

Audit Report on the Consolidated Financial Statements
issued by an Independent Auditor

DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A. AND
SUBSIDIARIES
Consolidated Financial Statements and Management Report
for the year ended
December 31, 2023

AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

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

Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Distribuidora Internacional de Alimentación, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated statement of financial position at December 31, 2023, the income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and the consolidated financial position of the Group at December 31, 2023, and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the financial reporting framework applicable in Spain.

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 consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated 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 requirements.

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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of property, plant, and equipment and intangible assets

Description As explained in Notes 5, 6.1 and 7.1 to the accompanying consolidated financial statements, at December 31, 2023, the Group recognized property, plant and equipment amounting to 634,973 thousand euros, goodwill amounting to 285,179 thousand euros, other intangible assets amounting to 30,574, and right-of-use assets amounting to 391,609 thousand euros.

For purposes of calculating impairment loss on property, plant, and equipment, right-of-use assets, and other intangible assets, the carrying amount of these non-current assets is assigned to each of the corresponding cash-generating units, which in the Group's case is determined at store level. Goodwill may also be allocated to stores and in the cases where it is not, the future cash flows of each subsidiary are considered as a cash generating unit.

Parent management assesses, at least at the end of each reporting period, whether there are indications of impairment of non-current assets subject to amortization/depreciation, and tests goodwill for impairment annually, writing down these investments whenever there is objective evidence that the carrying amount of the various non-current assets 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 parent 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 measurement standards applied to property, plant and equipment and intangible assets is provided in Notes 3.d), 3.e), 3.f) and 3.h) to the accompanying consolidated financial statements.

Our response

Our audit procedures related to this matter included:

- ▶ Understanding the process designed by parent management to determine whether there are indications of impairment as well as the recoverable amount property, plant and equipment and intangible assets, and assessing the design and implementation of the relevant controls in place in that process, involving our valuation specialists.
- ▶ Evaluating parent management's analysis of indications of impairment and reasonableness of the methodology used and the principal assumptions made to determine the recoverable amount of property, plant and equipment and intangible assets (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 of property, plant and equipment and intangible assets with the group's budget for 2024, approved by the parent's board of directors, and with the various group 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 consolidated financial statements and assessing whether they are in conformity with the applicable financial reporting framework.

Other information: Consolidated Management Report

Other information refers exclusively to the 2023 consolidated management report, the preparation of which is the responsibility of the parent's directors and is not an integral part of the consolidated financial statements.

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

- a. Checking only that the consolidated 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 consolidated management report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated 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 consolidated management report is consistent with that provided in the 2023 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the parent's directors and the audit committee for the consolidated financial statements

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

In preparing the consolidated financial statements, the parent's directors are responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The audit committee of the parent is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit 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 prevailing audit regulations 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 consolidated 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 consolidated 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 Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the parent's directors.
- ▶ Conclude on the appropriateness of the use by the parent's 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 Group'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 consolidated 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 audit report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the parent 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 parent 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 parent, we determine those matters that were of most significance in the audit of the consolidated 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 files of the European single electronic format (ESEF) of Distribuidora Internacional de Alimentación, S.A. and subsidiaries for the 2023 financial year, consisting of XHTML files containing the financial statements for the year and the XBRL files marked up by the entity, 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 2023 financial year in accordance with the format and markup requirements set out in the European 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 consolidated management report for reference.

Our responsibility consists of examining the digital files prepared by the directors of the parent company, 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 consolidated financial statements included in the aforementioned digital files correspond in their entirety to those of the consolidated financial statements that we have audited, and whether the consolidated financial statements and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the ESEF regulation.

In our opinion, the digital files examined correspond in their entirety to the audited consolidated financial statements, which are presented and have been marked up, in all material respects, in conformity with the ESEF regulation.

Additional report to the parent's audit committee

The opinion expressed in this report is consistent with the additional report we issued to the parent's Audit Committee dated February 29, 2024.

Term of engagement

The ordinary general shareholders' meeting held on June 28, 2023 appointed us as the Group's auditors for the year ended December 31, 2023.

Previously, we were appointed as auditors by the shareholders for one year 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 the Official Register of
Auditors under No. S0530)

(Signed on the original version in Spanish)

María del Tránsito Rodríguez Alonso
(Registered in the Official Register of
Auditors under No. 20539)

February 29, 2024



*Cada día
más cerca*

Consolidated Annual Accounts and Consolidated Management Report at 31 December 2023

2023

**Distribuidora Internacional de
Alimentación, S.A. and Subsidiaries**

(Together with the Audit Report)

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



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Consolidated Statement of Financial Position

At 31 December 2023
(Thousands of euros)

ASSETS	Note	31 December 2023	31 December 2022
NON-CURRENT ASSETS:			
Property, plant and equipment	5	634,973	904,315
Goodwill	6.1	285,179	326,297
Right-of-use assets	7.1	391,609	492,677
Other intangible assets	6.2	30,574	37,289
Investments accounted for using the equity method	9	338	430
Trade debtors and other receivables	8.1	10,799	11,316
Other financial assets	8.2	60,168	60,476
Tax assets	17.2	63,618	70,366
Total non-current assets		1,477,258	1,903,166
CURRENT ASSETS			
Inventories	11	315,005	417,641
Trade debtors and other receivables	8.1	161,189	199,087
Tax assets	17.2	36,973	49,704
Income tax assets	17.2	71,900	8,303
Other financial assets	8.2	14,496	8,581
Other assets	10	9,596	9,627
Cash and cash equivalents	12	131,061	215,819
		740,220	908,762
Non-current assets held for sale	13	409,857	309,012
Total current assets		1,150,077	1,217,774
TOTAL ASSETS		2,627,335	3,120,940
EQUITY AND LIABILITIES			
EQUITY:			
Capital	14.1	580,655	580,655
Share premium	14.2	1,058,873	1,058,873
Reserves and retained earnings	14.3	(1,567,395)	(1,443,547)
Own shares	14.4a)	(3,150)	(3,150)
Other own equity instruments	14.4b) and 18	1,075	250
Net result for the year	14.3	(30,242)	(123,848)
Translation differences	14.7	(107,182)	(64,960)
Value adjustments due to hedging transactions		(761)	3,284
Equity attributable to holders of the parent company's equity instruments		(68,127)	7,557
NON-CURRENT LIABILITIES:			
Financial debt	15.1	457,570	637,901
Lease liabilities	7.2 and 15.1	285,408	371,643
Provisions	16	92,680	83,515
Other financial liabilities	15.2	193	710
Deferred tax liabilities	17.2	43,136	50,742
Total non-current liabilities		878,987	1,144,511
CURRENT LIABILITIES:			
Financial debt	15.1	77,287	108,776
Lease liabilities	7.2 and 15.1	143,665	185,526
Trade creditors and other accounts payable	15.3	1,091,471	1,313,849
Tax liabilities	17.2	41,446	56,072
Income tax liabilities	17.2	10,377	14,191
Other financial liabilities	15.4	149,778	212,727
		1,514,024	1,891,141
Liabilities directly associated with non-current assets held for sale	13	302,451	77,731
Total current liabilities		1,816,475	1,968,872
TOTAL LIABILITIES AND EQUITY		2,627,335	3,120,940

Notes 1 to 25 set out in the Consolidated Notes and the Annex are a part of the consolidated annual accounts for the 2023 financial year.

Consolidated Income Statement

For the financial year ended 31 December 2023
(Thousands of euros)

	Note	2023	Re-presented (*) 2022
Revenues	4 and 19.1	5,720,468	5,934,419
Other income	20.1	27,415	30,702
TOTAL INCOME		5,747,883	5,965,121
Goods and other consumables used	20.2	(4,306,892)	(4,411,440)
Personnel expenses	20.3	(595,406)	(644,138)
Other operating expenses	20.4	(588,734)	(644,867)
Depreciation of right-of-use assets	20.5	(171,354)	(173,539)
Depreciation and amortisation	20.5	(143,113)	(143,718)
Net impairment losses	20.5	(45,059)	(40,379)
Result of non-current asset derecognition	20.6	(26,754)	(24,068)
RESULTS FROM OPERATING ACTIVITIES		(129,429)	(117,028)
Financial income	20.7	71,656	65,561
Financial expenses of leases	20.7	(54,067)	(47,522)
Other financial expenses	20.7	(87,428)	(74,444)
Result from net monetary position	20.9	114,435	100,818
FINANCIAL RESULT		44,596	44,413
Result of companies accounted for using the equity method	9	(5)	(55)
NET RESULT BEFORE TAX FROM CONTINUING OPERATIONS		(84,838)	(72,670)
Income tax	17	18,321	(32,816)
RESULT AFTER TAX FROM CONTINUING OPERATIONS		(66,517)	(105,486)
Result for discontinued operations, net of tax	13	36,275	(18,362)
NET RESULT FOR THE YEAR		(30,242)	(123,848)
Attributed to:			
Holders of the parent company's equity instruments		(30,242)	(123,848)
Basic and diluted result per share, in euros			
Continuing operations		(0.001)	(0.002)
Discontinued operations		0.001	—
Result for the period		—	(0.002)

Notes 1 to 25 set out in the Consolidated Notes and the Annex are a part of the consolidated annual accounts for the 2023 financial year.

(*) Data re-presented as a result of the classification of discontinued operations of Portuguese business (Note 13).

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2023
(Thousands of euros)

	2023 31 December	2022 31 December
Net result for the year	(30,242)	(123,848)
Other comprehensive income:		
Items not to be reclassified to the income statement	—	—
Items that may be reclassified to the income statement		
Translation differences of financial statements of foreign operations	(42,222)	34,304
	(42,222)	34,304
Value adjustments due to hedging transactions	(4,045)	3,284
	(4,045)	3,284
Other global result for the year, net of taxes	(46,267)	37,588
Total global result for the year, net of taxes	(76,509)	(86,260)
Attributed to:		
Holders of the parent company's equity instruments	(76,509)	(86,260)
	(76,509)	(86,260)

Notes 1 to 25 set out in the Consolidated Notes and the Annex are a part of the consolidated annual accounts for the 2023 financial year.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2023
(Thousands of euros)

	Equity attributable to holders of equity instruments in the parent company									Total equity
	Issued capital	Share premium	Reserves and retained earnings	Own shares	Other own equity instruments	Result for the year attributed to the parent company	Translation differences	Value adjustments due to hedging transactions	Equity attributable to the Parent Company	
At 31 December 2021	580,655	1,058,873	(1,185,937)	(3,842)	416	(257,331)	(99,264)	—	93,570	93,570
Net result for the period	—	—	—	—	—	(123,848)	—	—	(123,848)	(123,848)
Other global result for the period, net of taxes	—	—	—	—	—	—	34,304	3,284	37,588	37,588
Total global result for the year, net of taxes	—	—	—	—	—	(123,848)	34,304	3,284	(86,260)	(86,260)
Share-based payments	—	—	—	—	269	—	—	—	269	269
Delivery of own shares	—	—	(279)	692	(435)	—	—	—	(22)	(22)
Transfer of result for the previous year	—	—	(257,331)	—	—	257,331	—	—	—	—
At 31 December 2022	580,655	1,058,873	(1,443,547)	(3,150)	250	(123,848)	(64,960)	3,284	7,557	7,557
Net result for the period	—	—	—	—	—	(30,242)	—	—	(30,242)	(30,242)
Other global result for the period, net of taxes	—	—	—	—	—	—	(42,222)	(4,045)	(46,267)	(46,267)
Total global result for the year, net of taxes	—	—	—	—	—	(30,242)	(42,222)	(4,045)	(76,509)	(76,509)
Share-based payments	—	—	—	—	825	—	—	—	825	825
Transfer of result for the previous year	—	—	(123,848)	—	—	123,848	—	—	—	—
At 31 December 2023	580,655	1,058,873	(1,567,395)	(3,150)	1,075	(30,242)	(107,182)	(761)	(68,127)	(68,127)

Notes 1 to 25 set out in the Consolidated Notes and the Annex are a part of the consolidated annual accounts for the 2023 financial year.

Consolidated Cash Flow Statement

For the financial year ended 31 December 2023
(Thousands of euros)

	Notes	2023	Re-presented (*) 2022
Operating activities			
RESULT BEFORE TAX FROM CONTINUING OPERATIONS		(84,838)	(72,670)
RESULT BEFORE TAX FROM DISCONTINUED OPERATIONS	13	51,818	(17,318)
Result before tax		(33,020)	(89,988)
Adjustments to result:		411,251	520,235
Depreciation of right of-use assets	20.5	171,354	173,539
Depreciation and amortisation	20.5	143,113	143,718
Net result on impairment of assets	20.5	45,059	40,379
Impairment of trade debtors	8.1	(511)	3,833
Result of non-current asset derecognition	20.6	26,754	24,068
Financial income	20.7	(71,656)	(65,561)
Financial expenses for leases	20.7	54,067	47,522
Other financial expenses	20.7	87,428	74,444
Changes in provisions		5,961	(17,529)
Other adjustments from discontinued operations	13	(48,228)	101,522
Other adjustments to profit and loss		(2,095)	(5,755)
Share in result of companies accounted for using the equity method, net of dividends	9	5	55
Adjustments to working capital:		(17,031)	37,859
(Increase)/Decrease trade debtors and other accounts receivables		14,914	(34,585)
(Increase)/Decrease in inventories		(248)	(22,489)
Increase/(Decrease) trade debtors and other accounts payables		37,570	86,855
(Increase)/Decrease in other assets		8,705	(12,037)
Increase/(Decrease) in other liabilities		(15,994)	29,551
Change in working capital from discontinued operations	13	(23,512)	3,015
Current income tax collected (paid)		(38,466)	(12,451)
Net cash flow from operating activities		361,200	468,106
Investment activities			
Payments due to investments in intangible assets	6.2	(12,143)	(17,537)
Development expenses	6.2	(4,004)	(6,722)
Payments due to investments in property, plant and equipment	5	(164,183)	(267,180)
Collections due to investments in financial instruments		9,487	—
Payments due to investments in financial instruments		—	(13,302)
Disposals of property, plant and equipment assets		10,701	24,774
Payments from other financial assets		(11,018)	(3,498)
Proceeds from the sale of discontinued operations		233,263	—
Interest collected		29,778	29,039
Net cash flows of investment activities from discontinued operations	13	(3,360)	(4,157)
Net cash flows of investment activities		88,521	(258,583)
Financing activities			
Lease payments	7.2	(222,245)	(215,827)
Amounts (repaid) of financial debt	15.5	(188,172)	(21,423)
Amounts coming from financial debt	15.5	2,842	12,754
Collections (payments) from other financial liabilities		7,609	738
Interests paid		(44,493)	(35,578)
Net cash flow of financing activities from discontinued operations	13	(96)	(54,419)
Net cash flow from financing activities		(444,555)	(313,755)
Net change in cash and cash equivalents		5,166	(104,232)
Effect of exchange rate changes on cash and cash equivalents		(55,670)	(36,856)
Cash and cash equivalents at 1 January		215,819	361,065
Cash and cash equivalents at 31 December		131,061	215,819
Cash and cash equivalents at 31 December from discontinued activities		34,254	4,158

Notes 1 to 25 set out in the Consolidated Notes and the Annex are a part of the consolidated annual accounts for the 2023 financial year.

Notes to the Consolidated Annual Accounts for 2023

1. NATURE, ACTIVITIES AND COMPOSITION OF THE GROUP

Distribuidora Internacional de Alimentación, S.A. (hereinafter the Parent Company, 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 is located in Las Rozas, Madrid.

The Company is the head of a group of subsidiary companies which, along with Distribuidora Internacional de Alimentación, S.A., form the Dia Group (hereinafter, the Group or Dia Group – See Annex), whose main activity is retail sale of food products at self-service store, either owned or franchised. The Group opened its first establishment in Madrid in 1979.

The Company's shares have been admitted for trading on the Continuous Market of the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges since 5 July 2011.

Currently, Distribuidora Internacional de Alimentación, S.A. and subsidiaries use the Dia, Minipreço and Clarel brands and operate in the markets in Spain, Portugal, Argentina and Brazil.

On 28 March 2019, L1R Invest1 Holdings S.à r.l. made a public takeover bid for 100% of the shares forming the Parent Company's capital, as a result of which L1R Invest1 Holdings S.à r.l. acquired shares representing 40.76% of Dia's share capital, which added to the shares that they already held prior to the Bid, brought their total shareholding to 69.76%. The Bid was settled on 22 May 2019.

1.1. Relevant events

a) 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 by the macroeconomic consequences of the war in Ukraine, such as increased energy, fuel and raw material prices. The Group has not suffered any significant supply chain problems since the start of the armed conflict, but 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 repercussions, which make it difficult to make any reliable estimate of the potential impact it could have on the Dia Group's business.

In a publication of Other Relevant Information dated 12 August 2023, the Parent Company notified the National Securities Market Commission (CNMV) that within the framework of the new international sanctions imposed by the Office of Foreign Assets Control ("OFAC") in the USA on certain persons, the Company, in accordance with the information received from the Luxembourg company LetterOne Investment Holdings, S.A. ("LIHS") and referring back to previous reports of Other Relevant Information and to the OFAC itself (FAQ 1131 of LetterOne Investment Holdings, S.A.) accessible through the following link at <https://ofac.treasury.gov/faqs/1131>, reiterated that no natural person shareholder of LIHS holds, either individually or jointly with other shareholders, control of LIHS and consequently the Company considers that it is not affected in any way by the aforementioned sanctions. This communication of Other Relevant Information is in complement to others of a similar nature published previously by the Company, dated respectively 28 February 2022 (registration number 14,698), 15 March 2022 and 22 March 2022 (registration number 15,015).

b) Corporate operations

On 1 August 2023, the Parent Company informed the CNMV that the sale agreement for the shares of Beauty by Dia, S.A.U. ("Clarel") signed on 22 December 2022 between Dia Retail España, S.A.U. ("Dia Retail") as vendor and C2 Private Capital, S.L. ("C2") as purchaser was automatically resolved since the conditions precedent had not been fulfilled by 31 July 2023 (last date for fulfilling the conditions precedent, extended for a single additional period at the request of C2 (Final Long Stop Date)).

On 5 December 2023, the Company notified the CNMV of the sale of Clarel to Grupo Trinity S.A.S. The price to be received by Dia Retail for the transaction, which could vary depending on certain parameters, is estimated to be 11.5 millions of euros, payable in 2024, with a potential maximum additional sum of 15 millions of euros in 2029. Amongst other assets, the agreement reached includes approximately 1,000 Clarel stores spread across the country and three distribution centres. Completion of the transaction is, as regulated in the agreement, subject to the purchaser's obtaining merger control clearance from the European Commission and/or the National Markets and Competition Commission (hereinafter CNMC) on or before 30 April 2024. At December 2023, these conditions precedent had not been met. On 14 February 2024, the Company received by the CNMC notification of compliance. The accounting impacts arising from the transaction are disclosed in Notes 13 and 25.

On 3 August 2023, the Parent Company notified the CNMV that, together with its indirectly wholly owned subsidiary Luxembourg Investment Company 322 S.à r.l. ("LuxCo 322", jointly with the Company, the "Vendors"), it had signed a share sale agreement whereby, among other things, the Vendors would sell 100% of the share capital of Dia Portugal Supermercados, S.A. to Auchan Portugal, S.A. The price of the transaction, which may vary depending on certain parameters, is 155 millions of euros. The agreement reached would involve complete disinvestment by Dia Group in Portuguese territory. The conclusion of the transaction is subject to the fulfilment or renunciation, as regulated by the Agreement, of certain conditions precedent by 31 May 2024, including: (i) the purchaser obtaining merger control clearance from the European Commission and/or the relevant authority in Portugal, (ii) the vendors obtaining authorisation from the financial entities of the Company's syndicated financing to carry out the transaction and (iii) retaining certain densities on the Portuguese sub-franchising network. At year-end 2023, the Group had classified the assets and liabilities relating to the Clarel business and Dia Portugal as non-current assets held for sale and, the operations for the year, net of tax, as discontinued operations as the requirements of IFRS 5 were met.

On 2 August 2022 the Parent Company, together with two of its indirect wholly-owned subsidiaries, Dia Retail España, S.A.U. and Grupo El Árbol, Distribución y Supermercados, S.A.U., announced the sale of the large format stores business in Spain to Alcampo, S.A. The price of the operation was 252 millions of euros. On 2 March 2023 the Parent Company announced that all the conditions precedent to which the operation was subject had been fulfilled and the proceeds obtained from it were used to pay syndicated financing amounting to 97,200 thousands of euros (Note 15.1 (b)).

On 1 November 2023, the Parent Company entered into an operation with its subsidiaries (hereinafter "Hive Down"). The execution of this operation is an obligation provided in the Syndicated Financing and required by the Syndicated Creditors (Note 15.1.b), with a view to facilitating the Company's and its Group's access to possible future financing or refinancing.

2. BASIS OF PRESENTATION

2.1. Basis of preparation of the consolidated annual accounts

The Directors of the Parent Company have prepared these consolidated annual accounts on the basis of the accounting records of Distribuidora Internacional de Alimentación, S.A. and the consolidated companies in accordance with International Financial Reporting Standards (IFRS) and their interpretations (IFRIC and SIC) adopted by the European Union (IFRS-EU), and other applicable provisions in the financial reporting framework, to give a true and fair view of the consolidated equity and consolidated financial position of Distribuidora Internacional de Alimentación, S.A. and subsidiaries at 31 December 2023 as well as the consolidated financial performance, consolidated cash flows and changes in consolidated equity for the financial year ended on that date.

These consolidated annual accounts have been prepared using the historical cost principle, apart from some assets and liabilities valued at fair value (Note 15.5) and non-current assets held for sale, valued at the lower of the book value and fair value net of the costs of disposal or distribution. It should be noted that the balances from the Group's Argentine companies have been expressed at current cost before being included in Dia Group's consolidated annual accounts, based on IAS 29 "Financial Reporting in Hyperinflationary Economies", since Argentina is considered a hyperinflationary economy (Note 2.7).

The Group has opted to present a consolidated income statement separately from the consolidated statement of comprehensive income. The consolidated income statement is reported using the nature of expense method and the consolidated cash flow statement has been prepared using the indirect method.

The Parent Company's Directors believe the consolidated annual accounts for the 2023 financial year, prepared on 28 February 2024, will be approved by the General Shareholders' Meeting without any amendment. The consolidated annual accounts for the 2022 financial year were approved by the General Shareholders' Meeting held on 28 June 2023, and lodged with the Madrid Companies Registry.

Given that the accounting principles and valuation criteria used in preparing Dia Group's consolidated annual accounts may vary from those used by some of the companies that are a part of it, the necessary adjustments and reclassifications were introduced in the consolidation process to standardise these principles and criteria amongst themselves and bring them into line with IFRS-EU.

2.2. New standards, amendments and interpretations issued and approved for use in the European Union from 1 January 2023

The group has adopted the following standards and amendments passed by the European Union and which are mandatory from 2023 onwards:

Approved for use in the European Union

Amendments and/or interpretations:

		Mandatory application financial years commencing
IAS 1 (Amendment) - Disclosure of accounting policies	Amendments enabling entities to correctly identify information about material accounting policies that must be disclosed in the consolidated annual accounts.	1 January 2023
IAS 8 (Amendment) - Definition of accounting estimates	Amendments clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.	1 January 2023
IAS 12 (Amendment) - Deferred tax relating to assets and liabilities arising from a single transaction	Clarifications about how entities should record deferred tax generated in transactions such as leases and decommissioning obligations.	1 January 2023
IAS 12 (Amendment) - International Tax Reform – Pillar 2 Model Rules	This amendment introduces a temporary exemption to the recognition of IAS 12 on deferred taxes related to the entry into force of the Pillar 2 tax model. It also includes additional disclosure requirements.	1 January 2023

The application of these amendments and/or interpretations has not had a material effect on the consolidated annual accounts for the year ended 31 December 2023.

2.3. New standards, amendments and interpretations for future application

At the date these consolidated annual accounts were authorized for issue, the following standards, amendments and interpretations had been published by the IASB, but they had not yet come into force, either because their effective date is after the date of the consolidated annual accounts, or because they have not yet been adopted by the European Union.

Approved for use in the European Union

Amendments and/or interpretations:		Mandatory application financial years commencing
IFRS 16 (amendment) - Lease liability on a sale with subsequent leasing	This amendment clarifies subsequent accounting for lease liabilities arising in transactions of sale with subsequent leasing (sale and lease back).	1 January 2024
IAS 1 (amendment) - Classification of liabilities as current and non-current and those subject to covenants	Clarifications respecting the presentation of liabilities as current or non-current and, in particular, those with a maturity that is conditional on performance of covenants.	1 January 2024

Not yet approved for application in the European Union at the date this document was published

Amendments and/or interpretations:		Mandatory application financial years commencing
IAS 7 and IFRS 7 (amendment) - Finance agreements with suppliers	This amendment introduces requirements to disclose specific information about finance agreements with suppliers, and their effects on the business' liabilities and cash flows including liquidity risk and managing the associated risks.	1 January 2024
IAS 21 (amendment) - Absence of convertibility	This amendment sets out a focus that specifies when one currency can be exchanged for another, and, in the event it is not, the determination of the exchange rate to be used.	1 January 2025

The Group does not expect any significant impact from the application of these standards.

2.4. Functional and presentation currency

The annual accounts are presented in thousands of euros, unless indicated otherwise, as the euro is the Parent Company's functional and presentation currency.

