Audit Report on the Financial Statements
issued by an Independent Auditor

DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A.
Financial Statements and Management Report
for the year ended
December 31, 2022

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INDEPENDENT AUDIT REPORT ON THE FINANCIAL STATEMENTS

To the shareholders of Distribuidora Internacional de Alimentación, S.A.:

Audit report on the financial statements

Opinion

We have audited the financial statements of Distribuidora Internacional de Alimentación, S.A. (the "Company"), which comprise the balance sheet at December 31, 2022, the income statement, the statement of changes in equity, the statement of cash flows, and the notes thereto for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 a) to the accompanying financial statements) and, specifically, the accounting principles and policies contained therein.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned regulations.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Recoverable amount of non-current assets subject to amortization or depreciation and investments in group companies

Description

As explained in Notes 5, 6, 11, and 12.a) to the accompanying financial statements, at December 31, 2022, the Company recorded property, plant, and equipment amounting to 86,700 miles thousand euros, goodwill amounting to 1,212 thousand euros, investments related to equity instruments, as well as loans and current accounts granted to group companies amounting to 693,791 thousand euros and 75,421 miles thousand euros, respectively.

For purposes of calculating impairment loss on property, plant, and equipment and goodwill, the carrying amount of these non-current assets is assigned to each of the corresponding cash-generating units, which in the case of the Company is determined at store level. Each subsidiary tests for impairment loss on investments in group companies, taking into account both the shares and the remaining loans pending collection from the various companies.

Company management assesses, at least at the end of each reporting period, whether there are indications of impairment and writes down these investments whenever there is objective evidence that the carrying amount of the assets linked to stores and investments in group companies is no longer recoverable, recognizing an impairment loss for the amount of the difference between the carrying amount and recoverable amount. In both cases, the recoverable amount is determined taking into account the value in use of cash-generating units, as applicable.

Since determining recoverable amount requires Company management to make estimates using significant judgment to establish the assumptions used for these estimates, we determined this to be a key audit matter.

Information on the applicable measurement standards and non-current assets subject to amortization/depreciation and on investments in group companies are provided in notes 4.e) and 4.g) viii to the accompanying financial statements.

Our response

Our audit procedures related to this matter included:

- Understanding the process designed by Company management to determine whether there are indications of impairment as well as the recoverable amount of non-current assets subject to amortization/depreciation and investments in group companies, and assessing the design and implementation of the relevant controls in place in that process, involving our valuation specialists.
- Evaluating management's analysis of indications of impairment and reasonableness of the methodology used and the principal assumptions made to determine the recoverable amount of assets linked to stores and investments in group companies (in particular, with regard to the assumptions underlying projected cash flows and long-term growth and discount rates), with the involvement of our valuation specialists.

- Comparing the consistency applied in projecting future profit used as a basis for determining the recoverable amount assets linked to stores and the investments in group companies with the latest budget for 2023 of the group, of which the Company is the parent, approved by the Company's board of directors, and with the various companies' business plans prepared by management.
- Assessing, with the involvement of our valuation specialists, the sensibility of the analyses used to evaluate changes in the main assumptions used.
- Reviewing the disclosures made in the notes to the financial statements, assessing whether they are in conformity with the applicable financial reporting framework.

Other information: Management report

Other information refers exclusively to the 2022 management report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated financial statements.

Our opinion on the financial statements does not cover the management report. Our responsibility for the management report, in conformity with prevailing audit regulations in Spain, entails:

a. Checking only that the non-financial statement and certain information included in the Corporate Governance Report and the Annual Report on Remuneration of Directors, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.

b. Assessing and reporting on the consistency of the remaining information included in the management report with the financial statements, based on the knowledge of the Company obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in a) above has been provided as stipulated by applicable regulations and that the remaining information contained in the management report is consistent with that provided in the 2022 financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the directors and the audit committee for the financial statements

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position, and results of the Company, in accordance with the financial reporting framework applicable to the Company in Spain, identified in Note 2 to the accompanying financial statements, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or where there is no other realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the financial statement auditing standards prevailing in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the management company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the use by the directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee of the Company regarding, among other matters, the scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the Company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee of the Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

Report on other legally stipulated disclosure requirements

European single electronic format

We have examined the digital file of the European single electronic format (ESEF) of Distribuidora Internacional de Alimentación, S.A. for the 2022 financial year, consisting of an XHTML file containing the financial statements for the year, which will form part of the annual financial report.

The directors of Distribuidora Internacional de Alimentación S.A. are responsible for submitting the annual financial report for the 2022 financial year in accordance with the format requirements established by Commission Delegated Regulation (EU) 2019/815, of December 17, 2018 (the "ESEF Regulation"). For this reason, the Annual Corporate Governance Report and the Annual Report on Remuneration of Directors have been included in the management report for reference.

Our responsibility consists of examining the digital file prepared by the Company's directors in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the financial statements included in the aforementioned digital file correspond in their entirety to those of the financial statements that we have audited, and whether the financial statements and the aforementioned file have been formatted, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital file examined correspond in their entirety to the audited financial statements, which are presented, in all material respects, in conformity with the ESEF Regulation.

Additional report to the audit committee

The opinion expressed in this audit report is consistent with the additional report we issued to the Company’s audit committee on April 14, 2023.

Term of engagement

The ordinary general shareholders' meeting held on June 7, 2022 appointed us as auditors for the year ended December 31, 2022.

Previously, we were appointed as auditors by the shareholders for three years and we have been carrying out the audit of the financial statements continuously since the year ended December 31, 2019.

ERNST & YOUNG, S.L.
(Registered in Spain's Official Register of Auditors under No. S0530)

(Signed on the original Spanish version)

José Luis Ruiz Expósito
(Registered in the Official Register of Auditors under entry no. 5217)

April 14, 2023

Distribuidora Internacional de Alimentación, S.A.

Annual Accounts and Management Report

31 December 2022

(Together with the Audit Report)

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

BALANCE SHEET

At 31 December 2022

(Expressed in thousands of euro)

ASSETS	Notes	2022 31 December	2021 31 December
Intangible assets	5	**1,569**	**1,881**
Concessions		75	83
Goodwill		1,212	1,478
Computer software		3	3
Other intangible assets		279	317
Property, plant and equipment	6	**86,700**	**87,398**
Land and buildings		32,775	32,385
Technical installations, machinery, equipment, furniture and other items		52,608	53,913
Under construction and advances		1,317	1,100
Non-current investments in group companies and associates	11	**693,791**	**823,138**
Equity instruments		693,791	823,138
Non-curent investments	12 (b)	**9,783**	**9,666**
Equity instruments		36	36
Loans to third parties		28	28
Other financial assets		9,719	9,602
Trade and other receivables		**668**	**2,178**
Trade receivables (exceeding operating cycle)	12 (b)	668	2,178
Non-current prepayments	14	**1**	**461**
Total non-current assets		**792,512**	**924,722**
Non current held for sale assets	6	**3,695**	**-**
Inventories	13	**18,015**	**21,396**
Goods for resale		17,941	21,322
Raw materials and other supplies		28	28
Advances to suppliers		46	46
Trade and other receivables	12 (b)	**30,517**	**32,939**
Current trade receivables	10(d)	27,500	25,021
Trade receivables from group companies and associates		56	3,532
Other receivables		170	941
Personnel		42	48
Current tax assets	20	827	1,476
Public entities, other	20	1,922	1,921
Current investments in group companies and associates	12 (a)	**75,421**	**35,450**
Other financial assets		75,421	35,450
Current investments	12 (b)	**5,019**	**354**
Derivatives		4,341	-
Other financial assets		678	354
Prepayments for current assets	14	**561**	**710**
Cash and cash equivalents	15	**7,326**	**111,314**
Cash		7,326	111,314
Total current assets		**140,554**	**202,163**
TOTAL ASSETS		**933,066**	**1,126,885**

The attached report forms an integral part of the annual accounts for the financial year 2022.

BALANCE SHEET

At 31 December 2022

(Expressed in thousands of euro)

EQUITY AND LIABILITIES	Notes	2022 31 December	2021 31 December
Capital and reserves without valuation adjustments	16	**667,254**	**837,822**
Capital		**580,655**	**580,655**
Registered capital		580,655	580,655
Share premium		**1,058,873**	**1,058,873**
Reserves		**2,831**	**3,110**
Other reserves		2,831	3,110
(Own shares)		**(3,150)**	**(3,842)**
Negative results from previous years		**(801,390)**	**(657,989)**
Profit for the year		**(170,815)**	**(143,401)**
Other equity instruments		**250**	**416**
Total equity		**667,254**	**837,822**
Non-current provisions	17	**30,355**	**40,732**
Long-term employee benefits		-	3,206
Other provisions		30,355	37,526
Non-current payables	19 (b)	**36,495**	**37,580**
Bonds and other securities		30,891	30,800
Debt with financial institutions		372	-
Finance lease payables	7	1,576	1,513
Other financial liabilities		3,656	5,267
Deferred tax liabilities	20	**165**	**235**
Total non-current liabilities		**67,015**	**78,547**
Current provisions	17	**3,052**	**3,624**
Current payables	19 (b)	**25,623**	**29,675**
Bonds and other securities		800	467
Debt with financial institutions		115	293
Finance lease payables	7	1,354	1,837
Derivatives		4,341	-
Other financial liabilities		19,013	27,078
Group companies and associates, current	19 (a)	**1,749**	**2,034**
Trade and other payables	19 (c)	**168,372**	**175,179**
Current suppliers		3,621	4,861
Suppliers, group companies and associates, current		134,167	133,950
Other payables		23,610	30,641
Personnel (salaries payable)		1,174	1,857
Public entities, other	20	5,797	3,863
Advances to customers		3	7
Current accruals		**1**	**4**
Total current liabilities		**198,797**	**210,516**
TOTAL EQUITY AND LIABILITIES		**933,066**	**1,126,885**

The attached report forms an integral part of the annual accounts for the financial year 2022.

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2022
(Expressed in thousands of euro)

INCOME STATEMENT	Notes	2022	2021
Revenues	23 (a)	**845,470**	**835,246**
Sales		822,523	815,969
Service Delivery		22,947	19,277
Supplies	23 (b)	**(650,352)**	**(643,439)**
Merchandise used		(616,582)	(607,593)
Raw materials and consumables used		(2,341)	(2,268)
Subcontracted work		(31,619)	(33,504)
Impairment of merchandise, raw materials and other supplies	13	190	(74)
Other operationg income		**32,487**	**29,682**
Non-trading and other operating income	23 (f)	32,408	29,682
Operating grants taken to income		79	-
Personnel expenses	23 (c)	**(5,005)**	**(5,423)**
Salaries and wages		(6,882)	(3,576)
Employee benefits expense		(214)	(296)
Provisions		2,091	(1,551)
Other operating expenses		**(186,811)**	**(199,478)**
External services	23 (d)	(182,478)	(192,048)
Taxes		(2,512)	(2,551)
Losses, impariment and changes in trade provisions		1,394	(2,774)
Other operating expenses		(3,215)	(2,105)
Amortisation and depreciation	5 and 6	**(20,059)**	**(19,384)**
Impairment and gains/(losses) on disposal of fixed assets	5, 6 and 23 (e)	**(3,932)**	**(5,202)**
Impairment and losses		(1,999)	(2,673)
Gains/Losses on disposal and other		(1,933)	(2,529)
Results form operating activities		**11,798**	**(7,998)**
Finance income		**3,770**	**10,998**
Other investment income		**3,770**	**10,998**
Group companies and associates	22 (b)	431	0
Other		3,339	10,998
Finance expenses		**(5,863)**	**(12,136)**
Group companies and associates		(3,284)	(4,746)
Other	22 (b)	(2,679)	(7,353)
Provision adjustments		100	(37)
Exchange gains		**(14)**	**168**
Impairment and losses on disposal of financial instruments		**(180,021)**	**(134,000)**
Impairment and losses	11 and 12(a)	(180,021)	(134,000)
Net finance income		**(182,128)**	**(134,970)**
Losses before income tax		**(170,330)**	**(142,968)**
Income tax	20	**(485)**	**(433)**
LOSSES FOR THE YEAR		**(170,815)**	**(143,401)**

The attached report forms an integral part of the annual accounts for the financial year 2022.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

A) Statement of recognised revenue and expenses

(Expressed in thousands of euro)

	2022	2021
Profit for the year	(170,815)	(143,401)
Income and expense recognised directly in equity		
Cash flow hedges	-	-
Tax effect	-	-
Total income and expense recognised directly in equity	-	-
Amounts transferred to the income statement		
Grants, donations and bequests	-	-
Tax effect	-	-
Total amounts transferred to the income statement	-	-
Total recognised income and expense	(170,815)	(143,401)

The attached report forms an integral part of the annual accounts for the financial year 2022.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

B) Total statement of changes in net equity

(Expressed in thousands of euro)

	Registered capital	Share premium	Reserves	(Own shares)	Retained earnings	Profit for the year	Other equity instruments	Total
Balance at 31 December 2020	66,780	544,997	9,872	(5,763)	(393,269)	(264,720)	250	(41,853)
Recognised income and expense	-	-	-	-	-	(143,401)	-	(143,401)
Transactions with equity holders or owners	513,875	513,876	(3,563)	1,921	-	-	166	1,026,275
Increase Capital	513,875	513,876	(1,217)	-	-	-	-	1,026,534
Issuance of share-based payments	-	-	-	-	-	-	227	227
Own shares operations	-	-	(2,346)	2,395	-	-	(61)	(12)
Buying own shares	-	-	-	(474)	-	-	-	(474)
Other variations in shareholders´equity	-	-	(3,199)	-	-	-	-	(3,199)
Distibution of profit for the year	-	-	-	-	(264,720)	264,720	-	-
Transfer of profit for the previous year	-	-	-	-	(264,720)	264,720	-	-
Balance at 31 December 2021	580,655	1,058,873	3,110	(3,842)	(657,989)	(143,401)	416	837,822
Recognised income and expense	-	-	-	-	-	(170,815)	-	(170,815)
Transactions with equity holders or owners	-	-	(279)	692	-	-	(166)	247
Issuance of share-based payments	-	-	-	-	-	-	269	269
Own shares operations	-	-	(279)	692	-	-	(435)	(22)
Distibution of profit for the year	-	-	-	-	(143,401)	143,401	-	-
Transfer of profit for the previous year	-	-	-	-	(143,401)	143,401	-	-
Balance at 31 December 2022	580,655	1,058,873	2,831	(3,150)	(801,390)	(170,815)	250	667,254

The attached report forms an integral part of the annual accounts for the financial year 2022.

CASH FLOW STATEMENT

for the year ended 31 December 2022
(Expressed in thousands of euro)

	Notes	2022	2021
Cash flows from operating activities			
Profit for the year before tax		**(170,330)**	**(142,968)**
Adjustmens for:		**202,889**	**160,003**
Amortisation and depreciation	5 and 6	20,059	19,384
Impairment		180,436	139,521
Changes in provisions		(1,915)	536
Gains on disposal of fixed assets	23 (e)	1,933	2,529
Finance income		(3,770)	(10,998)
Finance expenses		5,863	12,136
Exchange losses		14	(168)
Other income and expenses		269	(2,937)
Changes in operating assets and liabilities		**(8,521)**	**(84,583)**
Inventories		2,489	6,317
Trade and other receivables		1,718	3,117
Other current assets	14	149	(463)
Trade and other payables		(6,842)	(93,338)
Provisions		(8,002)	(1,206)
Other current liabilities		(3)	(3)
Other non-current assets and liabilities	12 (c) and 14	1,970	993
Other cash flows from operating activities		**420**	**2,387**
Interest paid		(4,687)	(8,244)
Interest received		3,716	10,891
Income tax paid (received)		1,391	(260)
Cash flows from operating activities		**24,458**	**(65,161)**
Cash flows from investing activities			
Payments for investments		**(81,268)**	**(133,726)**
Group companies and associates	11 and 2 (a)	(41,687)	(97,479)
Intangible assets	5	(150)	(38)
Property, plant and equipment	6 and 19(b)	(34,610)	(36,209)
Other financial assets	12 (b)	(4,821)	-
Proceeds from sale of investments		**567**	**1,997**
Intangible assets	5	-	35
Property, plant and equipment	6	567	1,381
Other financial assets		-	581
Cash flows used in investing activities		**(80,701)**	**(131,729)**
Cash flows from financing activities			
Proceeds from and payments for equity instruments		**-**	**256,860**
Issue of equity instruments		-	257,334
Disposal of own equity instruments		-	(474)
Proceeds form and payments for financial liability intstruments		**(47,745)**	**34,760**
Issue		**295**	**39,746**
Payable to group and associated companies		-	39,067
Other payables		295	679
Redemption and repayment of		**(48,040)**	**(4,986)**
Bonds and other securities	19 (b)	(660)	-
Debt with financial institutions		(166)	(4,986)
Group companies and associates		(47,214)	-
Cash flows used in financing activities		**(47,745)**	**291,620**
Net increase/decrease in cash and cash equivalents		**(103,988)**	**94,730**
Cash and cash equivalents at beginning of year		**111,314**	**16,584**
Cash and cash equivalents at year end		**7,326**	**111,314**

The attached report forms an integral part of the annual accounts for the financial year 2022.

REPORT

1. NATURE, ACTIVITIES AND COMPOSITION OF THE GROUP

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

The Company's statutory activity comprises the following activities in Spain and abroad:

(a) The wholesale or retail purchase, sale and distribution of food products and any other consumer goods in both domestic and foreign markets; domestic healthcare, parapharmaceutical, homoeopathic, dietary and optical products, cosmetics, costume jewellery, household products, perfumes and personal hygiene products; and food, health and hygiene products and insecticides, and all other kinds of widely available consumer products for animals.

(b) Corporate transactions; the acquisition, sale and lease of movable property and real estate; and financial transactions as permitted by applicable legislation.

(c) Corporate services aimed at the sale of telecommunication products and services, particularly telephony services, through collaboration agreements with suppliers of telephony products and services. These co-operative services shall include the sale of telecommunication products and services, as permitted by applicable legislation.

(d) All manner of corporate collaboration services aimed at the sale of products and services of credit institutions, payment institutions, electronic money institutions and currency exchange establishments, in accordance with the provisions of the statutory activity and administrative authorisation of these entities. This collaboration shall include, as permitted by applicable legislation and, where appropriate, subject to any necessary prior administrative authorisation, the delivery, sale and distribution of products and services of these entities.

(e) Activities related to internet-based marketing and sales, and sales through any other electronic medium of all types of legally tradable products and services, especially food and household products, small electrical appliances, multimedia and IT products, photography equipment and telephony products, sound and image products and all types of services provided via the internet or any other electronic medium.

(f) Wholesale and retail travel agency activities including, inter alia, the organisation and sale of package tours.

(g) Retail distribution of petrol, operation of service stations and retail sale of fuel to the public.

(h) The acquisition, ownership, use, management, administration and disposal of equity instruments of resident and non-resident companies in Spain through the concomitant management of human and material resources.

(i) The management, coordination, advisory and support of investees and companies with which the Parent works under franchise and similar contracts.

(j) The deposit and storage of goods and products of all types, both for the Company and for other companies.

Its principal activity is the retail sale of food products through owned or franchised self-service stores under the Dia, Dia Market, Dia Maxi and Dia&Go brand names. The Company opened its first establishment in Madrid in 1979.

The Company holds stakes in subsidiaries. As a result, the Company is the parent company of a Group of companies in accordance with the laws in force. Information regarding stakes in group companies is set out in Note 11 of this report.

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

The presentation of the consolidated annual accounts is necessary, in accordance with generally accepted accounting principles and standards, to present a true and fair view of the Group's financial situation and results of operations, changes in equity and cash flows.

On 28 March 2023 the company directors drew up the consolidated annual accounts of Distribuidora Internacional de Alimentación, S.A. and subsidiaries for the 2022 financial year, in accordance with the terms of the International Financial Reporting Standards adopted by the European Union (IFRS-EU) and the other provisions of the applicable regulatory financial reporting framework, presenting consolidated losses attributed to the Parent Company amounting to 123,848 thousand euro and consolidated net equity attributable to the Parent Company amounting to 7,557 thousand euros.

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

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 29 September 2021 meeting and reelected him for the statutory period of two years as an independent director. The GMS also appointed Ms. Gloria Hernández García as an independent director for the statutory period of two years. Finally, the Board set the number of members on the Board of Directors at eight and agreed to maintain the vacancy that existed following the resignation, on 18 April 2022, of Ms. Basola Vallés Cerezuela as a result of her appointment as Senior Vicepresident Strategic Customer Partner (SEMEA) in the Salesforce group, a position that excluded the possibility of continuing to hold positions on the boards of other entities.

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

The General Meeting of Shareholders of the 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 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 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 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 drawing up these annual accounts.

d) Other company operations

With regards the Company's shares, the following events were of note:

2022

- During the financial year of 2022, the sum contributed in Brazil amounted to 42,283 thousand euros, and occurred through the cancellation of debt at Dia Brasil amounting to 597 thousand euros, and a cash contribution of 41,686 thousand euros. The capital of Dia Brasil increased from 3,061,993,256.10 reals as of 31 December 2021 to 3,303,218,956.10 reals as of 31 December 2022, represented by 2,144,009,027 shares of an approximate value of 1.54 Reals of nominal value.
- During the financial year of 2022 there were debt write-offs to Dia Argentina amounting to 5,902 thousand euros, of which the Company contributed 5,607 thousand euros corresponding to 95% of its direct stake in the subsidiary and the remaining 5% was contributed by the company Pe-Tra Servicios a la Distribución, S.L.U.

2021

- During the financial year of 2021, the sum contributed in Brazil amounted to 113,464 thousand euros, and occurred through the cancellation of debt at Dia Brasil amounting to 16,103 thousand euros, and a cash contribution of 97,361 thousand euros. The capital of Dia Brasil increased from 2,427,353,318.50 reals as of 31 December 2020 to 3,061,993,256.10 reals as of 31 December 2021, represented by 2,144,009,027 shares of an approximate value of 1.43 Reals of nominal value.
- During the financial year of 2021 there were debt write-offs to Dia Argentina amounting to 17,521 thousand euros, of which the Company contributed 16,645 thousand euros corresponding to 95% of its direct stake in the subsidiary and the remaining 5% was contributed by the company Pe-Tra Servicios a la Distribución, S.L.U.

e) **Other corporate operations**

In 2022, the Group announced two corporate operations in Spain. 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., a subsidiary of the branch Dia Retail, S.A.U.) to C2 Private Capital, S.L. At year-end these operations were pending compliance with different conditions which are expected to come to pass 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 statements of financial position and the result thereof as a result of discontinued operations in the consolidated income statement. With regard to the Company, this only entailed the classification of the assets sold from the large format store business to Alcampo as "non-current assets held for sale", while the result thereof within the income statement was not "the result of the discontinued operations", as this is a part of the stores that does not represent a significant part of the Company's business; out of the total stores sold, only 24 stores correspond to the Company.

f) ***Profit/(loss) evolution during the year***

The operating income of the Company during the financial year of 2022 was positive, amounting to 11,798 thousand euros, compared with a loss of 7,998 thousand euros in the previous financial year, confirming a change in business trend. The evolution in the operating income has been improved by 20 million euros despite the impact of the increase in electricity, diesel and raw material prices on the operating income.

