company held by them. As a consequence, the effective amount of the Second Tranche, has been established in EUR 258,551,102.

After the aforementioned adjustments, each current share of the Company (excluding the 984,480 treasury shares held by the Company and the 4,996,412,336 shares held by LetterOne), shall be entitled to one (1) preferential subscription right, with thirteen (13) preferential subscription rights being required for subscribing one hundred (100) Shares in the Second Tranche. Therefore, 1,680,582,163 current shares in the Company will have preferential subscription rights in the Second Tranche.

The economic terms of the Capital Increase are identical for the First Tranche and for the Second Tranche, being the subscription price per share of EUR 0.02 (the "**Subscription Price**").

**(ii) Rationale of the proposal**

The Capital Increase is part of a new global refinancing and recapitalisation transaction with LetterOne, DEA Finance S.à r.l. ("**DEA Finance**") and the Company's syndicated financial creditors (the "**Syndicated Creditors**") agreed by the Board of Directors on 24 March 2021 (the "**Transaction**"). The Transaction includes the following key elements (conditional on each other):

- (i) The Capital Increase;
- (ii) the amendment and restatement of the senior facilities agreement ("**SFA**") entered into with the Syndicated Creditors in order to (a) extend the maturity date of the senior facilities A-F (the total amount of which is EUR 902,426,478) from 31 March 2021 to 31 December 2025; and (b) amend other terms and conditions of the SFA;
- (iii) the amendment of the terms and conditions of the bonds issued by DIA on 7 April 2017 (ISIN: XS1589970968) (as this term is defined below in section 2) in order to (a) extend its maturity date from 6 April 2023 to not earlier than 30 June 2026; and (b) increase the coupon from the date of the amendment to 3.5% annually (3%

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in cash and 0.5% PIK), plus an interest increase of 1% PIK in circumstances where it is applicable under the SFA; and

- (iv) the extension of the maturity dates of the bilateral lines subscribed between the companies of the DIA group and certain Syndicated Creditors or entities of their respective groups.

Over the past months, the Company has been analysing (i) how to ensure that the capital needs of the business are covered during the coming years (including, among others, the provision of an adequate equity cushion to be able to cope with unforeseen events such as significant adverse exchange rate movements in South America, and the provision of additional liquidity), (ii) which is the best way to accelerate the transformation of the business, and (iii) how to ensure that the Company is well positioned for future financing and refinancing transactions.

The Board of Directors considers that the Capital Increase, approved in the context of the Transaction, would entail very significant benefits for the Company, as, apart from being one of the conditions precedent which must be fulfilled for the aforementioned Transaction to become effective, the Capital Increase itself would (i) increase the Company's equity by up to EUR 1,027,751,102 (restoring and significantly strengthening the equity position of the Company, which is currently in a negative equity position); (ii) substantially reduce the DIA group's financial indebtedness; (iii) provide additional liquidity of up to EUR 258,551,102 to secure operational financing needs; and (iv) provide a stable long-term capital structure that would allow the management team to focus fully on executing the DIA group's business and transformation plan.

The Board of Directors of the Company submits this proposal to the General Shareholders' Meeting of the Company, in the understanding that, in the current situation, it is essential to enhance the long-term capital and financial structure of the Company so as to enable it to (i) reduce the level of indebtedness of DIA and of the rest of the companies in its consolidated group; (ii) meet the Group's financial commitments; and (iii) focus on the execution of new business plan of the Company.

In order to reach the abovementioned objectives, it is necessary that the governing and administrative bodies of the Company have the required flexibility to structure, in the most appropriate way to the social interest and according to market conditions, the transaction that is proposed to the General Shareholders' Meeting to raise own funds through new contributions of capital. The delegation recognized by the legal system in the article 297.1.(a) of the Spanish Companies Act is a flexible and suitable mechanism for the Board of Directors to set the Capital Increase conditions in an agile and effective way, according to the specific circumstances of the chosen execution date. Consequently, the proposal to delegate to the Board of Directors the power to indicate the date on which the Capital Increase resolution must be executed and to set the conditions that are to apply thereof in all matters not provide for by the resolution of the General Shareholders' Meeting, is submitted to the General Shareholders' Meeting.