2.5. Comparison of information

The consolidated annual accounts present, for comparative purposes, each of the items of the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes to the consolidated annual accounts, in addition to the figures for the 2023 financial year, those corresponding to the previous financial year, which differ from those approved by the Parent Company's Ordinary General Shareholders' Meeting on 28 June 2023 due to the classification of the business in Portugal as discontinued operations, as mentioned in Note 1.1 b) above, and in accordance with the requirements of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations – the comparative figures on the consolidated income statement and the consolidated statement of cash flows for the 2022 financial year have been re-presented to classify the result of the business in Portugal in a single line of the consolidated income statement under the heading "Result from discontinued activities" (Note 13).

Moreover, the Group decided to show the provisions for onerous contracts under the heading "Lease liabilities" on the consolidated statement of financial position, instead of presenting them under the heading "Trade creditors and other accounts payable". This change has not modified the consolidated results for 2022, as it is solely a reclassification between short term liability headings.

Furthermore, the Group decided to change the grouping of headings on the consolidated annual accounts, which affected the consolidated statement of financial position, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement. These changes occurred without detracting from the information shown and the necessary changes were made to the details included in the notes, as well as in the comparative information, in the event that it should be necessary. The changes resulting in providing a greater breakdown of all IFRS 16 items, as well as grouping immaterial items.

2.6. Going concern

The Parent Company's Directors prepared these consolidated annual accounts in accordance with the going concern principle.

At 31 December 2023, consolidated equity was negative at 68.1 millions of euros (positive at 7.6 millions of euros at 31 December 2022) and consolidated working capital, calculated as current assets less current liabilities, excluding assets and liabilities held for sale, was negative, amounting to 774 millions of euros (negative at 982 millions of euros at 31 December 2022). The consolidated loss for the year was 30 millions of euros (consolidated loss of 124 millions of euros in 2022) and the net consolidated change in cash and cash equivalents was negative at 50.5 millions of euros (145 millions of euros negative in 2022).

Regarding the Parent Company, at 31 December 2023, equity was 534 millions of euros positive (667 millions of euros positive at 31 December 2022).

At 31 December 2023, the Group had available liquidity of 319.5 millions of euros at the consolidated level (350 millions of euros at 31 December 2022), which includes the available balances of the financing obtained and the cash and cash equivalents at that date. Additionally, updated business plans project significant improvements. Likewise, during 2024, the Group will have additional net liquidity as a result of the corporate operations mentioned in Notes 1.1 b), 13 and 15. Finally, it should be noted that at 31 December 2023 (as in the previous year) the Group was in compliance with the covenants of the syndicated financing (Note 15.1). Within this context, the Directors consider the Group will continue to operate on a going concern basis.

2.7. Classification of Argentina as a hyperinflationary country

In 2018, Argentina was declared a hyperinflationary economy due, among other reasons, to the fact that the cumulative inflation rate of its economy exceeded 100% over a continuous three-year period.

As a result of this, the Group started to apply IAS 29 to the financial statements of the Argentine companies with retroactive effect from 1 January 2018. Applying this rule entails the following criteria:

- Adjusting the historical cost of non-monetary assets and liabilities and the equity items from their date of acquisition or inclusion in the consolidated statement of financial position to the end of each financial year to reflect the changes in purchasing power of the currency arising from inflation.
- Reflecting the gain or loss corresponding to the impact of the year's inflation on the net monetary position in the consolidated income statement.
- Adjusting the various items of the consolidated income statement and the consolidated cash flow statement for the inflationary index since their generation, with a balancing entry in financial profit/loss and in a specific item of the cash flow statement, respectively.
- Converting all the components of the financial statements of the Argentine companies at the closing exchange rate.

To re-present the financial statements of the Argentine companies, the index used was that of the public organisation INDEC (National Statistics and Census Institute), an Argentinian public body, through the publication of the Consumer Price Index, which measures the change in the prices of goods and services representative of household spending.

The inflation index 215.22% at 31 December 2023 (98.83% at December 2022).

The most significant impacts on the consolidated statement of financial position resulting from inflation in Argentina relate to the revaluation of property, plant and equipment (Note 5) and the corresponding effect on deferred taxes (Note 17). The impact of inflation on non-monetary items has been included as translation differences. Furthermore, the impact of the change in the net monetary position has been recognised as a financial gain (Note 20.9).

2.8. Relevant estimates and assessment of uncertainty

Preparing the consolidated annual accounts requires the application of relevant accounting estimates and the application of judgements, estimates and hypothesis in the process of applying the Group's accounting policies. The estimates and assumptions that are most exposed to uncertainty are listed below:

- Assessment of the potential impairment of non-financial assets that require an estimate of the future evolution of the business and the most suitable discount rates. The Group considers that its estimates in this area are appropriate and coherent within the current economic environment and reflect its investment plans and the best available estimates of its future income and results. It considers that its discount rates are a suitable reflection of the risks associated with each cash generating unit (Note 3 h) and Note 5).
- The judgements related to determining the lease term, as well as the estimation of the discount rates applied in measuring the liability under IFRS 16 Leases.
- Analysis of possible contingencies or liabilities linked to litigations in progress, for which the Group assesses the results of certain tax, legal or other type of proceedings that are not closed off at the date the consolidated annual accounts are prepared (Notes 3 m), 16, 17 and 21).

The other estimates, judgements and assumptions used in drawing up these consolidated annual accounts are as follows:

- The useful life of property, plant and equipment and intangible assets.
- The fair value of financial instruments granted as share-based payments that are not listed on an active market, which is determined using measurement techniques.

The estimates made take account of the risks deriving from climate change. The costs deriving from the Sustainability strategy are incorporated into the Group's budgets and business plans, which are used to analyse the impairment of the group's non-financial assets (Note 3 h) and 5). Nonetheless, given the nature of the Group's assets and the mitigation measures it is taking as part of its Sustainability strategy (Note 24), the risk deriving from climate change is not considered to have any significant impact on the estimates of useful lives of assets or the recoverable amounts of inventories or on the impairment tests of non-financial assets.

Although the Directors' estimates were made on the basis of the best available information at 31 December 2023, it is possible that future events could lead to changes in subsequent financial years, in which case this would be done prospectively, pursuant to that established in IAS 8.

2.9. Basis of consolidation

a) Subsidiaries

Subsidiaries are those where the Parent Company holds control and, therefore, has the power to direct financial and operational policies. They are consolidated by including their total assets, liabilities, income, expenses and cash flows, once the relevant adjustments and disposals have been made to intra-group operations. The results of the subsidiaries acquired during the financial year are included in the consolidated annual accounts from the effective date of acquisition. Subsidiaries are excluded from the consolidation from the date on which this control is lost. All balances, income and expenses, gains, losses and dividends arising from transactions between Group companies are eliminated in full.

b) Associates

Associates are entities over which the Parent Company, either directly or indirectly through subsidiaries, exercises significant influence. Significant influence is the power to intervene in the financial and operating policy decisions of an entity but is not control or joint control over those policies. When assessing the existence of significant influence, consideration is given to the existence of potential voting rights that are exercisable or convertible at the end of each financial year, including potential voting rights held by the Group or another entity.

Investments in associates are initially recorded at cost and, subsequently, using the equity method until the date the Parent Company can no longer justify the existence of significant influence.

c) Joint agreements

Joint control companies are those where the Group has shared control over their business, regulated under a contractual agreement. These companies are included in the consolidated annual accounts, as provided for in IFRS 11, Joint agreements, using the equity method.

d) Equity method

Under the equity method, investments are adjusted to recognise the Group's share of the investee's post-acquisition results in profit or loss and the Group's share of movements in the investee's other comprehensive income in other comprehensive income. Dividends received or receivable from associates and joint ventures are carried as a reduction in the book value of the investment.

When the Group's share of losses on an investment carried under the equity method is equal to or exceeds its shareholding in the entity, including any other unsecured long-term receivable, the Group does not recognise additional losses, unless obligations have been incurred or payments have been made on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Unrealised losses are also eliminated, unless the transaction provides evidence of the impairment of the asset transferred. The accounting policies of equity accounted investees are changed when necessary to ensure consistency with the policies adopted by the Group.

3. KEY ACCOUNTING POLICIES

a) Business combinations and goodwill

The Group applied the exception provided for in IFRS 1 and therefore only business combinations carried out after 1 January 2004 – the date of transition to IFRS-EU for the Carrefour Group – were accounted for using the acquisition method (Dia Group was spun off from the Carrefour Group in 2011). Entities acquired prior to that date were recognised in accordance with the generally accepted accounting principles previously applied by the Carrefour Group, taking into account the necessary corrections and adjustments at the transition date.

The Group applies IFRS 3 "Business Combinations" to all transactions of this type in these consolidated annual accounts.

The Group applies the acquisition method for business combinations. The acquisition date is the date on which the Group obtains control of the acquired business.

The consideration given for the business combination is determined on the acquisition date as the sum of the fair values of the assets delivered, the liabilities incurred or assumed, the equity instruments issued, any contingent consideration the depends on future events or compliance with certain conditions in exchange for control of the acquired business and any previous equity interest in the subsidiary.

The consideration given excludes any payments that do not form part of the exchange for the acquired business. Acquisition costs are recognised as an expense when they are incurred.

At the acquisition date the Group recognises the assets acquired, the liabilities assumed and any non-controlling interest at their fair value.

The excess between: a) the consideration given, b) the amount of any non-controlling interest in the acquired business and, c) the fair value at the acquisition date of any previous equity interest in the acquired business above the fair value of the assets acquired and liabilities assumed is recognised as goodwill. Any shortfall, after evaluating the consideration given and the identification and measurement of net assets acquired, is recognised in profit and loss.

Note 3 h) details the criteria relating to goodwill impairment.

b) Translation of foreign operations

The financial statements of companies with a functional currency other than the euro, except in the case of Argentina (Note 2.7), are translated into euros as follows:

- Assets and liabilities are translated to euros at the exchange rate at the balance sheet date;
- Income and expenses, including comparative balances, are translated at the exchange rates prevailing at the date of each transaction using average exchange rates in those circumstances where the application of this simplifying criterion does not give rise to significant differences.
- The resulting foreign currency exchange differences are recognised as translation differences in other comprehensive income. The translation differences are reclassified to profit and loss at the time when the company generating them ceases to be a part of the Group.

In the presentation of the consolidated cash flow statement, cash flows of foreign subsidiaries and joint ventures, including comparative balances, are translated into euros applying the exchange rates prevailing on the date these took place.

c) Foreign currency transactions, balances and cash flows

Transactions in foreign currency are translated into the functional currency at the spot exchange rate between the functional currency and the foreign currency prevailing at the dates of the transactions. Gains and losses in foreign currency resulting from the settlement of these transactions are generally recognised in profit or loss for the year. Gains and losses for foreign currency exchange related to financial debts are presented in the consolidated income statement within other financial expenses. Other gains and losses for foreign currency exchange are presented in the consolidated income statement on a net basis within "Positive/(negative) exchange differences".

Monetary assets and liabilities denominated in foreign currencies have been translated into euros at the year-end rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the transaction date. Lastly, non-monetary items measured at fair value are translated into euros using the exchange rate prevailing on the date on which this measurement is made.

In the consolidated cash flow statement, cash flows from foreign currency transactions have been translated into euros at the exchange rates prevailing at the dates the cash flows occurred. The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currencies is recognised separately in the cash flow statement as "Effects of exchange rate changes on cash and cash equivalents".

The differences arising on the translation into euros of monetary assets and liabilities denominated in foreign currency are recognised in profit or loss. However, foreign currency exchange gains or losses arising on monetary items forming part of the net investment in foreign businesses are recognised as translation differences in other comprehensive income.

The exchange rates against the euro (EUR) of the main currencies of the Group companies for the year ended 31 December 2023 and 2022 were as follows:

	31 December 2023		31 December 2022	
	Closing Rate	Cumulative Average Rate ⁽¹⁾	Closing Rate	Cumulative Average Rate ⁽¹⁾
Argentine Peso (ARS)	894.80	—	189.87	—
Brazilian Real (BRL)	5.36	5.36	5.64	5.42

(1) In Argentina the closing exchange rate is used as a consequence of Argentina being considered a hyperinflationary economy.

d) Intangible assets

Intangible assets, except for goodwill (Note 3 a)), are measured at acquisition or production cost, less any accumulated amortisation and accumulated impairment.

In each case it is analysed and determined whether the economic useful life of an intangible asset is finite or indefinite. Intangible assets with finite useful lives are amortised systematically over their estimated useful lives and their recoverability is analysed when events or changes occur that indicate that the net book value might not be recoverable. Intangible assets with indefinite useful lives, including goodwill are not amortised, but are subject to an annual analysis to determine their recoverability, or more frequently if indications exist that their net book value may not be fully recoverable. On an annual basis, Management reassesses the indefinite useful life of these assets, with the exception of goodwill.

The amortisation methods and periods applied are reviewed at year end and, where applicable, adjusted prospectively.

Internally generated intangible assets

Development expenses, which mainly relate to computer software and industrial property, are capitalised to the extent that:

- The Group has technical studies that demonstrate the feasibility of the production process;
- The Group has undertaken a commitment to complete production of the asset, to make it available for sale or internal use;
- The asset will generate sufficient economic benefits.
- The Group has sufficient technical and financial resources to complete development of the asset and has devised budget control and cost accounting systems that enable monitoring of budgetary costs, modifications and the expenditure actually attributable to the different projects.

Costs incurred in carrying out activities where it is not possible to distinguish clearly between costs attributable to the research phase and those attributable to the development phase of intangible assets are recognised in profit or loss.

In addition, costs incurred in carrying out activities that contribute to developing the value of the various businesses in which the Group as a whole operates are expensed as incurred.

Likewise, subsequent replacements or costs incurred on intangible assets are generally expensed unless they increase the expected future economic benefits of the assets.

Computer software

Computer software comprises all the programs relating to point-of-sale terminals, warehouses and offices, as well as micro-software. It is recognised at acquisition and/or production cost and is amortised on a straight-line basis over its estimated useful life, which is generally three years. Computer software maintenance costs are charged as expenses when incurred.

e) Leases

The Group has a large number of lease contracts which it actively manages. The recognised leases in which the Group acts as lessee mainly relate to premises where shops, logistics centres, machinery, vehicles and other equipment are located.

At the inception of a contract, the Group assesses whether it contains a lease. A contract is or contains a lease if it grants the right to control the use of the identified asset for a period of time in exchange for a consideration. Leases are recognised as a right-of-use asset and a corresponding liability on the date on which the Group is able to use the leased asset. The Group applies a single recognition and measurement model for all leases it operates as lessee.

Discount rate

The incremental borrowing rate has been used for the initial lease liability calculation. This represents the interest rate that a lessee would have to pay for borrowing for a similar term, and with a similar guarantee, the funds needed to obtain an asset of similar value to the right-of-use asset in a similar economic environment. The Group has calculated the incremental borrowing rate based on the rates of bond issues made by companies with similar ratings, including Dia's own debt, applying these spreads to the risk-free curve of the countries in which each contract is negotiated. Where there are no bond issues for certain periods, the spreads observed were interpolated on a linear basis.

Lease term

The Group determines the lease term as the non-cancellable period, plus the optional extension periods, if there is reasonable certainty that this option will be exercised. Periods covered by the option to terminate the lease early are also included, if there is reasonable certainty of this option not being exercised.

The period considered for the leases largely depends on whether the lease contract contains a mandatory period or not, as well as unilateral termination and/or renewal clauses that entitle the Group to early terminate or extend the contracts. In this regard, in considering the economic interests affecting the determination of the period, the Group has considered the mandatory periods and average payback periods for a portfolio of stores at a country level and their subsequent investment cycles. As a result of this analysis, the Group has determined cycles of duration by country so that the probable end date of each lease will be the first date after 1 January 2019 resulting from applying the established cycle on a recursive basis, from the contract start date. In the case of warehouses and offices, the probable end date is determined based on each specific reasonable vesting period. However, the probable end dates will not be less than the mandatory period of compliance according to the contract.

Short-term leases and leases of low-value assets

The Group applies the exemption for recognising the short-term leases where the lease term is 12 months or less from the start date and where there is no purchase option. It also applies the low-value asset recognition exemption to leases that are considered low-value. Lease payments on short-term leases and leases of low-value assets are recognised on a straight-line basis over the term of the lease.

Right-of-use assets

The Group recognises right-of-use assets at the start of the lease. That is, the date on which the underlying asset is available for use. Right-of-use assets are measured at cost, less accumulated amortisation and impairment losses and are adjusted for any changes to the value of associated lease liabilities. The initial cost of right-of-use assets includes the recognised lease liabilities, initial direct costs and lease payments made before the start of the lease. Incentives received are deducted from the initial cost.

Right-of-use assets are amortised on a straight-line basis over the estimated lease term.

Right-of-use assets are subject to impairment analysis.

The Group's leases do not in general include decommissioning or restoration obligations.

Right-of-use assets are presented under a separate heading in the consolidated statement of financial position.

Lease liabilities

At the start of the lease, the Group recognises the lease liabilities at the present value of the payments to be made during the lease term. Lease payments include fixed payments less lease incentives, variable payments depending on an index or rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option if the Group is reasonably certain of exercising this option and lease termination penalty payments if the term of the lease reflects the Group's exercising of the option to terminate the lease. Variable lease payments that do not depend on an index or rate are recognised as an expense in the period in which the event or condition that triggers the payment arises.

After the start date, the lease liability amount is increased to reflect the accrual of interest and reduced by the lease payments made. In addition, the lease liability shall be remeasured if there is an amendment, a change in the lease term, a change in the in-substance fixed lease payments, or there is a change in the assessment made for purchasing the underlying asset. The liability also increases if there is a change in future lease payments arising from a change in the index or rate used to determine these payments.

f) Property, plant and equipment

Property, plant and equipment is measured at its acquisition or production cost, less any accumulated depreciation and any impairment. Land is not subject to depreciation.

The acquisition cost includes external costs plus internal costs for materials consumed, which are recognised as income in the income statement. Where applicable, the acquisition cost includes the initial estimate of the costs required to dismantle or remove the asset and to restore the site on which it was located when the Group has the obligation to carry out these measures as a result of the use of the asset.

Given that the average execution period for 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 fixed assets.

Permanent investments in properties leased by the Group under operating leases are recognised using the same criteria as for other property, plant and equipment. These investments are depreciated on a straight-line basis over the shorter of their useful life and the term of the lease, taking renewals into account.

Expansion, modernisation or improvement expenses that lead to an increase in productivity, capacity or efficiency or lengthen the useful life of the assets are capitalised as an increase in the cost of the assets when the criteria to recognise them are met. Subsequent costs are included in the asset's book value or recognised as a separate asset, as appropriate. The book value of any component accounted for as a separate asset is derecognised when it is replaced.

Conservation and maintenance costs are recognised in the consolidated income statement in the year in which they are incurred.

Group companies depreciate their property, plant and equipment as soon as they are ready for use, distributing the cost of the assets (net of the corresponding residual values) on a straight-line basis over the subsequent years of estimated useful life, which is calculated on the basis of technical studies reviewed periodically as follows:

	Years
Buildings	40
Installations in leased stores	10 – 20
Technical installations and machinery	3 – 7
Other installations, fixtures and furniture	4 – 10
Other material assets	3 – 5

Estimated residual values and depreciation methods and periods are reviewed at each year end and, where applicable, adjusted prospectively.

Note 3 h) details the criteria relating to impairment of non-current assets subject to depreciation.

g) Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) whose book value will largely be recovered through a sale transaction are classified as held for sale, instead of being recognised at the value in use. 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 for 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 recognised at the lesser of their book value and fair value less selling costs or costs of disposal by other means. 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 of sale. A gain is recognised for any subsequent increase in fair value less costs of sale 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 derecognised. 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 consolidated statement of financial position. The liabilities of a disposal group classified as held for sale are disclosed separately from the other liabilities in the consolidated statement of financial position.

The gains/(losses) of discontinued operations are disclosed separately in the consolidated income statement.

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held-for-sale, and:

- Represents a line of business or a geographical area, which is significant and can be considered separate from the rest;
- Is part of an individual and coordinated plan to divest or otherwise dispose of a line of business or a geographic area of the operation that is significant or can be considered separate from the rest; or
- Is a subsidiary acquired exclusively with a view to re-sell.

A component of the Group comprises activities and cash flows that can be clearly distinguished from the rest of the Group operationally and for financial reporting purposes.

The result after tax from discontinued operations and the result after tax from the measurement at fair value less costs to sell or distribute or from the disposal of assets or disposal groups is presented in profit or loss after tax from discontinued operations in the consolidated income statement.

Intragroup balances arising between non-current assets and liabilities held and those classified as held for sale are eliminated on consolidation. Also, the Group eliminated the transactions between continuing operations and discontinued operations in the consolidated income statement.

If the Group ceases to classify a component as a discontinued operation, the results previously disclosed as discontinued operations are reclassified to continuing operations for all years presented.

h) Impairment of non-financial assets

Impairment of non-financial assets subject to amortisation or depreciation

Pursuant to the criteria of IAS 36, the Group assesses whether there are indicators of impairment on non-financial assets subject to amortisation at each year end to determine whether the book value of the assets exceeds their recoverable value.

The recoverable value 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 Cash-Generating Unit (CGU) to which the asset belongs. For the purposes of assessing impairment, each store corresponds to a separate cash-generating unit.

The Group tests for impairment on non-current operating assets by level. The first level tests the potential impairment of property, plant and equipment and intangible assets subject to depreciation and amortisation at an individual CGU (store) level by aggregating the right-of-use assets from lease contracts as well as the financial liabilities arising from them. In addition, when calculating the cash flows associated with each CGU, the Group has considered the lease liability and has therefore not considered the lease payments as a cash outflow during the right-of-use assets period, but it has considered the tax not paid on the deduction of the lease expense. The second level analyses potential impairment by grouping CGUs at the legal entity level and assigning the corporate assets that serve those CGU groups (mainly corporate head offices, logistics centres and brands), together with the goodwill assigned at the legal entity level.

When a CGU is fully impaired due to a negative value in use, the Group revalues the reasonably certain period of its lease contract to a short-term lease and derecognises the existing right-of-use assets and the financial liability associated with the right-of-use assets. On the other hand, the provision for onerous contract is made for the costs associated with the termination of the lease contract, as mentioned in section m) provisions.

Based on past experience, the Group considers that there are impairment indicators when the performance of a mature store (one that has been in operation for more than two years) has been negative during the past two years and also those stores where impairment has been recorded in the past. Performance is measured by store-level adjusted EBITDA calculated according to the definition of the alternative performance measurements mentioned in the consolidated management report. When indications of impairment exist, the recoverable amount of the assets allocated to each cash-generating unit is estimated, calculated as the greater of fair value less selling costs and value in use. The value in use is determined by discounting estimated future cash flows, applying a post-tax discount rate.

The stores that have been assigned individual goodwill are tested annually regardless of whether or not there is any impairment indicator.

Determining this value in use and evaluating whether there are impairment indicators of the CGUs requires the use of judgement and estimates by Management.

To estimate the value in use, the Group uses a business plan, which generally covers a period of five years and is projected for an additional period determined by the store's most significant and longest-lasting assets. For longer periods, after the fifth year, projections are used based on said business plan, applying a constant expected perpetual growth rate and including a residual or disposal value of the asset at the end of the projected period. Note 5.1 includes some of the main assumptions considered in determining the value in use of the cash-generating units to which the non-current assets are allocated.

The discount rates used are calculated after tax and are adjusted for the corresponding country and business risks. In the event that the store is assigned as a right-of-use asset, the discount rate is weighted with the value of the right-of-use asset and the rate used to determine the liability associated with the lease agreement.

When the carrying amount of an asset exceeds its estimated recoverable amount, it is considered to be impaired. In this case the book value is adjusted to the recoverable value and the loss is recognised in the consolidated income statement. Amortisation and depreciation charges for future periods are adjusted to the new book value 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 that indicate that an impairment loss recognised in a previous period could have disappeared or reduced, a new estimate is made of the recoverable value of the asset or cash-generating unit. Previously recognised impairment losses are only reversed if the assumptions used in calculating the recoverable value 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 value, to the limit of the carrying amount this asset or cash-generating unit would have had if the impairment loss had not been recognised in previous periods. The reversal is recognised in the consolidated income statement and amortisation and depreciation charges for future periods are adjusted to the new book value.

Impairment of non-financial assets not subject to amortisation

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently should there be events or changes in circumstances that indicate that they may be impaired. Pursuant to the criteria contained in IAS 36, the Group performs an annual test to assess potential impairment at the level of each CGU or group of CGUs to which goodwill is allocated to ascertain whether the book value of these assets exceeds their recoverable value.

The recoverable value of each CGU or group of CGUs is the higher of their fair value less costs to sell and their value in use. Determining this recoverable value and the grouping of CGUs to which goodwill has been allocated requires the use of judgement and estimates by Management.

The unit or group of units to which the goodwill is allocated should represent the lowest level at which the goodwill is being monitored in accordance with internal management needs, and never extending beyond the segment before aggregation determined in accordance with IFRS 8. Dia Group reviews the goodwill allocation at two levels: a first level for stores that have goodwill allocated and a second level at the company level. This choice is based on both organisational and strategic criteria and how implementation decisions are made.

A CGU's value in use is determined based on the post-tax future cash flows the Group expects to derive from each CGU, expectations about possible changes in the amount or timing of the flows, the time value of money, the price for bearing the uncertainty inherent in the assets and other factors that market participants would reflect in pricing the future cash flows associated with the assets. The analysis is performed in accordance with the terms indicated for non-financial assets subject to amortisation, unless from the fifth year onwards a perpetual income has been projected, on the basis of the growth in the last period, and there is no incorporation of the residual or disposal value of the asset.