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.

A loss of 171 million euros was registered for the financial year, as it was penalised by the negative impact of the impairment suffered by its subsidiary Dia Brasil, amounting to 180 million euros.

2. BASIS OF PRESENTATION

a. Comparative information

The annual accounts have been drawn up on the basis of the Company's accounting records and they are presented in accordance with the commercial legislation in force and the standards established in the General Accounting Standards approved by Royal Decree 1514/2007, of 16 November 2007, which since its publication has been the subject of various modifications, the latter of which by Royal Decree 1/2021, of 12 January 2021, and the implementing regulations thereof, in addition to the other commercial legislation in force, in order to present a true and fair view of the net worth, the financial situation and the results of the Company, as well as the truthfulness of the cash flows included in the consolidated cash flow statement.

The directors believe the annual accounts for the 2022 financial year, formulated on 28 March 2023, will be approved by the General Meeting of Shareholders without amendment.

In addition to the figures for the 2022 financial year, the annual accounts for the 2022 financial year present the figures from the previous financial year for comparative purposes and for each item on the balance sheet, profit and loss account, statement of recognised revenue and expenses, statement of changes in equity, cash flow statement and report on the annual accounts.

b. Going concern

The directors drew up these annual accounts at 31 December 2022 in accordance with the going concern principle.

At 31 December 2022, net equity amounted to 667 million euros (838 million euros at 31 December 2021). The working capital, calculated as current assets minus current liabilities, excluding assets and liabilities held for sale, is negative, amounting at 31 December 2022 to 62 million euros (8 million euros negative at 31 December 2021). The loss for the year amounted to 171 million euros (loss of 143 million euros in 2021) and the net variation in cash and cash equivalents was a negative amount of 104 million euro in 2022 (positive amount of 95 million euro in 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. Additionally, updated business plans show significant improvements. Likewise, during 2023 the Group will have additional net liquidity as a result of the corporate operations mentioned in note 1 e). Within this context, the Directors consider the Group will continue to operate on a going concern basis.

c. Functional and presentation currency

The annual accounts are presented in thousands of Euros, rounded to the nearest thousand, this being the Company's functional currency and currency of presentation.

d. Critical aspects of the interpretation and valuation of uncertainty and relevant judgments in the application of accounting policies

Preparing the annual accounts requires the application of significant accounting estimates and the application of judgements, estimates and hypotheses in the process of applying the Company's accounting policies. In this regard, a summary is set out below of the details of those aspects involving the greatest degree of judgement and complexity, or where hypotheses or estimates are significant in preparing the annual accounts.

Significant Book Estimates and Hypotheses

- Assessment of the potential value impairment of investments in group and associated companies classified as equity instruments (see notes 4(g) and 11).
- Assessment of the potential value impairment of non-financial assets subject to amortisation or depreciation: see notes 4(b), (c) and (e).
- Analysis of possible contingencies or liabilities linked to processes in progress: (See note 17).

Estimates and judgements are assessed annually on the basis of the assumptions outlined in the business plan. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and are considered reasonable under the circumstances.

3. DISTRIBUTION OF PROFIT/LOSS

The proposal for the allocation of the 2022 losses prepared by the Board of Directors for submission to the Annual General Meeting of Shareholders was to take all the losses for the year, totalling 170,814,933.95 euros, to prior-year losses.

4. RECORDING AND APPRAISAL STANDARDS

The main recording and appraisal standards used by the Company in preparing its annual accounts were the following:

a) Foreign currency transactions, balances and cash flows

Foreign currencies transactions were converted into euro by applying the spot exchange rate on the dates when they were performed to the amount in foreign currency.

The positive and negative differences that arise when foreign-denominated transactions are settled, or when monetary assets and liabilities denominated in foreign currencies are converted, are taken to income.

b) Intangible fixed assets

Assets included in intangible fixed assets are booked at acquisition or production cost. Intangible fixed assets are presented on the balance sheet at cost value less depreciation and value adjustments for accumulated impairment.

The costs incurred in carrying out activities that help develop the business value of the Company overall, such as goodwill, trademarks and similar items generated internally, as well as establishment costs, are recognised on the profit and loss account as they are incurred.

i. Development

The Company capitalises the development expenses incurred in specific and individualised projects for each activity, essentially IT applications and industrial property, complying with the following conditions:

- There is a specific and individualised project allowing the disbursement attributable to implementation of the project to be reliably valued.
- There is a clear allocation, assignment, and recognition of the costs of each project.
- There are reasonable grounds to expect technical success in project implementation, both in the case of direct exploitation and third-party sales, and the economic/commercial profitability of the project is reasonably assured.
- The economic/commercial profitability of the project is reasonably assured.
- The finance to complete execution thereof, availability of adequate technical or other resources to complete the project and to use or sell the intangible asset are reasonably assured.
- There is an intention to complete the intangible asset.

The expenses assigned to results in previous financial years cannot subsequently be capitalised when they fulfil the conditions.

Development costs are reclassified to IT applications at project completion.

When the book value of an asset is greater than its estimated recoverable amount, its value is reduced immediately to its recoverable amount.

ii. Business combinations and goodwill

The Company applies the acquisition method for business combinations. The acquisition date is the date when the Company obtains control of the acquiree.

The cost of the business combination is calculated as the sum of the acquisition-date fair values of the transferred assets, incurred or assumed liabilities, issued equity instruments and any consideration contingent on future events or compliance with certain conditions in exchange for control of the acquiree.

The cost of the business combination excludes any disbursement that is not part of the exchange for the acquiree. Acquisition costs are recognised as an expense when incurred.

The Company recognises the assets acquired on the acquisition date and the liabilities assumed at their fair value. Any excess between the cost of the business combination and the net amount of assets acquired and liabilities assumed is recorded as goodwill. Any shortfall, after evaluating the consideration given and the identification and measurement of net assets acquired, is recognised in profit and loss.

Goodwill represents the excess, on the acquisition date, of the cost of the business combination over the fair value of the identifiable net assets acquired in the transaction. Goodwill is consequently recognised only when it has been acquired for consideration and corresponds to future economic benefits from assets that cannot be individually identified and recognised separately.

Goodwill is allocated to the cash generating units (CGUs) expected to benefit from the business combination in which the goodwill arose.

Goodwill recognised separately is amortised on a straight-line basis over its estimated useful life, being valued at its acquisition price less the cumulative amortisation and, where applicable, the cumulative amount of recognised impairment value adjustments. Useful life is determined separately for each CGU to which it has been allocated and is estimated to be 10 years (unless proven otherwise). At least annually, it is analysed whether there are any indications of impairment of the value of the CGUs to which goodwill was allocated and its possible impairment is ascertained.

From initial recognition through to 31 December 2015, goodwill is valued at cost less accumulated losses from value impairment. As from 1 January 2016, in accordance with the provisions of the single transitional provision of Royal Decree 602/2016, of 2 September 2016, goodwill is valued at cost, reduced by the amount of amortisation and valuation corrections through accumulated impairment.

iii. Computer software

Computer applications purchased and developed by the company, including all applications relating to point-of-sale terminals, warehouses, offices and microcomputing, are booked at their acquisition or production cost. The costs of maintaining IT applications are recorded under expenses at the point at which they are incurred.

iv. Leaseholds

Leaseholds are rights to lease business premises which have been acquired through an onerous contract assumed by the Group. Leaseholds are measured at cost of acquisition and amortised on a straight-line basis over the shorter of ten years and the estimated term of the lease contract.

v. Patents, licences, trademarks and similar

Industrial property is carried at cost less accumulated amortisation and the accumulated amount of impairment corrections to the recognised value. Amortisation is carried out using the straight-line method to allocate the cost of trademarks and licences over their estimated working life of ten years.

vi. Subsequent costs

Subsequent costs incurred in intangible fixed assets are recorded as an expense, unless the expected future economic benefits of the assets increase.

vii. Useful life and amortisation

Amortisation of intangible fixed assets is determined on a straight-line basis by applying the following estimated useful life:

	Years of estimated working
Computer software	3
Leaseholds	10
Goodwill	10
Brands	10
Other intangible fixed assets	Duration of the contract

Goodwill, in accordance with Royal Decree 602/2016 of 2 December 2016, began to be amortised prospectively from 1 January 2016 onwards.

The Company reviews the residual value, useful life and amortisation method for the intangible fixed assets at the close of each financial year. Changes to the initially established criteria are considered changes in estimates.

viii. Impairment of fixed assets

The Company evaluates and determines value adjustments for impairment and reversals of impairment losses for intangible fixed assets according to the criteria indicated in subsection (e) of this note.

c) Tangible Fixed Assets

i. Initial recognition

Assets included in tangible fixed assets are booked at acquisition or production cost. Production cost is capitalised under the "Work performed by the company for its assets" line item of the profit and loss account. Tangible fixed assets are presented in the balance sheet at cost value less amortisation and value adjustments for accumulated impairment.

Given that the average period to carry out work on warehouses and stores does not exceed 12 months, there are no significant interest and other finance charges that are considered as an increase in property, plant and equipment.

Investments of a permanent nature made in real estate leased by the Company by means of an operational lease agreement are classified as tangible fixed assets. Investments are amortised over the shorter of their useful life or term of the lease.

Tangible fixed assets incorporated prior to 31 December 1996 are valued at acquisition price plus any updates made in accordance with the provisions of the legal standards concerned.

ii. Amortisation

The amortisation of tangible fixed assets is performed on a systematic basis over their useful life. For this purpose, the amortisation amount is defined as purchase cost less residual value. The Company determines the depreciation charge independently for each component that has a significant cost in relation to the total cost of the asset and a different useful life to the rest of the assets in its class.

Amortisation of tangible fixed assets is determined on a straight-line basis by applying the following estimated useful life:

	Years of estimated working
Buildings	40
Installations in leased stores	10 – 20
Technical installations and machinery	3 – 7
Other installations, equipment and furniture	4 -10
Other property, plant and equipment	3 – 5

Gains and losses on the sale of tangible fixed assets are calculated by comparing the revenue obtained from the sale with the book value and recorded in the profit and loss account.

The Company reviews the estimated residual values and the amortisation methods and periods applied at the end of each year. Changes to the initially established criteria are considered changes in estimates.

iii. Subsequent costs

Following the initial recognition of an asset, costs incurred are only capitalised insofar as they represent an increase in its capacity or productivity or an extension of its useful life, and the book value of replaced items must be derecognised. In this regard, the daily maintenance costs of tangible fixed assets are recorded in profit and loss as they are incurred.

iv. Impairment of assets

The Company evaluates and determines value adjustments for impairment and reversals of impairment losses for tangible fixed assets according to the criteria indicated in subsection (e) of this note.

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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

d) Non-current assets held for sale

Non-current assets (or disposal groups) whose carrying amount will be largely recovered through a sale transaction shall be classified as held for sale, instead of recognised at the value in use. In order to classify non-current assets or disposal groups as held for sale, they must be available for disposal in their current condition, exclusively subject to the usual terms and conditions of sale transactions, and the transaction must also be deemed to be highly probable.

Non-current assets (or disposal groups) classified as held for sale are not amortised or depreciated, and are recorded at their carrying amount or fair value, whichever is lower, less costs of retirement or disposal. An impairment loss is recognised for any initial or subsequent reduction in the value of the asset (or disposal group), up to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell of an asset (or disposal group), although this may not exceed the cumulative impairment loss previously recognised. The loss or gain not previously recognised at the date of sale of a non-current asset (or disposal group) is recognised on the date it is written off. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets and disposal group assets classified as held for sale are disclosed separately from the other assets in the statement of financial position. Disposal group liabilities classified as held for sale are disclosed separately from the other liabilities in the statement of financial position.

e) Impairment of non-financial assets subject to amortisation

The Company applies the evaluation of evidence method revealing the potential value impairment of non-financial assets subject to amortisation or depreciation in order to check whether the book value of said assets exceeds their recoverable value, understood as the highest fair value, less sale costs and useful value.

Losses from impairment are recognised in the profit and loss account.

Recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the CGU to which it belongs, with each store being a cash-generating unit.

In accordance with historical experience, the Company considers that there are indications of value impairment when the operating income considering its adjusted EBITDA (taken to mean the operating result before depreciation and impairment, result in fixed asset operations, other restructuring income and expenses and long-term incentive programme expenses) of a store regarded as mature (in other words, having more than two years of existence) has been negative during the last two years, as well as those in which value impairment has been recorded in the past. When indications of impairment exist, the Group estimates the recoverable amount of the assets allocated to each cash-generating unit, calculated as the higher of fair value less costs to sell and value in use. Value in use is determined by discounting estimated future cash flows, applying a post-tax discount rate which reflects the value of money over time and the specific risks associated with the asset.

Determining this value in use and evaluating whether signs of CGU impairment exist requires judgement by management and the use of estimates.

To estimate the cash flow projections used to determine value in use, the Company uses the hypotheses set out in the updated business plan. This strategic plan covers a five-year period. For longer periods, projections based on the strategic plan are used as of the fifth year, applying a constant expected growth rate up until the end of the asset's useful life, including a residual or disposal value of the asset at the end of its useful life, in accordance with accounting standards.

When the carrying amount of an asset exceeds its estimated recoverable amount, the asset is considered to be impaired. In this case the book value is adjusted to the recoverable amount and the impairment loss is recognised in the income statement. Amortisation and depreciation charges for future periods are adjusted to the new carrying amount during the remaining useful life of the asset. Assets are tested for impairment on an individual basis, except in the case of assets that generate cash flows that are not independent of those from other assets (cash-generating units).

When new events or changes in existing circumstances arise which indicate that an impairment loss recognised in a previous period could have disappeared or been reduced, a new estimate of the recoverable amount of the asset or cash-generating unit is made. Previously recognised impairment losses are only reversed if the assumptions used in calculating the recoverable amount have changed since the most recent impairment loss was recognised. In this case, the carrying amount of the asset or cash-generating unit is increased to its new recoverable amount, to the limit of the carrying amount this asset or cash-generating unit would have had the impairment loss not been recognised in previous periods. The reversal is recognised in the income statement and amortisation and depreciation charges for future periods are adjusted to the new book value.

f) Leases

i. Lessor accounting

The Company has assigned to its licensees the right to use certain spaces within Dia commercial establishments under sublease agreements, as well as establishments leased to Dia Group franchisees and subsidiaries, which are contracts where the risks and benefits inherent to ownership of the assets are not substantially transferred to third parties.

– **Operating leases**

Assets leased to third parties under operating lease agreements are presented in accordance with the nature thereof and subject to the accounting principles set out in subsection (c).

Revenue from operating leases, net of incentives granted, is recognised as revenue on a straight-line basis over the lease term, unless another systematic basis of allocation is more representative because it more appropriately reflects the time pattern of consumption of the benefits arising from the use of the leased asset.

ii. Lessee accounting

The Company has assigned the right to use certain assets by means of lease agreements.

Lease agreements which at the outset essentially transfer to the Company all risks and benefits inherent to ownership of the assets are classified as financial leases, or otherwise as operating leases.

– **Financial leases**

At the start of the lease term, the Company recognises an asset and a liability for whichever is the lower of the fair value of the leased asset and the present value of the minimum lease payments. Initial direct costs are included as an increase in the value of the asset. Minimum payments are divided between the financial charge and the reduction in the debt pending payment. Financial expenses are imputed to the profit and loss account through application of the effective interest rate method.

Contingent lease payments are registered as an expense when it is probable that they will be incurred.

The accounting principles applied to assets used by the Company through the signing of financial leasing agreements are the same as those developed in subsection (c). However, if at the start of the lease there is no reasonable certainty that the Company will obtain ownership at the end of the lease, the asset is amortised over its useful life or term, whichever is shorter.

– **Operating leases**

Instalments from operating leases, net of incentives granted, is recognised as revenue on a straight-line basis over the lease term, unless another systematic basis of allocation is more representative because it more appropriately reflects the time pattern of consumption of the benefits arising from the use of the leased asset

Contingent lease payments are registered as an expense when it is probable that they will be incurred.

iii. Sale and leaseback operations

Asset sale operations connected with leaseback operations fulfilling the conditions inherent to a financial lease are considered financing operations, so the nature of the asset is not modified and no result is recognised.

g) Financial instruments

i. Classification and separation of financial instruments

Financial instruments are classified at their initial recognition as a financial asset, a financial liability or an equity instrument, according to the economic fund of the contractual agreement and the definitions of financial asset, financial liability or equity instrument.

The Company classifies financial instruments in accordance with their nature and the Company's intentions at the time of initial recognition.

ii. Principles of compensation

A financial asset and a financial liability are offset only when the Company has the enforceable right to offset the recognised amounts and intends to settle the net amount or to realise the asset and settle the liability simultaneously.

iii. Financial assets and financial liabilities at fair value with changes in the profit and loss account

Financial assets and liabilities at fair value with changes to in the profit or loss account are initially recognised at fair value. Transaction costs directly attributable to the purchase or issue are recognised as an expense in the profit and loss account as they are incurred.

Following initial recognition, they are recognised at fair value by recording changes in results. The fair value is not reduced by the transaction costs that may be incurred due to its eventual sale or disposal by other means. Interest and dividends accrued are included under the headings according to their nature.

iv. Loans and receivables

Loans and receivables are credits on trade or non-trade transactions with fixed or determinable payments that are not quoted on an active market and are not classified under any other heading.

These financial assets are initially measured at fair value, including transaction costs directly attributable to them, and subsequently at amortised cost, recognising the interest accrued according to their effective interest rate, taken as the discount rate equalling the book value of the instrument with all estimated cash flows to maturity. Notwithstanding the foregoing, trade receivables maturing within one year are measured, both initially at recognition and subsequently, at face value provided that the effect of not discounting the cash flows is insignificant.

v. Investments in group companies

Group companies are those over which the Company exercises control, either directly or indirectly through subsidiaries, as provided in Article 42 of the Commercial Code, or when they are controlled by any means by one or more natural or legal persons acting jointly or under sole management through agreements or statutory clauses.

Control is the power to decide a company's financial and operating policies in order to obtain profit from its activities and considering for these purposes the potential voting rights exercisable or convertible at year-end in the hands of the Company or of third parties.

Investments in group, associated and multi-group companies are initially recognised at cost, which is the fair value of the consideration given. Investments in Group companies acquired prior to 1 January 2010 include the transaction costs incurred in the acquisition cost.

If an investment no longer qualifies for this category it is reclassified to available-for-sale investments and valued as such from the reclassification date.

vi. Interest and dividends

Interest is recognised by the effective interest rate method.

Dividend income from investments in equity instruments is recognised when the rights to receive it have arisen for the Company. If the allocated dividends are unequivocally derived from results generated prior to the acquisition date because amounts greater than the profits generated by the investee have been allocated since the acquisition, they are not recognised as revenue and the book value of the investment is reduced.

vii. Derecognising financial assets

Financial assets are derecognised when the rights to receive the cash flows related to them have expired or been transferred and the Company has substantially transferred the risks and rewards of ownership.

Derecognising a financial asset in full involves recognition of results based on the difference between the book value and the sum of the consideration received, net of the transactional expenses, including the assets obtained or liabilities assumed and any loss or profit deferred under revenue and expenditure recognised in net equity.

viii. Impairment losses of financial assets

A financial asset or group of financial assets is impaired and an impairment loss has occurred if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and if said event(s) causing the loss has an impact on the estimated future cash flows of the asset or group of financial assets that can be reliably estimated.

The Company records the appropriate value adjustments for impairment of loans and receivables and debt instruments when there has been a reduction or delay in the estimated future cash flows due to debtor insolvency.

– **Value impairment of financial assets valued at amortised cost**

The amount of the value impairment loss from financial assets valued at amortised cost is the difference between the book value of the financial asset and the present value of the estimated future cash flows, excluding future credit losses not incurred, discounted at the original effective interest rate of the asset. For variable interest rate financial assets, the effective interest rate corresponding to the valuation date in accordance with the contractual conditions is employed. For debt instruments classified as investments on maturity, the Company uses their market value, provided this is sufficiently reliable to consider it representative of the value that could be recovered.

The recognised impairment loss is charged to results and is reversible in subsequent financial years if the reduction can be objectively linked to an event following recognition. Nonetheless, loss reversal is limited to the amortised cost the assets would have had if the value impairment loss had not been recorded.

– **Value impairment of investments in group companies and equity instruments valued at cost**

The impairment calculation is determined as a result of comparing the book value of the investment with its recoverable value, understood as the higher between the value in use or the fair value less selling costs.

In this regard, value in use is calculated in accordance with the Company stake in the present value of the estimated cash flows from ordinary activities and the final disposal or estimated flows expected to be received from the distribution of dividends and the final disposal of the investment.

Impairment loss or reversal is recognised in the profit and loss account, except where it must be posted to equity.

Nonetheless, and in certain cases, unless there is better evidence of the recoverable amount of the investment, the estimation of impairment of this asset class considers the investee company equity adjusted, where applicable, to the applicable generally accepted Spanish accounting principles and standards, corrected by the net tacit capital gains existing on the valuation date.

Value impairment reversals are recognised in subsequent financial years to the extent that there is an increase in the recoverable value up to the limit of the book value the investment would have had if the value impairment had not been recognised.

The value adjustment for impairment of the investment is limited to its value, except where the Company assumed contractual legal or implicit obligations or made payments on behalf of the companies. In the latter case, a provision is recognised in accordance with the criteria set out in subsection (o)Provisions.

ix. Financial liabilities

Financial liabilities, including trade and other payables not classified as held for trading or as financial liabilities at fair value through profit or loss, are initially recognised at fair value less any transaction costs directly attributable to the issuance thereof. Following their initial recognition, liabilities classified under this heading are measured at amortised cost using the effective interest rate method.

However, financial liabilities without an established interest rate, which mature or which are expected to be received in the short term and for which discounting to present value has no significant effect, are measured at nominal value.

The Company derecognises a financial liability or part thereof when the fundamental obligation specified in the contract is discharged or cancelled by legal process or by the creditor.

The exchange of debt instruments between the Company and the counterpart or substantial modifications in initially recognised liabilities are booked as a cancellation of the original financial liability and the recognition of a new financial liability, provided the instruments have substantially different conditions. The Group considers the terms to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the exchange is recorded as a cancellation of the original financial liability, the costs or fees are recognised in income as part of the result of the exchange. Otherwise, the modified flows are discounted at the original effective interest rate, with any difference from the previous carrying amount recognised in profit or loss. Furthermore, the costs or fees adjust the carrying amount of the financial liabilities and are amortised using the amortised cost method over the remaining life of the modified liability.

The difference between the book value of a financial liability or part thereof, extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement.

Financial debt is classified as a current liability unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

The Company recognises exchanges of debt instruments with a lender -provided the instruments have substantially different conditions- as a cancellation of the original financial liability and subsequent recognition of a new financial liability. Similarly, a substantial change in the terms of an existing financial liability or a portion thereof is accounted for as a cancellation of the original financial liability and subsequent recognition of a new financial liability. The difference between the carrying amount of the financial liability that has been cancelled and the consideration paid, which includes any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss for the year.

