



REPORT PREPARED BY THE BOARD OF DIRECTORS OF DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A., FOR THE PURPOSES OF THE PROVISIONS OF ARTICLES 286, 297.1.b) AND 506 OF THE CAPITAL COMPANIES LAW REGARDING THE PROPOSED DELEGATION TO THE BOARD OF DIRECTORS OF THE POWER TO INCREASE SHARE CAPITAL AS REFERRED TO IN ITEM 15 ON THE AGENDA OF THE SHAREHOLDERS' MEETING CALLED TO BE HELD ON JUNE 7, 2022.

1. PURPOSE OF THE REPORT

This report is issued by the Board of Directors of Distribuidora Internacional de Alimentación, S.A. (“**DIA**” or the “**Company**”) in order to justify the proposed delegation to the Board of Directors, for a maximum period of five years, with powers to subdelegate, of the power to increase share capital by an amount not to exceed half of the share capital on the authorization date, and to exclude preemptive subscription rights, this last-mentioned power being limited to a maximum of 20% of the share capital on the authorization date. The approval of the foregoing is submitted to the Shareholders' Meeting under agenda item 15.

The Board of Directors issues this report in compliance with the provisions of articles 286, 297.1.b) and 506 of the Capital Companies Law.

Under article 297.1.b) of the Capital Companies Law, the Shareholders' Meeting may, subject to the requirements established for the amendment of the Bylaws, delegate to the Board of Directors the power to resolve, on one or more occasions, to increase the share capital of the Company up to a given figure, at such time and by such amount as the may Board decide, without first consulting with the Shareholders' Meeting. The article states that these increases may in no case be higher than half of the capital of the company on the date on which the resolution in question is adopted, and must be made by way of monetary contributions within the maximum term of five years after the resolution of the Shareholders' Meeting is adopted.

2. JUSTIFICATION

The proposed resolution that is submitted to the Shareholders' Meeting is justified by the advisability of having a mechanism, provided for in the current corporate legislation, that makes it possible to approve, without the subsequent calling and holding of a new shareholders' meeting, although within the limits, terms and conditions decided by such meeting, one or more capital increases.

The demands that the market imposes on commercial companies and, in particular, listed companies, require their governing and managing bodies to be in a position to make use of the possibilities offered by the current legislative framework in order to swiftly and effectively respond to the needs that arise in the economic dealings. Without a doubt, one of these needs is to equip the Company with new financial resources, which can be implemented through new capital contributions.

However, it is often impossible to determine in advance what the Company's capital needs will be and to anticipate the delays and increased costs that may be entailed by a request to the Shareholders' Meeting to increase the capital, thereby hindering the Company's ability to respond effectively and swiftly to the needs of the market. This makes it recommendable for the Board of Directors to be in a position to use the authorized capital mechanism provided for in Spanish legislation.

The option of resorting to the delegation provided for in article 297.1.b) of the Capital Companies Law enables the Company to equip the Board of Directors with a flexible and effective tool for better addressing the Company's needs, according to market circumstances.

In light of the foregoing, the Shareholders' Meeting is presented with the proposal to delegate to the Board of Directors the power to resolve to increase the Company's capital, on one or more occasions, up to the maximum nominal amount of 290,327,670.40 euros, a figure equivalent to half of the Company's current capital.

Capital increases performed pursuant to the proposed delegation will be carried out by issuing and allotting new shares, with or without a share premium, the consideration for which will be monetary contributions.

The power thus delegated will also extend to the setting of the different terms and conditions specific to each capital increase and of the characteristics of the shares to be issued, and the Board may establish that, in the event of an incomplete capital increase it is rendered void, as provided for in article 507 of the Capital Companies Law, and may amend the article of the bylaws on the share capital and the number of shares.

Furthermore, pursuant to the provisions of article 506 of the Capital Companies Law, it is proposed that the delegation to the Board of Directors to increase capital referred to in this report also includes the grant to the directors of the power to exclude, in whole or in part, the shareholders' preemptive subscription right in relation to the share issues covered by the delegation, where the interest of the Company so requires, all on the terms of such article. In this respect, it should be recalled that article 506 provides that the proposal to delegate the power to exclude the preemptive subscription right, which must be stated in the call notice of the Shareholders' Meeting, must be justified in a report by the directors that will be made available to the shareholders. This report also complies with that provision.

The Board of Directors considers that this power to exclude the preemptive subscription right, which is supplementary to that of increasing capital, to be justified for several reasons.

- (i) Firstly, the Board of Directors considers that this power to exclude the preemptive subscription right usually involves a relative reduction in the costs associated with the transaction (including, in particular, the fees of the financial institutions participating in the issue) compared to an issue with preemptive subscription rights.