Note 6.1 contains some of the main assumptions used to determine the value in use of the CGUs to which goodwill is allocated.

i) Financial instruments

Financial instruments are, at their initial recognition, classified as a financial asset, a financial liability or an equity instrument, according to the economic substance of the contractual agreement and the definitions of set out in IAS 32 Financial instruments: Presentation.

Financial instruments are recognised when the Group becomes an obligor to the contract or legal transaction in accordance with its provisions.

Financial instruments are classified as:

- Financial assets and liabilities at fair value through profit and loss are initially recognised at fair value. Transaction costs directly attributable to the purchase or issue are recognised as an expense as they are incurred. Following initial recognition, they are recognised at fair value by recording changes in results. Changes in fair value include the interest and dividend component. The fair value is not reduced by the transaction costs that may be incurred due to its eventual sale or disposal by other means.
- Financial assets and liabilities at amortised cost are initially recognised at their fair value, plus the transaction costs incurred, and are subsequently valued at amortised cost, using the effective interest rate method.
- Financial assets at fair value with changes in other comprehensive income: are initially recognised at their fair value plus transaction costs directly attributable to the purchase and are subsequently measured at fair value, with the gain or loss recognised in other comprehensive income, except for foreign exchange gains and losses and expected credit losses. The amounts recognised in other comprehensive income are recognised in profit or loss when the financial assets are derecognised.

The fair value of a financial instrument at a given date is the amount for which it could be bought or sold on that date between two knowledgeable, willing parties acting prudently on an arm's length basis.

The Group derecognises financial assets when the rights to the cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership have been transferred. Conversely, the Group does not derecognise a financial asset and recognises a financial liability for an amount equal to the consideration received for transfers of financial assets in which substantially all the risks and rewards of ownership are retained.

Trade debtors and other receivables

These are initially registered at their fair value. The Group applies the simplified approach permitted by IFRS 9, which requires that expected losses over their life be recognised from the initial recognition of the receivable. The Group recognises trade creditor receivables in order to collect contractual cash flows, so they are subsequently measured at amortised cost using the effective interest rate method, less impairment adjustments.

Trade creditors and other accounts payable

These amounts represent the liabilities for goods and services provided to the Group both invoiced and pending invoice at year-end for which payment is pending. They are initially recognised at fair value and subsequently measured at amortised cost. At year-end, based on historical experience, the amount that, for various reasons, is not finally invoiced by third parties is determined, and this amount is recognised as a reduction in consumption of goods and other consumables (Note 3 p)).

Financial Debt

Financial debt is initially recognised at its fair value, net of transaction costs incurred. Subsequently, financial debts are measured at their amortised cost. Any difference between the income obtained (net of transaction costs) and the repayment value is recognised in profit or loss over the life of the debt in accordance with the effective interest rate method. Fees paid for obtaining loans are recognised as loan transaction costs insofar as it is probable that part or all of the facility will be available. In this case, the fees are deferred until the drawdown takes place. When there is no evidence that all or part of the credit facility is likely to be available, the fee is capitalised as an advance payment for liquidity services and amortised over the period to which the credit facility availability relates.

Financial debt is eliminated from the statement of financial position when the obligation specified in the contract has been paid, cancelled or has expired. The difference between the book value of a financial liability that has been cancelled or transferred to another party and the consideration paid, including any asset transferred other than cash or liability assumed, is recognised in profit or loss as other financial income or expense. The exchange of debt instruments between the Group and the counterparty or substantial amendments to initially recognised liabilities are accounted for as a cancellation of the original financial liability and the recognition of a new financial liability, provided that the instruments have substantially different terms. The Group considers the terms to be substantially different if the current value of the discounted 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 current value of the remaining discounted cash flows of the original financial liability.

If the exchange is recognised as a cancellation of the original financial liability, the costs or fees are recognised in profit or loss 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 book value recognised in profit or loss. Furthermore, the costs or fees adjust the book value of the financial liabilities and are amortised using the amortised cost method over the remaining life of the amended liability.

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

The Group recognises the difference between the book value of a financial liability, or part of a financial liability, cancelled or transferred to a third party and the consideration paid, including any non-cash assets transferred or liabilities assumed in profit or loss.

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.

Derivative financial products and hedge accounting

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

Changes in the fair value of derivatives that have been assigned and qualify for treatment as fair value hedging instruments are recognised in the income statement, along with the changes in the fair value of the hedged item that are attributable to the hedged risk.

Changes in the fair value of derivatives that qualify and have been allocated to cover cash flows, being highly effective, are recognised in equity. The part considered to be ineffective is allotted directly to the income statement.

The hedge accounting criteria cease to apply when the hedging instrument expires or is disposed of, cancelled or settled, or if the hedging relationship no longer qualifies for hedge accounting, or if the designation is revoked. In such cases, accumulated gains or losses in equity are not allocated to results until such time as the planned or promised operation affects the result. Nevertheless, if the occurrence of the transaction is no longer probable, the accumulated gains and losses in equity are immediately included in the consolidated income statement.

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

j) Inventories

Inventories are initially measured at the acquisition cost using the weighted average cost method.

The acquisition cost comprises the amount invoiced by the seller, after deduction of any discounts, rebates, ancillary income or other similar items, 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 authorities.

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

The previously recognised valuation adjustment is reversed against profit and loss when the circumstances that previously caused the write down no longer exist or when there is clear evidence of an increase in net realisable value due to 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.

Valuation adjustments and reversals of impairment of inventories are recognised under "Goods and other consumables used".

k) Cash and cash equivalents

Cash and cash equivalents recognised in the consolidated statement of financial position comprise cash on hand and in bank accounts, demand deposits and other highly liquid investments with original maturities of three months or less that are readily convertible into determined amounts of cash and which are subject to an insignificant risk of changes in value. These items are recognised at their historical cost, which does not differ significantly from their realisable value.

For the purpose of the consolidated cash flow statement, cash and cash equivalents reflect the items defined in the paragraph above. Any bank overdrafts are recognised in the consolidated statement of financial position as financial liabilities from loans and bank borrowings.

l) Own shares

The Group's acquisition of own shares is presented at acquisition cost separately as a reduction in equity in the consolidated statement of financial position with no gain or loss being recognised as a result of transactions involving them.

Costs incurred in transactions with own equity instruments are recognised as a reduction of equity, after taking any tax effect into account.

m) Provisions

Provisions are recognised when the Group has a present obligation (legal or implicit) as a result of a past event, the settlement of which requires an outflow of resources that is probable and can be reliably estimated. Provisions are not recognised for future operating losses. If it is determined that it is virtually certain that some or all of an amount provided for will be reimbursed by a third party, for example, under an insurance contract, an asset is recognised in the consolidated statement of financial position and the related provision expense is presented in the consolidated income statement net of the expected reimbursement. If the effect of the time value of money is material, the amount of the provision is discounted and the increase in the provision due to the effect of the passage of time is recognised as a financial cost.

The Group is subject to legal proceedings and tax inspections in different jurisdictions. The Management of the Parent Company makes significant judgements and estimates in determining whether it is probable that an outflow of resources will result from the resolution of these proceedings and in estimating the amount to determine whether a provision is required. If it is probable that an obligation exists at year-end that will result in an outflow of resources, a provision is recognised if the amount can be reliably estimated.

Onerous contracts

The Group considers onerous contracts to be those in which the unavoidable costs of fulfilling the related obligations exceed the economic benefits expected to be received. The Group recognises a provision for the present value of the difference between the costs and the benefits of the contract, or the indemnity provided for abandoning the contract should this be decided.

n) Employee remuneration

Commitments to the Group's employees that are payable in the long term are estimated on an accrual basis using actuarial assumptions, where appropriate. The Group has a provision to cover the liability corresponding to the estimated accrued portion at year-end.

Personnel expenses accrued during the year are determined on the basis of the best estimate of the degree of complying with the variables that would give rise to the collection right and the period elapsed since the accrual date of each commitment.

Personnel expenses accrued by the beneficiaries of the plans referred to in Note 18 to the consolidated annual accounts are credited to liabilities and equity during the period in which they accrue.

o) Income tax

This item in the consolidated income statement includes all charges or credits arising from corporation tax levied on Spanish companies of the Group and similar taxes levied on foreign companies.

The income tax expense for each year includes both current tax and deferred taxes, where applicable.

Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The current tax expense is calculated on the basis of the laws enacted or substantively enacted at the reporting date in the countries where the entity's subsidiaries and associates operate and generate taxable profits. Management periodically assesses the positions adopted in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, based on the amounts expected to be paid to the tax authorities.

Deferred tax liabilities are the amounts of income tax payable in the future relating to taxable temporary differences while deferred tax assets are the amounts of income tax recoverable due to deductible temporary differences, tax loss carryforwards or unused tax credits. For these purposes, a temporary difference is defined as the difference between the book value of assets and liabilities and their tax base.

Deferred tax is determined using tax rates (and laws) enacted or substantively enacted at the reporting date that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities (hereinafter DTA and DTL, respectively) are not discounted to their present value and are classified as non-current, regardless of the date of reversal.

The book value of deferred tax assets recognised is reviewed at each balance sheet date and adjustments are made to the extent that there are doubts as to their future recoverability. Following the recommendations of the European Securities and Markets Authority (ESMA), from 2019 the Group recognises DTA up to the same amount as the DTL of each jurisdiction, to the extent that the taxation unit generates tax losses in two consecutive years.

Deferred tax assets and liabilities are not recognised for temporary differences between the book value and tax base of investments in foreign operations when the company is not able to control the date on which the temporary differences will reverse and it is probable that the temporary differences will not reverse in the foreseeable future.

Current or deferred income tax is recognised in profit or loss, unless it arises from a transaction or economic event that is recognised in the same or a different period, in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets and liabilities are offset when there is a legally recognised right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. The Group only offsets current profit tax assets and liabilities if there is legal right with regard to the tax authorities and intends to either settle the resulting amounts owing on a net basis or realise the assets and settle the amounts owing simultaneously.

p) Income and expenses

Income

In general, income is recognised when the customer gains control of the goods sold, in other words, when they have the ability to direct their use and obtain benefits from them. To be more specific, the Group has the following business lines:

a) Sales of goods in own stores:

The Group operates via its own stores selling food and household and personal hygiene products. Sales income is recognised when a store sells products to customers. The transaction price is immediately payable when customers purchase products and take them away.

The Group's policy is to sell its products with a 15-day return period. The policy applies to its own store sales and online sales. Although customers are authorised to return any items, this practice is not common in stores and the implementation of IFRS 15 Revenue from Contracts with Customers did not have a significant impact on the Group.

b) Sales of goods in franchised stores:

The Group has collaboration agreements with its franchisees and recognises income from their sales when the goods are made available to the franchisee. In addition to the sale of goods and associated discounts and incentives, the amounts invoiced as a percentage of the franchisee's final sales figure for licensing rights and ancillary technical and commercial assistance services are recorded in revenues. Also included in the contracts for the new franchise management model in Spain and Portugal is the fee for the assignment of commercial use and monthly operations, also determined on the basis of the franchisee's final sales.

The Group has agreements with its franchisees of the traditional franchise model where the period between the transfer of the goods or services promised to the customer from the initial stock and the payment by the customer exceeds one year. In these cases, Dia adjusts the transaction prices for the time value of money.

c) Online sales:

The Group sells a range of products via its website and various other websites or Market Place apps such as Amazon, Glovo, Uber Eats, Just Eat or others. Products are delivered to customers at the postal address they state when the purchase is made or in stores.

In the case of customers that ask for products to be sent to a specific address (not a store), the income is recognised when control of the products is transferred. Although customers pay for products at the time of purchase, they have no control over the product until it is received. In such cases, customers do not have the ability to change the destination of the delivery and do not have physical possession or accept the products until they are received. Accordingly, control is transferred and income is therefore recognised when the customer receives the product.

If customers ask to pick up the products purchased online from a store, Dia recognises the income when payment is made online because, although the products have not been delivered to the customer, they are available at the collection point and cannot be used for other customers (criteria that must be met for customers to have obtained control under bill and hold arrangements).

Expenses

Expenses are recognised in the consolidated income statement on an accruals basis, that is, they are recorded when they take place, regardless of when the monetary or financial flows derived from them arise.

The Group's expenses for supplies are reduced by discounts of various kinds depending on the trading terms agreed with the suppliers. Some discounts are fixed while others are variable, subject to the accumulated volume of purchases over the contract term or the volume of sales made by the Group companies' stores of the corresponding supplier items.

Discounts granted by suppliers are recognised as a reduction of the cost of the inventories that gave rise to them when it is probable that the conditions for granting them will be met and the excess, if any, as a reduction in the consolidated income statement under the heading goods and other consumables used. The main discounts applied to suppliers are as follows:

- Volume discounts: these are negotiated with a percentage based on the volume of purchases made from suppliers.
- Advertising Income: contributions negotiated with suppliers based on the inclusion of references on shelves, etc.
- Income from loyalty programmes and redemption of coupons: contributions negotiated with suppliers based on the redemption of coupons by customers at stores using the Club Dia card or offers.

Negotiations with suppliers take place periodically and are formally documented. At the close of the financial year, all income recognised relates to agreements entered into with suppliers and services accrued during the year, regardless of the invoice and/or settlement date. At each month end, the Group accounts for discounts obtained from suppliers. For this it records the charges/invoices issued for these items to the suppliers and the estimate calculated by Sales Management. These monthly estimates are based on the budget to be achieved with each of the suppliers and on the degree of progress in the negotiations.

Interests

Interests are recognised using the effective interest rate method, which is the discount rate that matches the book value of a financial instrument to the estimated cash flows over the expected life of the instrument, based on its contractual terms and excluding future credit risk losses.

q) Environmental matters

The Group undertakes operations whose primary purpose is to prevent, reduce or repair damage to the environment as a result of its activities.

Expenses arising from environmental activities are recognised as "Other operating expenses" in the year in which they are incurred and, if applicable, the Group recognises environmental provisions.

4. INFORMATION ABOUT OPERATING SEGMENTS

The Global CEO monitors the operating results of the business units separately to make decisions on resource allocation and performance assessment. Each business unit is led by a CEO who reports to the Global CEO. To assess the performance of each segment, the Group calculates an underlying operating result per segment, which the Group refers to as adjusted EBITDA.

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

The prices at which transfers are made between operating segments are agreed in a similar manner to those agreed with third parties.

The operating segments for which information is presented are as follows:

- Spain (including operations in Switzerland and Luxembourg)
- Portugal
- Brazil
- Argentina

The detail of the main figures expressed by segment is as follows:

Thousands of euros at 31 December 2023	Spain	Portugal ⁽⁴⁾	Argentina	Brazil	Consolidated
Revenues ⁽¹⁾	4,046,326	—	946,281	727,861	5,720,468
Adjusted EBITDA	187,593	—	59,486	(55,218)	191,861
% of revenues	4.64 %	— %	6.29 %	(7.59)%	3.35 %
Net result for the year	119,332	(1,195)	5,997	(154,376)	(30,242)
Result of companies accounted for using the equity method	(5)	—	—	—	(5)
Total assets	1,647,276	—	340,866	229,336	2,217,478
Assets held for sale (Note 13)	98,849	311,008	—	—	409,857
Liabilities	1,921,737	—	237,168	234,106	2,393,011
Liabilities associated with assets held for sale (Note 13)	43,874	258,577	—	—	302,451
Fixed asset acquisitions ⁽²⁾	100,498	789	26,164	9,173	136,624
Number of commercial establishments ⁽³⁾	2,318	—	1,048	590	3,956
Total number of commercial establishments	3,312	458	1,048	590	5,408

Thousands of euros at 31 December 2022	Spain	Portugal	Argentina	Brazil	Consolidated (Re-presented)
Revenues ⁽¹⁾	3,680,816	—	1,364,130	889,473	5,934,419
Adjusted EBITDA	124,095	—	51,586	(9,291)	166,390
% of revenues	3.37 %	— %	3.78 %	(1.04)%	2.80 %
Net result for the year	(61,567)	(20,094)	29,666	(71,853)	(123,848)
Result of companies accounted for using the equity method	(55)	—	—	—	(55)
Total assets	1,565,562	315,338	496,393	434,635	2,811,928
Assets held for sale (Note 13)	309,012	—	—	—	309,012
Liabilities	2,085,664	263,414	358,891	327,683	3,035,652
Liabilities associated with assets held for sale (Note 13)	77,731	—	—	—	77,731
Fixed asset acquisitions ⁽²⁾	181,261	5,085	73,704	9,158	269,208
Number of commercial establishments ⁽³⁾	2,394	—	994	608	3,996
Total number of commercial establishments	3,634	463	994	608	5,699

(1) Eliminations in revenues resulting from the consolidation are included in the Spain segment.

(2) Right-of-use assets are not included.

(3) Number of establishments excluding stores whose sale has been reclassified to discontinued operations.

(4) See Note 13.

The reconciliation of adjusted EBITDA to the consolidated income statement headings is as follows:

Thousands of euros	Spain	Argentina	Brazil	Consolidated
RESULT FROM OPERATIONS (EBIT)	84,864	(83,267)	(131,026)	(129,429)
Amortisation and depreciation	232,409	32,955	49,103	314,467
Impairment of non-current assets	(16,174)	911	60,322	45,059
Result of non-current asset derecognition	6,565	14,932	5,257	26,754
EBITDA	307,664	(34,469)	(16,344)	256,851

Restructuring costs and Long-Term Incentive Plans	33,172	1,594	5,265	40,031
Expenses related to the closure of stores and warehouses	(5,811)	251	3,900	(1,660)
Expenses related to efficiency processes	20,933	—	—	20,933
Other special projects				
Other expenses	13,888	135	745	14,768
Expenses (Income) related to Long-Term Incentive Plans	4,162	1,208	620	5,990
IFRS 16 effect on leases	(153,243)	(16,541)	(44,139)	(213,923)
IAS 29 hyperinflationary effect	—	108,902	—	108,902
Adjusted EBITDA	187,593	59,486	(55,218)	191,861

Thousands of euros	Spain	Argentina	Brazil	Consolidated (Re-presented)
RESULT FROM OPERATIONS (EBIT)	(11,543)	(58,328)	(47,157)	(117,028)
Amortisation and depreciation	221,384	43,340	52,533	317,257
Impairment of non-current assets	23,510	876	15,993	40,379
Result of non-current asset derecognition	8,404	18,127	(2,463)	24,068
EBITDA	241,755	4,015	18,906	264,676

Restructuring costs and Long-Term Incentive Plans	26,980	622	16,433	44,035
Expenses related to the transfer of own stores to franchises	22,475	—	—	22,475
Expenses related to the closure of stores and warehouses	—	—	18,366	18,366
Expenses related to efficiency processes	13,105	828	—	13,933
Other special projects				
Other expenses (income)	(60)	2,226	804	2,970
Expenses related to Long-Term Incentive Plans	(8,540)	(2,432)	(2,737)	(13,709)
IFRS 16 effect on leases	(144,640)	(23,066)	(44,630)	(212,336)
IAS 29 hyperinflationary effect	—	70,015	—	70,015
Adjusted EBITDA	124,095	51,586	(9,291)	166,390

The effect of applying IFRS 16 and IAS 29 is shown separately in the table and completes the explanation of the evolution of the items excluded from Adjusted EBITDA. Adjusted EBITDA is defined in the Alternative Performance Measures section of the Consolidated Management Report.

5. PROPERTY, PLANT AND EQUIPMENT

The composition and movements for the financial year were as follows:

Thousands of euros	Land	Buildings	Technical installations and machinery	Other installations, fixtures and furniture	Fixed assets under construction and advance payments	Other assets	Total
Cost							
At 1 January 2022	93,871	1,192,868	1,619,680	114,436	24,403	153,208	3,198,466
Additions	—	70,044	137,451	20,482	8,755	7,855	244,587
Disposals	(14,296)	(74,630)	(108,084)	(3,269)	(392)	(24,126)	(224,797)
Transfers	—	4,638	14,514	766	(15,712)	1,656	5,862
Transfers to assets held for sale	(8,144)	(133,596)	(219,857)	(8,845)	(271)	(12,696)	(383,409)
Translation differences	1,353	20,350	43,746	12,002	3,491	6,446	87,388
At 31 December 2022	72,784	1,079,674	1,487,450	135,572	20,274	132,343	2,928,097
Additions	51	36,727	61,233	8,545	9,736	4,185	120,477
Disposals	(1,716)	(46,361)	(88,049)	(3,899)	(15)	(3,623)	(143,663)
Transfers	—	4,161	9,365	87	(14,252)	542	(97)
Transfers to assets held for sale (Note 13)	(22,273)	(175,497)	(187,419)	(2,645)	(817)	(28,342)	(416,993)
Translation differences	(2,226)	(55,024)	(68,591)	(31,716)	(592)	(15,555)	(173,704)
At 31 December 2023	46,620	843,680	1,213,989	105,944	14,334	89,550	2,314,117
Depreciation							
At 1 January 2022	—	(737,581)	(1,244,903)	(79,293)	—	(137,195)	(2,198,972)
Depreciation for the period (Note 20.5)	—	(36,433)	(78,815)	(9,690)	—	(7,341)	(132,279)
Disposals	—	42,462	96,700	2,779	—	23,981	165,922
Transfers	—	(2,889)	1,076	(146)	—	36	(1,923)
Transfers to assets held for sale	—	95,697	184,770	7,551	—	12,201	300,219
Other movements	—	(10,053)	(19,413)	(363)	—	(1,390)	(31,219)
Translation differences	—	(1,263)	(23,537)	(5,920)	—	(4,919)	(35,639)
At 31 December 2022	—	(650,060)	(1,084,122)	(85,082)	—	(114,627)	(1,933,891)
Depreciation for the period (Note 20.5)	—	(34,289)	(76,027)	(10,627)	—	(6,695)	(127,638)
Disposals	—	36,555	71,832	2,931	—	3,271	114,589
Transfers	—	1,590	(1,411)	(238)	—	112	53
Transfers to assets held for sale (Note 13)	—	113,801	155,645	2,451	—	27,493	299,390
Depreciation on non-current assets held for sale ⁽¹⁾	—	(3,117)	(4,934)	(37)	—	(429)	(8,517)
Translation differences	—	16,239	50,661	23,802	—	14,383	105,085
At 31 December 2023	—	(519,281)	(888,356)	(66,800)	—	(76,492)	(1,550,929)
Impairment							
At 1 January 2022	(7,844)	(53,186)	(38,263)	(1,457)	—	(346)	(101,096)
Addition (Note 20.5)	(2,712)	(16,253)	(18,102)	(1,248)	—	(204)	(38,519)
Application	7,062	15,994	5,186	114	—	2	28,358
Reversal (Note 20.5)	—	5,616	3,370	90	—	2	9,078
Transfers	—	(4,823)	680	48	—	(112)	(4,207)
Transfers to assets held for sale	527	7,879	(473)	364	—	49	8,346
Other movements	(285)	143	8,827	(37)	—	(10)	8,638
Translation differences	3	(623)	107	16	—	8	(489)
At 31 December 2022	(3,249)	(45,253)	(38,668)	(2,110)	—	(611)	(89,891)
Addition (Note 20.5)	(862)	(44,530)	(28,860)	(3,867)	—	(1,469)	(79,588)
Application	(88)	4,233	4,728	210	—	98	9,181
Reversal (Note 20.5)	681	2,867	14,344	738	—	3	18,633
Transfers to assets held for sale (Note 13)	187	7,321	4,753	15	—	13	12,289
Translation differences	(4)	1,321	(126)	(22)	—	(8)	1,161
At 31 December 2023	(3,335)	(74,041)	(43,829)	(5,036)	—	(1,974)	(128,215)
Net book value							
At 31 December 2022	69,535	384,361	364,660	48,380	20,274	17,105	904,315
At 31 December 2023	43,285	250,358	281,804	34,108	14,334	11,084	634,973

(1) Depreciation expense relating to non-current assets held for sale in 2023 until its classification under this heading.

Store refurbishments continued during the year, albeit to a lesser extent, compared to the significant number of stores that had been refurbished the year before. The detail of additions by country is below:

Thousands of euros	2023	2022
Spain	86,347	161,566
Portugal	544	4,172
Argentina	25,052	71,147
Brazil	8,534	7,702
Total	120,477	244,587

31 millions of euros of the total investments, (59 millions of euros in 2022) correspond to additions for refurbishments of stores in Spain and Argentina. Disposals are mainly associated with these refurbishments, as well as the sale of the Arroyomolinos warehouse in Spain and store closures in Brazil in 2022.

The Group has taken out various insurance policies to cover the risks to which its property, plant and equipment are subject. The coverage of these policies is considered sufficient.

At 31 December 2023 and 2022, there were no contractual commitments to purchase fixed assets.

The composition of payments recorded in the consolidated cash flow statement is as follows:

Thousands of euros	2023	2022
Additions of property, plant and equipment	120,477	244,587
Changes in suppliers of fixed assets	47,066	26,797
Net cash flow of financing activities from discontinued operations	(3,360)	(4,204)
Payments due to investments in property, plant and equipment	164,183	267,180

5.1. Impairment of property, plant and equipment

As stated in Note 3 h), based on historical experience, the Group considers evidence of impairment to exist when the performance of a store that is considered mature (i.e. more than two years old) has been negative for the previous two years, as well as those where impairment had previously been recorded. Performance is measured by store-level adjusted EBITDA calculated in accordance with the definition of alternative performance measurements included in the consolidated management report. In addition, all stores that have individual goodwill allocated to them have been analysed for potential impairment.