If it is determined that the new terms or modifications of a financial liability are not materially different from the existing ones and therefore the modification is not material, the existing financial liability is not derecognised. The Group will recalculate the gross book value of the financial liability and recognise a profit or loss due to the change in the income statement for the year. The gross carrying amount of the financial liability is recalculated as the present value of the renegotiated or modified contractual cash flows discounted at the financial liability's original effective interest rate.

x. Deposits

Deposits received as a result of sublease agreements are valued at their nominal value, since the effect of updating is not significant.

Deposits received as a result of rental agreements are valued in accordance with the criteria set out for financial assets. The difference between the amount received and the fair value is recognised as an advance imputed to profit and loss during the term of the lease.

xi. Derivative financial products and posting of hedges

Derivative financial instruments are initially recognised in accordance with the criteria set out above for financial assets and liabilities. Derivative financial instruments, which do not comply with the hedge accounting criteria set out below, are classified and measured as financial assets or liabilities at fair value through profit or loss. They are classified as current or non-current depending on whether their maturity is less than or more than twelve months. Likewise, derivative instruments that meet all the requirements to be treated as long-term hedging instruments are presented as non-current assets or liabilities, depending on whether they are positive or negative.

The accounting basis for any gain or loss resulting from changes in the fair value of a derivative depends on whether the derivative qualifies for treatment as a hedge and, if so, on the nature of the hedging relationship.

Changes in the fair value of derivatives that meet the requirements and have been allocated to cover cash flows, being highly effective, are recognised under equity. That part deemed to be ineffective is imputed directly to the consolidated income statement. When the planned transaction or firm commitment results in the accounting record of a non-financial asset or liability, the cumulative gains and losses in equity are recorded in the consolidated income statement in the same period in which the hedged transaction affects the net result.

At the initial stage, the Group formally designates and documents the hedging relationship between the derivative and the hedged item, as well as the risk management objectives and strategies it pursues when establishing the hedge. This documentation includes identification of the hedging instrument, the item or operation being hedged and the nature of the risk being hedged. It also includes a way of evaluating the degree of efficacy thereof in offsetting the exposure to changes in the hedged item, whether in its fair value or in the cash flows attributable to the risk hedged. The efficacy assessment is carried out prospectively and retrospectively, both at the start of the hedging relationship and systematically throughout the entire period for which it was designated.

Accounting hedging criteria cease to apply when the hedging instrument expires or is disposed of, cancelled or settled, or in the event that the hedging relationship no longer meets the requirements established to be treated as such, or in the event that the designation is revoked. In such cases, cumulative gains or losses in equity are not imputed to results until such time as the planned or promised operation affects the result. This notwithstanding, if the occurrence of the transaction is no longer probable, the cumulative gains and losses in equity are included under the consolidated income statement immediately.

The fair value of the derivatives portfolio reflects estimates based on calculations made based on market-observable data, using specific tools for the risk assessment and management of derivatives used widely by financial institutions.

h) Own equity instruments held by the Company

Acquisition by the Company of equity instruments is presented by acquisition cost separately as a reduction of equity on the balance sheet. No gains or losses on transactions with own equity instruments are recognised on the profit and loss account.

Subsequent amortisation of the instruments entails a capital reduction equivalent to the par value of the shares and the positive or negative difference between the acquisition cost and the nominal amount of the shares is charged or credited to reserves.

Transaction costs related to own equity instruments, including issue costs connected with a business combination, are recorded as a reduction in reserves, following consideration of any tax effect.

Dividends relating to equity instruments are recognised as a reduction in equity when they are approved by the General Meeting.

Agreements obliging the Company to acquire own equity instruments in cash or by receiving a financial asset are recognised as a financial liability at the fair value of the amount redeemable against reserves. Transaction costs are likewise recognised as a reduction in reserves. Subsequently, the financial liability is measured at amortised cost or at fair value on the profit or loss account in line with the redemption conditions. If the Company does not ultimately exercise the agreement, the book value of the financial liability is reclassified to reserves.

i) Stocks

Stocks are initially measured at purchase price.

Purchase price comprises the amount invoiced by the seller after deducting any discounts, rebates, non-trading income or similar, plus any additional costs incurred to bring the goods to a saleable condition, other costs directly attributable to the acquisition, and indirect taxes not recoverable from the Spanish tax office.

Purchase returns are recognised as a reduction in the book value of returned stock, except where it is not feasible to identify these items, in which case they are booked as a reduction in stock on a weighted average cost basis.

Cost of stock is adjusted when cost exceeds net realisable value. Net realisable value is understood as sale price reduced by sale costs.

The previously recognised write-down is reversed against profit and loss when the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances. The reversal of the valuation adjustment is limited to the lower of the cost and the revised net realisable value of the inventories.

j) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits at banks. This line item also includes other highly liquid current investments, provided they are convertible into determinate cash amounts and subject to insignificant risk as regards changes in value. For these purposes this includes investments maturing within three months after acquisition date.

The Company sets out in the statement of cash flows the payments and collections derived from high-rotation financial assets and liabilities on the basis of the net amount. For these purposes the rotation period is considered high if the period between acquisition date and maturity does not exceed six months.

Bank overdrafts drawable on demand and included in the Company's cash management processes are treated as cash and cash equivalents in the cash flow statement. Bank overdrafts are booked as financial liabilities through bank borrowings.

k) Trade and other payables

These amounts relate to liabilities for goods and services provided to the Company both billed and unbilled before the end of the financial year for which payment is pending. Trade and other payables are presented as current liabilities unless payment does not fall due within 12 months from the end of the reporting period. They are initially recognised at fair value. In the year-end and based on historical experience, the amount unbilled because of different reasons is determined, being recorded as a lower amount of the year supplies. The Group's expense relating to raw materials and other supplies is reduced as a result of the different kinds of discounts, depending on the commercial terms and conditions agreed with suppliers. Some discounts are fixed while others are variable, subject to the accumulated volume of sales over the contract term or the volume of sales made by the Company at its stores of the corresponding supplier items.

Discounts awarded by suppliers via procurement company Dia Retail which makes purchases for the Dia Group in Spain, are recognised as a reduction in the cost of stocks when it is probable that the conditions for discounts to be received will be met. Any unallocated discounts are used to reduce the balance of merchandise and other consumables used in the consolidated income statement. The main discounts applied to suppliers are as follows:

- Volume discounts: volume discounts are negotiated with suppliers as a percentage based on the volume of purchases.
- Advertising income: this results from credits negotiated with suppliers based on the inclusion of references in brochures, displays, shelving etc.
- Income from loyalty programmes and surrender of coupons: this relates to income from credits negotiated with suppliers based on the surrender of coupons by customers at stores using the CLUB Dia card or special offers.

Negotiations with suppliers take place yearly and are formally documented. At the year-end closing, all revenues registered are related to formalized agreements with suppliers and services accrued during the year, regardless of the billing date and/or settlement. The Company recognises discounts obtained from suppliers at each monthly close. For this purpose, it records the charges/invoices issued for these items to the suppliers and the estimate calculated by the Sales Management. These monthly estimates are based on the approved budget to be achieved with each of the suppliers and on the degree of progress in the negotiations.

l) Grants, donations and bequests

Grants, donations and bequests are recorded as income and expenses recognised in equity when officially granted and the conditions for their granting have been met or there are no reasonable doubts about their receipt.

Grants, donations and bequests of a monetary nature are valued at the fair value of the amount granted, while those of a non-monetary nature are valued at the fair value of the good received.

In subsequent financial years grants, donations and bequests are posted to results in accordance with their purpose.

Capital grants are posted to the result for the financial year in proportion to the amortisation corresponding to the assets financed therewith or, where applicable, when they are disposed of, derecognised or valued for impairment.

In the case of non-depreciable assets, the grant is posted to the result for the financial year in which they are disposed of, derecognised or valued for impairment.

The write-down amount equivalent to the subsidised part is recorded as an irreversible loss of assets directly against their value.

m) Termination benefits

Involuntary redundancy payments are recognised from the moment when there is a formal detailed plan and a valid expectation has arisen among the affected workforce that the workers will be terminated, whether because the plan has started to be implemented or because its main features have been announced.

n) Employee compensation

The Company recognises the expected cost of remuneration in the form of paid leave, the rights of which accrue as employees provide the services granting them this entitlement. If leave is not cumulative, the expense is recognised as the leave arises.

The Company recognises the expected cost of profit-sharing or employee incentive schemes when a present, legal or implicit obligation exists as a result of past events and a reliable estimate of the value of the obligation can be made.

o) Provisions

i. <u>General criteria</u>

Provisions are recognised when the Company has an obligation, whether legal, contractual, implicit or tacit, as the result of a past event; it is likely there will be an outflow of resources that include future economic benefits to cancel said obligation; and the amount of the obligation may be estimated reliably. No provisions are recognised for future operating losses.

Amounts recognised on the balance sheet correspond to the best estimate at the date of close of the disbursements required to cancel the present obligations, once the risks and uncertainties related to the provisions have been considered and, where significant, the financial effect produced by the discount, provided the disbursements to be made in each period can be reliably determined. The discount rate is determined before taxes, considering the time value of money, as well as the specific risks that were not considered in the future flows related to the provision at each closing date.

The financial effect of provisions is recognised as financial expenses in the profit and loss account.

Provisions do not include the tax effect or gains expected from the disposal or abandonment of assets.

Reimbursement rights which may be demanded of third parties to settle the provision are recognised as a separate asset when there are no doubts that they will effectively be collected. The reimbursement is recognised as income in the profit and loss account in accordance with the nature of the expense, subject to the limit of the amount of the provision.

Short-term provisions record liabilities under onerous contracts relating to the costs for terminating lease agreements for those stores/warehouses where either expected closure or expected negative cash flows have required the total impairment of their assets.

Provisions are reversed against results when it is unlikely that there will be outgoing resources required to settle the obligation.

ii. Tax provisions

The amount of tax provisions corresponds to the estimated amount of tax debts determined in accordance with the general criteria set out above.

Provisions are endowed with a charge to profits tax for the financial year, financial expenses for late-payment interest and other results for the penalty. The effects of changes in the estimate of provisions from previous financial years are recognised under the headings by their nature, unless they involve the correction of an error.

p) Revenues from the sale of goods

Revenues from the sale of goods are recognised at the fair value of the consideration received or receivable. Discounts for early payment, bulk orders or other discounts and interest added to the nominal amount of credit granted are deducted from the aforementioned revenues.

However, the Company includes interest incorporated in trade-related loans maturing in no more than one year that do not have a contractual interest rate, when the effect of not discounting cash flows is not significant.

Discounts granted to clients are recognised at the point when the conditions establishing the granting thereof are deemed probable to be fulfilled, as a reduction in revenue through sales.

Advances on account of future sales are valued at the amount received.

– Revenues on sales

Revenues on sales of goods are recognised when:

- All the risks and rewards of ownership of the asset are substantially transferred to the buyer;
- The asset is no longer part of the operating assets of the Company to the extent usually associated with ownership, and effective control is not retained;
- The value of revenues and costs incurred or to be incurred may be measured reliably;
- It is probable that the economic benefits associated with the sale will be received;
- The costs related to the transaction incurred or to be incurred may be measured reliably.

The Company has customer loyalty programmes that do not entail credits, as they comprise discounts applied when a sale is made and are recognised as a reduction in the corresponding transaction. They usually do not exceed the month in which they are granted. If the discount is applied after the current month, revenue from sales is adjusted in the current month making an estimation based on the historical amounts of loyalty and its probability of occurrence and the relevant liability is generated. The estimated amount of these discounts is regularized in the following month with the real amount in function of the redeem coupons. When these customer discounts are granted through franchised stores, they are paid to the franchisee and are therefore also recorded as a reduction in the sale amount in the month in which they are applied.

There are certain negotiations of loyalty income within the promotional policy in place with suppliers which, based on the number of units sold and the negotiated discount, are passed on to suppliers and recorded as a reduction in the cost of supplies.

q) Income tax

The profits tax expense or income includes both the current and deferred tax expense or income.

Current profits tax assets and liabilities are measured at the expected amounts to be paid or collected from the tax authorities, using the regulations and interest rates in force or approved at the time and awaiting official announcement at the end of the reporting period.

Both current and deferred income tax are recognised in the profit or loss for the year, except when a transaction or economic event arises that has been recognised against net equity or a business combination in the same or another financial year.

Deductions and other tax advantages from the profits tax granted by authorities as a reduction of the share of said tax and that are in substance classified as official subsidies are recognised in accordance with the criteria set out in subsection (k) grants, donations and bequests.

In the 2022 financial year the Company paid taxes under the consolidated regime with the subsidiaries Dia Retail España, S.A.U., Pe-Tra Servicios a la Distribución, S.L.U., Beauty by Dia, S.A.U., Grupo El Árbol Distribución y Supermercados S.A.U., Dia Finance S.L.U. and Finandia, S.A.U., under the special tax regime for tax consolidation set out in Chapter VI, Title VII of Corporation Tax Act 27/2014 of 27 November 2014 (see Note 20).

i. Recognition of deferred tax liabilities

The Company recognises deferred tax liabilities in all cases, unless they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and there is no impact at the date of the transaction on either the book result or the taxable base.

ii. Recognition of deferred tax assets

The Company recognises deferred tax assets provided it is probable that there will be sufficient future taxable profits to offset them, except in cases where the differences arise from the initial recognition of assets or liabilities in a transaction that is not a business combination and there is no impact at the date of the transaction on either the book result or the taxable base.

iii. Measurement

Deferred tax assets and liabilities are measured at the tax rates which will be applicable in the financial years when the assets are expected to be realised and the liabilities settled, using the regulations and interest rates in force or approved at the time and awaiting official announcement, taking into account the tax effects of the form in which the Company expects to realise the assets or settle the liabilities.

For these purposes, the Company has considered deduction for the reversal of temporary measures developed in the transitional provision 37 of Corporation Tax Act 27/2014 of 27 November 2014, as an adjustment to the tax rate applicable to the deductible temporary difference associated with the non-deductibility of amortisations performed in the 2013 and 2014 financial years.

Since 2019, in accordance with the considerations published by the European Securities Market Authority (ESMA), the Company has deregistered all capitalised negative taxable bases and recognises deferred tax assets to the extent that there are deferred tax liabilities at the Company or any of the companies of the Tax Consolidation Group.

iv. Compensation and classification

The Company only offsets tax assets and liabilities if it has a legally enforceable right to offset the recognised amounts and intends to either settle on a net basis or realise the assets and settle the liabilities simultaneously.

Assets and liabilities for deferred tax are recorded on the balance sheet as non-current assets and liabilities, independently of the expected date of realisation or settlement.

r) Transactions with payments based on equity instruments

The Company recognises goods or services received or acquired in a share-based payment transaction at the time the goods are obtained or the services are received. If the goods or services are received in a transaction with share-based payments settled in equity instruments, an increase in equity is recognised, while if they are settled in cash, a liability is recognised, with a counterpart in the profit and loss account or on the asset side of the balance sheet.

The Company recognises transactions with share-based payments settled through own equity instruments, including capital increases due to non-monetary contributions, as well as the corresponding net equity increase related thereto, for the fair value of the goods or services received, unless such fair value cannot be reliably estimated, in which case the value is determined by reference to the fair value of the equity instruments received.

Deliveries of equity instruments in consideration of services provided by Company employees or third parties providing similar services are measured by reference to the fair value of the equity instruments offered.

i. Equity-settled share-based payment transactions to employees and directors

Payments to employees and/or directors settled by issuing equity instruments are recorded using the following criteria:

- If the equity instruments granted vest immediately on the grant date, or because their vesting is contemplated due to plan terms linked to changes in control, the services received are recognised in full, with a corresponding increase in equity;
- If the equity instruments granted do not vest until the employees complete a specified period of service, those services are accounted for during the vesting period, with a corresponding increase in equity.

The Company determines the fair value of instruments granted to employees and/or directors on the date of grant.

If the service period is prior to the plan award date, the Group estimates the fair value of the consideration payable, to be reviewed on the plan award date itself.

Market conditions and other non-vesting conditions are taken into account when assessing the fair value of the instrument. Other vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for services received is based on the number of equity instruments expected to vest. Consequently, the Company recognises the amount for services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and revises that estimate if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates.

Once the services received and the corresponding increase in equity have been recognised, no additional adjustments are made to equity after the vesting date, although any necessary reclassifications in equity may be made.

ii. Tax effect

In accordance with prevailing tax legislation, costs settled through the delivery of equity instruments are deductible in the tax period in which delivery takes place, in which case a deductible temporary difference arises as a result of the time difference between the accounting recognition of the expense and its tax deductibility.

s) Classification of assets and liabilities as either current or non-current

Assets and liabilities are presented on the Company balance sheet as current or non-current. For these purposes, current assets and liabilities are those that meet the following criteria:

- Assets are classified as current if they are expected to be realised or intended to be sold or consumed over the course of the normal Company operating cycle, are held essentially for trading purposes, are expected to be realised within a period of twelve months from the date of close, take the form of cash or other equivalent liquid assets, except in those cases where they cannot be exchanged or employed to cancel out a liability, at least within the twelve months following the date of close.
- Liabilities are classified as current when they are expected to be liquidated during Company's the normal operating cycle, are maintained basically for negotiation, must be paid within twelve months after closing date or when the Company has no unconditional right to delay the cancellation of liabilities for at least twelve months after closing date.
- Financial liabilities are classified as current if they must be settled within 12 months after closing date even if the original period was greater than 12 months and there exists a refinance or restructuring agreement for long-term periods concluding after closing date and prior to the preparation of the annual accounts.

t) Environmental issues

The Company carries out operations whose main purpose is to prevent, reduce or repair potential damage caused to environment as a result of its activities.

Expenses derived from environmental activities are recognised as other operating expenses in the period when they are incurred. The Company recognises environmental provisions if necessary.

u) Transactions between group companies

Transactions between group companies, except those related to mergers, divisions or non-monetary business contributions, are recognised at the fair value of the goods or service received or delivered. The difference between that value and the agreed amount is recorded according to the underlying economic nature of the operation.

5. INTANGIBLE ASSETS

The composition and movements of the intangible assets recorded on the income, excluding goodwill, were as follows:

	Thousands of Euro			
	Concessions	Computer software	Other intangible assets	Total
Cost				
At 1 January 2022	**200**	**192**	**1,970**	**2,362**
Additions	-	1	-	1
Transfers Hive Down (*)	-	-	(23)	(23)
At 31 December 2022	**200**	**193**	**1,947**	**2,340**
Amortisation				
At 1 January 2022	**(117)**	**(189)**	**(1,476)**	**(1,782)**
Amortisation	(8)	(1)	(31)	(40)
Transfers Hive Down (*)	-	-	16	16
At 31 December 2022	**(125)**	**(190)**	**(1,491)**	**(1,806)**
Impairment				
At 1 January 2022	-	-	**(177)**	**(177)**
At 31 December 2022	-	-	**(177)**	**(177)**
Carrying amount at 31 December 2022	**75**	**3**	**279**	**358**

Restated	Concessions	Computer software	Other intangible assets	Total
	Thousands of Euro			
Cost				
At 1 January 2021	**200**	**198**	**2,000**	**2,398**
Additions	-	38	-	38
Disposals	-	(41)	(30)	(71)
Transfers	-	(3)	-	(3)
At 31 December 2021	**200**	**192**	**1,970**	**2,362**
Amortisation				
At 1 January 2021	**(109)**	**(198)**	**(1,468)**	**(1,775)**
Amortisation	(8)	(1)	(35)	(44)
Disposals	-	7	29	36
Transfers	-	3	(2)	1
At 31 December 2021	**(117)**	**(189)**	**(1,476)**	**(1,782)**
Impairment				
At 1 January 2021	**-**	**-**	**(179)**	**(179)**
Transfers	-	-	2	2
At 31 December 2021	**-**	**-**	**(177)**	**(177)**
Carrying amount at 31 December 2021	**83**	**3**	**317**	**403**

(*) Subsidisiarisation operation included in the Syndicated Financing Agreement as an obligation for the Dia Group (see note 19)

a. Goodwill and value impairment

The composition and movement in goodwill was as follows:

	Thousands of Euro	
	2022	2021
Cost		
At 1 January	**6,146**	**6,433**
Additions to the consolidated group	150	-
Disposals	(2,168)	(287)
Transfers Hive Down (*)	(49)	-
At 31 December	**4,078**	**6,146**
Amortisation		
At 1 January	**(3,469)**	**(3,145)**
Amortisation	(395)	(389)
Disposals	1,008	65
Transfers Hive Down (*)	29	-
At 31 December	**(2,827)**	**(3,469)**
Impairment		
At 1 January	**(1,199)**	**(1,421)**
Disposals	1,160	222
At 31 December	**(39)**	**(1,199)**
Carrying amount at 31 December	**1,212**	**1,478**

(*) Subsidisiarisation operation included in the Syndicated Financing Agreement as an obligation for the Dia Group (see note 19).

At the close of the 2022 and 2021 financial years, the Company performed the corresponding impairment tests on the various Cash-Generating Units (CGUs) with associated goodwill, following which no impairments were identified.

b. Fully amortised assets

The cost of intangible fixed assets fully amortised and still in use at 31 December was as follows:

	Thousands of Euro	
	2022	2021
Computer software	187	187
Other intengible assets	1,370	1,285
Total	**1,557**	**1,472**

6. TANGIBLE FIXED ASSETS

The composition and movement in the accounts included under Tangible Fixed Assets was as follows:

	Thousands of Euro						
	Land	Buildings	Technical installations and machinery	Other installations, equipment and furniture	Under construction and advances	Other property, plant and equipment	Total
Cost							
At 1 January 2021	**437**	**172,066**	**259,965**	**10,149**	**1,100**	**14,026**	**457,743**
Additions	-	9,345	16,456	1,628	775	813	29,017
Disposals	-	(13,827)	(28,255)	(922)	-	(3,590)	(46,594)
Transfers	-	221	233	7	(558)	96	(1)
Transfers Hive Down (*)	-	(4,574)	(6,049)	(233)	-	(157)	(11,013)
Transfers held for sale assets	(4)	(12,364)	(12,376)	(658)	-	(291)	(25,693)
At 31 December 2022	**433**	**150,867**	**229,974**	**9,971**	**1,317**	**10,897**	**403,459**
Depreciation							
At 1 January 2021	**-**	**(135,989)**	**(205,034)**	**(7,634)**	**-**	**(13,151)**	**(361,808)**
Depreciation	-	(5,037)	(12,953)	(1,136)	-	(498)	(19,624)
Disposals	-	11,916	25,592	835	-	3,547	41,890
Transfers	-	(25)	(69)	(7)	-	-	(101)
Transfers Hive Down (*)	-	3,700	5,028	172	-	140	9,040
Transfers held for sale assets	-	10,185	10,969	574	-	265	21,993
At 31 December 2022	**-**	**(115,250)**	**(176,467)**	**(7,196)**	**-**	**(9,697)**	**(308,610)**
Impairment							
At 1 January 2021	**-**	**(4,129)**	**(4,165)**	**(194)**	**-**	**(49)**	**(8,537)**
Charge	-	(1,493)	(2,556)	(149)	-	(5)	(4,203)
Disposals	-	1,238	881	21	-	-	2,140
Reversal	-	527	1,650	27	-	-	2,204
Transfers	-	25	103	7	-	(33)	102
Transfers Hive Down	-	40	94	6	-	-	140
Transfers held for sale assets	-	517	(529)	17	-	-	5
At 31 December 2022	**-**	**(3,275)**	**(4,522)**	**(265)**	**-**	**(87)**	**(8,149)**
Carrying amount at 31 December 2022	**433**	**32,342**	**48,985**	**2,510**	**1,317**	**1,113**	**86,700**

(*) Subsidisiarisation operation included in the Syndicated Financing Agreement as an obligation for the Dia Group (see note 19).