- (ii) Secondly, with the power to exclude the preemptive subscription right, the Board of Directors is in a position to significantly increase the swiftness of action and response that today's financial markets occasionally demand, thereby enabling the Company to seize the moment when market conditions are more favorable.
- (iii) In addition, the exclusion of the preemptive subscription right leads to less distortion in the trading of the Company's shares during the issue period, which is usually shorter than in an issue with rights.
- (iv) Note, however, that the possibility of excluding the preemptive subscription right is a power that the Shareholders' Meeting delegates to the Board of Directors, and that it falls to the latter, based on the specific circumstances and with respect to the legal requirements, to decide in each case whether or not the right should actually be excluded. If the Board of Directors decides to exercise the possibility of excluding the preemptive subscription right in relation to a specific capital increase that it approves in the exercise of the authorization granted by the Shareholders' Meeting, according to the currently applicable legislation, it must prepare, when adopting the corresponding issue resolution, a report detailing the specific reasons in the interest of the company that justify such measure and the contents of which must comply with the requirements contained in article 308 of the Capital Companies Law. Such report must be made available to the shareholders and notified to the first Shareholders' Meeting that is held after the capital increase resolution, in accordance with the provisions of article 506 of the Capital Companies Law.

In any event, in accordance with article 506.1 of the Capital Companies Law, the authorization to exclude, in whole or in part, the preemptive subscription right will be limited to capital increases that are carried out pursuant to this authorization and which forms the subject matter of item sixteen on the agenda of this Shareholders' Meeting, up to the maximum amount corresponding, overall, to 20% of the Company's current share capital, that is, up to the maximum nominal amount of 116,131,068.20 euros.

In addition, the proposal envisages the request, where appropriate, for admission to trading on secondary markets, official or non-official, organized or otherwise, national or foreign, of the shares that are issued by the Company pursuant to the delegation.

It is also proposed to expressly authorize the Board of Directors so that it may, in turn, delegate, pursuant to article 249 *bis.1*) of the Capital Companies Law, the powers set forth in this proposed resolution.

3. Resolution proposal to be submitted to the Shareholders' Meeting

The proposed resolution that is submitted to the Shareholders' Meeting for approval in relation to item fifteen on the agenda is transcribed below.

“DELEGATION TO THE BOARD OF DIRECTORS, WITH POWERS TO SUBDELEGATE, FOR A MAXIMUM PERIOD OF FIVE YEARS, OF THE POWER TO INCREASE CAPITAL BY AN AMOUNT NOT EXCEEDING HALF OF THE SHARE CAPITAL ON THE DATE OF AUTHORIZATION, AND TO

EXCLUDE THE PREEMPTIVE SUBSCRIPTION RIGHT, LIMITING THE LAST-MENTIONED POWER TO A MAXIMUM OF 20% OF THE SHARE CAPITAL ON THE DATE OF AUTHORIZATION.

RESOLUTION FIFTEEN

One.- *To delegate to the Board of Directors, as broadly as required by law, with the express power to subdelegate and pursuant to the provisions of the law and of articles 11 and 12 of the Bylaws, the power to increase the share capital on one or more occasions, by issuing and allotting new shares (voting or non-voting, common or preferred, including redeemable shares or any other type permitted by law), through monetary contributions, on the following terms:*

1. *Duration.- The capital increases pursuant to this delegation may be carried out during the maximum period of five years as from the adoption of this resolution.*
2. *Maximum amount.- The capital increases pursuant to this delegation may not exceed, overall, one-half of the share capital on the date of adoption of this resolution (reducing that amount by the sum by which the share capital has been increased and by the maximum sum by which it is necessary to increase the share capital for the conversion of securities issued under resolution sixteen of this Shareholders' Meeting).*
3. *Scope.- The Board of Directors may set, in all matters not provided for in this resolution, the terms and conditions of the capital increases that are approved pursuant to this delegation, including determining the par value of the shares to be issued, their characteristics and any privileges conferred on them, and, where appropriate, the attribution of the right of redemption together with its conditions and the exercise thereof by the Company, and may freely offer the new shares not subscribed within the period or periods of exercise of the preemptive subscription right, where appropriate. The Board of Directors may also establish that, in the event of an incomplete subscription, the capital increase is rendered void, as provided for in article 507 of the Capital Companies Law; and may amend the wording of the articles of the bylaws on the share capital and number of shares.*
4. *Power to exclude the preemptive subscription right.- The Board of Directors is empowered to exclude, in whole or in part, the preemptive subscription right in capital increases that are approved pursuant to this delegation, up to a maximum of 20% of the share capital on the date on which this resolution is adopted.*
5. *Admission to listing.- The Company may apply for admission to listing on regulated markets, multilateral trading facilities or other secondary markets, organized or otherwise, official or non-official, Spanish or foreign, of the shares issued pursuant to this delegation.*
6. *Power to subdelegate.- Pursuant to the provisions of article 249 bis.l) of the Capital Companies Law, the Board of Directors is authorized to subdelegate the powers referred to in this resolution.*

Two.- *To render void, in the portion not used, resolution ten adopted by the Annual Shareholders' Meeting of the Company held on July 31, 2020."*

* * *

Las Rozas – Madrid, May 5, 2022