Individual assets or groups of assets are tested for impairment by comparing their book value with their recoverable value, defined as the higher of their fair value (less costs of disposal) and their value in use. The value in use is the present value of future cash flows expected to be obtained from the asset. The value in use of each store has been determined using discounted future cash flows that require the use of market participant assumptions. These calculations use cash flow projections based on the updated business plan covering a five-year period and projected over a period determined by the store's most significant and longest-lasting assets. Cash flows beyond the five-year period are projected over the additional period using the estimated growth rates given below. The perpetual growth rate considered from the fifth year onwards does not exceed the long-term average growth rate for the retail business in which the Group operates.

The business plan used has been prepared taking into account past experience as well as forecasts consistent with those included in sector specific reports. This business plan envisages store refurbishments approved by the Group, such that the projections include capital expenditure to undertake these refurbishments and to achieve an increase in associated sales where appropriate. In particular, this includes the full roll-out of the updated store model in Spain and Argentina that began in the second half of 2020 and has implemented the refurbishments of stores in both markets and the disposal of unprofitable stores. On the other hand, for the purposes of the test, for those stores earmarked for closure or sale and which also generate negative cash flows, the full book value of the non-movable assets and those which are not expected to be recovered through their use in other stores is impaired, since it has not been possible to estimate a sales value for them. Stores to be closed that are not individually identified have been analysed using the same methodology applied to stores not expected to close.

The fair value is the price that would be received to sell the operations in the country assessed for impairment in an orderly transaction between market participants. Fair value is measured using observable data where available (multiples of recent net sales and/or EBITDA transactions, offers received from potential buyers, stock market multiples for comparable companies) or on the basis of analyses performed by internal or external experts.

Key assumptions used

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

	Spain		Argentina		Brazil	
	2023	2022	2023	2022	2023	2022
Sales growth rate ⁽¹⁾	1.7 %	1.6 %	29.1 %	12.7 %	4.0 %	4.3 %
Perpetual growth rate ⁽²⁾	1.8 %	2.0 %	1.7 %	2.2 %	2.0 %	3.0 %
Discount rate ⁽³⁾	7.5 %	6.7 %	16.2 %	19.3 %	9.7 %	10%-10.2%
% Gross profit ⁽⁴⁾	22.0 %	22.4 %	18.6 %	18.5 %	17.9 %	19.0 %

(1) Sales growth rate for the years projected.

(2) Weighted average growth rate used to extrapolate cash flows beyond the five-year period.

(3) Post-tax discount rate, weighted by the value of the right of use and the rate used in determining the liability for each of the lease contracts.

(4) Gross profit: calculated mainly by deducting from net sales and other income: (i) goods consumed and other consumables; (ii) impairment of trade receivables; and (iii) personnel costs, other operating expenses and lease expenses related to logistics activities.

In the case of Brazil, it is important to consider that, although the assumptions used in the impairment analysis have not significantly changed compared to the previous year, the results obtained in 2023 (Note 4) were considerably lower than the estimates ones in the impairment analysis for 2022. This fact affects the starting point used in the business plan projections for 2023 so that the CGU doesn't reach positive cash flows in the coming years of the plan, generating a value not greater than zero for the CGU. If more conservative assumptions had been used, the results of the impairment test for this CGU would not have changed.

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 projected period was determined on the basis of Management's expectations of market development, in accordance with the Group's projections, and taking into account plans for store optimisation, converting stores to new formats and changes in macroeconomic indicators (population, food inflation, etc.).

To calculate the recoverable value of each store, the Group has established portfolios of stores with similar characteristics, aggregating them on the basis of commercial name, country and business model in order to apply common variables in terms of growth assumptions according to the aforementioned business plan.

Perpetual growth rate

The growth rates used to extrapolate flows beyond the initial five-year period have been determined on the basis of the International Monetary Fund's medium and long-term inflation target rates and Econviews for Argentina.

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

Post-tax discount rate

The discount rates used reflect the specific risks associated with the businesses in the countries in which they operate. The discount rates used are post tax, and are calculated by weighting the cost of equity with the cost of debt, using the industry average weighting. The cost of own funds for each country is calculated taking into account the following factors: the country's risk-free rate, the adjusted beta of the sector, the market risk spread and the size of the Company.

The assumptions considered in calculating the discount rates in Argentina have been made in euros, as it is a hyperinflationary economy.

For the impairment test performed, the discount rate was weighted by the incremental interest rate when considering the lease liability in the cash flows.

% Gross profit

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

Sensitivity analysis

The Group has performed a sensitivity analysis on CGUs with signs of impairment at a store level, CGUs at a country level and CGUs where goodwill has been allocated (Note 6.1).

A sensitivity analysis of the Argentina and Spain CGUs with indicators of impairment at a store level, changes in key assumptions with all other variables held constant, is set out below:

- A reduction in the average sales growth rate of 100 basis points would have led to an additional impairment of 2.314 thousands of euros;
- Or a drop in the perpetual growth rate of 100 basis points would have led to an additional impairment of 99 thousands of euros.
- A decrease of 20 basis points in the % gross profit would have led to an additional impairment of 426 thousands of euros.

A sensitivity analysis of the main CGUs at a country level (Spain and Argentina given that the non-current assets of the Brazil business are fully impaired at 31 December 2023 and the Portugal and Clarel businesses are classified as non-current assets held for sale and therefore adjusted to fair value) is also presented below. For each scenario, each of the assumptions has been individually sensitised to obtain the impact on the impairment recorded for each of them.

Scenario 1 is a negative scenario where the discount rate is sensitised 100 basis points higher than the rate used in the test, and the growth rates lower by 100 basis points, i.e. minimal growth and net sales declines of 1%, which would lead to a negative difference between the recoverable value and the book value being shown in the scenario result.

Scenario 2 is a positive scenario where the discount rate is sensitised 100 basis points below the rate used in the test, a 100 basis-point higher perpetual growth rate and net sales increases of 1%, leading to a positive difference between the recoverable value and the book value being shown in the scenario result.

Spain					
Millions of euros	Impairment test	Assumption Scenario 1	Result of Scenario 1	Assumption Scenario 2	Result of Scenario 2
Sales growth rate ⁽¹⁾	1.7 %	0.7 %	(16.0)	2.7 %	14.5
Perpetual growth rate ⁽²⁾	1.8 %	0.8 %	(167.7)	2.8 %	236.9
Discount rate ⁽³⁾	7.6 %	8.6 %	(211.0)	6.6 %	295.9

Argentina					
Millions of euros	Impairment test	Assumption Scenario 1	Result of Scenario 1	Assumption Scenario 2	Result of Scenario 2
Sales growth rate ⁽¹⁾	29.1 %	28.1 %	(2.4)	30.1 %	2.4
Perpetual growth rate ⁽²⁾	1.7 %	0.7 %	(15.8)	2.7 %	18.1
Discount rate ⁽³⁾	16.0 %	17.0 %	(22.8)	15.0 %	26.5

Results

The impairment test has been performed in accordance with the criteria given in Note 3 h), therefore:

- 1) Firstly, the Cash-Generating Units (CGUs) with impairment indicators at a store level (individual CGU) have been identified, analysing the eventual impairment of stores whose recoverable value is lower than the book value.
- 2) Secondly, the CGUs have been aggregated at a country level and the corporate assets serving these groups of CGUs (mainly corporate head offices, logistics centres and brands) have been allocated, together with the goodwill allocated at a legal entity level.

If the recoverable value of an asset is estimated to be lower than its carrying amount, the latter is written down to its recoverable amount by recognising a corresponding write-down in the consolidated income statement. If an impairment loss is subsequently reversed, the book value of the asset is increased up to the limit of the original book value of the asset prior to recognising the impairment loss.

The Group has recognised net impairment of 45,059 thousands of euros (40,379 thousands of euros in 2022) (Note 20.5), as detailed below:

- Property, plant and equipment: impairment of 79,588 thousands of euros (38,519 thousands of euros in 2022) was recognised in the year, mainly related to assets in Brazil, as explained in the paragraph below. Likewise, there was a reversal of 18,633 thousands of euros (9,078 thousands of euros in 2022) corresponding mainly to impairment of prior years on stores in Spain as a result of the improvement already seen in financial year 2023 and projected according to future expectations.
- Goodwill: no impairment was recognised in 2023 (impairment charge of 5,611 thousands of euros in Spain in 2022) (Note 6.1).
- Other intangible assets: impairment of 1,190 thousands of euros was recognised in the year (146 thousands of euros in 2022). A reversal of 18 thousands of euros was recorded in 2022. (Note 6.2)
- Right-of-use assets and lease liabilities: net impairment of 78,669 thousands of euros (23,043 thousands of euros in 2022) was recognised during the year (Notes 7.1), and a reversal of lease liabilities associated with the impairment of 95,755 thousands of euros (17,844 thousands of euros in 2022).

In particular, taking into account Brazil financial performance, the Group is analysing different strategic alternatives, with the aim of making a decision in 2024. Neither as of December 31, 2023, nor at the date of preparation of these consolidated annual accounts, the conditions required by IFRS 5 (Note 3 g)) to reclassify the assets and liabilities related to Dia Brazil (Note 4) as Non-current assets held for sale and Liabilities directly associated with non-current assets held for sale, have not been met. As at 31 December 2023, the recoverable value of Brazilian CGU is not greater than zero. Hence, an impairment was recognized in 2023 amounting to 60,322 thousands of euros (Note 20.5): 76,041 thousands of euros as property, plant and equipment and 1,190 thousands of euros as other intangibles (Note 6.2). In addition, because of the Group fully impaired the total assets of the CGU, the reasonably certain period of the lease agreements was reassessed and they were considered as short-term agreements, as well as the right-of-use assets were impaired for an amount of 75,088 thousands of euros and the related liabilities amounting to 91,997 thousands of euros (Note 7.2).

The balance of impairment on property, plant and equipment and other intangible assets at 31 December is as follows:

	2023				
	Spain	Portugal	Argentina	Brazil	Total
Property, plant and equipment	35,078	—	1,453	91,684	128,215
Other intangible assets (Note 6.2)	8	—	—	1,309	1,317

	2022				
	Spain	Portugal	Argentina	Brazil	Total
Property, plant and equipment	59,536	12,708	2,466	14,881	89,591
Other intangible assets (Note 6.2)	187	529	—	113	829

6. INTANGIBLE ASSETS

6.1. Goodwill

The composition and detailed movements by the acquired businesses and country are as follows:

Thousands of euros	Plus Supermercados, S.A. ⁽¹⁾	Grupo El Árbol, S.A. ⁽²⁾	Acquisition of 148 Grupo Eroski stores ⁽³⁾	Schlecker, S.A. ⁽⁴⁾	Distribuciones Reus, S.A. ⁽⁵⁾	Other acquisitions	Spain	Companhia Portuguesa de Lojas de Desconto, S.A. ⁽⁶⁾	Portugal	Total
ACQUISITION YEAR	2007	2014	2015	2013	1991	Various		1998		
Net Goodwill at 31/12/2021	160,553	129,681	64,660	10,820	26,743	18,891	411,348	39,754	39,754	451,102
Additions	—	—	—	—	—	150	150	—	—	150
Transfers to non-current assets held for sale (Note 13)	(398)	(89,109)	(19,017)	(10,820)	—	—	(119,344)	—	—	(119,344)
Impairment provision (Note 20.5)	—	—	(4,402)	—	—	(1,209)	(5,611)	—	—	(5,611)
Net Goodwill at 31/12/2022	160,155	40,572	41,241	—	26,743	17,832	286,543	39,754	39,754	326,297
Disposals	—	—	—	—	—	(3)	(3)	—	—	(3)
Other movements	96	(1,461)	—	—	2	2	(1,361)	—	—	(1,361)
Transfers to non-current assets held for sale (Note 13)	—	—	—	—	—	—	—	(39,754)	(39,754)	(39,754)
Net Goodwill at 31/12/2023	160,251	39,111	41,241	—	26,745	17,831	285,179	—	—	285,179

(1) Goodwill arising in the business combination by which the Group acquired Plus Supermercados, S.A.U., the entity currently called Dia Retail España, S.A.U.

(2) This goodwill arose on the acquisition of Grupo El Árbol, S.A.U.

(3) Goodwill associated with the acquisition of 148 Eroski Group stores.

(4) The goodwill for Schlecker, S.A.U. relates to the entity currently called Beauty by Dia, S.A.U.

(5) This goodwill was generated by the purchase of stores from Distribuciones Reus, S.A. in 1991.

(6) The goodwill for Companhia Portuguesa de Lojas de Desconto, S.A., relates to the legal entity Dia Portugal, S.A.U. and refers to stores operated under the Minipreço brand. This goodwill was transferred in 2023 to non-current assets held for sale.

In relation to the goodwill associated with Grupo El Árbol, S.A.U., the remaining amount is associated with the stores that continue to operate in the Group (relative amount 30%), while the relative amount associated with the stores that have been sold to Alcampo is 70%.

The recoverable value has been determined based on calculations of the value in use throughout cash flow discounting, considering the same key variables as indicated in Note 5.1, unless a perpetual income has been projected from the fifth year onwards. For consolidation goodwill, the discount rates have been calculated on a date close to year-end, namely 7.8% for Spain (in financial year 2022: 6.7% Spain).

In 2023 the main movement was due to the transfer to non-current assets held for sale amounting to 39,754 thousands of euros which corresponds to the forthcoming sale of the Portuguese business (Note 13).

In 2022, the main movement was the transfer to non-current assets held for sale amounting to 119,344 thousands of euros of which 108,524 thousands of euros (Note 13) corresponded to the sale of large format stores to Alcampo, and 10,820 thousands of euros related to the sale of the Clarel business. This latter amount has been impaired once it has been transferred to non-current assets held for sale in order to place it at its fair value (Note 13). In addition, due to the impairment tests performed, an impairment loss of 5,611 thousands of euros was recorded in 2022 (Note 20.5), which corresponded to the impairment of consolidation goodwill allocated to those stores where the analysis resulted in the need to reflect an impairment. The remaining goodwill arising on consolidation, which is tested for impairment at the entity level, has not reflected a need for any impairment.

Sensitivity analysis

Sensitivity analyses are carried out in all cases in relation to the sales growth rate, the % gross profit and the discount rate to verify that reasonable changes in these assumptions would not have an impact on the possible recovery of the goodwill recorded.

No impacts have been identified in the goodwill impairment test for changes that the Group considers reasonably possible in the variables noted in the preceding paragraph. Finally, the recoverable value of the groups of CGUs for Spain would be equal to their book value if the key assumptions, each considered separately, reached the values shown in the table below:

	Sales growth rate ⁽¹⁾	Discount rate ⁽²⁾	% Gross profit ⁽³⁾
Spain			
Día and Día Retail España	(0.2)%	46.1%	19.6%

(1) Weighted average annual growth rate of sales for the projected years

(2) Post-tax discount rate applied to cash flow projections.

(3) Gross profit: calculated mainly by deducting from net sales and other income: (i) goods consumed and other consumables; (ii) impairment of trade receivables; and (iii) personnel costs, other operating expenses and lease expenses related to logistics activities.

It is estimated that the recoverable amount of the CGUs in Spain exceeds the book value of the CGUs by 1,339,1 millions of euros at 31 December 2023 (516.3 millions of euros at 31 December 2022).

6.2. Other intangible assets

The composition and movements were as follows:

Thousands of euros	Development expenses	Industrial property	Transfer rights	Computer Software	Other intangible assets	Total
Cost						
At 1 January 2022	3,264	2,784	23,061	104,039	11,111	144,259
Additions / Internal development	6,722	—	50	17,699	—	24,471
Disposals	(33)	—	(604)	(17,080)	(413)	(18,130)
Transfers	(2,479)	—	—	2,767	—	288
Transfer to non-current assets held for sale	—	(2)	(1,082)	(806)	(631)	(2,521)
Translation differences	—	—	194	2,815	(686)	2,323
At 31 December 2022	7,474	2,782	21,619	109,434	9,381	150,690
Additions / Internal development	4,004	—	—	12,143	—	16,147
Disposals	—	—	(435)	(137)	(404)	(976)
Transfers	(7,191)	—	—	7,269	1	79
Transfer to non-current assets held for sale	—	—	(19,414)	(4,145)	(4,008)	(27,567)
Translation differences	—	—	(373)	(3,341)	18	(3,696)
At 31 December 2023	4,287	2,782	1,397	121,223	4,988	134,677
Amortisation						
At 1 January 2022	—	(2,499)	(21,695)	(89,351)	(5,233)	(118,778)
Amortisation for the period (Note 20.5)	—	(263)	(15)	(10,994)	(167)	(11,439)
Disposals	—	—	589	17,102	147	17,838
Transfers	—	—	—	—	(12)	(12)
Transfer to non-current assets held for sale	—	1	891	642	571	2,105
Other movements	—	—	(221)	(742)	(85)	(1,048)
Translation differences	—	—	(222)	(1,617)	601	(1,238)
At 31 December 2022	—	(2,761)	(20,673)	(84,960)	(4,178)	(112,572)
Amortisation for the period (Note 20.5)	—	(22)	(5)	(15,314)	(134)	(15,475)
Disposals	—	1	436	133	228	798
Transfers	—	—	—	(14)	(21)	(35)
Transfer to non-current assets held for sale (Note 13)	—	—	18,722	2,872	437	22,031
Amortisation on non-current assets held for sale ⁽¹⁾	—	—	(98)	(399)	(14)	(511)
Translation differences	—	—	330	2,663	(15)	2,978
At 31 December 2023	—	(2,782)	(1,288)	(95,019)	(3,697)	(102,786)
Value impairment						
At 1 January 2022	—	—	(205)	—	(842)	(1,047)
Provision (Note 20.5)	—	—	—	(113)	(33)	(146)
Application	—	—	15	—	196	211
Reversal (Note 20.5)	—	—	—	—	18	18
Transfer to non-current assets held for sale	—	—	92	—	—	92
Other movements	—	—	—	—	39	39
Translation differences	—	—	—	4	—	4
At 31 December 2022	—	—	(98)	(109)	(622)	(829)
Provision (Note 20.5)	—	—	—	(1,181)	(9)	(1,190)
Application	—	—	13	—	248	261
Transfer to non-current assets held for sale	—	—	85	1	361	447
Translation differences	—	—	—	(6)	—	(6)
At 31 December 2023	—	—	—	(1,295)	(22)	(1,317)
Net book value						
At 31 December 2022	7,474	21	848	24,365	4,581	37,289
At 31 December 2023	4,287	—	109	24,909	1,269	30,574

(1) Amortisation expense relating to non-current assets held for sale in 2023 until its classification under this heading.

The additions recorded in 2023 and 2022 mainly include development expenses corresponding to internally produced IT projects in Spain amounting to 4,004 thousand of euros (6,722 thousands of euros in 2022) and acquisitions of IT applications, mainly in Spain amounting to 10,147 thousands of euros and in Argentina amounting to 1,112 thousands of euros (in 2022 mainly in Spain amounting to 12,773 thousands of euros and in Argentina amounting to 2,557 thousands of euros).

The composition of payments recorded in the consolidated cash flow statement is as follows:

Thousands of euros	2023	2022
Additions of intangible assets	12,143	17,749
Development expenses	4,004	6,722
Total	16,147	24,471
Net cash flows of investment activities from discontinued operations	—	(212)
Payments due to investments in intangible assets	16,147	24,259

The detail by segment is as follows:

Thousands of euros	2023	2022
Spain	14,151	19,545
Portugal	245	913
Argentina	1,112	2,557
Brazil	639	1,456
Total	16,147	24,471

Note 20.5 includes the impairment of intangible assets recorded in 2023 and 2022 under the income statement heading "Amortisation and impairment".

7. LEASES

7.1. Right-of-use assets

The composition and movements during the year were as follows:

Thousands of euros	2023			
	Gross book value	Depreciation	Impairment	Net book value
Land and buildings	890,568	(431,258)	(81,588)	377,722
Technical installations and machinery	21,719	(9,714)	—	12,005
Other installations, fixtures and furniture	70	(57)	—	13
Other assets	5,299	(3,430)	—	1,869
Total	917,656	(444,459)	(81,588)	391,609

Thousands of euros	2022			
	Gross book value	Depreciation	Impairment	Net book value
Land and buildings	960,699	(477,999)	(6,479)	476,221
Technical installations and machinery	31,766	(17,786)	—	13,980
Other installations, fixtures and furniture	78	(58)	—	20
Other assets	7,815	(5,359)	—	2,456
Total	1,000,358	(501,202)	(6,479)	492,677

Thousands of euros	Land and buildings	Technical installations and machinery	Other installations, fixtures and furniture	Other assets	Total
At 1 January 2022	488,945	13,051	40	3,282	505,318
Additions	285,465	11,287	—	1,102	297,854
Depreciation (Note 20.5)	(166,810)	(5,017)	(12)	(1,700)	(173,539)
Disposals	(46,099)	(3,347)	—	(214)	(49,660)
Provision	(23,043)	—	—	—	(23,043)
Application	16,599	—	—	—	16,599
Value update	22,145	—	—	—	22,145
Transfers	—	—	(8)	—	(8)
Transfers to non-current assets held for sale	(55,029)	(1,466)	—	—	(56,495)
Other movements	(48,361)	(528)	—	(14)	(48,903)
Translation differences	2,409	—	—	—	2,409
At 31 December 2022	476,221	13,980	20	2,456	492,677
Additions	212,250	4,372	—	1,378	218,000
Depreciation (Note 20.5)	(165,166)	(4,627)	(6)	(1,555)	(171,354)
Disposals	(8,889)	(1,720)	(1)	(410)	(11,020)
Provision	(78,669)	—	—	—	(78,669)
Application	3,581	—	—	—	3,581
Value update	19,427	—	—	—	19,427
Transfers to non-current assets held for sale (Note 13)	(57,136)	—	—	—	(57,136)
Depreciation on non-current assets held for sale ⁽¹⁾	(17,662)	—	—	—	(17,662)
Translation differences	(6,235)	—	—	—	(6,235)
At 31 December 2023	377,722	12,005	13	1,869	391,609

(1) Amortisation expense relating to non-current assets held for sale in 2023 until its classification under this heading.

In 2023, the assets of the Brazilian CGU were fully impaired, as a result of which the Group has reassessed the reasonably certain period of the lease contracts for the CGU, which are now considered short-term leases, and has written off the existing right-of-use asset for 75,088 thousands of euros (included in the impairment for the year), and derecognised the associated financial liability (Note 7.2).

The detail of additions in the financial year by segment is as follows:

Thousands of euros	2023	2022
Spain	176,652	226,529
Portugal	6,367	13,234
Argentina	1,559	5,469
Brazil	33,422	52,622
Total	218,000	297,854

The Group has approximately 5,726 retail lease agreements in force at 31 December 2023 (6,095 at 31 December 2022). In general terms, the lease agreements on commercial premises only establish the payment of a fixed monthly rent which is reviewed annually in line with, and index linked to, the rate of inflation. In addition, and in general, there are no clauses referring to variable amounts, such as fees depending on revenues, and there are no fees of a contingent nature.

Lease agreements on warehouses generally have the same characteristics as for stores. The Group has purchase options on several warehouse leases, which are included in commitments outside the statement of financial position (Note 21.1).

A detail of the main lease agreements on property in force was as follows:

2023					
Warehouse	Country	Non-cancellable period	Warehouse	Country	Non-cancellable period
Getafe	SPAIN	2029	Valongo	PORTUGAL	2030
Mallén	SPAIN	2024	Torres Novas	PORTUGAL	2030
Mejorada del Campo	SPAIN	2024	Alverca	PORTUGAL	2030
Miranda	SPAIN	2033	Americana	BRAZIL	2024
Orihuela	SPAIN	2024	Mauá	BRAZIL	2035
Sabadell	SPAIN	2029			
San Antonio	SPAIN	2024			
Villanueva de Gállego	SPAIN	2030			
Dos Hermanas	SPAIN	2027			
Granda-Siero	SPAIN	2025			
Illescas	SPAIN	2037			
Antequera	SPAIN	2024			
Santiago	SPAIN	2026			

2022					
Warehouse	Country	Non-cancellable period	Warehouse	Country	Non-cancellable period
Getafe	SPAIN	2029	Valongo	PORTUGAL	2030
Mallén	SPAIN	2023	Torres Novas	PORTUGAL	2030
Mejorada del Campo	SPAIN	2024	Alverca	PORTUGAL	2030
Miranda	SPAIN	2024	Anhanghera	BRAZIL	2023
Orihuela	SPAIN	2023	Americana	BRAZIL	2023
Sabadell	SPAIN	2029	Ribeirao Preto	BRAZIL	2023
San Antonio	SPAIN	2023	Belo Horizonte	BRAZIL	2023
Villanubla	SPAIN	2024	Mauá	BRAZIL	2023
Villanueva de Gállego	SPAIN	2030	Santana de Parnaíba	BRAZIL	2023
Dos Hermanas	SPAIN	2027	São Paulo	BRAZIL	2023
Azuqueca	SPAIN	2023			
Granda-Siero	SPAIN	2025			
Illescas	SPAIN	2037			
Antequera	SPAIN	2023			
Santiago	SPAIN	2023			

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

Thousands of euros	2023	2022
Less than one year	449	697
Total real estate lease payments in the non-cancellable period	449	697
Less than one year	663	1,118
One to five years	720	727
Over five years	12	5
Total lease payments for furniture and equipment in the non-cancellable period	1,395	1,850

At 31 December 2023 and 2022, only are listed the minimum payments linked to lease agreements not included in the scope of IFRS 16 or which are not provisioned for as onerous contracts.