Restated	Land	Buildings	Technical installations and machinery	Other installations, equipment and furniture	Under construction and advances	Other property, plant and equipment	Total
	Thousands of Euro						
Cost							
At 1 January 2020	**557**	**178,179**	**262,263**	**10,665**	**140**	**15,954**	**467,758**
Additions	-	7,325	26,089	1,498	1,585	543	37,040
Disposals	(120)	(12,484)	(24,180)	(1,973)	-	(1,779)	(40,536)
Transfers	-	570	1,816	61	(625)	-	1,822
Transfers Hive Down (*)	-	(1,524)	(6,023)	(102)	-	(692)	(8,341)
At 31 December 2021	**437**	**172,066**	**259,965**	**10,149**	**1,100**	**14,026**	**457,743**
Depreciation							
At 1 January 2020	-	**(141,115)**	**(217,874)**	**(8,447)**	-	**(14,831)**	**(382,267)**
Depreciation	-	(5,036)	(12,192)	(1,076)	-	(647)	(18,951)
Disposals	-	9,912	21,666	1,878	-	1,685	35,141
Transfers	-	(741)	(1,291)	(67)	-	(3)	(2,102)
Transfers Hive Down (*)	-	991	4,657	78	-	645	6,371
At 31 December 2021	-	**(135,989)**	**(205,034)**	**(7,634)**	-	**(13,151)**	**(361,808)**
Impairment							
At 1 January 2020	-	**(3,909)**	**(3,498)**	**(112)**	-	**(44)**	**(7,563)**
Charge	-	(1,845)	(2,043)	(95)	-	(4)	(3,987)
Disposals	-	715	697	6	-	1	1,419
Reversal	-	731	583	-	-	-	1,314
Transfers	-	179	96	7	-	(2)	280
At 31 December 2021	-	**(4,129)**	**(4,165)**	**(194)**	-	**(49)**	**(8,537)**
Carrying amount at 31 December 2021	**437**	**31,948**	**50,766**	**2,321**	**1,100**	**826**	**87,398**

(*) Subsidisiarisation operation included in the Syndicated Financing Agreement as an obligation for the Dia Group (see note 19).

a. General

The registrations of tangible fixed assets carried out during the 2022 and 2021 financial years correspond essentially to the refurbishments performed for the transformation to the new format of commercial establishments. Assets under financial leasing in both financial years are detailed in Note 7.

The transfers to non-current assets held for sale in 2022 for a net amount of 3,695 thousand euros correspond to the net value of the assets of the Company's 24 stores forming part of the object of the contract which on 2 August 2022 the Company, together with two of its wholly indirectly owned subsidiaries, namely Dia Retail España, S.A.U. and Grupo El Árbol, Distribución y Supermercados, S.A.U. signed with Alcampo, S.A. (see note 1 e)).

One store owned by the Company was sold to a third party in the 2021 financial year. Meanwhile, deregistrations were recorded in both financial years with regard to the elements replaced by the aforementioned refurbishments, and also owing to establishment closures.

There were no individually significant tangible fixed assets as a consequence of the hive-down at 31 December 2022 or 2021.

b. Impairment of property, plant and equipment

As described in note 4 e) (ii), based on past experience, the Company considers indications of impairment to exist when a mature store (i.e., one that has been operating for more than two years) has posted negative results for the past two years and stores where impairment were recorded in the past. Also, all stores assigned individual goodwill have been analysed to identify the existence of a potential impairment.

Considering the business plan updated at the close of year, the Company performed an analysis to verify whether the book value of said assets exceeded their recoverable value.

Hypotheses used to calculate the impairment:

The recoverable amount of each store was determined based on calculations of value in use by discounting future cash flows. These calculations are carried out using cash flow projections from the updated five-year business plan. Cash flows beyond this projected period are projected using the estimated growth rates indicated below. The growth rate considered as of the fifth year should not exceed the average long-term growth rate for the distribution business in which the Company operates. The business plan used was drawn up taking past experience into account, as well as forecasts consistent with those included in the specific sector reports. This updated business plan takes into account significant structural changes and store refurbishments and, hence, the projections include capital expenses to undertake these refurbishments and achieve a boost in sales to recover the market position.

The main key assumptions of the business plan for Spain as a whole, not including the Clarel business, have been detailed below:

	Spain	
	2022	2021
Sales growth rate (1)	1.6%	4.4%
Growth rate (2)	2.0%	1.7%
Discount rate (3)	6.7%	6.2%
% Gross profit (4)	22.9%	24.1%

(1) Projected 5-year sales growth rate.
(2) Weighted average growth rate used to extrapolate cash flows beyond the 5-year period.
(3) Post-tax discount rate calculated at a date close to the end of the financial year applied to cash flow projections.
(4) % Gross profit, average over the period 2023-2027.

Management has determined the values assigned to each of the above key assumptions as follows:

Sales growth rate

The average annual growth rate for the forecast period was determined on the basis of Management's expectations of market development and the Company's strategic plan, and taking into account the plans to improve stores, store reconversions to new formats and the evolution of macroeconomic indicators (population, food price inflation, etc.).

In order to calculate the recoverable value of each store, the Company set up portfolios of stores with similar characteristics, adding them based on the commercial brand, country and business model in order to apply common variables in terms of growth assumptions in line with the aforementioned business plan.

Long-term growth rate

The growth rates used to extrapolate flows beyond the initial five-year period were determined based on the International Monetary Fund's medium and long-term inflation rates.

Said growth rates are consistent with the forecasts for the industry's expected evolution.

Post-tax discount rate

The discount rates used reflect country-specific risks. The discount rates used are post-tax values calculated by weighting the cost of equity against the cost of debt using the average industry weighting. The cost of equity is calculated considering the following factors: the risk-free rate, the industry adjusted beta, the market risk differential and the size of the Company.

% Gross profit

The %Gross profit is calculated according to the definition included in the alternative measures of the performance of the consolidated management report.

The impairment test was performed in accordance with the criteria indicated in Note 4(e).

As a result of the impairment tests performed, net impairment of 1,999 thousand euros was recognised in 2022 in relation to property, plant and equipment. This impairment pertains to the impairment of 41 stores for an amount of 3,750 thousand euros, to the estimated closure of 19 stores for the sum of 240 thousand euros, and other impairments for 110 thousand euros; meanwhile, the impairment reversal of stores from previous financial years was performed, amounting to 2,101 thousand euros.

As a result of the impairment tests performed, net impairment of 2,673 thousand euros was recognised in 2021 in relation to property, plant and equipment. This impairment corresponds to the impairment of 50 stores for the amount of 3,733 thousand euros, the estimated closure of 8 stores in the amount of 157 thousand euros, and the reversal of impairment of fruit furniture form the amount of 131 thousand euro, which were endowed in 2019; on the other hand, we proceeded to reverse the impairment of stores from previous financial years for the amount of 1,086 thousand euros.

Details of the sensitivity of the tangible fixed asset evaluation to changes in key assumptions are set forth below, the rest of the variables remaining constant:

- A reduction in the average sales growth rate of 100 basis points would have led to an additional impairment of 157 thousand euros;

- A decrease of 20 basis points in the %gross profit would have led to an additional impairment of 28 thousand euros;
- An increase of 100 basis points in the discount rate would have led to a reduction in the impairment of 5 thousand euros;
- Or a drop in the perpetual growth rate of 100 basis points would have led to an additional impairment of 2 thousand euros.

c. Fully amortised assets

The cost of fully amortised tangible fixed assets still in use was as follows:

	Thousands of Euro	
	2022	**2021**
Buildings	88,021	100,328
Technical installations and machinery	147,590	169,342
Other installations, equipment and furniture	5,318	5,332
Other property, plant and equipment	8,774	12,390
Total	**249,703**	**287,392**

d. Insurance

The Company has various insurance policies to cover the risks to which its tangible assets are subject. The coverage of these policies is considered sufficient.

e. Tangible fixed assets subject to guarantees

At 31 December 2022 and 2021 the Company had provided mortgage guarantees on the majority of its real estate assets.

7. FINANCE LEASES - LESSEE

At 31 December 2022 and 2021 the Company had the following classes of assets contracted under financial leasing included under Tangible Fixed Assets:

	Thousands of Euro 2022			
	Technical installations and machinery	Other installations, equipment and furniture	Other assets	Total
Cost	5,766	15	468	6,249
Accumulated depreciation	(3,358)	(10)	(423)	(3,791)
Carrying amount at 31 December	**2,408**	**5**	**45**	**2,458**

	Thousands of Euro 2021			
	Technical installations and machinery	Other installations, equipment and furniture	Other assets	Total
Cost	5,657	17	468	6,142
Accumulated depreciation	(3,149)	(9)	(320)	(3,478)
Carrying amount at 31 December	**2,508**	**8**	**148**	**2,664**

The amount of the cost indicated in the detail above corresponds in all cases to the fair value of the assets on the date when the financial lease agreements were signed.

The amount of interest expenditure on financial leases during the 2022 and 2021 financial years was 221 and 220 thousand euros, respectively.

The minimum future lease payments under financial lease agreements, together with their present value, are as follows:

	Thousands of Euro			
	2022		2021	
	Minimum payments	Present value (note 19(b))	Minimum payments	Present value (note 19(b))
Less than one year	1,528	1,354	1,975	1,837
Two to five years	1,765	1,534	1,646	1,507
Over five years	44	42	6	6
Total minimum payments and preser	**3,337**	**2,930**	**3,627**	**3,350**
Less current portion	(1,528)	(1,354)	(1,975)	(1,837)
Total non-current	**1,809**	**1,576**	**1,652**	**1,513**

The reconciliation between the minimum future payment amount and their present value is as follows:

	Thousands of Euro	
	2022	2021
Future minimum payments	3,337	3,627
Unaccrued finance expenses	(407)	(277)
Present value	**2,930**	**3,350**

During 2022 and 2021 there was no subleasing of tangible fixed asset elements recognised under financial leasing.

8. OPERATING LEASES - LESSOR

The Company had approximately 1,061 lease agreements in effect at 31 December 2022 (1,115 at 31 December 2021). In general terms, the operating leases on stores only establish the payment of a fixed monthly charge which is reviewed annually in line with and index linked to the rate of inflation. Operating leases generally do not include clauses establishing variable amounts such as turnover-based fees, or contingent rent amounts.

Warehouse leases generally have the same characteristics as commercial establishments.

No store sale agreement with subsequent leases was signed in the 2022 or 2021 financial years.

In some logistical contracts, following the minimum commitment periods, it is envisaged that other mandatory periods will be initiated until the full duration of the contract has been reached. This was not considered by the Company for the purposes of determining the lease term and the classification of the lease as there was no reasonable certainty of permanence in these additional periods.

A detail of the main operating lease agreement on property in force at 31 December 2022 was as follows:

Warehouse	Minimum period
Antequera	2023
Miranda	2024
Santiago	2023

The amount of the operating lease payments recognised in the profit and loss account in the 2022 and 2021 financial years was as follows (see note 23 d)):

	Thousands of Euro	
	2022	2021
Property lease payments	51,858	53,088
Sublease payments	632	1,265
Total	**52,490**	**54,353**

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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

The total future minimum payments for non-cancellable operating leases were as follows:

	Thousands of Euro	
	2022	**2021**
Less than one year	14,649	14,885
Two to five years	8,652	10,557
Over five years	942	1,442
Total minimum property lease payments	**24,243**	**26,884**
Less than one year	128	180
Two to five years	38	78
Total minimum movable goods lease payments	**166**	**258**

Most of the lease contracts for stores signed by the Company contain clauses allowing them to be terminated at any time throughout their useful lives once the mandatory tie-in period has elapsed. To do so, the lessor must be notified of this decision with the agreed period of notice, generally under three months. Total lease commitments were lower than the annual lease expense.

9. OPERATING LEASES - LESSOR

Revenue through sublease instalments for the 2022 financial year received from disposals of use to franchisees, along with the amounts received from the licensees for them to perform their operations, amounted to 788 thousand euros (1,054 thousand euros at 31 December 2021) (see note 23 f)). In general, the duration of these contracts is less than one year, which may be tacitly extended, establishing a fixed monthly income plus a fee in accordance with the invoicing of the licenses.

Subleasing fees are also invoiced to the Spanish subsidiaries, mainly to Dia Retail España, as a result of the hive-down and included in "Ancillary and other current management revenue" as other revenue.

10. RISK MANAGEMENT AND POLICY

The Company's activities are exposed to market risk, credit risk and liquidity risk.

The Company's senior executives manage these risks and ensure that its financial risk activities are in line with the appropriate corporate procedures and policies and that the risks are identified, measured and managed in accordance with Dia Group corporate policies.

A summary of the management policies established by the board of directors for each risk type is as follows:

a. Financial risk factors

The Company's activities are exposed to various financial risks: market risk (including exchange rate risk, interest rate risk at fair value and price risk), credit risk, liquidity risk and interest rate risk in cash flows. The Company's global risk management programme is focused on the uncertainty of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company employs derivatives to hedge certain risks.

Risks are managed by the Company's Finance Department. This department identifies, evaluates and hedges financial risks in strict cooperation with the Company's operational units.

b. Currency risk

In 2022 and 2021 the Company performed no significant transactions in currencies other than the functional currency and nor did it perform hedging operations in either financial year.

The Company has several investments in foreign operations, the net assets of which are exposed to currency risk. Currency risk affecting net assets of the Company's foreign operations in Argentinian pesos and Brazilian reals is mitigated primarily through borrowings in the foreign currencies concerned. As of 31 December 2022, the Company does not have balances with group companies in countries located in the LATAM zone (141 thousand euros as of 31 December 2021).

The Company's exposure to currency risk at 31 December 2022 and 2021 in respect of the balances outstanding in currencies other than the functional currency was immaterial.

Changes in exchange rates at 31 December 2022 and 2021 due to outstanding balances in currencies other than the functional currencies would not have a material impact on the Company's income statements.

c. Price risk

The Company is not significantly exposed to price risk.

d. Credit risk

Credit risk is the risk to which the Company is exposed if a client or counterpart of a financial instrument fails to comply with their contractual obligations and mainly stems from trade receivables and the Company's investments in financial assets.

The Company has no significant concentrations of credit risk. The risk of concentration is minimised through diversification, managing and combining various areas of impact. Firstly, the customer base is distributed geographically at the international level and secondly there are different types of customers such as franchisees and retailers.

The Company has policies to ensure that wholesale sales of products are made to clients with an appropriate credit record. Retail customers pay in cash or by credit card. Derivative transactions are only arranged with financial institutions that have a high credit rating so as to mitigate credit risk. The Company has in place policies to limit the sum of risk with any financial institution.

The credit risk presented by the Company was the result of its operations with most of its franchisees, mitigated by the guarantees and sureties received, as referred to in Note 25(b), along with the deposits demanded of the franchisees that were transferred to management of the new franchise management model, according to which collection is performed in accordance with the cash generated at the franchisee point of sale terminal, as indicated below:

Thousands of Euro	2022	2021
Commercial transactions non current (note 12 (b))	668	2,178
Commercial transactions current	27,500	25,021
Guarantees and deposits received current	(9,438)	(8,996)
Commercial contract commitments (note 25 (b))	(7,954)	(10,482)
Total	**10,776**	**7,721**

Non-current commercial transactions reflect the financing of the starting inventory of the franchisees, which is repaid monthly based on the cash generation profile of the business. This funding of the initial inventory order corresponds to the previous Dia franchise model, which was essentially based on payment for the delivery of goods. Current commercial operations correspond to the financing of the supply of goods and to maturities of less than 12 months from the initial financing of the previous model. Under the new franchise model, the franchisee pays for the sale of both the initial stock and the recurring sale, and not for the goods received and invoiced, in other words collection is performed in accordance with the box generated at the franchisee's point of sale terminal. The evolution of the non-current and current balances of "Commercial operations" at the close of each financial year can be put down to the migration of the franchises from the previous model to the new franchise model, and to the outsourcing operations occurring during the financial year.

The Company signed no commercial credit assignment agreements for non-recourse suppliers in 2022 nor in 2021.

The Company's exposure to credit risk at 31 December 2022 and 2021 is shown below. The accompanying tables reflect the analysis of financial assets by remaining contractual maturity dates:

Thousands of Euro	Maturity	2022
Loans to third parties	2024	28
Deposits and guarantees	per contract	9,719
Trade receivables and service delivery	2024-2038	668
Non-current financial assets		**10,415**
Trade receivables	2023	27,500
Trade receivables from group companies and associates	2023	56
Other receivables	2023	170
Personnel	2023	42
Current account with group companies	2023	75,421
Derivatives	2019	4,341
Current account with other companies	2023	618
Deposits and guarantees	2023	60
Current financial assets		**108,208**

Thousands of Euro	Maturity	2021
Loans to third parties	2,023	28
Deposits and guarantees	per contract	9,602
Trade receivables and service delivery	2023-2036	2,178
Non-current financial assets		**11,808**
Trade receivables	2022	25,021
Trade receivables from group companies and associates	2022	3,532
Other receivables	2022	941
Personnel	2022	48
Current account with group companies	2022	35,450
Deposits and guarantees	2022	354
Current financial assets		**65,346**

The returns on these financial assets totalled 3,771 thousand euros in 2022 and 844 thousand euros in 2021, respectively.

At 31 December 2022, the Company has arranged interest rate risk hedging derivatives with banks, which, in turn, it has assigned to the Group company Dia Finance, S.L.U., which holds the debt vis-à-vis the banks. These derivatives generated financial revenue at the Company for the adjustment to their fair value with banks (included in the amount of 3,771 thousand euros indicated above), and furthermore financial expenses for the adjustment to the fair value of the derivatives transferred to Dia Finance, S.L.U. At Group level, hedge accounting has been evaluated and applied.

Details of non-current and current trade and other receivables by maturity in 31 December 2022 and 2021 were as follows:

	Thousands of Euro			
Non-current	**Total**	**1 - 2 years**	**3 - 5 years**	**> 5 years**
31 December 2022	**668**	179	306	183
31 December 2021	**2,178**	555	1,179	444

Current	Thousands of Euro			
	Total	Not expired	Less than 1 month	2-3 months
31 December 2022	30,517	30,457	-	60
31 December 2021	32,939	32,863	5	71

Details of the impairment policy can be found in Note 4 (g).

e. Liquidity risk

The Company undertakes prudent management of liquidity risk based on maintaining sufficient cash and tradable securities, the availability of finance by means of a sufficient sum of agreed credit facilities and enough capacity to liquidate market positions. Given the dynamic nature of its underlying business, the Group's Finance Department aims to be flexible with regard to financing through drawdowns on contracted credit facilities.

Within the context of the recapitalisation and global refinancing in progress, on 2 September 2021 the Company formalised the modification and overhaul of the SFA, by virtue of which, effective from the abovementioned date, (i) the maturity date of Facilities A-F was extended (amounting to a total of 902,426 thousand euros) ("Senior Facilities") from 31 March 2023 to 31 December 2025, (ii) the margin applicable to Senior Facilities in favour of Syndicated Lenders was increased from 2.5% to 3.0% per year, and (iii) other terms and conditions of the SFA were modified.

Also on 2 September 2021, the amendment to the terms and conditions of the 2023 bonds approved by the Board of Bondholders of the Company on 20 April 2021 came into effect. This comprised (a) extension of the maturity date from 6 April 2023 to 30 June 2026, and (b) increase in the coupon of the 2023 bonds, effective from 02 September 2021, to 3.5% per annum (3% cash and 0.50% PIK), plus an increase of 1% PIK in certain circumstances provided for in the SFA agreed within the context of the Global Operation (see greater detail in note 19 (b)).

The Company directors therefore believe that the planned recapitalisation of DIA Group, together with the release of a material part of its financial liabilities, as well as the extension of the maturity date of certain financial debts, will reinforce the Company's equity situation, substantially reduce the DIA Goup financial debt, eliminate the risk of refinancing in the medium term, ensure that operational financing needs are met and provide a long-term viable capital structure for DIA Group.

The Company's exposure to liquidity risk at 31 December 2022 and 2021 is shown below. The tables below reflect the analysis of financial liabilities by contracted maturity.

Thousands of Euro	Maturity	2022
Bonds and other securities	2026	30,891
Debt with financial institutions		372
Credit facilities drawn down	2025	*382*
Other financial liabilities	2025	*(10)*
Finance lease payables	2024-2028	1,576
Guarantees and deposits received	per contract	3,185
Suppliers of fixed assets	2024	471
Total non-current financial liabilities		**36,495**
Bonds and other securities	2023	800
Debt with financial institutions		115
Interests	*2023*	*115*
Finance lease payables	2023	1,354
Derivates	2023	4,341
Suppliers of fixed assets	2023	9,523
Guarantees and deposits received	2023	9,490
Payables to group companies	2023	1,749
Suppliers	2023	3,621
Suppliers, group companies	2023	134,167
Other payables	2023	23,610
Personnel	2023	1,174
Advances to customers	2023	3
Total current financial liabilities		**189,947**

Thousands of Euro	Maturity	2021
Bonds and other securities	2026	30,800
Debt with financial institutions		(13)
Credit facilities drawn down	2025	*(13)*
Finance lease payables	2023-2027	1,513
Guarantees and deposits received	per contract	4,791
Suppliers of fixed assets	2023	489
Total non-current financial liabilities		**37,580**
Bonds and other securities	2022	467
Debt with financial institutions		293
Interests	2022	*293*
Finance lease payables	2022	1,837
Suppliers of fixed assets	2022	15,115
Other debts	2022	609
Other non-current liabilities	2022	2,306
Guarantees and deposits received	2022	9,048
Payables to group companies	2022	2,034
Suppliers	2022	4,861
Suppliers, group companies	2022	133,950
Other payables	2022	30,641
Personnel	2022	1,857
Advances to customers	2022	7
Total current financial liabilities		**203,025**

The evolution of balances with Group companies is explained in Note 19 (a) and (c).