The delegated power shall extend to setting the specific terms and conditions of the Capital Increase, including establishing that, in case of an incomplete subscription, the

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share capital will be increased by the subscribed amount, as set out in the article 311 of the Spanish Companies Act, as well as amending the statutory article regulating the share capital and requesting the admission of new shares to trading.

In order to submit this Capital Increase proposal for the approval of the General Shareholders' Meeting, it is mandatory, pursuant to the provisions of the aforementioned Articles 286, 296, 297 and 301 of the Spanish Companies Act, and to the extent that the share capital increase resolution necessarily entails the modification of Article 5 of the Articles of Association of the Company, which is related to the amount of the share capital, that the Board of Directors formulate this report.

This report includes, in this section, the rationale for the proposed Capital Increase resolution.

In addition, in connection with the subscription by means of capitalisation of credits provided in the First Tranche, in accordance with the provisions of Article 301 of the Spanish Companies Act, the Board of Directors hereby issues a report indicating (i) the nature and characteristics of the credits to be capitalised; (ii) the identity of the creditor; (iii) the number of shares to be created or issued; and (iv) the amount of the increase, in which shall be expressly stated that the credit details match with those included in the accounts of the Company.

In addition to the above, a certificate by DIA's auditor is provided. Said certificate certifies that, once the accounting has been verified, the credit details provided by the Board of Directors match with the accounting details.

Article 287 of the Spanish Companies Act requires that the call of the General Shareholders' Meeting must clearly state the points to be modified in the bylaws and the right of all shareholders to check at the registered office of the Company the full text of the proposed modification and its report, as well as the possibility of requesting the handing over or free delivery of such documents.

This report was approved by the Board of Directors of the Company at its meeting held on 28 April 2021. Insofar as the Capital Increase is being offered on equal terms to all shareholders, no potential conflict of interest is considered to arise. Notwithstanding the above, taking into account that the majority shareholder is expected to participate in at least in the First Tranche of compensation of credits, it has been deemed appropriate that the resolution is approved in first instance by unanimity of the independent and other external directors, with the subsequent adherence of all of the remaining directors, all of them expressly stating their consent to the contents of this report.

## **2 Report for the purposes of Article 301 of the Spanish Companies Act**

The credits that LetterOne holds against the Company which would be capitalisable in a total amount of EUR 769,200,000 in the First Tranche are those referred to below, with express indication of the holder, amount and granting date, as such details are recorded in the Company's accounting:

*[Translation for information purposes only]*

(a) Nature and characteristics of the credits to be capitalised, identity of the subscriber, number of shares to be issued

(i) *Nature and characteristics of the credits to be capitalised:*

The nominal value and issue premium of the Shares in the First Tranche will be subscribed for by the capitalisation of credits that LetterOne, an entity with registered office at 1-3 Boulevard de la Foire, L-1528, Luxembourg and registered with the Luxembourg Commercial Registry under number B215109, holds against the Company. In particular, the credits to be capitalised in the First Tranche are the following (the “**LetterOne Credits**”):

- (i) credit for an amount of EUR 200,000,000 that the Company owes to LetterOne as principal under the super senior term loan facility, which was originally granted to DIA Finance, S.L.U. on 31 January 2020 and with maturity on 17 July 2022 (the “**SS Facility**”);
- (ii) credit for an amount of EUR 292,600,000 that the Company owes to LetterOne as principal under the bonds issued by DIA on 28 April 2016 (ISIN: XS1400342587) and with maturity on 28 April 2021 (the “**2021 Bonds**”);
- (iii) credit for an amount of EUR 7,400,000 that LetterOne has provided the Company with as principal under the bilateral credit facility for the purpose of financing (or refinancing) the repayment by the Company of the principal amount of the 2021 Bonds that are not held by LetterOne; and
- (iv) credit for an amount of EUR 269,200,000 that the Company owes to LetterOne under the private debt instrument which (a) was initially issued in favour of DEA Finance in exchange of the bonds issued by DIA on 7 April 2017 (ISIN: XS1589970968) which were held by DEA Finance, and (b) were subsequently transferred by DEA Finance to LetterOne.

The LetterOne Credits will comply with the requirements established in Article 301 of the Spanish Companies Act for the capitalisation of credits at the time of the execution of the proposed resolution of the Capital Increase and on the date of execution of the public deed of the Capital Increase.