The majority of the lease agreements for stores signed by the Group contain clauses allowing them to be terminated at any time throughout their useful lives, once the mandatory tie-in period has elapsed, by informing the lessor of this decision with the agreed period of notice, which is generally less than three months.

7.2. Lease liabilities

The composition and movements during the year were as follows:

Thousands of euros	Short-term debt	Long-term debt	Total
At 1 January 2022	226,525	350,337	576,862
Additions	—	297,883	297,883
Disposals	—	(53,655)	(53,655)
Impairment	—	(17,844)	(17,844)
Application	—	17,844	17,844
Interest expenses	47,522	—	47,522
Transfers	210,829	(210,829)	—
Transfers to liabilities linked to assets held for sale	(23,604)	(31,029)	(54,633)
Value update	—	22,145	22,145
Other movements	(57,322)	(2,321)	(59,643)
Amounts paid	(221,841)	—	(221,841)
Translation differences	3,417	(888)	2,529
At 31 December 2022	185,526	371,643	557,169
Additions	—	218,006	218,006
Disposals	—	(18,371)	(18,371)
Impairment	—	(95,755)	(95,755)
Application	—	3,758	3,758
Interest expenses	54,067	—	54,067
Transfers	146,504	(146,504)	—
Transfers to liabilities linked to assets held for sale	(14,830)	(49,029)	(63,859)
Value update	—	19,427	19,427
Other movements	(3,855)	(11,545)	(15,400)
Amounts paid	(222,245)	—	(222,245)
Translation differences	(1,502)	(6,222)	(7,724)
At 31 december 2023	143,665	285,408	429,073

At 31 December 2023, 8,370 thousands of euros is included in long term (10,505 thousands of euros in 2022) and 5,270 thousands of euros in short term (7,090 thousands of euros in 2022), corresponding to the debt on assets under finance leases already in place at 31 December 2018, which relate to certain commercial premises, technical facilities, machinery and other fixed assets (transport items).

In 2023, the fixed assets of the Brazilian CGU were fully impaired, of which 75,088 thousands of euros corresponded to all the rights of use associated with the lease agreements. As a result of the above, the reasonably certain period of these leases has been reassessed and financial liabilities for long-term and short-term leases amounting to 66,817 thousands of euros and 25,180 thousands of euros respectively, have been derecognised. The effect on the consolidated income statement for 2023 amounts to 16,909 thousands of euros (Note 20.5).

Maturities on lease liabilities are shown below:

Lease liabilities	Total	Current 1 year	2 years	3 years	4 years	5 years	> 5 years	Total non-current
31 December 2023	429,073	143,665	112,713	84,702	46,709	11,912	29,372	285,408
31 December 2022	557,169	185,526	134,790	97,062	54,834	18,766	66,191	371,643

The detail of the composition of the lease expense included in "Property Leases" in the consolidated income statement shown in the breakdown in Note 20.4 and not included in IFRS 16 is as follows:

Thousands of euros	2023	2022
Short-term leases	23,843	23,481
Low-value leases	19	261
Community charges	1,439	1,527
Taxes	3,882	3,574
Utilities	170	389
Others	759	695
Total property lease expenses	30,112	29,927

Cash outflows from property leases for the Group's continuing operations, including both those recorded as financial leases and operating leases, amounted to 244,890 thousands of euros (245,754 thousands of euros in 2022).

8. FINANCIAL ASSETS

The detail of financial assets items at 31 December is as follows:

Thousands of euros	2023	2022
Non-current assets		
Trade debtors and other receivables	10,799	11,316
Other non-current financial assets	60,168	60,476
Current assets		
Trade debtors and other receivables	161,189	199,087
Other current financial assets	14,496	8,581
TOTAL	246,652	279,460

8.1. Trade debtors and other receivables

The detail of current and non-current trade debtors and other receivables is as follows:

Thousands of euros	2023	2022
Accounts receivable	10,799	11,316
Total non-current	10,799	11,316
Accounts receivable (net of impairment)	154,166	185,817
Other debtors (net of impairment)	3,887	7,471
Receivables from suppliers (net of impairment)	3,013	5,251
Advances to suppliers	123	541
Trade debtors with related parties	—	7
Total current	161,189	199,087

Non-current accounts receivable correspond to the financing of the franchisee's starting inventory, which is repaid on a monthly basis according to the business's cash generation profile. 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 accounts receivable 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. With the change of franchise management model introduced in 2020, the franchisee pays for the sale of both initial stock and recurring sales and not for the goods invoiced at the time of receipt, i.e. the collection is based on the cash generated at the franchisee's point-of-sale terminal, so the entire debt is recognised as current.

The current trade debtors balance at 31 December 2023 decreased 26 millions of euros due to the transfer of this type of debtor in the Portuguese business to non-current assets held for sale. On the other hand, this heading has decreased considerably in Brazil due to the renegotiation of the debt with customers, which has led to an impairment of 7 millions of euros (Note 8.1 d)).

Due to the short-term nature of receivables, their book value is considered to be the same as their fair value.

a) Accounts receivable

The composition of these receivables is as follows:

Thousands of euros	2023	2022
Non-current accounts receivable	10,799	11,316
Current accounts receivable	200,130	239,612
Total trade receivables	210,929	250,928
Value impairment	(45,964)	(53,795)
Total	164,965	197,133

These receivables are measured at amortised cost less any impairment loss and generated financial income of 27 thousands of euros (78 thousands of euros in 2022), recognised in the consolidated income statement.

In addition, this heading includes the long-term amounts owed by franchisees in Brazil amounting to 10,431 thousands of euros (10,214 thous of euros at the end of the previous year).

b) Receivables from suppliers

This heading includes balances with suppliers that have become debtors as a result of the charge notes issued for discounts of various kinds in accordance with the trade conditions agreed with them, as well as returns of goods.

The Group entered into non-recourse supplier trade credit assignment contracts in 2023 amounting to 11,559 thousands of euros. The Group did not enter into any such contracts in 2022.

c) Trade debts with other related parties

The Group carried out transactions with its related companies in 2022, but none in 2023. The balance receivable at 31 December 2022 with its related company Holland & Barrett Benelux was 7 thousands of euros (in 2023 there is no balance receivable for trade debtors with other related parties) (Note 22).

d) Value impairment

The Group considers that the most relevant customer portfolio provision is that related to franchisees defaulting. The Group allocates a provision by applying an estimated percentage based on the historical turnover rate of franchisees and the portion of irregular pledges outstanding from them. This provision is calculated at an amount equal to the expected credit losses over the life of the asset using the aforementioned criteria, which, in the judgement of Management, are the most reasonable criteria for forecasting this amount.

The movements in valuation corrections from impairment of receivables were as follows:

2023				
Thousands of euros	Accounts receivable (Note 8.1 a))	Other payables	Receivables from suppliers	Total
At 1 January	(53,795)	(1,613)	(4,311)	(59,719)
Additions	(6,932)	(946)	—	(7,878)
Applications	151	120	68	339
Reversals	6,876	559	954	8,389
Transfers to assets held for sale	6,406	16	348	6,770
Other movements	(519)	(16)	—	(535)
Translation differences	1,849	(41)	87	1,895
At 31 December 2023	(45,964)	(1,921)	(2,854)	(50,739)

2022

Thousands of euros	Accounts receivable (Note 8.1 a))	Other payables	Receivables from suppliers	Total
At 1 January	(52,704)	(3,004)	(4,275)	(59,983)
Additions	(6,550)	(101)	(211)	(6,862)
Applications	1,279	(81)	—	1,198
Reversals	2,811	188	30	3,029
Transfers	—	1,713	—	1,713
Transfers to assets held for sale	2,647	1	184	2,832
Other movements	(907)	—	(216)	(1,123)
Translation differences	(371)	(329)	177	(523)
At 31 December 2022	(53,795)	(1,613)	(4,311)	(59,719)

8.2. Other financial assets

All the Group's other financial assets are measured at amortised cost. The breakdown at 31 December is as follows:

Thousands of euros	2023	2022
Equity instruments	36	44
Guarantees and other deposits	60,102	60,396
Other loans	30	36
Total non-current	60,168	60,476
Franchise deposits	151	160
Loans to personnel	1,354	1,604
Other loans	77	103
Receivables from the disposal of fixed assets	—	35
Interest rate hedging derivatives (note 15.5)	2,530	4,341
Other financial assets	10,384	2,338
Total current	14,496	8,581

The heading of non-current "Guarantees and other deposits" mainly records the amounts delivered to lessors as a guarantee for the lease contracts. These amounts are presented at their current value and any difference with their nominal value is recognised as current or non-current prepayments. This heading also includes legal deposits made in Brazil.

The Group considers the guarantees constituted in the lease agreements to be assets with a low credit risk, as in most lease agreements the lessor is obliged to deposit the guarantee with the relevant public body.

At 31 December 2023 and 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.

Other financial assets increased due to the sale to third parties of tax credits to third parties in Brazil (ICMS), which are expected to be collected in 2024.

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The detail of integrated companies using the equity method at 31 December is as follows:

	At 31 December 2023	At 31 December 2022
ICDC Services Sàrl, en liquidation	liquidated on 2 August 2023	50%
Horizon International Services Sàrl, en liquidation	25%	25%

The key financial figures of these companies are as follows:

	ICDC Services Sàrl, en liquidation		Horizon International Services Sàrl, en liquidation	
Thousands of euros	At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
Current assets				
Cash & cash equivalents	—	193	1,422	1,361
Other current assets	—	4	19	417
Total current assets	—	197	1,441	1,778
Non-current assets	—	—	—	—
Current liabilities				
Other current liabilities	—	17	88	388
Total current liabilities	—	17	88	388
Net assets	—	180	1,353	1,390
Reconciliation with book values				
Net assets at 1 January	180	238	1,390	1,458
Result for the year	—	(58)	(37)	(68)
Dividends paid	—	—	—	—
Company liquidation	-180	—	—	—
Net assets at year end	—	180	1,353	1,390
Part of the Group in %	- %	50%	25%	25%
Part of the Group in thousands of euros	—	90	338	348
Book value	—	90	338	348

The impact on the income statement of companies accounted for using the equity method at 31 December 2023 was 5 thousands of euros (at 31 December 2022 the impact was an expense of 55 thousands of euros, after adjusting the investment held by DWT in ICDC Services Sàrl, in liquidation. Horizon International Services Sàrl, in liquidation, is currently in liquidation. ICDC Services Sàrl, in liquidation was liquidated on 2 August 2023.

10. OTHER ASSETS

The detail at 31 December is as follows:

Thousands of euros	2023 Current	2022 Current
Prepayments for leases	421	2,509
Prepayments for insurance contracts	1,629	1,924
Other prepayments	7,546	5,194
Total "Other assets"	9,596	9,627

Prepayments for leases decreased in 2023 due to the reclassification of these assets to non-current assets held for sale in the Portuguese business.

The increase in Other prepayments is mainly due to financing by the Group of remodelling work performed at franchised stores.

11. INVENTORIES

The detail at 31 December is as follows:

Thousands of euros	2023	2022
Goods for resale	312,973	413,774
Other supplies	2,032	3,867
Total "Inventories"	315,005	417,641

Trade inventories decreased 101 millions of euros, 34 millions of euros due to the reclassification of the inventories of the Portuguese business to non-current assets held for sale, 36 millions of euros in Spain, 13 millions of euros in Brazil and 17 millions of euros in Argentina, which despite an increase in local currency terms, decreased due to the evolution of the exchange rate.

Reductions in the value of inventories to their net realisable value amounted to 2,222 thousands of euros at 31 December 2023 (5,826 thousands of euros at 31 December 2022).

At 31 December 2023 there were no restrictions of any kind on the availability of inventory.

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

12. CASH AND CASH EQUIVALENTS

The detail at 31 December is as follows:

Thousands of euros	2023	2022
Cash and current account balances	79,913	114,443
Cash equivalents	51,148	101,376
Total	131,061	215,819

The balance of "Cash equivalents" reflects the deposits that mature in less than three months, mainly in Argentina and Brazil.

13. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

During the year, the Group decided to sell its Portuguese business, for which it began a sales plan that resulted in the contract signed with Auchan Portugal, S.A. (Note 1.1 b)). The Group also entered into a new contract for the sale of its household products and perfumery business in Spain (Clarel) which was available for sale (Note 1.1 b)). The Group expects both operations to be completed during 2024. At 31 December 2023, the Portuguese and Clarel business are classified as disposals groups held for sale and as discontinued operations.

At 31 December 2022, the Group had the large format stores business in Spain classified as a disposal group held for sale and as a discontinued operation, which met all the conditions precedent to which it was subject during the year and, therefore, control was transferred to Alcampo, S.A. (Note 1.1 b)). The Group had classified the Clarel business as a disposal group held for sale and as a discontinued operation at 31 December 2022.

The detail of the assets and liabilities, reclassified to held for sale at 31 December, has been set out below:

Thousands of euros	December 2023	Clarel business	Portugal business	December 2022	Clarel business	Large format stores business
Property, plant and equipment (Note 5) ⁽¹⁾	122,279	14,760	107,519	71,204	19,946	51,258
Goodwill (Note 6.1)	39,754	—	39,754	108,524	—	108,524
Right-of-use assets (Note 7.1) ⁽²⁾	70,222	10,363	59,859	53,453	16,447	37,006
Other intangible assets (Note 6.2) ⁽³⁾	6,297	717	5,580	289	192	97
Trade debtors and other receivables	1,135	1,135	—	1,480	1,480	—
Other non-current financial assets	3,281	3,110	171	3,133	3,133	—
Deferred tax assets	932	—	932	—	—	—
Inventories	88,584	50,540	38,044	55,446	55,446	—
Trade debtors and other receivables	37,287	14,016	23,271	11,231	11,231	—
Current tax assets	1,760	51	1,709	—	—	—
Income tax assets	4	—	4	—	—	—
Other current financial assets	277	46	231	52	52	—
Other assets	3,791	42	3,749	42	42	—
Cash and cash equivalents	34,254	4,069	30,185	4,158	4,158	—
Non-current assets held for sale	409,857	98,849	311,008	309,012	112,127	196,885
Non-current financial debt	1,088	1,088	—	861	861	—
Non-current lease liabilities	61,402	8,312	53,090	31,029	10,895	20,134
Provisions	2,109	1,074	1,035	1,220	1,220	—
Other non-current financial liabilities	—	—	—	—	—	—
Deferred tax liabilities	2,197	—	2,197	—	—	—
Current financial debt	39,681	71	39,610	716	716	—
Current lease liabilities	23,582	10,118	13,464	22,718	10,088	12,630
Trade creditors and other accounts payable	138,955	8,061	130,894	7,327	7,327	—
Current tax liabilities	8,579	2,964	5,615	2,337	2,337	—
Income tax liabilities	470	—	470	—	—	—
Other financial liabilities	24,388	12,186	12,202	11,523	11,523	—
Liabilities directly associated with non-current assets held for sale	302,451	43,874	258,577	77,731	44,967	32,764

(1) The Portugal business has registered movements of 2,205 thousands of euros since it was recorded as a non-current asset held for sale in June 2023 (additions of 3,290 thousands of euros and disposals and transfers of -1,085 thousands of euros).

(2) The Portugal business has registered movements of 2,723 thousands of euros since it was recorded as a non-current asset held for sale in June 2023 (additions and value updates of 13,458 thousands of euros, depreciation of -9,133 thousands of euros and disposals of -1,602 thousands of euros).

(3) The Portugal business has registered movements of 491 thousands of euros since it was recorded as a non-current asset held for sale in June 2023 (additions of 375 thousands of euros and disposals and transfers of 116 thousands of euros).

During financial year ended 31 December 2023, as a result of the fair value measurement of the non-current assets of the Clarel business, the following have been impaired: property, plant and equipment amounting to 5,140 thousands of euros (Note 5), right-of-use assets amounting to 3,632 thousands of euros (Note 7.1) and other intangible assets amounting to 242 thousands of euros (Note 6.2). In financial year ended 31 December 2022, the following were impaired: goodwill amounting to 10,820 thousands of euros (Note 6.1), property, plant and equipment amounting to 3,640 thousands of euros (Note 5), right-of-use assets amounting to 3,042 thousands of euros (Note 7.1) and other intangible assets amounting to 35 thousands of euros (Note 6.2). The Portuguese business and the large format stores business in Spain have not been negatively impacted from their fair value reclassification.

The results of the Group's discontinued operations in the year are as follows:

Thousands of euros	2023	Clarel business	Large format stores business	Portugal business	2022	Clarel business	Large format stores business	Portugal business
Income	1,041,733	270,050	159,452	612,231	1,357,060	261,504	494,537	601,019
Depreciation	(37,585)	(10,839)	(56)	(26,690)	(79,006)	(17,196)	(24,660)	(37,150)
Net gain/(loss) on impairment of assets	(10,623)	(9,812)	—	(811)	(9,587)	(18,665)	9,205	(127)
Losses on derecognition of non-current assets	59,878	(2,474)	62,838	(486)	(283)	(310)	(37)	64
Expenses	(989,827)	(246,185)	(168,381)	(575,261)	(1,273,837)	(242,749)	(455,920)	(575,168)
Gross gain/(loss)	63,576	740	53,853	8,983	(5,653)	(17,416)	23,125	(11,362)
Financial expenses	(11,758)	(1,909)	(691)	(9,158)	(11,665)	(1,723)	(2,254)	(7,688)
Loss before taxes from discontinued operations	51,818	(1,169)	53,162	(175)	(17,318)	(19,139)	20,871	(19,050)
Income tax of discontinued companies	(15,543)	(1,080)	(13,443)	(1,020)	(1,044)	—	—	(1,044)
Result from discontinued operations	36,275	(2,249)	39,719	(1,195)	(18,362)	(19,139)	20,871	(20,094)

The line "Net gain/(loss) on impairment of assets" includes an accounting impact of 9,014 thousands of euros at 31 December 2023 and 17,537 thousands of euros at 31 December 2022 recorded in the consolidated income statement under the heading "Result from discontinued operations" through the fair value adjustment of the Clarel business.

The effect on cash flows from activities discontinued by the Group is presented in the consolidated cash flow statement.

14. EQUITY

14.1. Capital

The share capital of Dia at 31 December 2023 and 2022 was 580,655,340.79 euros represented by 58,065,534.079 shares with a par value of 0.01 euros each, fully subscribed and paid up. The shares are freely transferable.

The Company's shares are listed on the Spanish stock markets. According to public information filed with the CNMV, the members of the Board of Directors control, at the date of formulation, approximately 0.00544% of the Parent Company's share capital.

According to the same public information registered with the CNMV, the most significant shareholdings at the date these annual accounts were prepared are as follows:

- Indirect shareholding of LetterOne Investment Holdings, S.A. of 77.704% (the direct holding is in the name of L1R Invest1 Holding S.à.r.l. in the same percentage).

14.2. Share premium

Dia's share premium at 31 December 2023 and 2022 amounted to 1,058,872,572.94 euros corresponding to 6,055,522,466 shares with an issue premium of 0.09 euros and 51,387,555,100 shares with an issue premium of 0.01 euros.

14.3. Reserves and retained earnings

The detail of reserves and retained earnings is as follows:

Thousands of euros	2023	2022
Other non-distributable reserves	1,867	1,867
Other reserves	(1,569,262)	(1,445,414)
Result attributable to holders of the parent company's equity instruments	(30,242)	(123,848)
Total	(1,597,637)	(1,567,395)

(i) Legal reserve

The Parent Company's legal reserve is appropriated in accordance with Article 274 of the Spanish Companies Act, which stipulates that, in any event, companies must transfer an amount equal to 10% of the 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 2023 and 2022, the Parent Company has not set aside any amount relating to this reserve, as it was fully offset for amount of 13,021 thousands of euros to offset losses, pursuant to a resolution of the Extraordinary General Shareholders' Meeting of 22 October 2019.

(ii) Other non-distributable reserves

At 31 December 2023 and 2022, the balance of this reserve was 1,867 thousands of euros following the transfer of 13,303 thousands of euros to unrestricted voluntary reserves approved by the Ordinary Annual General Shareholders' Meeting of 31 May 2021. This reserve, amounting to 15,170 thousands of euros at 31 December 2020, was non-distributable and arose as a result of the entry into force of Royal Decree 602/2016, which eliminated the notion 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 book value of the goodwill exceeds that amount, at which point it may be deemed to be freely distributable. At 31 December 2023 the book value of the Parent Company's goodwill was 29 thousands of euros so this reserve can be considered available to the extent that it exceeds this amount.

(iii) Other Reserves

At 31 December 2023 and 2022, this heading included the Parent Company's voluntary reserves amounting to 964 thousands of euros. It also included negative consolidated reserves.

14.4. Own shares and other own equity instruments

a) Treasury shares

The movement in treasury shares is as follows:

	Number of shares	Average price	Total in euros
At 31 December 2021	28,908,084	0.1329	3,842,015.22
Delivery of shares to Board members	(5,208,448)		(692,226.31)
At 31 December 2022	23,699,636	0.1329	3,149,788.91
At 31 December 2023	23,699,636	0.1329	3,149,788.91

During financial year 2022, 5,208,448 shares valued at 692 thousands of euros net of withholdings, were distributed to directors as remuneration. The difference between the net value of the shares delivered amounting to 70 thousands of euros (Note 18) – and their value in treasury stock was recognised as a reduction to reserves.

At 31 December 2023 and 2022 the Parent Company held 23,699,636 own shares with a rounded off average purchase price of 0.1329 euros per share, representing a total amount of 3,149,788.91 euros.

b) Other own equity instruments

At 31 December 2023, "Other own equity instruments" includes the reserve of 550 thousands of euros for deferred remuneration in shares for non-proprietary directors (250 thousands of euros at 31 December 2022). At 31 December 2023 this heading also includes the reserve corresponding to the Long Term Incentives Plan 2023-2027 for an amount of 525, thousands of euros (Notes 18 & 22).

14.5. Distribution of profits

The proposal for the application of results for 2023 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 133,876,976.07 euros to prior-year losses.

The application of losses of the Parent Company for 2022 approved by the Ordinary General Shareholders' Meeting on 28 June 2023 was to allocate the losses of the 2022 financial year amounting to 170,814,933.95 euros to prior-year losses.

14.6. Result per share

Basic result per share is calculated by dividing net profit for the year attributable to the Parent company by the weighted average number of ordinary shares in circulation throughout both years, excluding own shares.

	2023	2022
Average number of shares	58,041,834,443	58,039,570,123
Result for the period in thousands of Euros	(30,242)	(123,848)
Total result per share in Euros	(0.001)	(0.002)

The weighted average numbers of ordinary shares in circulation was calculated as follows:

	Weighted average ordinary shares at 31/12/2023	Ordinary shares at 31/12/2023	Weighted average ordinary shares at 31/12/2022	Ordinary shares at 31/12/2022
Total shares issued	58,065,534,079	58,065,534,079	58,065,534,079	58,065,534,079
Own shares	(23,699,636)	(23,699,636)	(25,963,956)	(23,699,636)
Total shares	58,041,834,443	58,041,834,443	58,039,570,123	58,041,834,443

There are no equity instruments that could have a dilutive effect on result per share. Therefore, diluted result per share are equal to basic result per share.

14.7. Translation differences

The detail at 31 December is as follows:

Thousands of euros	2023	2022
Argentina	(80,666)	(31,384)
Brazil	(26,516)	(33,576)
Total	(107,182)	(64,960)

15. FINANCIAL LIABILITIES

The detail at 31 December is as follows:

Thousands of euros	2023	2022
Non-current financial debt	457,570	637,901
Non-current lease liabilities	285,408	371,643
Other non-current financial liabilities	193	710
Non-current liabilities	743,171	1,010,254
Current financial debt	77,287	108,776
Current lease liabilities	143,665	185,526
Trade creditors and other accounts payable	1,091,471	1,313,849
Other financial liabilities	149,778	212,727
Current liabilities	1,462,201	1,820,878
Total financial liabilities	2,205,372	2,831,132

15.1. Financial debt

The detail of current and non-current "Financial Debt" is as follows:

Thousands of euros	2023		2022	
	Non-current	Current	Non-current	Current
Debentures and bonds	31,046	—	30,891	—
Debt on interest	—	802	—	800
Debentures and bonds (Notes 15.1 a) and 15.5)	31,046	802	30,891	800
Syndicated credits (Term Loan)	330,828	7,435	368,072	25,000
Syndicated credits (Revolving credit facilities)	54,293	2,406	56,699	—
Credit facilities	25,389	15,159	164,110	—
Debt on interest and formalisation expenses	(3,262)	7,195	(4,665)	7,024
Syndicated financing (Note 15.1 b))	407,248	32,195	584,216	32,024
Bank borrowings	119	20,116	2,702	62,329
Confirming	—	13,199	—	—
Credit facilities	—	6,341	—	6,051
Debt on interest	1	229	114	932
Other loans and credit facilities (Note 15.1 c))	120	39,885	2,816	69,312
Guarantees and deposits received	12,759	672	12,094	3,175
Other financial debt	6,397	1,971	7,884	3,465
Derivatives (Note 15.5)	—	1,762	—	—
Other financial debt (Note 15.1 d))	19,156	4,405	19,978	6,640
Total financial debt	457,570	77,287	637,901	108,776

a) Debentures and bonds

The details of the bond issues at 31 December 2023 that remained listed on the Irish Stock Exchange under a Euro Medium Term Note debt issue programme were as follows:

Issuer	Issue date	Amount (thousands of euros)	PIK-amount (thousands of euros)	Coupon	PIK	Maturity date
Dia, S.A.	07.04.2017	30,800	246	3.00%	0.50%	30 June 2026

On 6 April 2023, the Parent Company paid the interest corresponding to the sixth coupon of the 2017 Euro Medium Term Notes amounting to 927 thousands of euros as well as the capitalisation of the interest corresponding to the PIK margin of 0.50% accrued from 6 April 2022 to 6 April 2023 amounting to 155 thousands of euros.

b) Syndicated financing

On 31 December 2018, the Parent Company formalised a Syndicated Financing Agreement ("SFA") with various Syndicated Creditors, which has been successively amended and redrafted on subsequent dates, the last amendment dated 2 September 2021.