2022

Thousands of Euro	Total	2024	2025-2027	From 2028
Bonds and other securities	30,891	-	30,891	-
Credit facilities drawn down	382	-	382	-
Other financial liabilities	(10)	-	(10)	-
Finance lease payables	1,576	715	816	45
Guarantees and deposits received	3,185	-	-	3,185
Other non current liabilities	471	471	-	-
Total non-current financial debt	**36,495**	**1,186**	**32,079**	**3,230**

2021

Thousands of Euro	Total	2023	2024-2026	From 2027
Bonds and other securities	30,800	-	30,800	-
Credit facilities drawn down	(13)	-	(13)	-
Finance lease payables	1,513	639	868	6
Guarantees and deposits received	4,791	-	-	4,791
Other non current liabilities	489	489	-	-
Total non-current financial debt	**37,580**	**1,128**	**31,655**	**4,797**

The finance costs accrued on these financial liabilities totalled 5,964 and 11,246 thousand euros in 2022 and 2021, respectively.

Financial expenses in 2022 include those associated with derivative contracts assigned to Dia Finance S.L.U. amounting to 3,284 thousand euros (see note 22 b)). As a result of the reduction in obligations and other tradable securities produced in 2021, a significant reduction is observed in the financial expenses accrued during the financial year of 2022 compared with 2021.

f. Cash flow and fair value interest rate risks

The Company's interest rate risk arises from interest rate fluctuations that affect the finance cost of non-current borrowings issued at variable rates.

The Company contracts different interest rate hedges to mitigate its exposure, in accordance with its risk management policy. At 31 December 2022, the Dia Group has arranged derivatives with external counterparties to hedge against interest rate risk on long-term financing.

During 2022 fixed-rate debt as a percentage of the volume of average gross debt totalled 99.39%, compared with 9.76% in the previous year. In 2022, practically the entire debt of the Company was the bond, which was at a fixed rate.

The Company's policy is to keep financial assets liquid and available for use. These balances are held in financial institutions with high credit ratings.

In terms of sensitivity, a 0.5% rise in interest rates for all terms would have led to a variation in the net result after tax of one thousand euros in 2022 (173 thousand euros in 2021).

11. INVESTMENTS IN GROUP COMPANY EQUITY INSTRUMENTS

Below is information on stakes in group companies which in general are subject to mandatory audits at 31 December 2022 and 2021:

Information on Group companies
for the year ended 31 December 2022
(expressed in thousands of Euros)

Name	Registered Offices	Activity	Auditor	% of ownership and vote: % direct interest	% of ownership and vote: % indirect interest	Holding company indirect	Total	Capital	Reserves	Results for the year from continuing operations	Total equity	Carrying amount of investment	Dividends received in 2022
Dia Portugal Supermercados, S.A. and Subsidiary	Lisbon	Wholesale and retail sale of food products and the subsidiary sale of toiletries and perfume products.	EY	26	74	Luxembourg Investment Company 322 Sárl	100	51,803	(7,517)	(15,682)	28,604	20,942	-
Dia Argentina, S.A. and Subsidiary	Buenos Aires	Wholesale and retail distribution of food products	EY	95	5	PE-TRA, Servicios a la Distribución S.L.U.	100	187,094	(91,526)	30,875	126,443	179,488	-
Dia Brasil Sociedade Limitada and Subsidiary	Sao Paulo	Wholesale and retail distribution of consumer products	EY	100	-	-	100	665,222	(517,628)	(61,129)	86,466	113,200	-
Finandia, S.A.U.	Madrid	Loan and credit operations, including customer credit, mortgage loans and financing of commercial transactions, as well as the issue and management of credit and debit cards.	N/A	100	-	-	100	3,500	(677)	(102)	2,721	3,500	-
Dia Retail España, S.A.U.	Madrid	Distribution of food products and toiletries though supermarkets and the subsidiary, sub-lease of premises primarily to its sole shareholder.	EY	-	100	Luxembourg Investment Company 320 S.à.r.l.	100	36,169	64,700	(148,463)	(47,594)	-	-
PE-TRA, Servicios a la Distribución S.L.U.	Madrid	Subletting of premises, mainly to Dia Retail España, S.A.	EY	-	100	Dia Retail España, S.A.U.	100	8,527	3,981	359	12,867	-	-
Dia World Trade, S.A.U. (*)	Geneva	Supply services to the companies of the DIA Group.	EY	-	100	Dia Retail España, S.A.U.	100	84	898	(350)	632	-	11
Beauty by DIA, S.A.U.	Madrid	Sale of toiletries and perfume products.	EY	-	100	Dia Retail España, S.A.U.	100	9,616	8,398	(1,708)	16,306	-	-
Grupo El Árbol, Distribución y Supermercados, S.A.U.	Madrid	Wholesale and retail sale of food products and others.	EY	-	100	Dia Retail España, S.A.U.	100	12,000	16,381	(11,663)	16,718	-	-
CD Supply Innovation S.L. en liquidación	Madrid	Management of finantial and provisioning services for own brand.	EY	50	-	-	50	1,000	292	(9)	1,283	500	-
Luxembourg Investment Company 317, S.à.r.l.	Luxembourg	Share holding company	EY	100	-	-	100	12	376,032	(70)	375,974	376,161	-
Luxembourg Investment Company 318, S.à.r.l.	Luxembourg	Share holding company	EY	-	100	Luxembourg Investment Company 317 S.à.r.l.	100	12	375,910	(69)	375,853	-	-
Luxembourg Investment Company 319, S.à.r.l.	Luxembourg	Share holding company	EY	-	100	DIA FINANCE, S.L.U	100	12	692,509	(94)	692,427	-	-
Luxembourg Investment Company 320, S.à.r.l.	Luxembourg	Share holding company	EY	-	100	Luxembourg Investment Company 319 S.à.r.l.	100	12	632,410	(87)	632,335	-	-
Luxembourg Investment Company 321, S.à.r.l.	Luxembourg	Share holding company	N/A	-	100	Luxembourg Investment Company 319 S.à.r.l.	100	12	(6)	(39)	(33)	-	-
Luxembourg Investment Company 322, S.à.r.l.	Luxembourg	Share holding company	EY	-	100	Luxembourg Investment Company 319 S.à.r.l.	100	12	59,595	(68)	59,539	-	-
Luxembourg Investment Company 323, S.à.r.l.	Luxembourg	Share holding company	N/A	-	100	Luxembourg Investment Company 319 S.à.r.l.	100	12	(7)	(38)	(33)	-	-
DIA FINANCE, S.L.U.	Madrid	Import, export, acquisition, distribution and wholesale and retail sale of food, beverages, household goods and in general other products for domestic use and consumption	EY	-	100	Luxembourg Investment Company 318 S.à.r.l.	100	3	328,413	(11,246)	317,170	-	-
												693,791	11

(*) Dividends received in 2022 have been recorded in Dia Retail.

**Information on Group companies
for the year ended 31 December 2021
(expressed in thousands of Euros)**

Name	Registered Offices	Activity	Auditor	% of ownership and vote: % direct interest	% indirect interest	Total			Capital	Reserves	Results for the year from continuing operations	Total equity	Carrying amount of investment	Dividends received in 2021
Dia Portugal Supermercados, S.A. and Subsidiary	Lisbon	Wholesale and retail sale of food products and the subsidiary sale of toiletries and perfume products.	EY	26	74	100	Luxembourg Investment Company 322 Sárl	100	51,803	7,213	(14,731)	44,285	20,942	-
Dia Argentina, S.A. and Subsidiary	Buenos Aires	Wholesale and retail distribution of food products	EY	95	5	100	PE-TRA, Servicios a la Distribución S.L.U.	100	181,192	(96,658)	(9,915)	74,619	173,881	-
Dia Brasil Sociedade Limitada and Subsidiary	Sao Paulo	Wholesale and retail distribution of consumer products	EY	100	-	100	-	100	622,938	(492,553)	(36,734)	93,650	250,938	-
Finandia, S.A.U.	Madrid	Loan and credit operations, including customer credit, mortgage loans and financing of commercial transactions, as well as the issue and management of credit and debit cards.	N/A	100	-	100	-	100	3,500	(667)	(10)	2,823	3,500	-
Dia Retail España, S.A.U.	Madrid	Distribution of food products and toiletries though supermarkets and the subsidiary, sub-lease of premises primarily to its sole shareholder.	EY	-	100	100	Luxembourg Investment Company 320 S.à.r.l.	100	36,169	404,345	(80,552)	359,962	-	-
PE-TRA, Servicios a la Distribución S.L.U.	Madrid	Subletting of premises, mainly to Dia Retail España, S.A.	EY	-	100	100	Dia Retail España, S.A.U.	100	8,527	2,966	1,015	12,508	-	-
Dia World Trade, S.A.U. (*)	Geneva	Supply services to the companies of the DIA Group.	EY	-	100	100	Dia Retail España, S.A.U.	100	84	867	57	1,008	-	102
Beauty by DIA, S.A.U.	Madrid	Sale of toiletries and perfume products.	EY	-	100	100	Dia Retail España, S.A.U.	100	9,616	17,004	(8,605)	18,015	-	-
Grupo El Árbol, Distribución y Supermercados, S.A.U.	Madrid	Wholesale and retail sale of food products and others.	EY	-	100	100	Dia Retail España, S.A.U.	100	12,000	57,162	(44,562)	24,600	-	-
CD Supply Innovation S.L. en liquidación	Madrid	Management of finantial and provisioning services for own brand.	EY	50	-	50	-	50	1,000	317	(25)	1,292	500	-
Luxembourg Investment Company 317, S.à.r.l.	Luxembourg	Share holding company	EY	100	-	100	-	100	12	373,294	(45)	373,261	373,377	-
Luxembourg Investment Company 318, S.à.r.l.	Luxembourg	Share holding company	EY	-	100	100	Luxembourg Investment Company 317 S.à.r.l.	100	12	373,169	(43)	373,138	-	-
Luxembourg Investment Company 319, S.à.r.l.	Luxembourg	Share holding company	EY	-	100	100	DIA FINANCE, S.L.U.	100	12	689,769	(44)	689,737	-	-
Luxembourg Investment Company 320, S.à.r.l.	Luxembourg	Share holding company	EY	-	100	100	Luxembourg Investment Company 319 S.à.r.l.	100	12	629,670	(44)	629,638	-	-
Luxembourg Investment Company 321, S.à.r.l.	Luxembourg	Share holding company	N/A	-	100	100	Luxembourg Investment Company 319 S.à.r.l.	100	12	29	(35)	6	-	-
Luxembourg Investment Company 322, S.à.r.l.	Luxembourg	Share holding company	EY	-	100	100	Luxembourg Investment Company 319 S.à.r.l.	100	12	59,639	(44)	59,607	-	-
Luxembourg Investment Company 323, S.à.r.l.	Luxembourg	Share holding company	N/A	-	100	100	Luxembourg Investment Company 319 S.à.r.l.	100	12	30	(36)	6	-	-
DIA FINANCE, S.L.U.	Madrid	Import, export, acquisition, distribution and wholesale and retail sale of food, beverages, household goods and in general other products for domestic use and consumption	EY	-	100	100	Luxembourg Investment Company 318 S.à.r.l.	100	3	353,755	(28,128)	325,630	-	
													823,138	102

(*) Dividends received in 2021 have been recorded in Dia Retail.

The detail of stakes in Group companies and their movements during the 2022 and 2021 financial years was as follows:

	Thousands of Euro				
Company	Balances at 1 January 2022	Additions	Disposals	Transfers Hive Down	Balances at 31 December 2022
Dia Portugal Supermercados, S.A.	20,942	-	-	-	20,942
Dia Argentina, S.A.	173,881	5,607	-	-	179,488
Dia Brasil Sociedade Limitada	622,938	42,283	-	-	665,221
Finandia, S.A.U.	3,500	-	-	-	3,500
CD Supply Innovation S.L. en liquidación	500	-	-	-	500
Luxembourg Investment Company 317, S.à.r.l.	373,377	-	-	2,784	376,161
Total cost	**1,195,138**	**47,890**	-	**2,784**	**1,245,812**
Impairment	(372,000)	(180,021)	-	-	(552,021)
Carrying amount	**823,138**	**(132,131)**	-	**2,784**	**693,791**

	Thousands of Euro				
Company	Balances at 1 January 2021	Additions	Disposals	Transfers Hive Down	Balances at 31 December 2021
Dia Portugal Supermercados, S.A.	20,942	-	-	-	20,942
Dia Argentina, S.A.	157,236	16,645	-	-	173,881
Dia Brasil Sociedade Limitada	509,474	113,464	-	-	622,938
Finandia, S.A.U.	3,500	-	-	-	3,500
CD Supply Innovation S.L. en liquidación	500	-	-	-	500
Luxembourg Investment Company 317, S.à.r.l.	371,400	119	-	1,858	373,377
Total cost	**1,063,052**	**130,228**	-	**1,858**	**1,195,138**
Impairment	(238,000)	(134,000)	-	-	(372,000)
Carrying amount	**825,052**	**(3,772)**	-	**1,858**	**823,138**

2022 variations

The registrations occurring during the 2022 financial year following the contributions made by Dia, amounting to 47,890 thousand euros, occurred in Brazil and Argentina.

During the financial year, the sum contributed in Brazil amounted to 42,283 thousand euros and was produced by cancelling debt at DIA Brasil for the amount of 597 thousand euros and a cash contribution of 41,686 thousand euros.

During the 2022 financial year there were debt waivers at Dia Argentina amounting to 5,902 thousand euros, of which the Company contributed 5,607 thousand euros, equivalent to 95% of its direct stake in the subsidiary.

In addition, a contribution amounting to 2,784 thousand euros was made as a continuation of the Hive Down operation performed in that financial year.

2021 variations

The additions occurring in the 2021 financial year following the contributions made by Dia, amounting to 130,228 thousand euros, occurred in Brazil, Argentina and Luxembourg Investment Company 317, S.à.r.l.

During the financial year, the sum contributed in Brazil amounted to 113,464 thousand euro and was produced by cancelling debt at DIA Brasil in the amount of 16,103 thousand euros and a cash contribution of 97,361 thousand euros.

During the 2021 financial year there were debt waivers at Dia Argentina amounting to 17,521 thousand euros, of which the Company contributed 16,645 thousand euros, equivalent to 95% of its direct stake in the subsidiary. During the financial year of 2021, the Company contributed 119 thousand euros in cash to its subsidiary Luxembourg Investment Company 317, S.à.r.l.

In addition, a contribution amounting to 1,858 thousand euros was made as a continuation of the Hive Down operation performed in that financial year.

- **Impairment**

The amount of value adjustments due to impairment and reversals recorded in the various stakes was as follows:

	Thousands of Euro		
Company	Balances at 1 January 2022	Charge	Balances at 31 December 2022
Dia Brasil Sociedade Limitada	(372,000)	(180,021)	(552,021)
Total non-current	**(372,000)**	**(180,021)**	**(552,021)**

	Thousands of Euro		
Company	Balances at 1 January 2021	Charge	Balances at 31 December 2021
Dia Brasil Sociedade Limitada	(238,000)	(134,000)	(372,000)
Total non-current	**-**	**(134,000)**	**(372,000)**

In accordance with the terms of note 4 (g), paragraph viii, the recoverable amount of investments in group companies is determined on the basis of calculations of value in use or fair value less sales costs if greater. Value in use calculations use cash flow projections based on financial budgets drawn up by management that cover a five-year period. Cash flows beyond five years are extrapolated using estimated growth rates for the country.

The key assumptions used in the business plan are detailed as follows:

	Portugal	
	2022	2021
Sales growth rate (1)	6.9%	6.7%
Growth rate (2)	2.0%	1.4%
Discount rate (3)	7.7%	8.5%
% Gross profit (4)	19.8%	20.6%

	Argentina		Brazil	
	2022	2021	2022	2021
Sales growth rate (1)	12.7%	14.2%	4.3%	10.8%
Growth rate (2)	2.2%	1.7%	3.0%	3.0%
Discount rate (3)	20.4%	16.3%	9.5%	10.2%
% Gross profit (4)	18.5%	17.5%	19.0%	20.8%

(1) Weighted average annual growth rate of sales for the five-year projected period
(2) Weighted average growth rate used to extrapolate cash flows beyond the 5-year period.
(3) Post-tax discount rate applied to cash flow projections.
(4) % Gross profit, average over the period 2023-2027.

At 31 December 2022, the Company recorded an impairment of 180 million euro (134 million euro at 31 December 2021) of the investment in the Brazilian subsidiary.

12. FINANCIAL INVESTMENTS AND TRADE RECEIVABLES

For financial assets recorded at cost or amortised cost, the book value is not significantly different from the fair value.

a. Financial investments in Group companies

The breakdown of financial investments in group companies was as follows:

	Thousands of Euros			
	2022		2021	
Group	Non-current	Current	Non-current	Current
Current account with the Group	-	75,421	-	35,450
Total	**-**	**75,421**	**-**	**35,450**

The Company did not have any loans granted to group companies at 31 December 2022 and 2021.

The breakdown of current accounts with group companies at 31 December 2022 and 2021 was as below:

	Thousands of Euro					
	2022			2021		
	Total	Account receivable	Tax Credit (VAT)	Total	Account receivable	Tax Credit (VAT)
Dia Retail España, S.A.U.	**5,815**	-	5,815	**6,608**	-	6,608
Beauty by DIA S.A.U.	**1,473**	-	1,473	**1,302**	-	1,302
Grupo El Árbol Distribución y Supermercados, S.A.	**267**	-	267	**-**	-	-
DIA FINANCE, S.L.U.	**67,808**	67,808	-	**27,399**	27,399	-
Dia Brasil Sociedade Limitada	**-**	-	-	**141**	141	-
Luxembourg Investment Company 317 Sárl	**7**	7	-	**-**	-	-
Luxembourg Investment Company 318 Sárl	**7**	7	-	**-**	-	-
Luxembourg Investment Company 319 Sárl	**30**	30	-	**-**	-	-
Luxembourg Investment Company 320 Sárl	**7**	7	-	**-**	-	-
Luxembourg Investment Company 322 Sárl	**7**	7	-	**-**	-	-
Total	**75,421**	**67,866**	**7,555**	**35,450**	**27,540**	**7,910**

In the financial years of 2022 and 2021, the current accounts with the group accrued an annual nominal interest rate ranging from the Euribor month plus 1.40% for debit balances and 0% for credit balances.

Since the financial year of 2020, following the hive- down, the Company only holds balances in financial investments with its Spanish subsidiaries for VAT tax credits. The current account is managed only with Dia Finance (see note 19 (a)).

b. Financial investments

The breakdown of financial investments was as follows:

	Thousands of Euro			
	2022		2021	
Unrelated parties	Non-current	Current	Non-current	Current
Equity instruments	36	-	36	-
Loans	28	-	28	-
Hedging derivatives	-	4,341	-	-
Deposits and guarantees	9,719	678	9,602	354
Total	**9,783**	**5,019**	**9,666**	**354**

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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

Amounts for non-current equity instruments refers to shares held by the Company in the company Ecoembalajes España, S.A. (Ecoembes).

The non-current credit amount included the loans the Company granted to its staff and accrued interest at market rates.

At 31 December 2022, the Company has arranged interest rate risk hedging derivatives with banks, which, in turn, it has assigned to the Group company Dia Finance, S.L.U., which holds the debt vis-à-vis the banks. These derivatives generated financial revenue in the Company owing to the adjustment to their fair value with regard to banks and furthermore financial expenses for the adjustment to the fair value of the derivatives transferred to Dia Finance, S.L.U. The assets and liabilities recorded at the Company at 31 December 2022 through these derivatives amounted to 4,341 thousand euros. At Group level, hedge accounting has been evaluated and applied.

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. These current derivatives were contracted by the Company, which subsequently transferred them to the Group company Dia Finance, S.L.U., which holds the debt vis-à-vis the banks.

Other non-current financial assets included amounts delivered to lessors by way of deposits and bonds as security for lease contracts contracted with them. Until the financial year of 2022 these amounts were measured at present value and any difference with their nominal value is recognised under prepayments for current or non-current assets (see Note 14). In the financial year of 2022, as the present value of these amounts does not differ significantly from their nominal value, they have been presented at their nominal value.

The item of other current financial assets comprises deposits handed over to franchisees amounting to 60 thousand euros (354 thousand euros in 2021). In addition, in the financial year of 2022 it includes 618 thousand euros of accounts receivable with other companies.

The breakdown of trade and other receivables was as follows:

	Thousands of Euro			
	2022		2021	
	Non-current	Current	Non-current	Current
Trade receivables (note 10(d))	668	39,372	2,178	37,531
Trade receivables from group companies and associates	-	56	-	3,532
Other payables	-	3,470	-	4,394
Personnel	-	42	-	48
Current tax assets (note 20)	-	827	-	1,476
Public entities, other (note 20)	-	1,922	-	1,921
Impairment	-	(15,172)	-	(15,963)
Total	**668**	**30,517**	**2,178**	**32,939**

The customer line item essentially included debts receivable from franchisees and licensees for the sale of goods. The non-current amount of this line item was presented at its current value.

In the financial year of 2021, the commercial credits with group companies were mainly for Dia Retail España, S.A.U.

The line item "Other debtors" essentially includes balances with suppliers that have become debtors and are pending collection.

The Company signed no commercial credit assignment agreements for non-recourse suppliers in 2022 nor in 2021.

In accordance with the terms described in note 12 (c), these items are provided for when they are deemed to be of doubtful accounting nature. At 31 December 2022, the amount provisioned in accordance with this criterion was 11,872 thousand euros for customer entries and 3,300 thousand euros for other debtors (12,511 and 3,452 thousand euros, respectively, in the financial year of 2021).

Current tax assets included the collection right generated by estimating the calculation of corporation tax for the 2022 and 2021 financial years, respectively (see Note 20).

c. Impairment

In general, debts receivable from overdue customers older than six months are impaired, unless there is a record of non-payment or lack of a commercial relationship, in which case the balance is previously impaired.

The movement in the adjustment accounts for impairment losses as a result of the credit risk associated with financial assets measured at amortised cost is as follows:

	Thousands of Euro	
	2022	2021
Current		
At 1 January	(15,963)	(17,894)
Charge	(1,993)	(1,293)
Cancellations	802	1,362
Reversals	1,978	1,862
Transfer Hive Down	4	-
At 31 December	(15,172)	(15,963)

13. STOCKS

The detail of the stocks line item is as follows:

	Thousands of Euro	
	2022	2021
Goods for resale	18,131	21,727
Other supplies	28	28
Advances to suppliers	46	46
Impairment	(190)	(405)
Total	18,015	21,396

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

The Company has insurance policies in place to guarantee the recoverability of the net book value of stocks in the event of claims that could affect usage or sale.

14. ACCRUALS AND DEFERRALS

The breakdown of accruals and referrals is as follows:

	Thousands of Euro			
	2022		2021	
	Non-current	Current	Non-current	Current
Prepayments on guarantees and loans (note 12 (b))	1	-	461	-
Other prepayments	-	561	-	710
Total	1	561	461	710

15. CASH AND CASH EQUIVALENTS

The balances of the item 'Cash and other equivalent liquid assets' at 31 December 2022 and 31 December 2021 were 7,326 thousand euros and 111,314 thousand euros, respectively.

Current account balances earn interest at the market rates for that type of account.

The Company has granted a pledge over certain bank accounts. However, there are no restrictions on the availability of such bank accounts to the extent that renders this guarantee ineffective.

16. SHAREHOLDER EQUITY

a. 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.