(ii) *Identity of subscriber of the shares*

The Shares in the First Tranche would be fully subscribed and paid up by LetterOne, with registered office at 1-3 Boulevard de la Foire, L-1528, Luxembourg and registered in the Commercial Registry of Luxembourg

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under number B215109, by the capitalisation of credits rights inherent to the LetterOne Credits.

(iii) *Number of new shares to be issued*

In the First Tranche of the Capital Increase 38,460,000.000 new ordinary shares of EUR 0.01 nominal value each, with a share premium of EUR 0.01 per share will be issued and put into circulation, of the same class and series as those currently in circulation, represented through book-entries.

(iv) *Amount of the capital increase*

The First Tranche of the Capital Increase equals to an effective amount of EUR 769,200,000.00.

(b) Certification by the Company's auditor for the purposes of Article 301 of the Spanish Companies Act.

A mandatory certificate to be issued by Ernst & Young, S.L., in its capacity as auditor of the Company, has been requested by means of the provisions of Article 301.3 of the Spanish Companies Act.

This certificate, which will be available to shareholders together with this report, must confirm that:

- (i) once the Company's accounts have been verified, the details of the credits to be capitalised that are provided in this report are accurate; and
- (ii) in accordance with the LetterOne Credits, they will comply with the requirements established for the capitalisation of credits established in Article 301 of the Spanish Companies Act on the date of execution of the public deed documenting the Capital Increase.

Likewise, for the granting of the public deed documenting the execution of the Capital Increase, Ernst & Young, S.L., in its capacity as auditor of the Company, is expected to issue a new certificate certifying that the total amount of the credits is liquid, due and payable at that date of its capitalisation, and confirming that the maturity of the remaining amount does not exceed five years.

**3 Capital Increase proposed resolution to be submitted to the General Shareholders' Meeting of the Company**

***“SHARE CAPITAL INCREASE FOR AN EFFECTIVE AMOUNT UP TO EUR 1,027,751,102 THROUGH THE ISSUE AND PUTTING INTO CIRCULATION OF 51,387,555,100 NEW ORDINARY SHARES OF EUR 0.01 NOMINAL VALUE EACH, WITH A SHARE PREMIUM OF EUR 0.01 PER SHARE, THIS IS, FOR AN EFFECTIVE AMOUNT OF EUR 0.02 PER SHARE, IN TWO SEPARATE TRANCHES OF (I) CAPITALISATION OF CREDITS, AND (II)***

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***CASH CONTRIBUTIONS WITH RECOGNITION OF SHAREHOLDERS' PREFERENTIAL SUBSCRIPTION RIGHTS AND INCOMPLETE SUBSCRIPTION PROVISION. DELEGATION TO THE BOARD OF DIRECTORS, WITH POWERS TO SUB-DELEGATE, OF THE NECESSARY POWERS TO EXECUTE THE RESOLUTION AND TO SET THE CONDITIONS IN ALL MATTERS NOT PROVIDED FOR BY THE GENERAL SHAREHOLDERS' MEETING, ACCORDING TO ARTICLE 297.1(A) OF THE SPANISH COMPANIES ACT, AS WELL AS TO AMEND ARTICLE 5 OF THE COMPANY'S ARTICLES OF ASSOCIATION.***

*The General Shareholders' Meeting of Distribuidora Internacional de Alimentación, S.A. ("DIA" or the "Company") resolves to increase the share capital in an effective amount (nominal plus share premium) up to EUR 1,027,751,102 through two separate tranches, the first of capitalisation of credits and the second of cash contributions (the "Capital Increase"). The Capital Increase is part of the Company's recapitalisation and global refinancing agreement that the Company has entered into with all of its syndicated financial creditors, the effectiveness of which requires, inter alia, that the Company's majority shareholder, LIR Invest1 Holdings S.à r.l. ("LetterOne"), capitalises certain receivables against the Company for a total amount of EUR 769,200,000.*