The applicable margin in favour of the Syndicated Creditors under the Syndicated Financing Agreement is 3.0% per annum, with a ratchet increase of 125 basis points per annum PIK of the margin over the interest of the Syndicated Creditors in the event that the leverage ratio for each 12-month period ending at 31 December and 30 June, from December 2023 is higher than 2.50:1, with such increase ceasing to apply in the event that the leverage ratio falls below the applicable threshold on any subsequent verification date. During 2023, there has been no increase in the margin.

The Syndicated Financing Agreement matures on 31 December 2025. The repayments committed to by the Parent Company under the Syndicated Financing Agreement amount to 25,000 thousands of euros for the Senior Facilities on 31 March 2023 and 25,000 thousands of euros on 31 March 2024. The amount of these early repayments to which each Syndicate Creditor is entitled shall be reduced by an amount equal to the amount by which the Bilateral Facility entered into by the Syndicate Creditor is permanently reduced or cancelled on or before the date on which such early repayment is to be made. The possible reduction in the amount of prepayments shall not apply if the Restated EBITDA (as defined in the Syndicated Financing Agreement) for the year prior to the date on which the prepayment is to be made, exceeds 300,000 thousands of euros.

In March 2023, the 25,000 thousands of euros stipulated in the Syndicated Financing contract was repaid.

In addition, at the beginning of 2023, the Parent Company had Super Senior Incremental financing with some of the Syndicated Creditors in the form of confirming agreements and loan agreements for a total amount of 50,000 thousands of euros with a margin of 5.00% per year. This financing has a super senior rank (in other words, it will be senior to Senior Facilities).

During the first half of the year, and in relation to the contract for the purchase and sale of real estate and movable assets and the transfer of certain titles of possession, use and enjoyment of certain establishments, the Company – due the agreement with the syndicated creditors – repaid syndicated financing amounting to 97,200 thousands of euros, made up of 50,000 thousands of euros to repay the Super Senior Incremental Facility and 47,200 thousands of euros to partially repay tranche A of the Syndicated Financing Agreement ("SFA").

During 2023, the Parent Company converted certain limits of the Revolving Credit Facility commitments (included under Senior Facilities) to Confirming/Factoring facilities amounting to 35,614 thousands of euros.

Details of the syndicated financing facilities are shown below:

At 31 December 2023	Limit	Drawn down	Confirming drawn down	Factoring drawn down (non recourse)	Amount available
Loans (Term loan) - Syndicated Financing	338,263	338,263	—	—	—
Tranche B	87,175	87,175	—	—	—
Tranche D	251,088	251,088	—	—	—
Revolving Credit Facility (RCF) - Syndicated Financing	77,352	56,699	—	—	20,653
Tranche B	20,653	—	—	—	20,653
Tranche D	31,699	31,699	—	—	—
Tranche F	25,000	25,000	—	—	—
Credit Facility - Syndicated Financing	269,577	40,689	50,131	11,559	167,199
Credit Facilities	9,879	9,704	—	—	175
Tranche D	9,879	9,704	—	—	175
Credit Facilities balanceable with Confirming	215,476	30,985	50,131	—	134,361
Tranche A	15,160	—	10,585	—	4,575
Tranche B (*)	99,316	10,686	32,846	—	55,785
Tranche C	101,000	20,299	6,700	—	74,001
Credit Facilities balanceable with Factoring	44,222	—	—	11,559	32,663
Tranche D	44,222	—	—	11,559	32,663
Confirming Syndicated Financing	145,034	—	144,910	—	124
Tranche C	141,687	—	141,568	—	119
Tranche F	3,347	—	3,342	—	5
Total syndicated financing	830,227	435,651	195,041	11,559	187,976
Día, S.A.	2,000	—	—	—	2,000
Día Retail España, S.A.	508,560	118,019	195,041	11,559	183,941
Día Finance, S.L.	317,667	317,491	—	—	176
Beauty by DIA, S.A. (*)	2,000	141	—	—	1,859

(*) This drawdown of the syndicated credit facilities amounting to 141 thousands of euros is reclassified to Liabilities directly associated with non-current assets held for sale (Notes 13 and 15.1 e)) for the Clarel Business.

At 31 December 2022	Limit	Drawn down	Confirming drawn down	Factoring drawn down	Amount available
Loans (Term loan) - Syndicated Financing	370,232	370,232	—	—	—
Tranche A	31,969	31,969	—	—	—
Tranche B	87,175	87,175	—	—	—
Tranche D	251,088	251,088	—	—	—
Revolving Credit Facility (RCF) - Syndicated Financing	81,137	56,699	—	—	24,437
Tranche A	3,784	—	—	—	3,784
Tranche B	20,653	—	—	—	20,653
Tranche D	31,699	31,699	—	—	—
Tranche F	25,000	25,000	—	—	—
Credit Facility - Syndicated Financing	306,023	164,110	38,303	—	103,610
Credit Facilities	9,879	9,797	—	—	82
Tranche D	9,879	9,797	—	—	82
Credit Facilities balanceable with Confirming	251,922	110,091	38,303	—	103,527
Tranche A	51,606	—	19,806	—	31,800
Tranche B	99,316	10,174	18,498	—	70,645
Tranche C	101,000	99,918	—	—	1,082
Credit Facilities balanceable with Factoring	44,222	44,222	—	—	—
Tranche D	44,222	44,222	—	—	—
Confirming Syndicated Financing	145,034	—	144,286	—	748
Tranche C	141,687	—	140,940	—	747
Tranche F	3,347	—	3,346	—	1
Total syndicated financing	902,426	591,041	182,589	—	128,797
Super Senior Incremental Facility	50,000	22,840	26,906	—	254
Tranche A	22,840	22,840	—	—	—
Tranche B	27,160	—	26,906	—	254
Total Incremental Facility	50,000	22,840	26,906	—	254
Dia, S.A.	2,000	382	—	—	1,618
Dia Retail España, S.A.	630,760	295,915	209,495	—	125,350
Dia Finance, S.L.	317,667	317,584	—	—	82
Beauty By DIA, S.A.	2,000	—	—	—	2,000

Additional financing (Debt baskets)

The Syndicated Financing Agreement allows the Group to incur some financial debt in addition to the existing debt:

- Additional Super Senior Debt ("Additional Super Senior Financing") provided that the total amount of the Super Senior Debt does not exceed 75,000 thousands of euros.
- Dia Finance S.L.U. will also be a borrower in any additional Super Senior Debt.

The Financing Agreement formalised with the Syndicated Creditors establishes that amounts granted under any other Super Senior Additional Debt be classified as on an equal footing with each other and with seniority over the other Syndicated Financing Agreement tranches.

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

Other terms & conditions

Hive Down

The Parent Company acknowledges that the Group's Hive Down obligations under the Syndicated Financing Agreement have been satisfied and it has no further obligation to take further action with respect to the Hive Down except for:

- the transfer of any Group assets (other than shares in other subsidiaries) not transferred to Dia Retail España, S.A.U. for applying one or more of the restrictions agreed under the Syndicated Financing Agreement. The Group must seek to implement the transfer to the extent that all restrictions cease to apply;
- the transfer of the shares held by the Parent Company in its Brazilian and Argentine subsidiaries to the fully-owned Luxembourg companies. The Parent Company should endeavour to execute this to the extent that there is a change in the law or applicable tax regime allowing the shares to be transferred.

Guaranties

The Parent Company's package of guarantees in favour of the Syndicated Creditors at year-end 2023 under the Syndicated Financing Agreement (SFA) are as follows:

- Personal guarantee of the Parent Company, Dia Retail España, S.A., Beauty By Dia, S.A., Pe-Tra Servicios a la Distribución, S.L.U. and Grupo El Árbol Distribución y Supermercados, S.A.U.
- Pledge on shares owned by the Parent Company in Luxembourg Investment Company 317 S.à r.l. and Dia Brazil Sociedade Ltda.
- Pledge on shares owned by Luxembourg Investment Company 317 S.à r.l. in Luxembourg Investment Company 318 S.à r.l.
- Pledge on shares owned by Luxembourg Investment Company 318 S.à r.l. in Dia Finance, S.L.
- Pledge on shares owned by Dia Finance, S.L.U. in Luxembourg Investment Company 319 S.à r.l.
- Pledge on shares owned by Luxembourg Investment Company 319 S.à r.l. in Luxembourg Investment Company 320 S.à r.l., Luxembourg Investment Company 321 S.à r.l., Luxembourg Investment Company 322 S.à r.l., and Luxembourg Investment Company 323 S.à r.l.
- Pledge on shares owned by Luxembourg Investment Company 320 S.à r.l. in Dia Retail España, S.A.U.
- Pledge on shares owned by the Parent Company and Luxembourg Investment Company 322 S.à r.l. in Dia Portugal Supermercados, S.A.
- Pledge on shares owned by Dia Retail España, S.A.U. in Beauty By Dia, S.A.U., Grupo El Árbol Distribución y Supermercados, S.A., Pe-Tra Servicios a la Distribución, S.L.U. and Dia World Trade S.A.
- Personal guarantee of Dia World Trade, S.A.
- Pledge on shares owned by the Parent Company and Pe-Tra Servicios a la Distribución S.L.U. in Dia Argentina, S.A.
- Pledge on credit rights arising from financing agreements between Group companies granted by the Parent Company.
- Pledge on certain bank current accounts of the Parent Company, Dia Retail España, S.A.U., Beauty By Dia, S.A.U., Pe-Tra Servicios a la Distribución, S.L.U. and Dia Finance, S.L.U.
- Mortgage guarantees on certain real estate assets located in Spain and guarantees on certain intellectual property rights registered in Spain.
- Pledge on credit rights on certain loans between Group companies in which Dia Finance, S.L.U. and/or Luxembourg Investment Company 317 S.à r.l., Luxembourg Investment Company 318 S.à r.l., Luxembourg Investment Company 319 S.à r.l., Luxembourg Investment Company 320 S.à r.l., Luxembourg Investment Company 321 S.à r.l., Luxembourg Investment Company 322 S.à r.l. and Luxembourg Investment Company 323 S.à r.l. are creditors.
- Pledge on the bank current accounts of Luxembourg Investment Company 317 S.à r.l., Luxembourg Investment Company 318 S.à r.l., Luxembourg Investment Company 319 S.à r.l., Luxembourg Investment Company 320 S.à r.l., Luxembourg Investment Company 321 S.à r.l., Luxembourg Investment Company 322 S.à r.l. and Luxembourg Investment Company 323 S.à r.l.

Other commitments

The Syndicated Financing Agreement includes certain commitments and obligations, including:

- Not to distribute dividends of the Parent Company to shareholders without the agreement of the Syndicated Creditors until the debt held with them has been repaid in full.
- Personal obligations to do and not to do and to deliver information customary in this type of financing operation pursuant to the Company's current rating, such as restrictions on the Parent Company to grant liens or security interests in assets, sell or dispose of certain assets, enter into sale/leaseback transactions, amend the Group's line of business, merge and consolidate with other companies, enter into transactions with subsidiaries and make restricted payments (including dividends, redemptions, repayments and prepayments of loans with members of the Group). Should the Parent Company wish to breach any of these commitments, it would require the prior consent of Syndicated Creditors whose commitments exceed 75% of the total commitments.
- At least 80% of the Group's cash must be held in bank accounts subject to collateral securing the financing, and held by Syndicated Creditors (if any) providing cash deposit services in the jurisdiction in which the Group company operates.
- Extension of the maturity date of the Bilateral Facilities owed by Dia or any of its subsidiaries to the Syndicated Creditors to a later date that is satisfactory to the Parent Company and, in any event, on terms that are substantially consistent with each Bilateral Facility agreement in question.

Financial Covenants

Financial Leverage Ratio:

The Group commits to the following financial leverage ratios in each year (measurement will be half-yearly):

Thousands of euros	2023	2024	2025
Total Adjusted Net Debt / Adjusted EBITDA (*)	4.8x	3.7x	2.9x

(*) Total adjusted net debt and Adjusted EBITDA figures used for calculating the covenants are determined based on the definition included in the Financing Agreement and, therefore, these figures do not agree with the figures included in Section f) and Note 4.

Investment ratio (Capex) and restructuring costs:

The Group undertakes that, in aggregate, during the period from 1 January 2023 to 31 December 2025, total Capex will not exceed 759 millions of euros for this period and restructuring expenses will not exceed the amount provided for in the Covenants Plan by more than 26 millions of euros, establishing the overall limit for restructuring expenses for this period at 152 millions of euros.

At 31 December 2023, the Group complied with the covenants required under the Syndicated Financing Agreement (leverage ratio and investment and restructuring costs).

c) Other loans and other credit facilities

The detail of other loans/credit facilities in thousands of euros not included in the syndicated financing is as follows:

At 31 December 2023						
Type	Holder	Currency	Total	Current 1 year	2 years	Total non-current
Bank borrowings	Dia Brasil	BRL	20,235	20,116	119	119
Confirming	Dia Brasil	BRL	13,199	13,199	–	–
Credit facilities	Dia Brasil	BRL	6,341	6,341	–	–
Other loans and other credit facilities			39,775	39,656	119	119

At 31 December 2022

Type	Holder	Currency	Total	Current 1 year	2 years	Total non-current
Bank borrowings	Dia Portugal	EUR	39,190	39,190	–	–
Bank borrowings	Dia Brasil	BRL	25,841	23,139	2,702	2,702
Credit facilities	Dia Brasil	BRL	6,051	6,051	–	–
Other loans and other credit facilities			71,082	68,380	2,702	2,702

During the year, the following movements were made in the loans and confirming of Dia Brazil:

Thousands of euros	December 2022	New financing	Cash paid	FX Valuation	December 2023
Bank borrowings	25,841	2,842	(9,783)	1,335	20,235
Confirming	–	13,199	–	–	13,199
Total movements	25,841	16,041	(9,783)	1,335	33,434

Thousands of euros	December 2021	New financing	Cash paid	FX Valuation	December 2022
Bank borrowings	18,236	10,915	(5,011)	1,701	25,841

- On 11 January 2023, Dia Brazil signed a bilateral loan for 24 months, with monthly repayments and final maturity in 2025 amounting to 2,842 thousands of euros (15,000 thousands of Brazilian reais).
- During 2023, loans totalling 9,783 thousands of euros were fully repaid (the equivalent value of which is 52,453, thousands of Brazilian reais).
- In December 2023, Dia Brazil's confirming – amounting to 13,199 thousands of euros (70,772 thousands of Brazilian reais) – linked to financing of the subsidiary itself was transferred to Financial Debt.
- Dia Portugal's loans are reclassified to liabilities directly associated with non-current assets held for sale in 2023 (Note 13).

d) Other financial debt

Other financial debt includes the following:

Thousands of euros	2023		2022	
	Non-current	Current	Non-current	Current
Guarantees and deposits received ⁽¹⁾	12,759	672	12,094	3,175
Other financial debts ⁽²⁾	6,397	1,971	7,884	3,465
Derivatives (Note 8.2)	–	1,762	–	–
Other financial debt	19,156	4,405	19,978	6,640

(1) Guarantees and deposits includes the guarantees received from franchisees in Spain.

(2) Other non-current financial debts mainly include the debt for payments to be made to the National Institute of Social Security ("INSS") in Brazil, payable in several years. Other current financial debts, include collections on behalf of third parties in Spain.

e) Net debt

The detail of net debt without IFRS16 at 31 December is as follows:

Thousands of euros	2023	2022
Cash and cash equivalents (Note 12)	131,061	215,819
Interest rate hedging derivatives (Note 8.2)	2,530	4,341
Financial debt (current and non-current) (Note 15.1)	(534,857)	(746,677)
Finance lease liabilities (Note 7.2)	(13,640)	(17,595)
Net Debt	(414,906)	(544,112)

f) Reconciliation of net cash flows from financing activities

The reconciliation between financial liabilities on the consolidated statement of financial position and the cash flows from financing activities is as follows:

Thousands of euros	Non-current financial liabilities	Current financial liabilities	Total
Balance at 31 December 2022	1,009,544	294,302	1,303,846
Cash flows from financing (payments)	(179,810)	(8,362)	(188,172)
Cash flows from financing (collections)	2,842	—	2,842
Cash flows from financing (financial lease payments)	—	(222,245)	(222,245)
Financing flows from discontinued operations	—	(96)	(96)
Non-monetary changes:			—
Reclassification to short term	(175,828)	175,828	—
Foreign currency exchange gains/(losses)	(6,083)	3,924	(2,159)
Transfers to liabilities linked to assets held for sale	(49,029)	(56,845)	(105,874)
Other non-monetary changes	141,342	34,446	175,788
Balance at 31 December 2023	742,978	220,952	963,930

Thousands of euros	Non-current financial liabilities	Current financial liabilities	Total
Balance at 31 December 2021	1,023,183	300,837	1,324,020
Cash flows from financing (payments)	(19,829)	(1,594)	(21,423)
Cash flows from financing (collections)	4,195	8,559	12,754
Cash flows from financing (financial lease payments)	—	(215,827)	(215,827)
Financing flows from discontinued operations	—	(54,419)	(54,419)
Non-monetary changes:			—
Reclassification to short term	(235,829)	235,829	—
Foreign currency exchange gains/(losses)	(888)	461	(427)
Transfers to liabilities linked to assets held for sale	(31,890)	(23,434)	(55,324)
Other non-monetary changes	270,602	43,890	314,492
Balance at 31 December 2022	1,009,544	294,302	1,303,846

Other non-monetary changes mainly include the effect of IFRS 16 Leases.

15.2. Other non-current financial liabilities

Other non-current financial liabilities at 31 December 2023 amounting to 193 thousands of euros (710 thousands of euros at 31 December 2022) include advances for franchises by way of the entry fee in Argentina.

15.3. Trade creditors and other accounts payable

The detail is as follows:

Thousands of euros	2023	2022
Suppliers	887,932	1,081,130
Suppliers, other related parties	91	300
Advances from customers	637	459
Creditors	202,811	231,960
Total Trade creditors and other accounts payable	1,091,471	1,313,849

"Suppliers" and "Creditors" essentially comprise short-term debt with suppliers of goods and services, whether or not represented by accepted bills of exchange and promissory notes. This heading decreases mainly due to three effects: the reclassification to "Liabilities directly associated with non-current assets held for sale" of the Portuguese business, amounting to 133 millions of euros; the evolution of the exchange rate in Argentina, which despite increasing in local currency, decreases in euros; and the sale of large format stores in Spain to Alcampo.

The balances included in "Trade creditors and other accounts payable" do not accrue interest.

At 31 December 2023 the Group had confirming facilities with a limit of 207,053 thousands of euros (31 December 2022: 253,545 thousands of euros) of which 206,257 thousands of euros has been used (31 December 2022: 246,729 thousands of euros).

Thousands of euros	2023			2022		
	Limit	Drawn down	Amount available	Limit	Drawn down	Amount available
Confirming senior syndicated financing (1)	195,348	195,041	307	183,580	182,589	991
Confirming super senior syndicated financing	—	—	—	27,160	26,906	254
Confirming not included in the syndicated financing (2)	11,705	11,216	489	42,805	37,234	5,571
Total	207,053	206,257	796	253,545	246,729	6,816

(1) Included in the senior syndicated financing confirming limit at 31 December 2023 is 183 thousands of euros corresponding to the limits of the shared tranche A, B and C lines (31 December 2022: 243 thousand of euros).

(2) The confirming not included in syndicated financing at 31 December 2023 includes other confirming relating to Spain, with a limit of 7,000 thousands of euros, of which 6,617 thousands of euros has been drawn down; and to Brazil, with a limit of 4,705 thousands of euros, of which 4,599 thousands of euros has been drawn down. At 31 December 2022, this line included 7,000 thousands of euros from Spain (of which 6,346 thousands of euros had been drawn down), 11,300 thousands of euros from Portugal (of which 11,295 thousands of euros had been drawn down), 146 thousands of euros from Argentina fully drawn down and 24,359 thousands of euros from Brazil (of which 19,447 thousands of euros had been drawn down).

The information required by the Third Additional Provision of Spanish Law 15/2010 of 5 July as amended by the Resolution of 29 January 2016 of the Spanish Institute of Accounting and Auditing and by Spanish Law 18/2022 of 28 September on the creation and growth of companies, regarding the information to be included in the notes to the annual accounts in relation to the average period of payment to suppliers in the commercial transactions of the Dia Group's Spanish companies, is detailed below:

	2023	2022
	Days	Days
Average payment period to suppliers	43	42
Ratio of transactions paid	44	42
Ratio of transactions pending payment	34	38

	Amount in thousands of euros	Amount in thousands of euros
Total payments made	4,033,882	4,115,482
*Total payments pending	436,848	444,545

*This amount excludes unbilled receipts and invoices that have been used at year-end under the aforementioned confirming facilities.

The amount of payments made during financial year 2023 in a period shorter than the maximum permitted is 2,379,741 thousands of euros (59% of the total), corresponding to 612 thousands of invoices (52% of the total).

The amount of payments made during financial year 2022 in a period shorter than the maximum permitted is 2,474,059 thousands of euros (60% of the total), corresponding to 687 thousands of invoices (52% of the total).

The average payment period is calculated taking reverse factoring facilities with suppliers into account.

15.4. Other financial liabilities

The breakdown at 31 December is as follows:

Thousands of euros	2023	2022
Personnel	54,784	77,392
Suppliers of fixed assets	41,634	87,451
Other current liabilities	53,360	47,884
Total other financial liabilities	149,778	212,727

The decrease in the personnel line was mainly due to the reclassification of the Portuguese business, as well as the liquidation of Grupo el Árbol in Spain, to "Liabilities directly associated with non-current assets held for sale". This line also included 7,787 thousands of euros in provisions for remuneration of personnel under the Incentive Plan payable in 2023 (Notes 16 and 18).

The suppliers of fixed assets line has decreased over year-end 2022 due to the lower volume of store refurbishments this year.

Other current liabilities mainly includes deposits received from franchisees amounting to 51,792 thousands of euros (46,267 thousands of euros in 2022). Upon termination of the contractual relationship with Dia, the amounts already paid and deposited as security shall be deducted from the franchisee's final debt.

15.5. Estimates of fair value

The fair value of financial assets and liabilities is included at the amount at which the instrument could be exchanged in an arm's length transaction rather than in a forced or settlement transaction.

In general, the Group applies the following systematic hierarchy to determine the fair value of financial assets and liabilities:

- Level 1: the Group firstly applies the listed prices of the most advantageous active market to which it has immediate access, adjusted where necessary to reflect any difference in credit risk between the instruments commonly traded and the instrument being measured. For these purposes, the current bid price is used for assets held or liabilities to be issued and the ask price is used for assets to be purchased or liabilities issued. If the Group has assets and liabilities that offset market risks against each other, mid-market prices are used for the offsetting risk positions, applying the appropriate price to the net position.
- Level 2: if market prices are not available, recent transaction prices are used, adjusted for conditions.
- Level 3: otherwise, the Group applies generally accepted valuation techniques using, insofar as is possible, market data and, to a lesser extent, specific Group data.

At 31 December, the Group's position is as follows:

2023					
	Level 1	Level 2	Level 3	Carrying amount	Measurement method
Debentures and bonds (Note 15.1)	26,622	—	—	31,848	Amortised cost
Derivative instrument assets (Note 8.2)	—	2,530	—	2,530	Fair value
Derivative instrument liabilities (Note 15.1)	—	1,762	—	1,762	Fair value

2022					
	Level 1	Level 2	Level 3	Carrying amount	Measurement method
Debentures and bonds (Note 15.1)	25,256	—	—	31,691	Amortised cost
Derivative instrument assets (Note 8.2)	—	4,341	—	4,341	Fair value
Derivative instrument liabilities (Note 15.1)	—	—	—	—	Fair value

For Level 2 instruments, the Group allocates the assets and liabilities related to its over-the-counter (OTC) derivative positions to this hierarchy level and measures them using observable market data.

The book value of other financial assets and liabilities does not differ significantly from their fair value.

There have been no transfers between valuation levels of financial assets or liabilities measured at fair value.