At the General Shareholders' Meeting of the Company held on 31 May 2021, an Increase in Share Capital was agreed, for an effective amount up to 1,027,751,102 euros, by issuing and putting into circulation 51,387,555,100 new ordinary shares of a par value of 0.01 euros each, with a share premium of 0.01 euros per share, i.e. for an effective amount of 0.02 euros per share (par plus share premium), separated into (a) a first tranche of offsetting credits of the majority shareholder L1R Invest1 Holdings S.à.r.l. (hereinafter, L1R) before the Company for a total amount of 769,200,000 euros, and (b) a second tranche of monetary contributions, initially reserved for subscription by the other shareholders for an amount of 258,551,102 euros.

Following approval of the Capital Increase Information Prospectus by the Spanish National Securities Market Commission on 9 July 2021 and the subscription performed during the different periods (preferential subscription and additional award), on 4 August 2021 the Company announced the full subscription of the Capital Increase. On 6 August 2021, the date on which the debts subject to conversion into capital became liquid, due and payable, a public deed was executed recording the Capital Increase, duly registered with the Companies Register of Madrid on 9 August 2021, representing the issue of 51,387,555,100 new shares of a par value of 0.01 euros, with a share premium of 0.01 euros.

As a result of this capital increase, the Company's new share capital increased to 580,655,340.79 euro, divided into 58,065,534,079 shares of a par value of 0.01 euro each. The listing of the new shares took effect on 13 August 2021.

L1R subscribed a total of 40,122,542,579 new shares, representing 78.08% of the total amount of the Capital Increase, for a total cash amount of 802,450,851.58 euros. As a result, the stake held by L1R in the Company's capital stock increased from the 74.82% held prior to the capital increase to 77.70% following its conclusion.

The Company's shares are listed on the Spanish stock markets. According to public information filed with the Spanish National Securities Market Commission (CNMV), the members of the Board of Directors control as at the date of formulation approximately 0.09155% of the Company's share capital.

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

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

b. Share premium

The share premium for Dia at 31 December 2022 and at 31 December 2021 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.

As a result of the Capital Increase completed in August 2021, the Dia share premium increased by 513,875,551 euros, corresponding to 51,387,555,100 new shares issued with a share premium of 0.01 euros.

c. Accounting treatment of the first tranche of the Capital Increase through offsetting credits of the majority shareholder

The capital increase carried out in the Company for an amount of 1,027,751,102 euro included a first tranche of offsetting credits of the majority shareholder L1R Invest1 Holdings S.à r.l. vis-à-vis the Company for a total amount of 769,200,000 euros corresponding to the following financial debt of the Dia Group (these credits were acquired in April 2021 by L1R from DEA Finance prior to their capitalisation), at the nominal value of said debt:

- 200,000,000 euros that Dia Finance, S.L.U. ("Dia Finance") owed to DEA Finance as principal under the super senior term loan facility (the "SS facility") (this debt was transferred from Dia Finance to Dia in April 2021);

- 292,600,000 euros that Dia owed to DEA Finance as principal under the bonds issued by Dia for an aggregate principal amount of 300 million euros, with a coupon of 1.000% and maturing on 28 April 2021 (the "2021 bonds") which prior to their maturity were transferred from DEA Finance to L1R for subsequent capitalisation. The remaining amount of 2021 bonds not owned by DEA Finance was repaid by Dia on the due date;

- 7,400,000 euros of debt under a loan granted by L1R in April 2021 to Dia to finance (or refinance) Dia's payment of the principal of the 2021 bonds to holders of said bonds other than DEA Finance (or L1R) on 28 April 2021 (referred to in the paragraph above); and

- 269,200,000 euros owed by Dia to DEA Finance as principal under the bonds issued by Dia for an aggregate principal amount of 300 million euros, with a coupon of 0.875% and maturing on 6 April 2023 (the "2023 bonds") which were transferred by DEA Finance to L1R in April 2021 and which had previously been replaced by a private debt instrument.

The Company registered 6 August 2021 as the date when the debts subject to conversion into capital became liquid, due and payable, and the public deed of the capital increase, i.e., the capital increase operation, was executed, applying the following accounting treatments in the annual accounts with regards the majority-shareholder credit offsetting tranche.

According to ICAC's interpretation of the accounting treatment of debt offset capital increase transactions in BOICAC 79 Consultation 5 and BOICAC 89 Consultation 4, these transactions are accounted for at the fair value of the debts being written off. However, the ICAC decision dated 5 March 2019 developing the criteria for presenting financial instruments and other accounting aspects connected with the commercial regulation of capital companies, which came into effect on 1 January 2020, introduces, in paragraph 3 Article 33, the treatment to be adopted in the event that a company's shares are listed. In this case, the increase in own funds by way of contribution must be booked at the fair value of the shares delivered in exchange, and the result of the difference with the net book value of the debt cancelled will be booked as a financial result in the profit and loss account.

On 28 October 2021, the ICAC published Consultation 1 of BOICAC 127/2021 on the accounting treatment to be adopted for the registration of a capital increase through debt offsetting, indicating that paragraph 3 Article 33 introduces the reference to the quoted price of shares on the premise that in listed companies this amount may be the best estimate of the fair value of the debt on the date when the number of shares to be delivered is agreed. In other words, the reference to the quoted share price should be understood as a check of reliability. However, according to the information provided in the consultation, the ICAC indicated that in cases where it seems clear that the company is issuing shares at a value significantly lower than their fair value, the increase in own funds by way of contribution should be recognised at the fair value of the debt to be estimated using a generally accepted valuation technique for this purpose. On the basis of all the above, the Company opted to value the equity provided at the fair value of the debts cancelled.

The Company estimated the fair value of the credits to be capitalised, discounting the future debt flows at a market IRR obtained internally. A notional credit rating was assigned to the Company based on the financial statements prior to the capital increase and an IRR of a debt with a credit rating and similar maturity was taken into account for the purposes of calculating the fair value of the credit to be capitalised. The difference between the net book value and the fair value of the credits to be capitalised is recorded as a financial result. The amounts recorded in Share Capital and Share Premium must be recorded at the nominal value of the debts, and any difference with fair value is recorded in Reserves.

Adviser expenses and fees related to the capital increase were recorded as reduced Reserves.

The summary of the total impacts on the Company's equity resulting from the expansion in millions of euro was as follows:

Share Capital and Share Premium (769.2+258.6)			**1,027.8**
Impact on PL by accrual outstanding expenses			(2.8)
Impact on PL by difference between Net Book Value and Fair Value			10.2
	SS Facility	0.2	
	Bono 2023	10.0	
Impact in reserves by difference between Net Book Value and Fair Value			(3.2)
	SS Facility	6.8	
	Bono 2023	(10.0)	
Impact in reserves for advisory fees			(1.2)
Total Impact Capital Increase Shareholders Equity			**1,030.8**

Note: the impact on the Company's annual accounts of the difference between the net book value and the fair value of the Super Senior debt at the time of capitalisation was only 0.2 million euros, since it corresponded to the updating of the fair value since it was assigned by Dia Finance on 23 April 2021 (a subsidiary that originally held the creditor position). The impact of the updating of the debt to the fair value at Dia Finance at the time of its assignment to the Company was 13.3 million euros of increased financial expenditure.

d. Reserves

The breakdown of the variation in reserves is as follows:

	Thousands of Euro					
	Legal reserve	Capital redemption reserve	Others distributables reserves	Voluntary reserves	Total	Negative results from previous years
At 1 January 2022	-	-	**1,867**	**1,243**	**3,110**	**(657,989)**
Negative earnings 2020	-	-	-	-	-	(143,401)
Delivery of own shares	-	-	-	(279)	(279)	-
At 31 December 2022	-	-	**1,867**	**964**	**2,831**	**(801,390)**

	Thousands of Euro					
	Legal reserve	Capital redemption reserve	Others distributables reserves	Voluntary reserves	Total	Negative results from previous years
At 1 January 2021	-	-	**15,170**	**(5,298)**	**9,872**	**(393,269)**
Negative earnings 2020	-	-	-	-	-	(264,720)
Expenses associated to the capital increase	-	-	-	(1,217)	(1,217)	-
Impact derived from the capital increase differences between Fair Value and Carrying Amount	-	-	-	(3,199)	(3,199)	-
Delivery of own shares	-	-	-	(2,346)	(2,346)	-
Transfer Reserves	-	-	(13,303)	13,303	-	-
At 31 December 2021	-	-	**1,867**	**1,243**	**3,110**	**(657,989)**

The proposal for the application of earnings for 2022 of the Parent Company prepared by the Board of Directors for submission to the Annual General Shareholders' Meeting is to take the losses in full for the year totalling 170,814,933.95 euros to prior-year losses.

The application of 2021 losses of the Company ultimately approved by the General Shareholders' Meeting on 7 June 2022 was to take 2021 losses for the sum of 143,401,170.77 euros to prior-year losses.

(i) Legal reserve

The legal reserve was appropriated in compliance with article 274 of the Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of the share capital.

The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, the reserve must be replenished with future profits.

At 31 December 2022 and 2021, the Company had not allocated any amount to this reserve, as it had been fully offset, for an amount of 13,021 thousand euros, to compensate for losses, as agreed by the Extraordinary General Meeting of Shareholders of 22 October 2019.

(ii) Capital redemption reserve

At 31 December 2022 and 2021, there was no capital redemption reserve since it was fully offset on 31 December 2019 in the amount of 5,688 thousand euros, having met the requirements for a share capital decrease as previously mentioned. An amount equal to the par value of the own shares redeemed in 2015 and 2013 was appropriated to the redeemed capital reserve, as set forth in article 335.c) of the Spanish Companies Act.

(iii) Differences due to capital redenomination in euro

At 31 December 2022 and 2021, there was no such reserve, which had originated for an amount of 62.07 euro as a result of reducing the share capital in 2001 by rounding the value of each share to euro two decimal places and was fully offset to compensate for losses.

(iv) Other non-distributable reserves

At 31 December 2022 and 31 December 2021, this reserve reveals an amount of 1,867 thousand euros, following the transfer to freely available voluntary reserves, amounting to 13,303 thousand euros, approved by the Ordinary General Shareholders' Meeting on 31 May 2021. This reserve amounting to 15,170 thousand euros is non-distributable and arose as a result of the entry into force of Royal Decree 602/2016, which eliminated the concept of intangible assets with indefinite useful lives, establishing that from 1 January 2016, these would be subject to amortisation. At 31 December 2016, after the publication of this Royal Decree, this reserve, which up to that date was on account of goodwill, was transferred to voluntary reserves, remaining non-distributable, for as long as the net carrying amount of the goodwill exceeds that amount, at which point it may be deemed freely distributable.

(v) Voluntary reserves

These reserves are freely available, and at 31 December 2022 they presented an amount of 964 thousand euros and 1,243 thousand euros at 31 December 2021. See the breakdown of movements during the present financial year, as explained in the table presented above.

e. 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 18) 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 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.

f. Other equity instruments

At 31 December 2022, Other equity instruments includes the reserve for deferred remuneration in shares for non-proprietary directors (see Note 18).

17. LONG- AND SHORT-TERM PROVISIONS

The breakdown of non-current provisions is as follows:

	Thousands of Euro					
	Provisions for long-term employee benefits	Tax provisions	Labour provisions	Legal provisions	Other provisions	Total
At 1 January 2022	**3,206**	**22,532**	**119**	**13,933**	**942**	**40,732**
Charge	-	570	4	3,707	6	4,287
Applications	-	(1,056)	-	(7,123)	-	(8,179)
Reversals	(2,091)	(195)	-	(3,084)	-	(5,370)
Transfers	(1,115)	-	-	-	-	(1,115)
At 31 December 2022	**-**	**21,851**	**123**	**7,433**	**948**	**30,355**

	Thousands of Euro					
	Provisions for long-term employee benefits	Tax provisions	Labour provisions	Legal provisions	Other provisions	Total
At 1 January 2021	**1,649**	**23,218**	**210**	**14,981**	**935**	**40,993**
Charge	1,557	583	14	663	7	2,824
Applications	-	(151)	-	(1,206)	-	(1,357)
Reversals	-	(1,118)	-	(610)	-	(1,728)
Transfers Hive Down	-	-	(105)	105	-	-
At 31 December 2021	**3,206**	**22,532**	**119**	**13,933**	**942**	**40,732**

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 note 18. Transfers amounting to 1,115 thousand euros were recorded as short-term provisions at 31 December 2022.

The fiscal allocations in 2022 and 2021 essentially arose from differences of opinion with the authorities.

The tax reversals in both financial years derived mainly from those aspects resulting from the tax inspections on VAT and personal income tax no longer considered probable.

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.

At 31 December 2022 the tax provisions to cover the risks derived from the public authority inspection proceedings had a balance of 21,851 thousand euros and at 31 December 2021 22,532 thousand euros.

In addition, at 31 December 2022 provisions linked to disputes with (social) workers were included, amounting to 123 thousand euros, the balance of this type of provisions at 31 December 2021 being 119 thousand euros.

Provisions linked to (legal) third-party litigation at 31 December 2022 amounted to 7,433 thousand euros. Provisions in this regard at 31 December 2021 amounted to 13,933 thousand euros. Applications of legal provisions during the financial year of 2022 include 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).

For short-term provisions at 31 December 2022, the Company registered an amount of 3,052 thousand euros, 1,937 thousand euros for onerous contracts corresponding to stores and 1,115 thousand euros for staff remuneration for incentive plans payable in 2023 (3,624 thousand euros at 31 December 2021 for onerous contracts corresponding to stores).

The Company 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 Company. The most relevant court proceedings to date are summarised below.

Criminal proceedings before the Spanish National High Court

On 14 January 2020, the Company became aware of the processing of Preliminary Proceedings 45/209 before the Court of Investigation 6 of the Spanish National High Court, in which the court was investigating certain events involving former executives of DIA. The aforementioned proceedings are derived from action brought by several of the Company's minority shareholders, subsequently joined by investigation proceedings by the Prosecutor's Office for Anti-Corruption, initiated as a result of the claim filed by DIA on 6 February 2019 before the aforementioned Prosecutor's Office.

The Company was also notified, at its request, of the ruling of 10 January 2020 issued by the above-mentioned Central 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 which would 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 aforementioned appeals, the appeal lodged by the Company 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 question. 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 said ruling, appeals for reconsideration and an appeal were filed. 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.

On 17 February 2023 the Company was served notice of the attestation of the Decree of 22 December 2022, deeming the appeal to be lodged with the Public Prosecution Office and the Court Order by Central Investigation Court 6, ruling that the proceedings be definitively shelved, with no appeal being allowed against this decision.

No liability will arise from this procedure for either the Company or any of its former executives or employees.

Civil proceedings brought by minority shareholders

On 12 June 2020, the Company was notified of the filing of a civil lawsuit for damages by an individual minority shareholder, whereby the shareholder was claiming 110,605 euros in damages suffered, alleging a breach by the Company of the obligation to reflect a true and fair view of its equity in the 2016 and 2017 annual accounts, and the decrease in the value of shares as part of the restatement of the Company's annual accounts in 2018. The Company has responded to the lawsuit in a timely and appropriate manner. On 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 Company received notice of the appeal against the judgment. On 7 January 2022, the Company proceeded to file its opposition 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 annual accounts, were pending a ruling as to their acceptance by the Supreme Court.

On March 10, 2023, the Company was notified of the demand for an amount filed by Mr. Antonio Coto Gutiérrez, former director and former CEO of the Company, against Dia S.A. for an amount of 4,748,561.04 plus interest for different concepts related to amounts that he considers are owed to him as a result of the termination of his relationship as CEO of the Company in December 2018.

The Company will present the brief in response to the claim in due time and form.

These annual accounts have included the provision that, taking into account the opinion of the Company's legal advisors, has been considered reasonable in relation to this litigation.

Other proceedings.

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

18. 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 ("LTI 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 LTI 2020-22, no longer to constitute a valid reference for monitoring the performance of the 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 Company'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 LTI 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 LTI 2020-22.

As a consequence of the high impact that the aforementioned circumstances had on the parameters, metrics and functioning of the ILP 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 LTI 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 LTI 2020-22, taking into consideration the circumstances of the market and the Company.

As a consequence of said termination, it was agreed on the same date to approve recognition by the LTI 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 LTI 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 annual 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 no expense has been registered during the financial year of 2022

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

At 31 December 2022 the total amount of the provision made for Long-Term Incentive Plans at the Dia Group was 8,720 thousand euros, of which 937 thousand euros correspond to the Company and have been transferred to other accounts payable on the personnel line. As mentioned in the above paragraphs, and in accordance with the decision taken by the Board of Directors to repeal the 2021-24 LTI, the liabilities existing under this Plan have been cancelled. Taking this cancellation into account, the net effect recorded in results led to revenue in the Company's income statement amounting to 2,269 thousand euros.

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 22 c).

19. FINANCIAL DEBTS AND TRADE CREDITORS

For financial debts booked at cost or amortised cost, the book value does not differ significantly from the fair value, except for non-current obligations and bonds, the fair value of which is their listed price at 31 December 2022 of 25,256 thousand euros (25,307 thousand euros at 31 December 2021).

(a) Debts with group and associated companies

The breakdown of debts to Group and associated companies is as follows:

Group	Thousands of Euro	
	Current	Current
	2022	2021
Payables	1,749	2,034
Total	**1,749**	**2,034**

The details of current debts with Group companies at 31 December 2022 and 2021 is set out below:

Group	Thousands of Euro				
	Current Account	Tax Debit (VAT)	Current Account	Tax Debit (VAT)	Tax Debit (Income tax)
	2022		2021		
Dia Retail España, S.A.U.	-	577	-	511	-
Beauty by DIA S.A. U.	-	1	-	-	1
Grupo El Árbol Distribución y Supermercados, S.A.U.	-	164	-	422	72
Finandia, S.A.U.	400	-	421	-	-
CD Supply Innovation, S.L. in liquidation	607	-	607	-	-
Total	**1,007**	**742**	**1,028**	**933**	**73**

In the financial years of 2022 and 2021, the current accounts with the group accrued an annual nominal interest rate ranging from the Euribor month plus 1.40% for debit balances and 0% for credit balances.

(b) Payables

The breakdown of payables is as follows:

At 31 December 2022	Thousands of Euro							
	Total	Current 1 year	2 years	3 years	4 years	5 years	> 5 years	Non-current Total
Bonds and other securities	31,691	800	-	-	30,891	-	-	30,891
Debt with financial institutions								
Interest	115	115	-	-	-	-	-	-
Credit facilities drawn down	382	-	-	382	-	-	-	382
Finance lease payables (note 7)	2,930	1,354	715	431	284	101	45	1,576
Derivatives	4,341	4,341	-	-	-	-	-	-
Suppliers of fixed assets	9,994	9,523	471	-	-	-	-	471
Guarantees and deposits received	12,675	9,490	-	-	-	-	3,185	3,185
Other financial liabilities	(10)	-	-	(10)	-	-	-	(10)
Total	**62,118**	**25,623**	**1,186**	**803**	**31,175**	**101**	**3,230**	**36,495**

	Thousands of Euro							
At 31 December 2021	Total	Current 1 year	2 years	3 years	4 years	5 years	> 5 years	Non-current Total
Bonds and other securities	31,267	467	-	-	-	30,800	-	30,800
Debt with financial institutions								
Interest	293	293	-	-	-	-	-	-
Finance lease payables (note 7)	3,350	1,837	639	528	243	97	6	1,513
Suppliers of fixed assets	15,604	15,115	489	-	-	-	-	489
Other debts	609	609	-	-	-	-	-	-
Current interest on payables	-	-	-	-	-	-	-	-
Guarantees and deposits received	13,839	9,048	-	-	-	-	4,791	4,791
Other financial liabilities	2,293	2,306	-	-	(13)	-	-	(13)
Total	**67,255**	**29,675**	**1,128**	**528**	**230**	**30,897**	**4,797**	**37,580**

– Debentures and other tradable securities

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 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 Company entered into a loan agreement with L1R 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 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 is 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	Coupon	PIK	Maturity date
DIA, S.A.	07.04.2017	30,800	3.000%	0.500%	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") for 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. In addition, the coupon accrued at 31 December 2022 amounts to 800 thousand euros.

– **Loans and borrowings**

Multi-product Syndicated Financing and other credit facilities

As a result of the "Hive-down" Operation, the Company transferred to Dia Retail España, S.A. and Dia Finance, S.L.U. the majority of its debt under the SFA, with the detail of the finance lines at 31 December 2022 and 2021 being as follows:

At 31 December 2022	Limit	Amount used	Conf/Fact	Amount avaible
Credit Facility - syndicated financiation	**2,000**	**382**	**-**	**1,618**
Loans	2,000	382	-	1,618
Total Syndicated Multiproduct Financiation	**2,000**	**382**	**-**	**1,618**

At 31 December 2021	Limit	Amount used	Conf/Fact	Amount avaible
Credit Facility - syndicated financiation	**2,000**	**-**	**-**	**2,000**
Loans	2,000	-	-	2,000
Total Syndicated Multiproduct Financiation	**2,000**	**-**	**-**	**2,000**

Likewise, effective from 2 September 2021, the relevant modifications to the existing ancillary facilities contracts were formalised to reflect the margin agreed in the modified and recast SFA of 3% and the extension of maturity to 31 December 2025.

Bank loans

The Company did not amortise or draw down any bank loans in the 2022 financial year.

– **Guarantees and deposits received**

This item records the deposits required of franchisees which have been transferred to the administration of the new franchise model, according to which collection is performed in accordance with the cash generated at the franchisee's point of sale terminal. The amounts collected in this regard were 9,438 thousand euros at 31 December 2022 (8,996 thousand euros at 31 December 2021) (see note 10(d)).

– **Loans with the majority shareholder**

Within the context of the capitalisation and refinancing transaction, the debt under the SS Facility loan of 200,000 thousand euros granted by DEA Finance to Dia finance, for which L1R became the creditor, was transferred in April 2021 to the Company. The transferred amount was 202,365 thousand euros (including interest accrued and not paid at a rate of 7% per year and incremental unaccrued costs) at a fair value of 215,665 thousand euros.

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 undertaken during the 2021 financial year, the Company has been 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 principal 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) Trade and Other Payables

The breakdown of trade and other payables is as follows:

	Thousands of Euro	
	2022	2021
Suppliers	3,621	4,861
Suppliers with subsidiaries and associated companies	134,167	133,950
Other payables	23,610	30,641
Personnel	1,174	1,857
Public entities, other (note 20)	5,797	3,863
Advances to customers	3	7
Total	**168,372**	**175,179**

The book values of commercial and other payables are considered to be consistent with their fair values, due to their short-term nature.

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

Suppliers with group and associated companies at 31 December 2022 and 2021 mainly included the debt with Dia Retail España, S.A.U.

Trade and other payables do not bear interest.

The Company had no reverse factoring facilities at the close of the 2022 and 2021 years.