*The first tranche of the Capital Increase shall be executed by means of a capitalisation of the credit rights that LetterOne holds against the Company, in a total amount of EUR 769,200,000 (the "First Tranche"). The First Tranche approximately equals to the pro rata portion of the total amount of the Capital Increase which LetterOne would be entitled to subscribe in exercise of its preferential subscription right, on the basis of its current shareholding in the Company (74.819%), assuming a single capital increase for an effective amount of EUR 1,027,926,402.17 were made by means of cash contributions.*

*The second tranche of the Capital Increase shall be executed by means of cash contributions, for a maximum amount of EUR 258,551,102, with preferential subscription rights, and is addressed to all the shareholders of the Company other than LetterOne and the Company with regards to the treasury shares held by it, that is, to holders of shares representing the 25.166% of the Company's share capital (the "Second Tranche"). LetterOne has formally waived its preferential subscription right in the Preferential Subscription Period of this tranche, considering its proportionate share of the Capital Increase covered under the First Tranche, except that, in order to achieve a workable exchange ratio, in addition to certain adjustments to the amounts of the tranches, LetterOne does not formally waive 12 preferential subscription rights to be allocated to it in the Second Tranche (thus, as explained below, achieving a number of shares targeted by the Second Tranche that will be divisible by 13).*

*The economic terms of the Capital Increase are identical for the First Tranche and the Second Tranche, being the subscription price per share of EUR 0.02 (the "Subscription Price").*

## **I. FIRST TRANCHE**

### **1. SHARE CAPITAL INCREASE**

*The Shareholders' Meeting resolves to increase the share capital by an amount of EUR 769,200,000 through the issue and putting into circulation of 38,460,000,000 new ordinary shares of EUR 0.01 nominal value each, with a share premium of EUR 0.01 per share, of the same class and series as those currently in circulation, represented through book-entries (the "**Shares in the First Tranche**"). Consequently, the total share premium corresponding to the Shares in the First Tranche amounts to EUR 384,600,000, while the total amount (nominal value plus share premium) of the new shares of EUR 769,200,000.*

*The First Tranche approximately amounts to the percentage of the Capital Increase that LetterOne would be entitled to subscribe on the basis of its current shareholding in the Company's share capital (74.819%).*

### **2. NATURE AND CHARACTERISTICS OF THE CREDITS TO BE CAPITALISED**

*The Shares in the First Tranche shall be subscribed by means of a capitalisation of certain credits that LetterOne, an entity with registered office at 1-3 Boulevard de la Foire, L-1528, Luxembourg and registered with the Luxembourg Commercial Registry under number B215109, holds against the Company. In particular, the credits to be capitalised in the First Tranche are the following (the "**LetterOne Credits**"):*

- (a) credit for an amount of EUR 200,000,000 that the Company owes to LetterOne as principal under the super senior term loan facility, which was originally granted to DIA Finance, S.L. on 31 January 2020 and with maturity on 17 July 2022 (the "**SS Facility**");*
- (b) credit for an amount of EUR 292,600,000 that the Company owes to LetterOne as principal under the bonds issued by DIA on 28 April 2016 (ISIN: XS1400342587) and with maturity on 28 April 2021 (the "**2021 Bonds**");*
- (c) credit for an amount of EUR 7,400,000 that LetterOne has provided the Company with as principal under the bilateral loan for the purpose of financing the repayment by the Company of the principal amount of the 2021 Bonds that are not held by LetterOne; and*
- (d) credit for an amount of EUR 269,200,000 that the Company owes to LetterOne under the private debt instrument which (a) was initially issued in favour of DEA Finance in exchange of the bonds issued by DIA on 7 April 2017 (ISIN: XS1589970968) which were held by DEA Finance, and (b) were subsequently transferred by DEA Finance to LetterOne..*

*On the date on which the Board of Directors decides to execute the Capital Increase*

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*under the delegation of powers foreseen in this Capital Increase resolution, the LetterOne Credits will comply with the liquidity, maturity and enforceability requirements foreseen in Article 301.1 of the Spanish Companies Act.*

*Pursuant the provisions of Article 301.3 of the Spanish Companies Act, with the call of this General Shareholders' Meeting and in addition to the directors' report, a certificate from the Company's auditor has been made available to the Company's shareholders, certifying that, in accordance with the Company's accounting, the information included in the directors' report regarding the LetterOne Credits are accurate according to the Company's accounting records and that the total amount of EUR 769,200,000 to be capitalised with the LetterOne Credits will comply with the liquidity, maturity and enforceability requirements foreseen in Article 301.1 of the Spanish Companies Act on the date on which the Capital Increase is executed.*