16. PROVISIONS

The detail and evolution during the year was as follows:

Thousands of euros	Provisions for long-term employee benefits under defined benefit plans	Tax provisions	Social security provisions	Legal provisions	Other provisions	Total long-term provisions
At 1 January 2023	2,603	46,394	14,075	19,048	1,395	83,515
Allotments	6,060	2,347	12,980	6,086	160	27,633
Applications	—	(224)	(2,453)	(1,652)	—	(4,329)
Reversals	(1,107)	(762)	(2,419)	(3,066)	(100)	(7,454)
Transfers held for sale	(933)	(2,063)	(68)	(1,783)	—	(4,847)
Other movements	36	1,368	—	—	6	1,410
Translation differences	—	1,044	(2,084)	(1,855)	(353)	(3,248)
At 31 December 2023	6,659	48,104	20,031	16,778	1,108	92,680
At 1 January 2022	26,038	34,498	10,002	22,805	1,069	94,412
Allotments	956	3,724	6,080	9,568	425	20,753
Applications	—	(1,057)	(1,987)	(7,720)	—	(10,764)
Reversals	(16,781)	(1,290)	(1,935)	(6,404)	(5)	(26,415)
Transfers	(7,787)	9,416	2,178	2,001	—	5,808
Transfers held for sale	(582)	—	(22)	(533)	(83)	(1,220)
Other movements	1,528	842	—	—	6	2,376
Translation differences	(769)	261	(241)	(669)	(17)	(1,435)
At 31 December 2022	2,603	46,394	14,075	19,048	1,395	83,515

At 31 December 2023, as at the end of the previous year, the Group's main provisions are of a tax, social and legal nature. During 2023, a provision of 27,633 thousands of euros (20,753 thousands of euros in 2022) was recognised, which was mostly related to social litigation in progress mainly in Argentina and Brazil, long-term employee remuneration obligations and other legal matters for which a probable outflow of resources is expected. On the other hand, in 2023 there were applications for 4,329 thousands of euros and reversals for 7,454 thousands of euros, the latter for contingencies that did not materialise (10,764 thousands of euros and 26,415 thousands of euros in 2022, respectively). Reversals in the previous year mainly related to the cancellation of defined benefit plans, as detailed in Note 18.

Legal proceedings in Argentina

In December 2018, the Argentine Social Security Authorities (Directorate for Social Security Resources), attached to the Federal Administration of Public Revenue (AFIP) brought an economic-criminal proceeding against Dia Argentina S.A. and certain executives for alleged tax evasion in relation to Social Security payment obligations. Specifically, the AFIP's Social Security department questioned the status of franchisees as employers, given their apparent lack of financial solvency.

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

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

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

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

On 29 April 2022, three of the former directors summoned by the court (as they were jointly and severally liable) requested their application for a new tax amnesty in force at the time (Law 27.653). In this context, 175 millions of Argentine pesos of nominal capital was paid, whose interest calculation (calculated at a maximum of 75%) with the elimination of all fines on the basis of the benefits of the tax regulations, determined a total of 257 millions of Argentine pesos.

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

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

On 24 February 2023, the Prosecutor of the case issued a resolution considering that, by virtue of the facts revealed by Dia Argentina in its request of 17 May 2022, the requirements to decree the termination of the criminal action against Dia Argentina and its former directors had been met.

On 23 March 2023, the judge in the case decided to extinguish the criminal proceedings against Dia Argentina and the former directors in relation to the alleged evasion of social security contributions by Dia Argentina for the periods between January 2014 and December 2018 and, consequently, dismiss the named parties, ordering the case be closed.

This ruling was expressly consented to by the Prosecutor investigating the case, however, by legal mandate on 31 March 2023, the AFIP's attorney filed an appeal against it and, at the date of preparing these annual accounts, the case was under review by the Court of Appeals of the jurisdiction.

In the opinion of the Directors of the Dia Group, supported by their legal advisors, no future liabilities are expected to arise in this case.

Civil proceedings brought by minority shareholders

On 12 June 2020, the Parent Company was notified of a civil claim having been filed by an individual minority shareholder for damages, by virtue of which they claim 110,605 euros from the Parent Company for damages suffered, alleging the Parent Company having breached its obligation to reflect a true and fair view of its equity in its 2016 and 2017 annual accounts, as well as the decrease in the share value in the context of the restatement of the Parent Company's annual accounts that took place in 2018. The Company responded to the lawsuit in due time and form. 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 claim. On 9 November 2021, the Parent Company received notice of an appeal against the judgment. On 7 January 2022, the Parent Company lodged its objection to the appeal. The appeal is currently pending a decision by the Provincial Court of Madrid. There is no provision in respect of this litigation in these consolidated annual accounts, as no likely outflow of resources is estimated.

Other civil proceedings

A) Proceedings brought by Mr Ricardo Currás de Don Pablos against Dia

In March 2019, Mr 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 entire 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 (bonus) 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 above-mentioned 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 legal interest from the instigation of legal proceedings, as well as the legal costs; and (ii) the counter-claim filed by Dia was fully rejected, with the latter being liable for the costs occasioned to the other party. In addition, the costs incurred by Mr Currás with the Dia appeal were ordered to be paid by Dia.

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

On 31 March 2022 Dia filed both appeals, which at the date of preparation of these consolidated annual accounts are pending a decision on their admissibility by the Supreme Court. On 17 May 2023 a Reporting Judge was designated to resolve on the admissibility of Dia's appeals.

There is no provision in respect of this litigation in these consolidated annual accounts, as the Directors consider that the final resolution of the dispute will be favourable to the interests of the Dia Group.

B) Proceedings brought by Mr Antonio Coto Gutiérrez against Dia

On 10 March 2023, the Parent Company was notified of a claim for payment filed by Mr Antonio Coto Gutiérrez, former director and ex-CEO of the Parent Company, against Dia S.A. amounting to 4,748,561.04 plus interest for various items related to amounts he considers he is owed as a result of the termination of his relationship as CEO of the Parent Company in December 2018.

The Parent Company presented its response to the demand on 12 April 2023. The preliminary hearing was held on 9 January 2024, and the procedure is pending trial, scheduled for 10 and 11 October 2024.

17. INCOME TAX

17.1. Income tax

The detail of the income tax expense is as follows:

In thousands of euros	2023	2022
Current tax		
For the period	5,763	22,821
Current income tax in previous periods	(35,108)	3,511
Total current tax	(29,345)	26,332
Deferred taxes		
Source of taxable temporary differences	15,645	5,899
Source of deductible temporary differences	(31,663)	(29,483)
Reversal of taxable temporary differences	(660)	(1,710)
Reversal of deductible temporary differences	27,702	31,778
Total deferred taxes	11,024	6,484
Total tax (income) /expense	(18,321)	32,816

Due to the different treatment of certain transactions permitted by tax legislation, the accounting profit of each Group company differs from the taxable bases.

The reconciliation between the Group's accounting profit and the taxable profit that would result from the sum of the tax bases of the tax returns for each Group company is shown below:

In thousands of euros	2023	2022
Result before tax from continuing operations	(84,838)	(72,670)
Share in profit/(loss) for the year of entities accounted for under the equity method	5	55
Pre-tax loss for the period	(84,833)	(72,615)
Tax calculated at the tax rate of each country	(20,304)	(18,285)
Unrecognised tax credits generated	52,011	44,943
Non-taxable income	(55,971)	(16,422)
Non-deductible expenses	25,120	16,356
Unrecognised deferred taxes	1,516	(8,079)
Deductions and allowances for the current period	456	(4)
Current adjustments for prior periods	(35,709)	2,863
Deferred tax from prior periods	(467)	226
Adjustment for hyperinflation	14,429	10,666
Other adjustments	598	552
Income tax expense/(income)	(18,321)	32,816
Total income tax expense/(income)	(18,321)	32,816

Although the Group's pre-tax accounting loss on continuing operations amounts to 84,838 thousands of euros Dia Argentina contributes to this result with a profit of 37,169 thousands of euros which, at a tax rate of 35%, implies a tax expense of 13,009 thousands of euros, an amount to which an adjustment due to hyperinflation of 14,429 thousands of euros must be added. In this regard, it should be noted that this adjustment for hyperinflation is an accounting entry that attempts to adjust the income tax result to the value of the currency at the end of the year.

For the table above, the tax rates applicable in each of the countries or jurisdictions in which the Group operates have been taken into account, as follows:

Spain	25%
Portugal	21%
Argentina	35%
Brazil	34%
Switzerland	14%

In 2023, the Spanish companies Distribuidora Internacional de Alimentación, S.A. (parent) and Dia Retail, S.A., Pe-Tra Servicios a la Distribución, S.L., Beauty by Dia, S.A., Grupo El Árbol Distribución y Supermercados S.A., Dia Finance S.L. and Finandia S.A. (subsidiaries) filed consolidated tax returns in 2020 as part of Tax Group 487/12, pursuant to Title VII, Chapter VI of Law 27/2014 of 27 November on Corporation Tax.

17.2. Tax assets and liabilities

The detail of the balances relating to tax assets and liabilities at 31 December are as follows:

Thousands of euros	2023	2022
Non-current tax assets	63,618	70,366
Tax Authority debtor for VAT	28,584	43,131
Government Body Debtors for other concepts	8,389	6,573
Current income tax assets	71,900	8,303
Total tax assets	172,491	128,373
Deferred tax liabilities	43,136	50,742
Tax Authority creditor for VAT	15,298	17,029
Government Body Creditors for other concepts	26,148	39,043
Current income tax liabilities	10,377	14,191
Total tax liabilities	94,959	121,005

Non-current tax assets correspond in full to Brazilian ICMS tax linked to the Circulation of Goods and Services, which is equivalent to VAT in other jurisdictions. The short-term amount of this tax, amounting to 11,317 thousands of euros at 31 December 2023 (10,592 thousands of euros at December 2022), forms part of the heading Tax Authority debtor for VAT. At 31 December 2023, and at the end of the previous year, all the receivables recognised are duly credited to the Brazilian tax authorities and can be offset and monetised through sale (in this case with the prior authorisation of the Brazilian tax authorities).

In December 2023, the Brazilian Administration authorised the monetisation of part of the loan, whereby the company moved forwards with the sale of 9,483 thousands of euros (5,905 thousands of euros of principal and 3,269 thousands of euros of interest). Up until the preparation of these consolidated annual accounts in 2024, an 18,227 thousands of euros was sold (11,916 thousands of euros of principal and 6,311 thousands of euros of interest). Throughout 2024, it is expected the Brazilian Administration will continue to grant authorisations that will allow the sale of the entire ICMS loan.

It should also be noted that the table of accumulated temporary differences at 31 December 2023 above does not reflect the effect of the appeal that the company has for the unconstitutionality of RD 3/2016 being upheld with respect to Article 21.6 of the Corporation Tax Law relating to the non-deductibility of tax losses arising from the transfer of shareholdings. If the unconstitutionality of RD3/2016 is also recognised with respect to this concept, the company will have to recognise the difference between the tax and book value of the portfolio for an additional negative tax base of 100,133 thousands of euros in the 2018 financial year for the sale of Dia Shanghai and Dia Consulting, and an additional deferred tax asset of 2,067 thousands of euros (25 per cent of the 8,272 thousands of euros impairment of the shareholding recorded in Dia Portugal at 31 December 2023) and 211,444 thousands of euros (25 per cent of the 704,812 thousands of euros impairment of the shareholding recorded at 31 December 2023 in Dia Brazil).

In this regard, it should be noted that the Group currently has an appeal before the National High Court for the unconstitutionality of RD 3/2016 deriving from 2020 when the Group challenged the corporation tax returns for 2016, 2017 and 2018.

Current income tax assets include 43,490 thousands of euros (35,345 thousands of euros of tax payable and 8,145 thousands of late-payment interest) (Note 25), as a result of the declaration of unconstitutionality of Royal Decree 3/2016 and the appeal filed by the Group. This line also includes payments to accounts made mainly in Spain.

The reconciliation between the detail of the deferred tax (before consolidation offsets) and the deferred tax recognised in the statement of financial position (after consolidation offsets) is as follows:

	2023	2022
Capitalised Taxable Bases	—	—
+ Deferred Tax Assets	7,799	25,505
Total Deferred Tax Assets	7,799	25,505
Assets Offset	(7,799)	(25,505)
Deferred Tax Assets	—	—
Deferred Tax Liabilities	50,935	76,247
Liabilities Offset	(7,799)	(25,505)
Deferred Tax Liabilities	43,136	50,742

It should also be noted that the detail in the Group's deferred tax assets and liabilities (before offsetting) is as follows:

ASSETS AND LIABILITIES TEMPORARY DIFFERENCES

Thousands of euros	2023		2022	
	Recognised	Not recognised	Recognised	Not recognised
Temporary differences	—	74,219	25,505	78,178
Deductions	2,124	9,228	—	11,196
Negative Tax Bases	5,675	479,054	—	578,775
Total Deferred Tax Assets	7,799	562,501	25,505	668,149

Thousands of euros	2023	2022
Depreciations	349	22,753
Provision Portfolio	6,005	—
Adjustment for hyperinflation	41,467	48,697
Others	3,114	4,797
Total Deferred Tax Liabilities	50,935	76,247

In 2019, following the considerations published by the European Securities and Markets Authority (ESMA), the Group derecognised all capitalised tax bases except for those of Dia Argentina and has only recognised deferred tax assets to the extent that deferred tax liabilities exist in the same jurisdiction. Consequently, at 31 December 2023, the Group recognised a net deferred tax liability of 43,136 thousand of euros, consisting of assets of 7,799 thousands of euros and liabilities of 50,935 thousands of euros.

According to current income tax returns, Group companies have the following accumulated taxable bases to offset in future years, amounting to 1,721,099 thousands of euros in 2023 and 2,139,400 thousands of euros in 2022. The decrease in taxable bases in 2023 is mainly due to the liquidation of the Spanish company Grupo el Árbol, S.A. during the year.

Thousands of euros	Years generated	Statute of limitation years								NTBs pending capitalisation
		No statute of limitation	2024	2025	2026	2027	2028	>2028	TOTAL	
Distribuidora Internacional de Alimentación, S.A.	2014-2021	383,000	—	—	—	—	—	—	383,000	383,000
Finandia, S.A.U.	2017-2023	2,846	—	—	—	—	—	—	2,846	2,846
Dia Retail, S.A.U.	2006-2023	641,514	—	—	—	—	—	—	641,514	641,514
Pe-Tra Servicios a la distribución, S.L.U.	1997-1999	18,549	—	—	—	—	—	—	18,549	18,549
Dia Finance, S.L.	2020-2023	63,841	—	—	—	—	—	—	63,841	63,841
Dia Brasil Sociedade Limitada	2018-2023	609,681	—	—	—	—	—	—	609,681	609,681
Luxembourg Investment Company 317, S.A.R.L.	2019-2023	—	—	—	—	—	—	248	248	248
Luxembourg Investment Company 318, S.A.R.L.	2019-2023	—	—	—	—	—	—	245	245	245
Luxembourg Investment Company 319, S.A.R.L.	2019-2023	—	—	—	—	—	—	271	271	271
Luxembourg Investment Company 320, S.A.R.L.	2019-2023	—	—	—	—	—	—	254	254	254
Luxembourg Investment Company 321, S.A.R.L.	2019-2023	—	—	—	—	—	—	197	197	197
Luxembourg Investment Company 322, S.A.R.L.	2019-2023	—	—	—	—	—	—	258	258	258
Luxembourg Investment Company 323, S.A.R.L.	2019-2023	—	—	—	—	—	—	195	195	195
Total negative taxable bases		1,719,431	—	—	—	—	—	1,668	1,721,099	1,721,099

Pillar 2 Directive

Within the framework of the rules relating to Pillar 2 of the OECD, the European Union adopted Directive EU2022/2523 on 15 December 2022, according to which large multinationals with a global revenues of over 750 millions of euros will be subject to a minimum taxation on profits.

The transposition of the Directive has still not taken place in Spain, although according to the text of the Draft Bill, the Law will take effect for tax periods beginning on or after 31 December 2023, except for the rule on insufficiently taxed profits, which will take effect for tax periods beginning on or after 31 December 2024.

As the regulation for this tax has not yet come into force in Spain, the Group has not recorded any impact on the tax expense for the year. On the other hand, the Group applies the exception to recognise and disclose information on deferred tax assets and liabilities related to this tax, as provided for in the amendments to IAS 12 issued in May 2023.

Taking into account the existing regulatory framework at the date of preparing these financial statements, it is not yet possible to make an accurate and reliable estimate of the impact of applying the Pillar 2 standard. However, based on the analysis of the years prior to the application period, and except for possible unforeseen events in subsequent years, it is estimated that the new tax will not have a material impact on the Dia Group's income statement.

17.3. Main inspection actions

Brazil

As a result of the inspection proceedings concluded in 2014, Dia Brasil received two notifications from the Brazilian tax authorities relating to 2010, one for an updated amount of 16,130 thousands (86,488, thousands Brazilian reais) in relation to the discrepancy of the tax levied on income from discounts received from suppliers, and the other for an updated amount of 77,808 thousands of euros (417,190 thousands of Brazilian reais) for omission of income derived mainly from movements of goods. Both proceedings are currently in litigation, with the risk being classified as possible in the first case and remote in the second.

In 2017, Dia Brasil received notification questioning the offsetting of negative taxable bases for corporation tax for financial years 2012 and 2013 at a restated amount of 7,039 thousands of euros (37,742 thousands of Brazilian reais). External legal advisors have classified this risk as possible for the most part, so a provision has been recorded for a restated amount of 664 thousands of euros (3,560 thousands of Brazilian reais), which is only for the portion considered by the advisors as probable.

After the inspection proceedings closed in January 2019, Dia Brasil received a notification from the Brazilian tax authorities related to 2014 for a restated amount of 106,625 thousands of euros (571,702 thousands of Brazilian reais) in relation to various items of PIS and COFINS taxes. The company has appealed this via administrative proceedings, and the risk of loss of the concepts discussed in this appeal has been mostly assessed as remote/possible. As a result, a provision of only 2,679 thousands of euros (14,367 thousands of Brazilian reais) has been recognised at 31 December 2023.

In 2021, the company received notification relating to the 2017 financial year, for an updated amount of 5,611 thousands of euros (30,087 thousands of euros Brazilian reais) in relation to the ancillary obligations of the PIS/COFINS tax. This is currently being appealed via administrative proceedings and the risk has been classified as possible.

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

- For a total amount of 41,538 thousands of euros (222,718 thousands of Brazilian reais) in connection with the payment and usage of the ICMS tax credit for financial years 2017-2018 (with a minority also in 2019 and 2020). The company has appealed this via administrative channels and the risk has been mostly assessed as remote/possible.
- For a total amount of 39,502 thousands of euros (211,800, thousands of Brazilian reais) in relation to various discrepancies of the PIS and COFINS taxes for financial years 2019-2020. This company has appealed this via administrative proceedings and the risk of loss has been classified as possible/probable. As a result, a provision of 207, thousands of euros (1,112 thousands of Brazilian reais) has been recognised at 31 December 2023.

In 2023, Dia Brasil received a notification questioning alleged debts related to the contribution to PIS-COFINS in the years 2007-2016 amounting to 15,502 thousands of (83,120 thousands of Brazilian reais). The proceedings are currently being judged and the risk has been classified as remote.

Portugal

As a result of the general inspection proceedings regarding financial year 2019 at Dia Portugal, notification was received from the Portuguese tax authorities in 2022 for an updated amount of 317, thousands of euros essentially connected with discrepancies in the VAT rate applied to certain products. This amount has already been paid and is currently in litigation.

Argentina

In 2022, Dia Argentina received notifications on value added tax for 2016 and 2017 for an updated principal amount of 154 thousands of euros (137,962 thousands of Argentine pesos) and 233 thousands of euros (208,867 thousands of Argentine pesos) respectively. In 2023, they were appealed in court, and the risk of loss classified as possible.

In 2023, Dia Argentina received notification of the value added tax in financial year 2018 for an updated principal amount of 324 thousands of euros (290,121 thousands of Argentine pesos). The Company has appealed this settlement via administrative proceedings, and external legal advisors rate the probability of loss from this litigation as possible.

In addition, it should be noted that the litigation in relation to the Social Security payment obligations in Argentina, which is managed by the Federal Administration of Public Revenues (AFIP), is explained in Note 16 "Provisions".

Spain

In 2023, two inspection notifications were received by:

- The Parent Company for corporation tax from 2018 to 2020, and for VAT, withholdings and non-resident income tax from June 2019 to December 2020.
- The subsidiary Dia Retail España, S.A., for corporation tax from 2018 to 2020, for VAT from June 2019 to December 2020, and for withholdings and non-resident income tax from July 2019 to December 2020.

In addition, the subsidiary Grupo el Árbol, S.A., liquidated in November 2023, received an inspection notification on 18 January 2024 for corporation tax from 2018 to 2020, for VAT from June 2019 to December 2020, and for withholdings and non-resident income tax from January 2020 to December 2020.

The communications are addressed to the Parent Company, as the parent company of the Tax Group for Corporation Tax and VAT, and therefore the statute of limitations for the Tax Administration's rights and actions for the entire Tax Group in respect of these taxes is interrupted for the periods indicated.

In 2023, the Parent Company received notification of the Supreme Court ruling in respect of corporation tax for the years 2008 to 2010, which upholds the company's claims in full. Also in 2023, the Company received notification of another Supreme Court ruling on personal income tax for the years 2008 to 2010, which upheld the company's claims in respect of which it considered there to be an interest in appeal.

At the closing date of these consolidated annual accounts, the Parent Company has two cases in administrative litigation for corporation tax, for the following periods and updated amounts as follows: 2011 to 2012, 1,145 thousands of euros and 2013 to 2014, 2,083 thousands of euros. These cases are not provided for, as the company has assessed the probability of loss as possible.

According to the administrative criteria, the years open to inspection at 31 December 2023 for the main taxes to which the Companies of the various jurisdictions are subject are as follows.

Tax	SPAIN	PORTUGAL	ARGENTINA	BRAZIL
Corporation tax	2016 and following	2020 and following	2017 and following	2017 and following
Value Added tax	2019 and following	2020 and following	2016 and following	2018 and following
Personal Income tax	2019 and following	2020 and following	2017 and following	2018 and following

The directors do not expect that any additional material liabilities to the consolidated annual accounts taken as a whole will arise from the years open for review or the appeals submitted.

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

On 26 October 2022 the Board of Directors approved a Long Term Incentives Plan for 2023-2025 (LTI 2023-2025), adapted to the Group's strategy and with the aim of motivating and recompensing key management for their commitment to the Dia project, and attract and commit to the talent needed to achieve the sustainability of the business in the medium term. As a result of the 2023-2025 LTI, a long-term provision of 5,725 thousands of euros was made at 31 December 2023.

Furthermore, on 23 May 2023, the Board of Directors approved a new Long Term Incentives Plan for 2023-2027 (LTI 2023-2027) orchestrated in shares aimed at a restricted number of key management, with the intention of motivating the creation of value with an increase in the Parent Company's share value.

The 2023-2027 long-term value creation incentive plan consists of an allocation of an "Estimated Monetary Target Award" that will serve as the basis for determining the number of Dia shares to be delivered to the beneficiaries if the minimum target market capitalisation for Dia set out in the plan is met. Once this minimum target is met, the final number of shares to be delivered will be calculated by applying a percentage to the shares initially determined according to the degree of achievement of the targets.

To obtain the valuation, simulations were carried out using Monte Carlo techniques of a large number of scenarios for the evolution of the Dia's share price that determines the company's market capitalisation on the date on which the target was set. These simulations were carried out on the basis of an evolution in the Black-Scholes Log Normal scenario, taking into account an estimate of the volatility of the share, as well as the wholesale market interest rates for the leeway of the process. The variance reduction by antithetic variables technique is applied to improve the accuracy of the simulations.

At 31 December 2023, an expense of 525 thousands of euros was recorded against Equity instruments for the 2023-2027 LTI.

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

At 31 December 2022, the total amount of the provision accrued for Long-Term Incentive Plans was 8,720, thousands of euros. This amount was recorded as 933 thousands of euros under long-term provisions and 7,787 thousands of euros as "Other financial liabilities" (Notes 15.4 and 16). This amount was paid to beneficiaries of the plan in the first half of 2023. In accordance with the decision of the Board of Directors of 26 October 2022 to terminate the LTI 2021-24, the existing liability relating to this Plan was cancelled and income of 13,938 thousands of euros was recognised in the consolidated income statement for 2022, taking into account the reclassification of 229 thousands of euros from the Portuguese business (Note 4).

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 accrued in 2023 in an amount of 300 thousands of euros (269 thousands of euros in financial year 2022) (Notes 20.3 and 22).

19. REVENUES

19.1. Breakdown of revenues from contracts with customers

Revenues correspond to sales income in own stores, sales and services rendered to franchisees and online sales derived from the Group's activity, which is essentially focused on the markets of Spain, Brazil and Argentina. The distribution of net sales for the year is as follows:

	2023			2022 (Re-presented)		
	Revenues in the segment	Revenues between segments	Revenues from external customers	Revenues in the segments	Revenues between segments	Revenues from external customers
Sales in own stores	2,934,108	160	2,933,948	3,454,606	342	3,454,264
Spain	1,702,462	160	1,702,302	1,735,757	342	1,735,415
Brazil	454,525	—	454,525	575,169	—	575,169
Argentina	777,121	—	777,121	1,143,680	—	1,143,680
Sales to franchise stores	2,592,431	—	2,592,431	2,308,762	—	2,308,762
Spain	2,187,247	—	2,187,247	1,812,327	—	1,812,327
Brazil	244,191	—	244,191	288,869	—	288,869
Argentina	160,993	—	160,993	207,566	—	207,566
Online sales	192,995	—	192,995	169,636	—	169,636
Spain	155,921	—	155,921	131,640	—	131,640
Brazil	28,907	—	28,907	25,112	—	25,112
Argentina	8,167	—	8,167	12,884	—	12,884
Other sales	1,094	—	1,094	1,757	—	1,757
Spain	856	—	856	1,434	—	1,434
Brazil	238	—	238	323	—	323
Total	5,720,628	160	5,720,468	5,934,761	342	5,934,419

20. OTHER INCOME AND EXPENSES

20.1. Other income

The detail of the main items in this heading is as follows:

Thousands of euros	2023	2022 (Re-presented)
Fees and interest from financial companies	21	66
Contractual service penalties	4,371	1,911
Transfer of right of use and other income from franchises	9,636	9,998
Income from information services to suppliers	5,581	6,943
Income from the sale of packaging	3,906	3,803
Other income	3,900	7,981
Total other operating income	27,415	30,702

Contractual service penalties correspond to charges made by the Group to its suppliers following the completion of processes and quality and service level reviews of goods received.