Pursuant to the duty of information of Spanish Law 18 enacted on 28 September 2022 regarding the creation and growth of companies, amending Spanish Law 15 enacted on 5 July 2010, amending Law 3 enacted on 29 December 2004 whereby measures were introduced to combat late payments in commercial transactions, information has been provided below which must be supplied by the Company:

	2022	2021
	Days	Days
Average payment period to suppliers	51	52
Payment operations ratio	54	54
Pending payment transactions ratio	34	42
	Amount in euros	**Amount in euros**
Total payments made	844,223,762	871,545,722
*Total payment pending	140,761,568	145,529,099

* Receptions unbilled and invoices included in the confirming lines at the year-end previously mentioned, are not included in this amount.

The above average payment period considers reverse factoring with suppliers in the calculation.

	Amount in euros
Number of invoices paid in legal maximium period	41,810

	Percentage
% number of invoices paid in the maximum legal period	62.63%
% monetary value of the invoices paid in the maximum legal over the total invoices	97.73%

20. TAX SITUATION

Balances with Public Administrations

The breakdown of balances with public authorities is as follows:

	Thousand of Euro			
	2022		2021	
	Non-current	Current	Non-current	Current
Assets				
Current tax assets	-	827	-	1,476
Other receivables from the Adminitration	-	1,922	-	1,921
	-	**2,749**	-	**3,397**
		(note 12 (b))		**(note 12 (b))**
Liabilities				
Deferred tax liabilities	165	-	235	-
Value added tax and similar taxes	-	5,093	-	3,093
Social Security	-	6	-	7
Witholdings	-	698	-	763
	165	**5,797**	**235**	**3,863**
		(note 19 (c))		**(note 19 (c))**

Financial years pending examination and inspection proceedings

According to the legislation in force, taxes may not be considered to have been definitively settled until the tax returns filed have been inspected by the tax authorities or the period of limitation of four years has expired.

In accordance with the administrative criteria, the financial years open to inspection at 31 December 2022 and 2021, for the main taxes to which the Company is subject, were as follows:

	Period	
Tax	**2022**	**2021**
Income tax	2016-2021	2015-2020
Value Added tax	2019-2022	2018-2021
Personal Income tax	2019-2022	2018-2021
Bussines activities tax	2019-2022	2018-2021

As a result of, among other factors, differences in interpretations of the applicable tax legislation, additional liabilities may arise as a result of an inspection. In any event, the Company Directors believe these liabilities, if they were to arise, would have no significant impact on the annual accounts.

As a result of inspection proceedings from previous financial years, on the date of closure of these accounts, the Company 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.

Income tax

At 31 December 2022, the Company declared under the tax consolidation scheme that it is the parent company of tax group 487/12.

The Group subsidiaries in the financial years of 2022 and 2021 were Dia Retail España S.A.U., Petra Servicios a la Distribución, S.L.U., Beauty By Dia S.A.U., El Árbol Distribución y Supermercados, S.A.U., Dia Finance S.L.U. and Finandia S.A.U.

All the companies in the tax group jointly determine their tax payment as a single taxable entity for Corporation Tax, subsequently distributing the individual tax charge corresponding to each entity.

The reconciliation between the net amount of revenue and expenditure for the financial year and the Company's taxable base (tax result) in the financial year of 2022 is as follows:

2022	Thousands of euro						
	Income statemnt			Income and expenses taken to equity			
	Increases	Decreases	Net	Increases	Decreases	Net	Total
Income and expneses for the period	-	**(170,815)**	**(170,815)**	-	-	-	**(170,815)**
Income tax	485	-	485	-	-	-	485
Profit before tax	485	(170,815)	(170,330)	-	-	-	(170,330)
Permanent differences							
Indivudual company	180,271	-	180,271	-	-	-	180,271
Temporary differences:							
Individual company							
originating during the year	76	-	76	-	-	-	76
oirginating in prior years	278	(3,909)	(3,631)	-	-	-	(3,631)
Taxable income	**181,110**	**(174,724)**	**6,386**	-	-	-	**6,386**

The positive permanent adjustment of 180,271 thousand euros performed in settlement of Corporation Tax corresponds to expenses that are not deductible in accordance with Article 15 of Corporation Tax Act 27/2014, of 27 November 2014, essentially impairment of the portfolio of the company Dia Brasil by 180,021 thousand euros, not deductible in accordance with subsection k of said article.

The temporary differences increasing the taxable base in 2022 correspond essentially to the reversal of the freedom of amortisation performed in 2011 and 2012 on the basis of Royal Decree 13/2010, of 3 December 2010, and the application of different criteria in the amortisation of goodwill.

The temporary differences that reduce the taxable base in 2022 correspond to the reversal of different accounting provisions that were not tax deductible and the reversal of the impairment that was non-deductible deriving from fixed assets.

The reconciliation between the net amount of revenue and expenditure for the financial year and the Company's taxable base (tax result) in the financial year of 2021 is as follows:

2021	Thousands of euro						
	Income statemnt			Income and expenses taken to equity			
	Increases	Decreases	Net	Increases	Decreases	Net	Total
Income and expneses for the period	-	**(143,401)**	**(143,401)**	-	-	-	**(143,401)**
Income tax	433	-	433	-	-	-	433
Profit before tax	433	(143,401)	(142,969)	-	-	-	(142,969)
Permanent differences							
Indivudual company	141,110	(11,643)	129,467	-	-	-	129,467
Temporary differences:							
Individual company							
originating during the year	7,754	-	7,754	-	-	-	7,754
oirginating in prior years	389	(701)	(311)	-	-	-	(311)
Taxable income	**149,686**	**(155,745)**	**(6,059)**	-	-	-	**(6,059)**

The positive permanent adjustment of 141,110 thousand euros performed in settlement of Corporation Tax 2021 essentially comprised the non-deductible portfolio impairment of the company Dia Brasil and the fair value adjustment of a debt capitalised during the financial year amounting to 6,774 thousand euros, which in accordance with the accounting standards and Article 17 of Corporation Tax Act 27/2014 must be valued at the time of capitalisation at its nominal value, which was less than the fair value.

The negative permanent adjustment of 11,643 thousand euros performed in settlement of Corporation Tax 2021 essentially comprised the adjustment to the fair value of a debt capitalised during the financial year in the amount of 9,973 thousand euros, which in accordance with the accounting standards and Article 17 of Corporation Tax Act 27/2014 must be valued at the time of capitalisation at its nominal value, which was greater than the fair value, and the expenses derived from capitalisation of the debt for the amount of 1,217 thousand euros, recorded in the Voluntary Reserves account, considered to be deductible in accordance with the terms of Article 11.3 of Corporation Tax Act 27/2014.

The temporary differences increasing the 2021 taxable base corresponded essentially to the reversal of the freedom of amortisation applied in 2011 and 2012 on the basis of Royal Decree 13/2010 of 3 December 2010; the provision for non-deductible impairment derived from fixed assets, the provision for different non-tax-deductible accounting provisions and the provision established by the employee remuneration plan, which will be deductible at time of payment.

The temporary differences reducing the 2021 taxable base corresponded to the application of different criteria in the amortisation of goodwill, the reversal of different accounting provisions that were not tax-deductible and the payment of different items regarding employee remuneration plans in 2021.

The reconciliation between the Corporate Tax Base and the amount payable/repayable for the 2022 and 2021 financial years is as follows:

	Thousand euros	
	2022	**2021**
Taxable income	**6,386**	**(6,059)**
Tax at (25%)	-	-
Deductions	-	-
Tax payable	-	-
Total tax payable	(80)	(112)
Withholdings and payments on account	(743)	(584)
Tax payable (+) recoverable (-) by the Company	**(823)**	**(696)**

At the date of presenting these accounts the tax authorities had already returned the 696 thousand euros forecast at the close of the 2021 financial year.

The relationship between income tax expense and result before taxes for 2022 and 2021 is detailed below:

	Thousands of euro			Thousands of euro		
	2022			2021		
	Profit and Loss	**Equity**	**Total**	**Profit and Loss**	**Equity**	**Total**
Income and expenses for the period before taz	**(170,330)**	-	**(170,330)**	**(142,969)**	-	**(142,969)**
Tax at 25%	-	-	-	-	-	-
Income tax expenses in current year	-	-	-	-	-	-
Income tax expenses in prior year	-	-	-	-	-	-
Gasto IS ejercicios anteriores	-	-	-	-	-	-
Desactivación DTAs	-	-	-	-	-	-
Other adjusments	485	-	485	433	-	433
Income tax expenses/(income) from continuing operations	**485**	-	**485**	**433**	-	**433**

The detail and movement of temporary differences accumulated at 31 December 2022 and their corresponding deferred tax effect on assets or liabilities, in thousands of euro, was as follows:

	TEMPORARY DIFFERENCES					TAX EFECT				
	2,021	Origin	Reversal	Others	2,022	2,021	Origin	Reversal	Others	2,022
Diferences depreciation	2,559	76	-	(19)	2,616	638	19	-	(5)	652
Impairtment	6,982	-	(352)	(349)	6,282	1,745	-	(88)	(87)	1,570
Deductions	-	-	-	-	-	2,892	-	-	-	2,892
Others	19,020	-	(3,557)	(2,593)	12,870	4,753	-	(889)	(648)	3,215
Deferred tax assets non recognized	**28,561**	**76**	**(3,909)**	**(2,961)**	**21,767**	**10,028**	**19**	**(977)**	**(740)**	**8,329**
Negative taxable bases	382,105	-	-	681	382,786	95,525	-	-	170	95,696
Negative taxable bases non recognized	**382,105**	**-**	**-**	**681**	**382,786**	**95,525**	**-**	**-**	**170**	**95,696**

	TEMPORARY DIFFERENCES					TAX EFECT				
	2,021	Origin	Reversal	Others	2,022	2,021	Origin	Reversal	Others	2,022
Diferences depreciation	934	-	(278)	-	656	235	-	(70)	-	165
Deferred tax assets recognized	**934**	**-**	**(278)**	**-**	**656**	**235**	**-**	**(70)**	**-**	**165**

With regard to temporary differences in assets not recognised, no tax credits were generated during the 2022 financial year because of negative taxable bases not recognised at the Company, as they had positive taxable bases individually during the financial year.

The "Others" column reflects the movements derived from the presentation of Corporation Tax for the 2021 financial year.

The detail and movement of temporary differences accumulated at 31 December 2021 and their corresponding deferred tax effect on assets or liabilities, in thousands of euro, was as follows:

	TEMPORARY DIFFERENCES					TAX EFECT				
	2,020	Origen	Reversión	Otros	2,021	2,020	Origen	Reversión	Otros	2,021
Diferences depreciation	-	-	-	-	-	-	-	-	-	-
Deferred tax assets recognized	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Diferences depreciation	2,744	-	(79)	(106)	2,559	685	-	(20)	(27)	639
Impairtment	6,067	958	-	(42)	6,982	1,516	239	-	(10)	1,745
Deductions	-	-	-	-	-	-	-	-	2,892	2,892
Others	13,694	6,797	(622)	(849)	19,020	3,422	1,699	(156)	(212)	4,753
Deferred tax assets non recognized	**22,505**	**7,754**	**(701)**	**(997)**	**28,561**	**5,623**	**1,939**	**(175)**	**2,643**	**10,029**
Negative taxable bases	374,719	6,018	-	1,368	382,105	93,679	1,505	-	342	95,526
Negative taxable bases non recognized	**374,719**	**6,018**	**-**	**1,368**	**382,105**	**93,679**	**1,505**	**-**	**342**	**95,526**

	TEMPORARY DIFFERENCES					TAX EFECT				
	2,020	Origen	Reversión	Otros	2,021	2,020	Origen	Reversión	Otros	2,021
Diferences depreciation	1,323	-	(389)	-	934	332	-	(97)	-	235
Deferred tax assets recognized	**1,323**	**-**	**(389)**	**-**	**934**	**332**	**-**	**(97)**	**-**	**235**

With regard to temporary differences in unrecognised assets, tax credits were generated in the Company in the 2021 financial year through negative unrecognised taxable bases for the amount of 1,505 thousand euros. We should also indicate that the abovementioned tax credits based on negative taxable bases generated in 2021 entailed a base amounting to 6,018 thousand euros which did not correspond to the entire negative taxable base of the Individual Company, amounting to 6,058 thousand euros. This is due to the effect of the Group Companies with positive results reducing the Group's negative taxable base in the year.

The "Others" column reflects the movements derived from the presentation of Corporation Tax for the 2020 financial year.

The deduction for international double taxation was initially given in full in the hive-down. In its Corporate Income Tax presentation for the 2020 financial year, the Company concluded it had generated 2,878 thousand euros in 2018 not derived from the business transferred in the hive-down, which were therefore ultimately reflected in the Company in 2021.

The right of the public authority to examine or investigate negative taxable bases offset or pending offsetting, double taxation deductions and deductions to incentivise the performance of certain activities applied or pending application become time-barred 10 years after the date when the period established for filing the return or self-settlement corresponding to the taxation period during which the right to offsetting or application was generated has expired. Upon expiry of said period, the Company must accredit the negative taxable bases or deductions by means of filing a settlement or self-settlement and accounting records, with accreditation of their deposit during said period with the Companies Register.

The balances of negative taxable bases at the end of the 2022 and 2021 financial years reveal the following amounts:

Year of origin		2022 to be implemented (thousands of Euro)	2021 to be implemented (thousands of Euro)
2014	Tax Grupo 0487/12	345,478	345,478
2020	Tax Grupo 0487/12	30,609	30,609
2021	Tax Grupo 0487/12	6,699	6,018
2022	Tax Grupo 0487/12	-	-
	Total	**382,786**	**382,105**

Act 16/2013, establishing certain taxation measures, repeals Article 12.3 of Royal Legislative Decree 4/2004, approving the recast text of the Corporation Tax Act, allowing for the deduction on a taxable basis of impairment losses from the securities representing the stake in entity capital. At the same time, a transitional regime was established with the obligations to integrate the impairment losses generated prior to the new regulation into the taxable base. In this regard, Royal Decree-Law 3/2016 modified the aforementioned transitional regime and introduced a minimum reversal amount for losses which must be integrated annually. The amount to be included in the taxable base for Corporation Tax will therefore be the greater of the amount resulting from the positive difference in the Company's equity and one-fifth of the pending reversal.

In 2022, just like in 2021, the impairment loss of Dia Argentina had already been reversed, so no adjustment was made to the taxable base.

During the financial year of 2011, Dia freely amortised the new elements of tangible fixed assets and real estate investments acquired during this financial year, pursuant to the additional provision 11 of the recast text of the Corporation Tax Act, in accordance with the terms of the text established by Royal Decree-Law 6/2010 of 9 April 2010 and Royal Decree-Law 13/2010 of 3 December 2010.

During the financial year of 2021, Dia freely amortised the new elements of the tangible fixed assets and real estate investments acquired up until 31 March of this financial year, pursuant to the additional provision 11 of the recast text of the Corporation Tax Act, in accordance with the terms of the text established by Royal Decree-Law 6/2010 of 9 April 2010, Royal Decree-Law 13/2010 of 3 December 2010 and the sole derogatory provision of Royal Decree-Law 12/2012 of 30 March 2012.

As part of the hive-down performed in 2020, in 2022 assets and liabilities of the Spanish business of Dia were contributed to the equity of Dia Retail España, amounting to 2,784 thousand euros, subject to the tax neutrality regime and recorded by the acquiring party for the same amount:

Share	Balance at 1 January 2022	Increases	Decreases	Transfers	Balance at 31 December 2022
Luxembourg Investment Company 317 Sárl	373,377	—	—	2,784	376,161
Net tax Value	**373,377**	—	—	**2,784**	**376,161**
Impairment	—	—	—	—	—
Net Book value	**373,377**	—	—	**2,784**	**376,161**

In 2021 assets and liabilities of the Spanish business of Dia were contributed to the equity of Dia Retail España for the amount of 1,859 thousand euros, under the tax neutrality regime, registered by the acquiring party for the same amount:

Share	Balance at 1 January 2021	Increases	Decreases	Transfers	Balance at 31 December 2021
Luxembourg Investment Company 317 Sárl	371,400	118	—	1,859	373,377
Net tax Value	**371,400**	**118**	—	**1,859**	**373,377**
Impairment	—	—	—	—	—
Net Book value	**371,400**	**118**	—	**1859**	**373,377**

In 2022, the contribution of assets and liabilities from Dia to Dia Retail España for the sum of 2,784 thousand euros (1,859 thousand euros in the financial year of 2021) led to the accounting of an increase in shares and equity for the same amount in all intermediate companies between both companies.

21. ENVIRONMENTAL INFORMATION

The Company takes steps to prevent and mitigate the environmental impact of its activities.

The expenses incurred during the year to manage this environmental impact are not significant.

The Company Directors considered there were no significant contingencies relating to the protection and improvement of the environment, deeming it unnecessary to recognise a provision for risks and expenses of an environmental nature at 31 December 2022.

22. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Balances with related parties

The breakdown of accounts receivable and accounts payable with group companies and their main features are set out in Notes 12 (a) and (b) and 19 (a) and (c).

(b) Company transactions with related parties

The amounts of Company transactions with group companies are set out below:

	Thousands of euro	
Balances with subsidiaries	**2022**	**2021**
Sales (note 23 a))	2,020	5,218
Other services rendered	(1,759)	(2,269)
Ohter revenues (note 23 f))	27,218	22,696
Financial revenues	431	-
TOTAL REVENUES	**27,910**	**25,645**
Purchases	610,025	598,402
Raw materials and consumables used	1,899	1,700
Work carried out by the company for assets	28,423	30,056
Other operating expenses	-	6
External services	70,005	79,395
Finance expenses (note e))	3,284	852
TOTAL EXPENSES	**713,636**	**710,411**
Buildings	39	85
Machinery, installations, furniture and other fixed assets	58	612
TOTAL COST	**97**	**697**
Computer software	-	(34)
Buildings	(69)	(124)
Machinery, installations and furniture	(202)	(333)
Technical installations, machinery, equipment, furniture and other item:	(22)	(27)
Other fixed assets	(33)	(72)
Under construction and advances	-	-
TOTAL CARRYING AMOUNT	**(326)**	**(590)**

(c) Information relating to Directors and Senior Management

Details of remuneration received by the Company's directors and senior management in 2022 and 2020 are as follows:

Thousands of Euro			
2022		**2021**	
Directors	**Senior mgt.**	**Directors**	**Senior mgt.**
1,014	5,925	670	7,089

In the financial years of 2022 and 2021, the Company directors earned remuneration (included in the previous breakdown) of 788 and 670 thousand euros, respectively, in their positions 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 Company in 2022 and 2021. Details are as follows:

2022			Thousands of euro		
Members of Board Directors	From	to	Finacial instruments	Fixed salary	Variable 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	07/06/2022	31/12/2022	-	68	-
Total			**92**	**696**	**226**

(*) Remuneration as senior management and as director in Dia Brazil

2021			Thousands of euro	
Members of Board Directors	From	to	Financial	Fixed salary
Mr. Christian Couvreux	01/01/2021	15/02/2021	50	21
Mr. José Wahnon Levy	01/01/2021	31/12/2022	-	150
Mr. Jaime García-Legaz	01/01/2021	31/12/2022	-	166
Ms. Basola Vallés	01/01/2021	31/12/2022	-	120
Mr. Stephan DuCharme	01/01/2021	31/12/2022	-	-
Mr. Sergio Antonio Ferreira Dias	01/01/2021	31/12/2022	-	-
Mr. Marcelo Maia	01/01/2021	31/12/2022	-	112
Mr. Vicente Trius Oliva	29/09/2021	31/12/2022	-	26
Ms. Luisa Delgado	01/11/2021	31/12/2022	-	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 Note 18). 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 Levy. These 92 thousand 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.

Neither the members of the board of directors nor senior management carried out any transactions other than ordinary business or any matters under terms other than market conditions with the Company or Group companies during the 2022 and 2021 financial years.

The Civil Liability insurance premiums paid in respect of directors and senior management personnel totalled 368 thousand euros in 2022 (2021: 428 thousand euros).

Conflicts of interest concerning the directors

The directors and their related parties had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

23. INCOME AND EXPENSES

(a) Net turnover

Sales

The breakdown of sales by type is as follows:

	Thousands of Euro	
	2022	2021
Sales in own stores	407,661	445,101
Intercompany sales (note 22b))	2,020	5,218
Sales to franchise stores	394,023	339,904
On line sales	18,819	25,746
Total	**822,523**	**815,969**

Service provisions

The 2022 and 2021 financial years essentially included under this line item the amounts corresponding to the rights licensed by Dia and ancillary technical and commercial assistance services provided to its franchisees. In addition, in both financial years, this line item includes the amount invoiced within the context of the 2020 franchise model, as a percentage of the final sale of the franchisee by way of assignment of commercial use and monthly exploitation.

(b) Supplies

The breakdown of consumption of goods for resale, raw materials and other supplies is as follows:

	Thousands of Euro	
	2022	2021
Merchandise used		
Purchases	639,188	627,579
Purchase discounts, non-trade income and returns	(24,976)	(26,303)
Change in inventories	2,370	6,317
Total	**616,582**	**607,593**
Raw materials and consumables used		
Purchases	2,341	2,268
Total	**2,341**	**2,268**
Subcontracted work	31,619	33,504
Impairment of merchandise, raw materials and other suppliers	(190)	74
Total	**650,352**	**643,439**

(c) Personnel expenses

The detail of personnel expenses is as follows:

	Thousands of Euro	
	2022	2021
Salaries and wages	5,415	3,441
Severance	1,467	135
Social Security payable by the Company	112	73
Other employee benefits expenses	102	223
Provisions	(2,091)	1,551
Total	**5,005**	**5,423**

(d) External services

	Thousands of Euro	
	2022	2021
Rentals	52,490	54,353
Maintenance and security expenses	11,049	12,413
Fees	56,749	70,970
Advertising	5,902	5,277
Utilities	34,737	27,890
Cost-sharing	12,421	11,971
Travel expenses	1,051	664
Other general expenses	8,079	8,510
Total	**182,478**	**192,048**

(e) Profit/loss for impairment and fixed asset disposals

The breakdown of gains and losses for impairment and fixed asset disposal is as follows:

	Thousands of Euro	
	2022	2021
Impairment of property, plant and equipment (note 6)	1,999	2,673
Dispossals and retiremens of property, plant and equipment (note 6)	1,933	2,529
Total	**3,932**	**5,202**

The funds obtained through the disposal of fixed assets in 2022 amounted to 567 thousand euros (1,416 thousand euros in 2021, this amount was mainly generated by the sale of a store owned by the Company).

(f) Non-operating income and other operating income

The detail of non-operating income and other operating income is as follows:

	Thousands of Euro	
	2022	**2021**
Rental Income	788	1,054
Franchise Income	1,011	988
Information services to suplliers	32	35
Other income	3,359	4,909
Ohter income with subsidiaries (note 22 (b))	27,218	22,696
Total	**32,408**	**29,682**

Other income from its subsidiaries corresponds almost entirely to the amounts invoiced by the Company to its subsidiaries in Spain for rent and electricity.