*The Company's auditor will issue a second report on the execution date of the Capital Increase, certifying that the total amount of EUR 769,200,000 to be capitalised out of the LetterOne Credits effectively complies on such date with the liquidity, maturity and enforceability requirements foreseen in Article 301.1 of the Spanish Companies Act.*

**3. PAYMENT AND SUBSCRIPTION OF THE SHARES**

*The Shares in the First Tranche shall be fully subscribed and paid-up by LetterOne through a capitalisation of the credit rights under the LetterOne Credits mentioned in Section 2 above.*

*The Subscription Price of the New Shares in the First Tranche shall be fully paid-up once the credits have been offset, automatically cancelling such credits in the amount capitalised in the Capital Increase.*

**4. PREFERENTIAL SUBSCRIPTION RIGHT**

*There shall be no preferential subscription for the Shares in the First Tranche, in accordance with the provisions of Article 304 of the Spanish Companies Act. However, the Capital Increase has been structured precisely in two tranches so that all of the Company's shareholders other than LetterOne may participate in the Capital Increase pro rata to their respective stakes in the share capital through the preferential subscription rights which have been reserved to them in the Preferential Subscription Period of the Second Tranche.*

**5. REPRESENTATION OF THE NEW SHARES**

*The Shares in the First Tranche shall be represented by book-entry form, and the relevant record shall be kept by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear) and its participating entities under the terms established in the regulations in force at the given time and shall be of the same class as the shares currently issued by the Company.*

6. *RIGHTS OF THE NEW SHARES*

*As of the date when the Capital Increase is declared subscribed and paid-up, the Shares in the First Tranche will confer to their owner the same economic and political rights as the currently outstanding ordinary shares of the Company.*

7. *MAXIMUM EXECUTION TERM*

*The Capital Increase resolution shall be executed before 29 October 2021, and the Board of Directors of the Company shall establish all of its terms and conditions in relation to all matters not provided for in the resolution of this General Shareholders' Meeting, in accordance with article 297.1(a) of the Spanish Companies Act.*

8. *AMENDMENT OF ARTICLE 5 OF THE ARTICLES OF ASSOCIATION*

*In accordance with the provisions of article 297.2 of the Spanish Companies Act, the directors are expressly delegated the faculty to amend Article 5 of the Articles of Association, relating to the share capital, once the proposed Capital Increase has been approved and executed.*

9. *APPLICATION TO LISTING OF THE NEW SHARES*

*It is resolved to apply for the listing of the Shares in the First Tranche issued under the Capital Increase on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, as well as its integration into the Automated Quotation System (SIBE), expressly stating the Company's submission to the rules that are now in force or may be issued regarding stock exchange matters and, especially, on trading, listing and delisting.*

*It is also resolved to request the inclusion of the Shares in the First Tranche in the book- entry registries of Iberclear and its participating entities.*

**II. SECOND TRANCHE**

1. *SHARE CAPITAL INCREASE*

*The Shareholders' Meeting resolves to increase the share capital by an effective amount of up to EUR 258,551,102 through the issue and putting into circulation of 12,927,555,100 new ordinary shares of EUR 0.01 nominal value each, with a share premium of EUR 0.01 per share, of the same class and series as those currently in circulation, represented through book-entries (the "**Shares in the Second Tranche**"). Consequently, the total share premium corresponding to the Shares in the Second Tranche amounts up to EUR 129,275,551, with the total issue price (nominal value plus share premium) of the Second Tranche being EUR 258,551,102.*

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*For ease of reference, although the effective amount of the Second Tranche that would theoretically correspond to the minority shareholders other than LetterOne according to their participation in the share capital of the Company (25.166%) would be of EUR 258,726,402.17, that effective amount shall be reduced by a minimum amount of EUR 175,300.17 for purely technical reasons and in order to obtain a workable ratio of the number of preferential subscription rights to be allocated to shareholders for each share of the Company held by them. In addition, for purely technical reasons, in order to balance the number of preferential subscription rights issued by the total amount of the Second Tranche, LetterOne does not waive 12 of the preferential subscription rights that are allocated to it in the Second Tranche. Consequently, the effective amount of the Second Tranche is established in EUR 258,551,102.*

*After the aforementioned adjustments, each current share of the Company (excluding the 984,480 treasury shares held by the Company and the 4,996,412,336 shares held by LetterOne), shall be entitled to one (1) preferential subscription right, with thirteen (13) preferential subscription rights being required for subscribing one hundred (100) Shares in the Second Tranche. Therefore, 1,680,582,163 current shares in the Company will have preferential subscription rights in the Second Tranche.*

***2. PAYMENT AND SUBSCRIPTION OF THE SHARES***

*The Shares in the Second Tranche shall be fully subscribed and the Subscription Price of them shall be paid-up by means of cash contributions.*

*The Subscription Price of the Shares in the Second Tranche will be fully paid up at the time of subscription. Pursuant to article 299 of the Spanish Companies Act, it should be noted that the Company's previously issued shares are fully paid-up.*

***3. PREFERENTIAL SUBSCRIPTION RIGHT***

*Pursuant to Article 304 of the Spanish Companies Act, the shareholders of the Company shall have the right, in relation to the Shares in the Second Tranche, to subscribe a number of shares proportional to the amount of shares that they own on the date of allocation of their respective preferential subscription rights.*

*Notwithstanding the foregoing, as foreseen in Section 5 below, LetterOne waives the preferential subscription rights it would be entitled to exercise in the Preferential Subscription Period of the Second Tranche (except of 12 preferential subscription rights for technical reasons), since it is considered that its preferential subscription right has already been exercised through the full subscription of the First Tranche, by virtue of which it has subscribed the portion of the Capital Increase that would correspond to it in proportion to its shareholding.*

*The preferential subscription rights will be allocated to the shareholders of the Company that have acquired or subscribed Shares in the Second Tranche until (and including) the day on which the call for the Capital Increase is published in the*

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*Commercial Registry's Official Gazette (Last Trading Date), and whose acquisition transactions have been settled within the two trading days immediately following such date. The period for exercising the preferential subscription right shall be of fifteen (15) calendar days commencing on the day immediately following the day when the referred call for the Capital Increase is published in the Commercial Registry's Official Gazette (the "**Preferential Subscription Period**"). In any event, the Board of Directors may set a longer Preferential Subscription Period or may modify other terms if circumstances advise so at the time of the execution of the Capital Increase.*

*Pursuant to Article 306.2 of the Spanish Companies Act, the preferential subscription rights shall be transferable on the same terms as the shares they derive from and shall be tradable on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Spanish Automated Quotation System. Consequently, during the Preferential Subscription Period investors other than shareholders would be able to, eventually, acquire preferential subscription rights to subscribe Shares in the Second Tranche.*

*The Board of Directors will be entitled to conclude the Capital Increase as soon as it has been fully subscribed.*

*In order to exercise the preferential subscription rights during the Preferential Subscription Period and the right to request the allocation of additional shares, the owners of the abovementioned rights shall be able to address orders to the participant entities in Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. ("**Iberclear**") in whose registry the shares or the relevant rights are registered, indicating their willingness to exercise those rights and the number of shares they wish to subscribe. Orders placed in connection with the exercise of the preferential subscription right and, if applicable, the request for allocation of additional shares right shall be understood to have been made firmly, irrevocably and unconditionally.*

*The preferential subscription rights allotted to the shareholders of the Company, or if applicable, acquired in the market by investors or shareholders, will be automatically extinguished after the Preferential Subscription Period.*

*The documentation of the issuance and, in particular, the prospectus or equivalent document of the Capital Increase to be registered with the National Securities Market Commission (Comisión Nacional del Mercado de Valores, the "**CNMV**"), shall regulate the terms and conditions in which the payment of the shares and, if appropriate, the term and applicable procedures of the various tranches.*

#### ***4. ADDITIONAL ALLOCATION PERIOD***

*In the event that there are Shares in the Second Tranche that have not been subscribed after the Preferential Subscription Period, an additional allotment period shall commence (the "**Additional Allotment Period**") in which the remaining Shares in the Second Tranche will be assigned to shareholders and/or*