24. FEES FOR AUDITS AND OTHER SERVICES PROVIDED BY THE AUDITOR

The audit company Ernst & Young, S.L., with regard to the Company's annual accounts, invoiced fees for professional services during the financial years ended at 31 December 2022 and 2021, respectively, as detailed below:

	2022
Thousands of Euros	**Ernst & Young,S.L**
Audit services	248
Other services relating to audit	278
Total	**526**

	2021
Thousands of Euros	**Ernst & Young,S.L**
Audit services	237
Other services relating to audit	351
Total	**588**

The amounts detailed in the above tables include the total fees for accrued services in 2022 and 2021, irrespective of the date of invoice.

25. COMMITMENTS AND CONTINGENCIES

Commitments pledged and received by the Company but not recognised on the balance sheet comprised contractual obligations not yet been executed. The two types of commitments related to cash and expansion operations. The Company also had lease contracts for future commitments undertaken and received.

Off-balance-sheet cash commitments comprise:

- available credit facilities and syndicated loans unused at reporting date;
- banking commitments received.

In the case of expansion operations, the undertakings given to undertake these operations were set out.

Finally, commitments related to real estate and furniture rental contracts were included in Note 8 "Operating leases - Lessee".

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

(a) Pledges

In thousands of Euro - 31 December 2022	IN 1 YEAR	IN 2 YEARS	3 TO 5 YEARS	OVER 5 YEARS	TOTAL
Guarantees	321	-	1,577	8,251	10,149
Purchase option on warehouses and others	-	-	-	550	550
Commercial contract commitments	2,611	1,220	18	-	3,849
Total	**2,932**	**1,220**	**1,595**	**8,801**	**14,548**

In thousands of Euro - 31 December 2021	IN 1 YEAR	IN 2 YEARS	3 TO 5 YEARS	OVER 5 YEARS	TOTAL
Guarantees	17	839	1,866	9,051	11,773
Purchase option on warehouses and others				550	550
Commercial contract commitments	2,760	1,806	890	-	5,456
Total	**2,777**	**2,645**	**2,756**	**9,601**	**17,779**

The Company is the guarantor of the provisions applied to lines of credit by its Spanish subsidiaries, amounting at 31 December 2022 and 2021 to 163,728 thousand euros and 183,939 thousand euros.

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

Purchase options primarily include warehouse options.

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 Company granted a guarantee with regards 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.

(b) Receipts

In thousands of Euro - 31 December 2022	IN 1 YEAR	IN 2 YEARS	3 TO 5 YEARS	OVER 5 YEARS	TOTAL
Unused credit facilities	1,618	-	-	-	1,618
Cash	**1,618**	**-**	**-**	**-**	**1,618**
Commercial contract commitments (note 10 d)	2,874	739	561	3,780	7,954
Operations / property / expansion	**2,874**	**739**	**561**	**3,780**	**7,954**
Total	**4,492**	**739**	**561**	**3,780**	**9,572**

In thousands of Euro - 31 December 2021	IN 1 YEAR	IN 2 YEARS	3 TO 5 YEARS	OVER 5 YEARS	TOTAL
Unused credit facilities	2,000	-	-	-	2,000
Cash	**2,000**	**-**	**-**	**-**	**2,000**
Commercial contract commitments (note 10 d)	3,748	1,005	861	4,868	10,482
Operations / property / expansion	**3,748**	**1,005**	**861**	**4,868**	**10,482**
Total	**5,748**	**1,005**	**861**	**4,868**	**12,482**

Guarantees received for commercial contracts correspond to guarantees received ensuring commercial agreements with franchisees.

26. EMPLOYEE INFORMATION

Following the "Hive Down" operation performed in the financial year of 2020, the employees were transferred to the subsidiary DIA Retail España S.A.U. in such a way that only certain Senior Management members remain registered with the Company.

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

	2022	2021
Management	6	5

The breakdown by gender of the Company's employees and directors is as follows:

	2022		2021	
	Female	Male	Female	Male
Board members	2	5	2	6
Senior management	2	4	1	4
Total	**4**	**9**	**3**	**10**

There were no persons employed by the Company over the 2022 or 2021 financial years with a handicap equal to or above 33% (or equivalent local classification).

There were 6 senior management executives at 31 December 2022 and 5 at 31 December 2021. Similarly, there were no executives on the Board of Directors at 31 December 2022 or 31 December 2021.

27. EVENTS AFTER THE REPORTING PERIOD

On January 2, 2023, the Company has granted a loan to its subsidiary Dia Brasil for an amount of 11,448 thousand euros maturing on July 17, 2023.

With regard to the criminal proceedings pursued before the National High Court (see note 17), on 17 February 2023 the Company was served notice of the attestation of the Decree of 22 December 2022, deeming the appeal to be lodged with the Public Prosecution Office, and of the Court Order by Central Investigation Court 6, ruling that the proceedings be definitively shelved, with no appeal being allowed against this decision. No liability will arise from this procedure for either the Company or any of its former executives or employees.

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 assignment 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.

On 2 March 2023, the Company reported that all the conditions precedent to the sale agreement signed on 2 August together with its two subsidiaries Dia Retail España, S.A.U. and Grupo El Árbol, Distribución y Supermercados, S.A.U. with Alcampo, S.A. have been fulfilled (see note 1(e)), namely: (i) acquisition by the purchaser of merger control authorisation by the National Markets and Competition Commission, (ii) the 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. Having fulfilled the conditions precedent, the closing of the sale shall be carried out through successive deliveries of batches of establishments that are expected to take place over the coming months in accordance with the delivery schedule agreed by the parties. The Company shall inform in due time the final price of the Operation, as well as the usage of the funds obtained once the implementation thereof has been completed.

DIRECTORS' REPORT 2022

Distribuidora Internacional de Alimentación, S.A. (the company), has prepared this directors´resport, following the recommendations of the guide for the preparation of the directors´ report for listed compnaies issued by the CNMV on 29 July 2013.

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 euros, down 52% compared to 2021, even though it was affected by impairments on investments in Clarel and Brazil amounting to 31.5 million euros.

Net financial indebtedness increased 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.

PARENT COMPANY EVOLUTION

In 2022, the Company generated a net turnover of Euros 845.5 million euros. Accordingly, and jointly with its subsidiaries, it generated sales of Euros 7,285.8 million euros in 2022.

The Company's result from operating acitivities in 2022 was 11.8 million euros.

At 31 December 2022 the Company has recognised impairment of 180 million euros on the investment in the Brazilian subsidiary (134 million euros in 2021).

Finally, 2022 corporate income tax amounted to -0.5 million euros (-0.4 million euros in 2021).

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DIA: FY RESULTS 2022

DIA: FY RESULTS 2022 (million of euros)	2022	%	2021	%	INC
Revenues	**845.5**	**100.0%**	**835.2**	**100.0%**	**1.2%**
Supplies	(650.4)	-76.9%	(643.4)	-77.0%	1.1%
Other operating income	32.4	3.8%	29.7	3.6%	9.1%
Personnel expenses	(5.0)	-0.6%	(5.4)	-0.6%	-7.4%
Other operating expenses	(186.8)	-22.1%	(199.5)	-23.9%	-6.4%
Amortisation and depreciation	(20.1)	-2.4%	(19.4)	-2.3%	3.6%
Impairment and gains/(losses) on disposal of fixed assets	(3.9)	-0.5%	(5.2)	-0.6%	-25.0%
Result from operating activities	**11.7**	**1.4%**	**(8.0)**	**-1.0%**	**-246.3%**
Net finance income (excluding financial instruments)	(2.0)	-0.2%	(1.0)	-0.1%	100.0%
Impairment and losses on disposal of financial instruments	(180.0)	-21.3%	(134.0)	-16.0%	34.3%
Net finance income	**(182.0)**	**-21.5%**	**(135.0)**	**-16.2%**	**34.8%**
Lossses before income tax	**(170.3)**	**-20.1%**	**(143.0)**	**-17.1%**	**19.1%**
Income tax	(0.5)	-0.1%	(0.4)	0.0%	25.0%
LOSSES FOR THE YEAR FROM CONTINUING OPERATIONS	**(170.8)**	**-20.2%**	**(143.4)**	**-17.2%**	**19.1%**

WORKING CAPITAL AND NET DEBT

The Company's negative working capital was 119.9 million euros at the end of 2022, representing a 0.8% decrease compared with the same period in the previous year.

WORKING CAPITAL (million of euros)	2022	2021	INC
Inventories	18.0	21.4	-15.9%
Trade and other receivables	30.5	32.9	-7.3%
Trade and other payables	(168.4)	(175.2)	-3.9%
Trade working capital	**(119.9)**	**(120.9)**	**-0.8%**

Net Debt came in at 54.8 million euros at the end of 2022, 96,8 million euros more than at the end of 2021.

NET DEBT (million of euros)	2022	2021	INC
Non-current payables	*36.5*	*37.6*	*-2.9%*
Current payables	*25.6*	*31.7*	*-19.2%*
Total debt	62.1	69.3	-10.4%
Cash and cash equivalents	(7.3)	(111.3)	-93.4%
Net debt	**54.8**	**(42.0)**	**-230.5%**

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STORE NETWORK (DIA GROUP)

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	-
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 without 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	-
Closings	-129	-53	-182
Total DIA Spain stores at 31 December 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 GROUP stores at 31 December 2022 without 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	-	-	-
Net change from franchised to owned stores	-3	3	-
Closings	-27	-9	-36
Total DIA Portugal stores at 31 December 2022	**172**	**291**	**463**

BRAZIL	Owned	Franchised	Total
Total stores 31 December 2021	570	167	737
New openings	-	-	-
Net change from franchised to owned stores	-89	89	-
Closings	-116	-13	-129
Total DIA Brazil stores 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	-
Closings	-8	-11	-19
Total DIA Argentina stores at 31 December 2022	**267**	**727**	**994**

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INFORMATION ABOUT THE FORESEEABLE EVOLUTION OF THE ENTITY

In 2023, a year that looks to be no less challenging than the previous one, Dia Group will continue working to accelerate its growth and become the customers' favorite neighborhood and online store. To achieve this, Dia Group will focus on completing the transformation of the store network in Spain and Argentina, growing hand in hand with the franchisees and continuing to develop a first-class customer experience, offering answers to their needs as and when they need them, taking advantage of the powerful leverage of the online channel to take the high-quality products at affordable prices even further.

RESEARCH, DEVELOPMENT AND INNOVATION ACTIVITIES

Since its creation, Dia has placed a strong emphasis on developing knowledge, management methods and business models that have allowed the Company to generate sustainable competitive advantages. Through franchising, Dia transfers all of its expertise to franchisees so that they can run a profitable and efficient business.

As established in IAS 38, Dia Group includes the development costs generated internally in the assets, once the project has reached a development phase, as long as they are clearly identifiable and linked to new commercial model projects and IT developments, to the extent that it can be justified that they will result in an increase in future profit for Dia.

The costs associated with R&D+i incurred by Dia during 2022 are, as a percentage, smaller compared to the rest of the costs arising from the development of activities aligned with its social objectives.

During the 2022 and 2021 financial years no activations have been made on this item.

OWN SHARES

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.

During the 2021 financial year 409,177 shares valued at 2,395 thousand euros were handed over by way of remuneration to the Directors.

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.

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AVERAGE PAYMENT PERIOD TO SUPPLIERS

Pursuant to the duty of information of Spanish Law 18 enacted on 28 September 2022 regarding the creation and growth of companies, amending Spanish Law 15 enacted on 5 July 2010, amending Law 3 enacted on 29 December 2004 whereby measures were introduced to combat late payments in commercial transactions, information has been provided below which must be supplied by the Company:

	2022	2021
	Days	Days
Average payment period to suppliers	51	52
Payment operations ratio	54	54
Pending payment transactions ratio	34	42
	Amount (euros)	Amount (euros)
Total payments made	844,223,762	871,545,722
*Total payment pending	140,761,568	145,529,099

*This amount does not include non-billed receips or invoices used as the above mentioned reverse factoring lines at the close of financial year.

The above average payment period considers the reverse factoring facilities with suppliers.

	Number of invoices
Invoices paid in the maximum legal term	41,810
	Percentaje
% number of invoices paid in the maximum legal term over the total number of invoices	62.63%
% monetary value of the invoices paid in the maximum legal term over the total number of invoices	97.73%

LIQUIDITY

The Company undertakes prudent management of liquidity risk based on maintaining sufficient cash and tradable securities, the availability of finance by means of a sufficient sum of agreed credit facilities and enough capacity to liquidate market positions. Given the dynamic nature of its underlying business, the Group's Finance Department aims to be flexible with regard to financing through drawdowns on contracted credit facilities.

Within the context of the recapitalisation and global refinancing in progress, on 2 September 2021 the Company formalised the modification and overhaul of the SFA, by virtue of which, effective from the abovementioned date, (i) the maturity date of Facilities A-F was extended (amounting to a total of 902,426 thousand euros) ("Senior Facilities") from 31 March 2023 to 31 December 2025, (ii) the margin applicable to Senior Facilities in favour of Syndicated Lenders was increased from 2.5% to 3.0% per year, and (iii) other terms and conditions of the SFA were modified.

Also on 2 September 2021, the amendment to the terms and conditions of the 2023 bonds approved by the Board of Bondholders of the Company on 20 April 2021 came into effect. This comprised (a) extension of the maturity date from 6 April 2023 to 30 June 2026, and (b) increase in the coupon of the 2023 bonds, effective from 02 September 2021, to 3.5% per annum (3% cash and 0.50% PIK), plus an increase of 1% PIK in certain circumstances provided for in the SFA agreed within the context of the Global Operation (see greater detail in note 19 (b)).

The Company directors therefore believe that the planned recapitalisation of DIA Group, together with the release of a material part of its financial liabilities, as well as the extension of the maturity date of certain financial debts, will reinforce the Company's equity situation, substantially reduce the DIA Goup financial debt, eliminate the risk of refinancing in the medium term, ensure that operational financing needs are met and provide a long-term viable capital structure for DIA Group.

The Company's exposure to liquidity risk at 31 December 2022 and 2021 is shown below. The tables below reflect the analysis of financial liabilities by contracted maturity.

Thousands of Euro	Maturity	2022
Bonds and other securities	2026	30,891
Debt with financial institutions		372
Credit facilities drawn down	2025	*382*
Other financial liabilities	2025	*(10)*
Finance lease payables	2024-2028	1,576
Guarantees and deposits received	per contract	3,185
Suppliers of fixed assets	2022	471
Total non-current financial liabilities		**36,495**
Bonds and other securities	2023	800
Debt with financial institutions		115
Interests	2023	*115*
Finance lease payables	2023	1,354
Interest rate hedge derivatives	2023	4,341
Suppliers of fixed assets	2023	9,523
Guarantees and deposits received	2023	9,490
Payables to group companies	2023	1,749
Suppliers	2023	3,621
Suppliers, group companies	2023	134,167
Other payables	2023	23,610
Personnel	2023	1,174
Advances to customers	2023	3
Total current financial liabilities		**189,947**

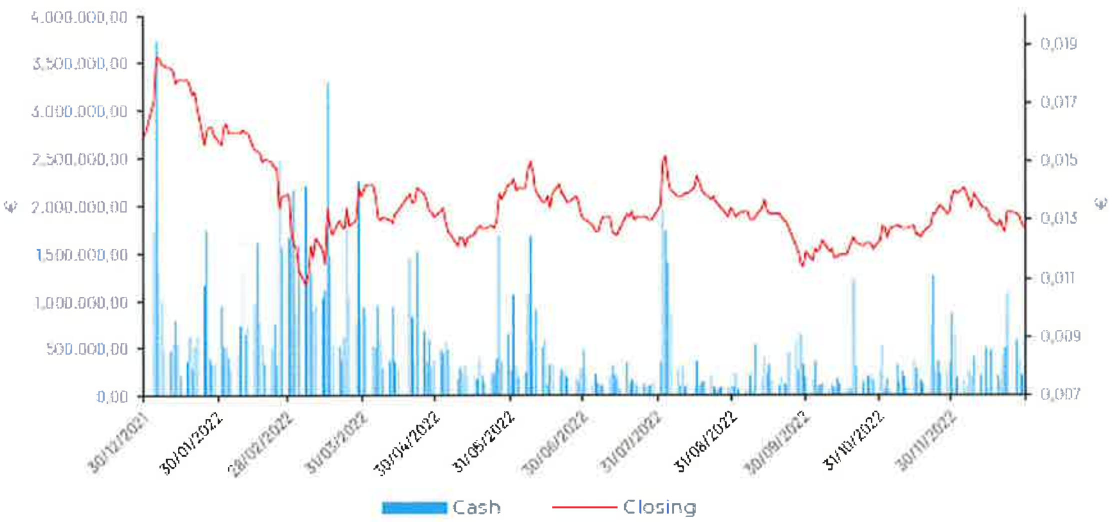
Thousands of Euro	Maturity	2021
Bonds and other securities	2026	30,800
Debt with financial institutions		(13)
Other financial liabilities	2025	*(13)*
Finance lease payables	2023-2027	1,513
Guarantees and deposits received	per contract	4,791
Suppliers of fixed assets	2023	489
Total non-current financial liabilities		**37,580**
Bonds and other securities	2022	467
Debt with financial institutions		293
Interests	2022	*293*
Finance lease payables	2022	1,837
Suppliers of fixed assets	2022	15,115
Other debts	2022	609
Other non-current liabilities	2022	2,306
Guarantees and deposits received	2022	9,048
Payables to group companies	2022	2,034
Suppliers	2022	4,861
Suppliers, group companies	2022	133,950
Other payables	2022	30,641
Personnel	2022	1,857
Advances to customers	2022	7
Total current financial liabilities		**203,025**

The finance costs accrued on these financial liabilities totalled 5,964 and 11,246 thousand euros in 2022 and 2021, respectively.

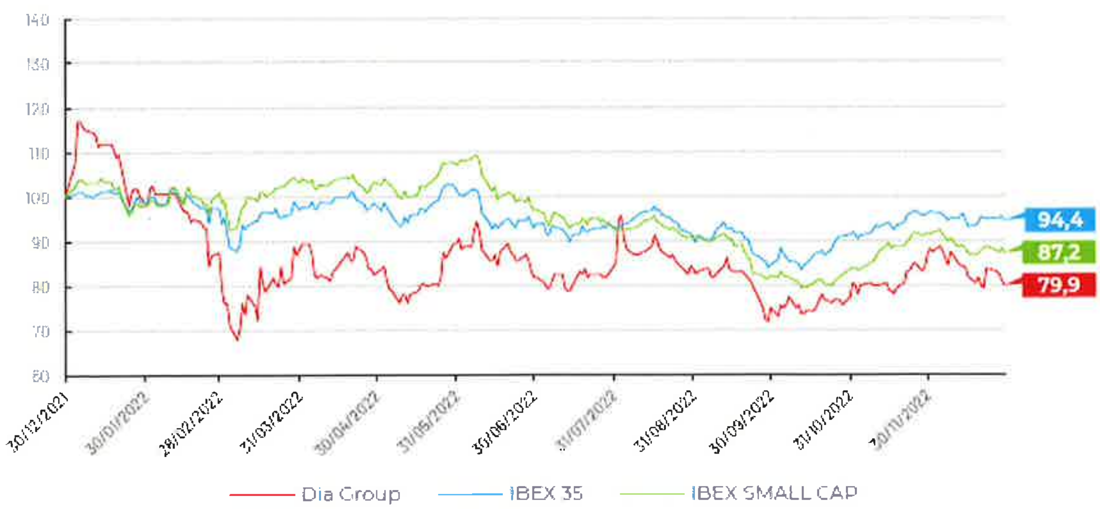
Financial expenses in 2022 include those associated with derivative contracts assigned to Dia Finance S.L.U. amounting to 3,284 thousand euros (see note 22 b)). As a result of the reduction in obligations and other tradable securities produced in 2021, a significant reduction is observed in the financial expenses accrued during the financial year of 2022 compared with 2021

STOCK EXCHANGE INFORMATION

Dia Group (DIA): Share price and turnover, Jan-Dec 2022



Dia Group vs Ibex 35 and Ibex Small Cap (12/30/21-21 to 12/30/2022)



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Throughout the 2022 fiscal year, Dia Group's share showed a heterogeneous behavior, reaching the annual minimum of 0.009 euros in the first quarter of the year. After two quarters of relative stability, in the fourth quarter it started to recover ant continues to do so in 2023 (as of market close February 22nd, 2023 reaching a price of 0.0177 euros).

In 2022 as a whole, share price fell by 20%, as did the benchmark stock market indexes, Ibex 35 and Ibex Small Cap, which fell by 5.6% and 12.8%, respectively. However, in terms of liquidity, Dia shares recorded accumulated volumes in both securities and cash very close to 2021 levels and ended the year with a market capitalization of 737 million euros.

It is worth recalling the complex environment in which the global economy evolved, as well as the financial markets affected by the war in Ukraine, the significant increase in inflation, mainly as a result of the rise in energy and raw material prices and also the mismatches in the supply chain. For their part, central banks are trying to curb this inflationary scenario with tighter monetary policies characterized by interest rate hikes at different maturities not seen for many years, all in a climate of slowing economic activity in general.

DIVIDEND POLICY

The Group has entered into a Syndicated Financing Agreement with a series of Financial Creditors originally signed on 31 December 2018, modified and refinanced on different occasions and maturing on 31 March 2025. This agreement includes a commitment by the Company to not distribute Parent company dividends to shareholders without the agreement of the Syndicated Lenders until the debt held with them has been repaid in full.

EVENTS FOLLOWING THE CLOSE OF THE PERIOD

On January 2, 2023, the Company has granted a loan to its subsidiary Dia Brasil for an amount of 11,448 thousand euros maturing on July 17, 2023.

With regard to the criminal proceedings pursued before the National High Court (see note 17), on 17 February 2023 the Company was served notice of the attestation of the Decree of 22 December 2022, deeming the appeal to be lodged with the Public Prosecution Office, and of the Court Order by Central Investigation Court 6, ruling that the proceedings be definitively shelved, with no appeal being allowed against this decision. No liability will arise from this procedure for either the Company or any of its former executives or employees.

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 assignment 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.

On 2 March 2023, the Company reported that all the conditions precedent to the sale agreement signed on 2 August together with its two subsidiaries Dia Retail España, S.A.U. and Grupo El Árbol, Distribución y Supermercados, S.A.U. with Alcampo, S.A. have been fulfilled (see note 1(e)), namely: (i) acquisition by the purchaser of merger control authorisation by the National Markets and Competition Commission, (ii) the 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. Having fulfilled the conditions precedent, the closing of the sale shall be carried out through successive deliveries of batches of establishments that are expected to take place over the coming months in accordance with the delivery schedule agreed by the parties. The Company shall inform in due time the final price of the Operation, as well as the usage of the funds obtained once the implementation thereof has been completed.

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OTHER INFORMATION

Dia's Corporate Governance Report and the Annual Report on Directors Remuneration are part of the Director's Report and are available at www.diacorporate.com and published as other relevant information on the CNMV (Spanish National Securities Market Commission) website.

In accordance with the Law 11/2018, of December 28 regarding non-financial information and diversity, the Dia Group has prepared the "NON-FINANCIAL INFORMATION STATEMENT" related to the 2022 financial year, which is part, as established in articles 44 and 49 of the Commercial Code of this Director's Report and which is attached on the Consolidated Annual Accounts and Consolidated Directors' Report.

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