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*investors who have requested additional shares, pursuant to the prospectus or equivalent document to be registered by the Company before the CNMV in connection with the Capital Increase.*

*In this sense, only shareholders and/or investors that have exercised, either partially or in full, their preferential subscription rights during the Preferential Subscription Period, may request during the Preferential Subscription Period the subscription of additional Shares in the Second Tranche. For the avoidance of doubt it is considered that LetterOne has exercised its preferential subscription rights by subscribing shares in the First Tranche, which equal its pro rata part of the Capital Increase, so that LetterOne may request additional Shares in the Second Tranche, which will have to be paid up on the same terms as the remaining Shares in the Second Tranche.*

*In any event, applications for the allotment of Shares in the Second Tranche, if applicable, additional Shares in the Second Tranche, shall be unconditional and irrevocable in nature. In the event that the total number of additional Shares in the Second Tranche requested within the Preferential Subscription Period and to be allocated during the Additional Allocation Period exceed the Shares in the Second Tranche that remain to be allocated by virtue of the exercise of the preferential subscription rights, the remaining Shares in the Second Tranche shall be allotted on a pro rata basis between the requesting shareholders and investors in proportion to the number of Shares in the Second Tranche requested by each of the requestor over the total volume of requested Shares in the Second Tranche. The prospectus or equivalent document of the Share Capital Increase will elaborate the rules for carrying out the referred apportionment.*

*The Board of Directors will be able to allow for an additional period or round so that the Shares in the Second Tranche that could be left unsubscribed and unpaid after the Preferential Subscription Period and the Additional Allocation Period can be reallocated to those shareholders and/or to other investors, setting, in such an event, the procedure, the deadlines of these additional periods or rounds, and, if necessary, the apportionment methods.*

**5. SHAREHOLDERS AND INVESTORS' COMMITMENTS**

*LetterOne, holder of 4,996,412,348 shares representing 74.819% of the Company's share capital, has waived its preferential subscription right with regards to the Preferential Subscription Period of the Second Tranche except for 12 of the preferential subscription rights allocated to it in the Second Tranche, for purely technical reasons in order to balance the number of rights issued for the total amount of the Second Tranche.*

*There are no other subscription or underwriting commitments from the Company's shareholders or third parties.*

**6. REPRESENTATION OF THE NEW SHARES**

*[Translation for information purposes only]*

*The Shares in the Second Tranche shall be represented by book-entry form, and the relevant record shall be kept by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear) and its participating entities under the terms established in the regulations in force at the given time and will be of the same class as the currently issued shares of the Company.*

**7. RIGHTS OF THE NEW SHARES**

*As of the date when the Capital Increase is declared subscribed and paid-up, the Shares in the Second Tranche will confer to their owners the same economic and political rights as the currently outstanding ordinary shares of the Company.*

**8. MAXIMUM EXECUTION TERM**

*The Capital Increase resolution shall be executed before 29 October 2021, and the Board of Directors of the Company shall establish all of its terms and conditions in relation to all matters not provided for in the resolution of this General Shareholders' Meeting, in accordance with article 297.1(a) of the Spanish Companies Act.*

**9. INCOMPLETE SUBSCRIPTION OF THE CAPITAL INCREASE**

*Pursuant to Article 311 of the Spanish Companies Act, if, for any reason the Second Tranche of the Capital Increase has not been fully subscribed after its finalisation, the share capital shall be increased in the amount of the subscriptions made, and the remaining amount shall be deemed as ineffective.*

**10. AMENDMENT OF ARTICLE 5 OF THE ARTICLES OF ASSOCIATION**

*In accordance with the provisions of article 297.2 of the Spanish Companies Act, the directors are expressly delegated the faculty to amend Article 5 of the Articles of Association, relating to the share capital, once the proposed Capital Increase has been approved and executed.*

**11. APPLICATION TO LISTING OF THE NEW SHARES**

*It is resolved to apply for the listing of the Shares in the Second Tranche issued under the Capital Increase on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, as well as its integration into the Automated Quotation System (SIBE), expressly stating the Company's submission to the rules that are or may be enforced regarding stock exchange matters and, especially, on trading, listing and delisting.*

*It is also resolved to request the inclusion of the Shares in the Second Tranche in the book-entry registries of Iberclear and its participating entities.*

**III. DELEGATION OF POWERS**

*Notwithstanding the specific delegations of authority set forth in the preceding*

***[Translation for information purposes only]***

*sections (which are to be understood as having been granted with express powers of substitution or sub-delegation in the bodies and persons detailed herein), it is resolved to delegate to the Board of Directors with faculties as broadly as expressly stated in Article 297.1.(a) of the Spanish Companies Act, as well as all those powers that are expressly stated in this resolution and the authorization of establishing all those conditions that are not expressly provided in this resolution.*

*Likewise, it is resolved to authorise the Board of Directors, as broadly as required by law, with powers of substitution and sub-delegation, to carry out any action or procedure that might be necessary or merely convenient, in the broadest possible terms, to accomplish the execution and the successful implementation of the Capital Increase, and, in particular, by way of illustration and without limitation, the following:*

- (i) indicate the date on which the Capital Increase resolution must take effect, as well as, if applicable, whether it will be carried out in one or more rounds and the duration of said additional periods or rounds and the apportionment methods;*
- (ii) determine the duration of the Preferential Subscription Period, including the possibility of opening one or more additional periods for the allotment of shares that have not been subscribed and paid during the Preferential Subscription Period;*
- (iii) establish any other points relating to the Capital Increase that have not been determined by this resolution or adapt them according to the needs;*
- (iv) amend the wording of article 5 of the Articles of Association in light of the result of the Capital Increase, in accordance with the article 297.2 of the Spanish Companies Act;*
- (v) draft, subscribe and file, with the CNMV the prospectus or equivalent document relating to the Capital Increase, which is expected to be approved in the second quarter of 2021, in compliance with the provisions included in the Spanish Securities Market Act, Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 and other implementing regulations, assuming responsibility for their content, as well as drafting, subscribing and submitting as many supplements thereto as may be necessary, requesting their verification and registration by the CNMV and other documentation and accessory information communications that may be necessary or appropriate for this purpose;*
- (vi) execute the Capital Increase of the Company, carrying out all the necessary or appropriate actions for the best execution thereof;*
- (vii) draft, subscribe and submit any additional or complementary documentation or information required before the CNMV or any other national or foreign authority;*

*[Translation for information purposes only]*

- (viii) make any technical adjustments necessary or advisable to balance the exchange ratio, the number of shares to be issued or other amounts relating to the tranches or the Capital Increase;*
- (ix) take any action, make any declaration or deal before the CNMV, the Governing Bodies of the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges Stock Exchanges, Sociedad de Bolsas, Iberclear and any other public or private body, entity or registry, national or foreign, in order to obtain the authorizations or verifications that are necessary for the execution of the Capital Increase;*
- (x) declare executed and closed the Capital Increase once the Preferential Subscription Period, the Additional Allocation Period and, if so resolved by the Board of Directors, the additional rounds for subscription of shares that are determined are over and once the payment of the shares subscribed is done, issuing as many public or private documents as may be appropriate for its execution;*
- (xi) negotiate, subscribe and grant as many public and private documents as may be convenient or necessary regarding the Capital Increase in accordance with the established practice in this type of operations;*
- (xii) draft and publish whatever announcements may be necessary or advisable;*
- (xiii) draft, sign and execute, and where appropriate certify, documents of all kinds;*
- (xiv) apply for the listing of the New Shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Automated Quotation System (Mercado Continuo);*
- (xv) appear before the notary public of his choice and notarize this resolution into a public deed, as well as to carry out any necessary actions and to approve and formalize any public or private documents that may be necessary or convenient for the full effectiveness of this Capital Increase resolution in any of its aspects and contents and, in particular, to correct, clarify, interpret, complete or specify, as the case may be, the resolution adopted and, in particular, to correct any defects, omissions or errors that may be appreciated in the verbal or written qualification of the Commercial Registry; and*
- (xvi) lastly, the Board of Directors is expressly authorized, to delegate to any of its members, or any proxies that may be determined, all or part of the powers conferred by virtue of this resolution that may be legally delegable and to grant to the employees of the Company that deems appropriate the pertinent powers for the development of said delegated powers.”*

*[Translation for information purposes only]*

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Las Rozas – Madrid, 28 April 2021