20.2. Goods and other consumables used

This heading includes purchases, less rebates and other trade discounts as well as changes in inventories.

The detail of the main items in this heading is as follows:

Thousands of euros	2023	2022 (Re-presented)
Purchases of goods and other consumables	4,752,672	4,962,618
Discounts	(508,547)	(593,431)
Change in inventory	11,484	(358)
Other costs of sale	51,283	42,611
Total use of goods and other consumables	4,306,892	4,411,440

20.3. Personnel expenses

The detail of the main items in this heading is as follows:

Thousands of euros	2023	2022 (Re-presented)
Salaries and wages	427,309	474,383
Social Security	110,073	124,337
Severance payments	40,268	46,977
Defined benefit plans	7,070	(14,116)
Other social expenses	9,861	12,288
Subtotal personnel expenses	594,581	643,869
Expenses for share-based payment transactions (Notes 18 and 22)	825	269
Total personnel expenses	595,406	644,138

20.4. Other operating expenses

The detail of the main items in this heading is as follows:

Thousands of euros	2023	2022 (Re-presented)
Repairs and maintenance	113,892	100,715
Utilities	77,031	116,800
Fees	62,978	75,394
Advertising	41,428	45,712
Taxes	17,989	21,584
Property leases	30,112	29,927
Furniture rentals	5,366	7,232
Transport	153,068	152,229
Travel expenses	9,681	11,911
Security	24,667	25,072
Other general expenses	52,522	58,291
Total other operating expenses	588,734	644,867

The decrease in "Supplies" was mainly due to the decrease in electricity prices, which in financial year 2022 included the increase in this cost mainly in Spain.

20.5. Depreciation, amortisation and impairment

The detail of the main items in this heading is as follows:

Thousands of euros	2023	2022 (Re-presented)
Depreciation of right-of-use assets (Note 7.1)	171,354	173,539
Total depreciation of right-of-use assets	171,354	173,539
Amortisation of intangible assets (Note 6.2)	15,475	11,439
Depreciation of property, plant and equipment (Note 5)	127,638	132,279
Total depreciation of property, plant and equipment and amortisation of other intangible assets (Notes 5 and 6.2)	143,113	143,718
Impairment of goodwill (Note 6.1)	—	5,611
Impairment of other intangible assets (Note 6.2)	1,190	128
Impairment of property, plant and equipment (Note 5)	60,955	29,441
Impairment of right-of-use assets	(17,086)	5,199
Total impairment	45,059	40,379

The impairment on right-of-use assets includes -177 thousands of euros corresponding to the derecognition of right-of-use assets and associated liabilities in Spain as they are considered as short-term leases due to the impairment test on stores (-1,245 thousands of euros in 2022).

Total net impairment for the year by country is as follows:

Thousands of euros	Spain	Argentina	Brazil	Total
Total impairment at 31 December 2023	16,174	(911)	(60,322)	(45,059)
Total impairment at 31 December 2022 (re-presented)	(23,509)	(877)	(15,993)	(40,379)

20.6. Result of non-current asset derecognition

The detail of the main items in this heading is as follows:

Thousands of euros	2023	2022 (Re-presented)
Net book value of non-current assets	(35,644)	(48,907)
Proceeds obtained from the disposal of non-current asset	8,890	24,839
Result of non-current assets withdrawals	(26,754)	(24,068)

Losses recorded in 2023 and 2022 correspond mainly to derecognitions associated with refurbishments carried out in Spain and Argentina, and the closure of stores in Brazil in 2022.

In 2023, the proceeds from the disposal of non-current assets relate mainly to the sale of assets in Spain. In 2022, they mainly related to the sale of the Arroyomolinos warehouse in Spain and a store in Brazil.

20.7. Net financial result

The detail of "Financial income" is as follows:

Thousands of euros	2023	2022 (Re-presented)
Interest on other loans and receivables	19,591	29,039
Result of financial instruments at fair value with changes in equity	10,187	—
Foreign currency exchange gains (Note 20.8)	1,535	791
Other financial income	40,343	35,731
Total financial income	71,656	65,561

Interest on other loans and receivables mainly corresponds to interest associated with cash equivalents in Argentina, which has decreased by 9,578 thousands of euros compared to the previous year due to the translation to euros.

Other financial income mainly includes the negative effect of the updating of financial assets and liabilities in Argentina, the interest derived from updating the legal deposits in Brazil and late-payment interest in Spain.

The detail of "Other financial expenses" and Financial expenses for leases" is as follows:

Thousands of euros	2023	2022 (Re-presented)
Interest on bank loans	49,173	35,339
Interest on debentures and bonds	1,084	1,083
Foreign currency exchange losses (Note 20.8)	9,280	2,524
Sundry finance expenses	27,891	35,498
Total other financial expenses	87,428	74,444
Financial expenses for leases	54,067	47,522
Total financial expenses for leases	54,067	47,522

Interest on bank loans increased due to higher interest rates and expenses associated with hedging transactions.

Sundry financial expenses mainly include the bank debit and credit fee in Argentina linked to its revenues of 17,496, thousands of euros at 31 December 2023 (20,488 thousands of euros at 31 December 2022). This heading also includes interest on the updating of legal deposits in Brazil amounting to 9,386 thousands of euros at 31 December 2023 (14,643 thousands of euros at 31 December 2022).

20.8. Foreign currency transactions

The detail of exchange gains/(losses) on foreign currency transactions is as follows:

Thousands of euros	2023	2022 (Re-presented)
Financial exchange losses (Note 20.7)	(9,280)	(2,524)
Financial exchange gains (Note 20.7)	1,535	791
Trade exchange losses	(858)	(1,087)
Trade exchange gains	745	1,993
Total	(7,858)	(827)

20.9. Result from net monetary position

Due to the application of IAS 29 (Note 2.7), a gain arose from the net monetary position amounting to 114.4 millions of euros in the year (100.8 millions of euros in 2022). The causes of this increase are mainly due to the change in the inflation index (211.49% in 2023 and 94.79% in 2022) and the change in net monetary position. Given the nature of the business, the monetary position is negative.

21. COMMITMENTS AND CONTINGENCIES

a) Commitments

Commitments made and received by the Group but not recognised in the consolidated statement of financial position comprise contractual obligations that have not yet been executed. There are two types of commitments, relating to cash and expansion operations. The Group also has lease agreements that represent future commitments made and received.

Commitments outside the consolidated statement of financial position linked to treasury operations consist of:

- available credit facilities and revolving syndicated loans unused at the closing date;
- bank commitments received.

Expansion operations include commitments acquired to undertake operations of this type at a Group level.

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

21.1. Delivered:

In thousands of euros - 31 December 2023	in 1 year	in 2 years	3 to 5 years	+5 years	Total
Guarantees	569	3,604	2,309	6,468	12,950
Mortgage security	27,275	—	—	—	27,275
Liquid assets	27,844	3,604	2,309	6,468	40,225
Purchase options	15,125	—	550	—	15,675
Commercial contract commitments	2,284	542	702	11	3,539
Other commitments	—	—	—	6,326	6,326
Operations / real estate / expansion	17,409	542	1,252	6,337	25,540
Total	45,253	4,146	3,561	12,805	65,765

In thousands of euros - 31 December 2022	in 1 year	in 2 years	3 to 5 years	+5 years	Total
Guarantees	321	201	1,577	9,366	11,465
Mortgage security	27,275	—	—	—	27,275
Credit facilities to customers (finance companies)	30,847	—	—	—	30,847
Liquid assets	58,443	201	1,577	9,366	69,587
Purchase options	6,636	1,919	—	550	9,105
Commercial contract commitments	5,210	2,605	1,212	137	9,164
Other commitments	—	—	—	5,828	5,828
Operations / real estate / expansion	11,846	4,524	1,212	6,515	24,097
Total	70,289	4,725	2,789	15,881	93,684

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

Mortgage guarantees include the value of assets pledged as collateral for bilateral loans in Dia Portugal for commercial paper and confirming facilities (Note 15.1.c).

During the 2023 financial year, customers were informed of the withdrawal of the Finandia card, on which date it ceased to operate, thereby eliminating the credit lines to customers linked to the aforementioned card.

Purchase options include options on warehouses amounting to 15,125 thousands of euros at 31 December 2023 (8,555 thousands of euros at 31 December 2022). The increase corresponds to the options on two warehouses in Spain whose leases have been renegotiated.

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

In addition, the Parent Company has been granted a guarantee in respect of certain obligations with the subsidiary in Portugal, guaranteed by Société Générale for a maximum amount of 30,990 thousands of euros and maturing on 29 March 2024.

21.2. Received:

In thousands of euros - 31 December 2023	in 1 year	in 2 years	3 to 5 years	+5 years	Total
Syndicated financing (Notes 15.1.b) and 15.3)	187,976	0	0	0	187,976
Unused confirming facilities (not included in syndicated credits) (Note 15.3)	489	0	0	0	489
Liquid assets	188,465	0	0	0	188,465
Guarantees received for commercial contracts	11,326	2,402	6,346	48,752	68,826
Other commitments	0	0	7	78	85
Operations / real estate / expansion	11,326	2,402	6,353	48,830	68,911
Total	199,791	2,402	6,353	48,830	257,376

In thousands of euros - 31 December 2022	in 1 year	in 2 years	3 to 5 years	+5 years	Total
Syndicated financing (Notes 15.1.b) and 15.3)	128,796	—	—	—	128,796
Credit facilities "Commercial paper" (Note 15.1.e)	100	—	—	—	100
Unused confirming facilities (not included in syndicated credits) (Note 15.3)	5,571	—	—	—	5,571
Liquid assets	134,467	—	—	—	134,467
Guarantees received for commercial contracts	12,474	3,189	6,529	47,363	69,555
Other commitments	—	—	—	131	131
Operations / real estate / expansion	12,474	3,189	6,529	47,494	69,686
Total	146,941	3,189	6,529	47,494	204,153

b) Contingencies

The Group is subject to legal proceedings and tax audits in various jurisdictions, some of which have already been carried out at 31 December 2023 by the tax authorities and appealed by the Group companies (Note 17). If it is probable that an obligation exists at year-end that will result in an outflow of resources, a provision is recognised if the amount can be reliably estimated. As a result, management exercises significant judgement in determining whether it is probable that an outflow of resources will result from the resolution of these proceedings and in estimating the amount.

Note 16 details the legal contingencies and Note 17 details the tax contingencies.

22. INFORMATION ON RELATED PARTIES

The detail of transactions and balances with related parties is as follows:

Transactions outside the ordinary course of business or on other than arm's length terms carried out by the Directors of the Parent Company

During 2023 and 2022, the Directors of the Parent Company carried out no transactions with the Parent Company or with Group companies other than in the ordinary course of business or on other than arm's length terms.

Transactions and balances with related companies

During 2023 and 2022 the Group entered into transactions with its related companies: ICDC Services Sàrl, in liquidation, Horizon International Services Sàrl, in liquidation and the LetterOne Group, corresponding mainly to commercial transactions. The trade debtors balance at 31 December 2023 and 2022 is shown in Notes 8.1c) and 15.3. The transactions carried out in both periods were as follows:

Thousands of euros	2023	2022
ICDC Services Sàrl, en liquidation	—	16
Horizon International Services Sàrl, en liquidation	—	85
LetterOne Group (*)	(150)	(382)
Total transactions	(150)	(281)

(*) The impact on the consolidated income statement was (99) thousands of euros with LetterOne Group entities for 2023 and corresponds to transactions amounting to (150) thousands of euros in relation to the service contract, and 51 thousands of euros to the difference between the provision of 300 thousands of euros allocated at 31 December 2022 and the amount of subsequent charges received prior to 31 December 2022, which amounted to 249 thousands of euros.

Transactions with Directors and Senior Management

The aggregate remuneration accrued by the Group's Directors and Senior Management is as follows:

Thousands of euros			
2023		2022	
Directors	Senior Management	Directors	Senior Management
750	11,269	1,014	12,725

In the 2023 and 2022 financial years, the Parent Company directors accrued remuneration (included in the previous breakdown) of 750 thousands of euros and 788 thousands of euros respectively, in their capacity as board members.

Pursuant to Article 38.5 of the Articles of Association, the total individualised remuneration accrued in 2023 and 2022 by members of the Parent Company's Board of Directors is shown below:

2023			Thousands of euros	
Members of the Board	From	To	Fixed remuneration	
Mr José Wahnnon Levy	1 January 2023	31 December 2023	124	
Mr Stephan DuCharme	1 January 2023	22 September 2023	—	
Mr Sergio Antonio Ferreira Dias	1 January 2023	31 December 2023	90	
Mr Marcelo Maia	1 January 2023	31 December 2023	120	
Mr Vicente Trius Oliva	1 January 2023	31 December 2023	120	
Ms Luisa Delgado	1 January 2023	31 December 2023	150	
Ms Gloria Hernández	1 January 2023	31 December 2023	146	
Mr Benjamin J. Babcock	25 May 2023	31 December 2023	—	
Total			750	

2022			Thousands of euros		
Members of the Board	From	To	Financial instruments	Fixed remuneration	Variable remuneration in cash (*)
Mr José Wahnnon Levy	1 January 2022	31 December 2022	31	150	—
Mr Jaime García-Legaz	1 January 2022	7 June 2022	32	52	—
Ms Basola Vallés	1 January 2022	18 April 2022	29	36	—
Mr Stephan DuCharme	1 January 2022	31 December 2022	—	—	—
Mr Sergio Antonio Ferreira Dias	1 January 2022	31 December 2022	—	—	—
Mr Marcelo Maia	1 January 2022	31 December 2022	—	120	226
Mr Vicente Trius Oliva	1 January 2022	31 December 2022	—	120	—
Ms Luisa Delgado	1 January 2022	31 December 2022	—	150	—
Ms Gloria Hernández	7 June 2022	31 December 2022	—	68	—
Total			92	696	226

(*) Additional remuneration as previous executive in Dia Brazil.

In addition, as a result of the applicable remuneration policy, there is deferred remuneration in shares for non-proprietary directors, the accrual of which for the shares initially allocated has been estimated at 300 thousands of euros at 31 December 2023 (269 thousands of euros in 2022) (Notes 18 and 20.3). During the 2022 financial year, shares net of withholdings amounting to 70 thousands of euros (92 thousands of euros gross) were delivered to Mr Jaime García-Legaz, Ms Basola Vallés and Mr José Wahnnon Levy. This last amount of 92 thousands of euros was incorporated as remuneration in financial instruments in the 788 thousands of euros overall remuneration accruing to the Directors in 2022 in their capacity as board members.

During 2023 and 2022, the Group's Directors and Senior Management have not entered into any transactions with the parent company or Group companies outside the ordinary course of business or on other than arm's length terms.

The Civil Liability insurance premiums paid in respect of directors and senior management personnel totalled 299 thousands of euros in 2023 (2022: 401 thousands of euros).

Conflicts of interest situations of Directors

The Directors of the Parent Company and persons related to them had no conflicts of interest requiring disclosure in accordance with Article 229 of the Revised Spanish Companies Act.

23. RISK MANAGEMENT

Financial risk management is centralised in the Group's Senior Management, which, through the Group's Finance Management, in close collaboration with the operating units, oversees management and verifies that financial risk-taking activities are regulated by corporate policies and procedures approved by the Board of Directors as well as ensuring financial risks are identified, measured and managed in accordance with these policies.

The Group's Finance Management has established the necessary mechanisms to control the exposure to changes in interest and exchange rates, as well as credit and liquidity risk in accordance with the structure and financial position and the economic variables of the environment, resorting to hedging transactions if necessary. The Group's main financial risks and corresponding policies are described below:

23.1. Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle its financial liabilities when due.

The Group carries out prudent management of liquidity risk, based on having sufficient cash and marketable securities, the availability of finance with a sufficient amount of credit facilities undertaken, and sufficient capacity to settle market positions. Given the dynamic nature of its underlying business, the Group's Finance Department aims to be flexible with regard to financing with drawdowns on credit facilities taken out (Note 15.1).

Liquidity risk is monitored by a Cash Committee which meets every two weeks to check that the Group's financing requirements are covered by the resources available.

The Group's exposure to liquidity risk at 31 December is shown below. The tables below reflect the analysis of financial liabilities by contractual dates for remaining maturities:

Thousands of euros	Maturity	2023
Debentures and bonds	2026	31,046
Syndicated financing	2025	407,248
Other loans and other credit facilities	2027	120
Other financial debt	2027/According to the contract	19,156
Lease liabilities	2024-2042	285,408
Other non-current financial liabilities	2024-2025	193
Total non-current financial liabilities		743,171
Debentures and bonds	2024	802
Syndicated financing	2024	32,195
Other loans and other credit facilities	2024	39,885
Other financial debt	2024	4,405
Lease liabilities	2024	143,665
Trade creditors and other accounts payable	2024	1,091,471
Suppliers of fixed assets	2024	41,634
Personnel	2024	54,784
Other current liabilities	2024	53,360
Total current financial liabilities		1,462,201

Thousands of euros	Maturity	2022
Debentures and bonds	2026	30,891
Syndicated financing	2024 and 2025	584,216
Other loans and other credit facilities	2024	2,816
Other financial debt	2024/According to the contract	19,978
Lease liabilities	2024-2042	371,643
Other non-current financial liabilities	2024-2026	710
Total non-current financial liabilities		1,010,254
Debentures and bonds	2023	800
Syndicated financing	2023	32,024
Other loans and other credit facilities	2023	69,312
Other financial debt	2023	6,640
Lease liabilities	2023	185,526
Trade creditors and other accounts payable	2023	1,313,849
Suppliers of fixed assets	2023	87,451
Personnel	2023	77,392
Other current liabilities	2023	47,884
Total current financial liabilities		1,820,878

The finance costs accrued on these financial liabilities totalled 104,324 thousands of euros and 83,944 thousands of euros in 2023 and 2022, respectively. The increase in these expenses is due to higher interest rates and expenses associated with hedging transactions.

The amounts shown below correspond to the cash flows stipulated in each contract:

At 31 December 2023							
Thousands of euros	Carrying amount	Contractual cash flow	Year 1	Year 2	Year 3	Year 4	Other
Debentures and bonds	31,848	33,373	931	933	31,509	—	—
Syndicated Financing	439,443	495,315	53,958	441,357	—	—	—
Other loans and other credit facilities	40,005	43,870	43,751	119	—	—	—
Other financial debt	23,561	23,561	4,405	2,656	2,138	1,603	12,759
Lease liabilities	429,073	526,206	181,167	138,756	99,992	54,236	52,055
Trade creditors and other accounts payable	1,091,471	1,091,471	1,091,471	—	—	—	—
Other financial liabilities	149,971	149,971	149,778	193	—	—	—
Total non-current financial liabilities	2,205,372	2,363,767	1,525,461	584,014	133,639	55,839	64,814

At 31 December 2022							
Thousands of euros	Carrying amount	Contractual cash flow	Year 1	Year 2	Year 3	Year 4	Other
Debentures and bonds	31,691	34,143	925	931	933	31,354	—
Syndicated Financing	616,240	708,255	56,363	56,694	595,198	—	—
Other loans and other credit facilities	72,128	78,038	75,068	2,970	—	—	—
Other financial debt	26,618	26,618	6,640	2,942	1,796	1,796	13,444
Lease liabilities	557,169	725,387	236,783	171,004	121,239	69,017	127,344
Trade creditors and other accounts payable	1,313,849	1,313,849	1,313,849	—	—	—	—
Other financial liabilities	213,437	213,437	212,727	710	—	—	—
Total non-current financial liabilities	2,831,132	3,099,727	1,902,355	235,251	719,166	102,167	140,788

23.2. Cash flow interest rate and fair value risks

The Group's interest rate risk arises from fluctuations in interest rates that affect the financing costs of long-term debt issued at variable rates.

The Group contracts various interest rate hedging transactions to mitigate its exposure, in accordance with its Risk Management Policy. At 31 December 2023, derivatives are contracted with external counterparties to hedge the interest rate risk of long-term financing. Hedge accounting is applied in all cases where the required criteria are met.

During 2023, fixed-rate debt as a percentage of the volume of average gross debt totalled 63%, compared with 49.6% in the previous year.

On the other hand, the Group's policy for financial assets is to keep them available for use. These balances are held in financial institutions with high credit ratings.

The sensitivity of the result considering a 50 b.p. increase in interest rates for all maturities would have resulted in a change in the net result of 841 thousands of euros in financial year 2023 (1,493 thousands of euros in financial year 2022).

23.3. Currency risk

Foreign currency transaction risk is the risk that an unfavourable change in exchange rates will have an adverse effect on cash flows from commercial transactions denominated in a foreign currency (a currency other than the functional currency of the entity making the transaction).

The Group conducts its international operations through subsidiaries in Argentina and Brazil, which operate mainly in their home country, so that purchases and sales are denominated almost exclusively in the local currency. The Group's exposure to foreign exchange risk in commercial transactions is therefore mainly naturally hedged. The small exposure is generated from the import of products. In accordance with Group policy, these imports must be hedged wherever possible using currency hedges, which are generally for periods of under 12 months. There were no exchange rate hedges at year-end.

In addition, at 31 December, balances with group companies that Spanish subsidiaries hold with subsidiaries in Argentina and Brazil amounted to 5,171 thousands of euros (6,499 thousands of euros at 31 December 2022) and there is no financing in euros.

Currency translation risk is the risk that an unfavourable change in exchange rates will reduce the value of the net assets of a subsidiary whose functional currency is not the euro. The consolidated statement of financial position and the consolidated income statement are exposed to currency translation risk: the financial covenants (Note 15.1) are affected by changes in the exchange rates used to translate the results and net assets of foreign subsidiaries operating outside the eurozone (Argentina and Brazil).

Had the Brazilian real been devalued/appreciated by 10%, changes in translation differences would have been +/- 66.90%, respectively. Likewise, the change that would have occurred in translation differences had the Argentine peso been devalued/appreciated by 10% would have been +/- 3.71%, respectively.

23.4. Credit risk

Credit risk is the risk faced by the Group should a customer or counterparty to a financial instrument fail to meet its contractual obligations, and arises mainly from the Group's trade debtors and investments in financial assets.

The Group does not have significant concentrations of credit risk. The risk of concentration is minimised with diversification, managing and combining various areas of impact. Firstly, the customer base is distributed geographically at international level and, secondly, there are different types of customers such as franchisees and retailers. The Group believes that the evolution of macroeconomic conditions would not have significant impacts on estimated credit risk.

The Group has policies to ensure that wholesale sales are made to customers with an adequate credit history. Sales to retail customers are made in cash or by credit card. Derivative transactions are only arranged with financial institutions that have a high credit rating in order to mitigate credit risk. The Group has policies to limit the amount of risk with any one financial institution.

The Group's credit risk is due to its operations with most of its franchisees and is mitigated by the deposits linked to the 2020 franchise management model mentioned in Notes 8.1 and 15.4 and the guarantees and collateral received mentioned in Note 21.2, as indicated below:

Thousands of euros	2023	2022
Non-current accounts receivable (Note 8.1 a))	10,799	11,316
Current accounts receivable (Note 8.1 a))	200,130	239,612
Franchisee deposits (Note 8.2)	151	160
Current deposits and guarantees received (Note 15.4)	(51,792)	(46,267)
Guarantees and collateral received (Note 21.2)	(68,826)	(69,555)
	90,462	135,266

Non-current accounts receivable correspond to the financing of the franchisee's starting inventory, which is repaid on a monthly basis according to the business's cash generation profile. 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 accounts receivable 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. With the change of franchise management model introduced in 2020, the franchisee pays for the sale of both initial stock and recurring sales and not for the goods invoiced at the time of receipt, i.e. the collection is based on the cash generated at the franchisee's point-of-sale terminal, so the entire debt is recognised as current.

The Group entered into non-recourse supplier trade credit assignment contracts in 2023 amounting to 11,559 thousands of euros (Note 15.1.b).

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

Thousands of euros	Maturity	2022
Guarantees and other deposits	per contract	60,102
Equity instruments	—	36
Other loans	2025	30
Accounts receivable and other debtors	2025-2040	10,799
Non-current assets		70,967
Franchise deposits	2024	151
Loans to personnel	2024	1,354
Other loans	2024	77
Other financial assets	2024	10,384
Trade debtors and other receivables	2024	161,189
Interest rate hedging derivatives	2024	2,530
Current assets		175,685

Thousands of euros	Maturity	2022
Guarantees and other deposits	per contract	60,396
Equity instruments	—	44
Other loans	2024	36
Accounts receivable and other debtors	2024-2040	11,316
Non-current assets		71,792
Franchise deposits	2023	160
Loans to personnel	2023	1,604
Other loans	2023	103
Receivables from the disposal of fixed assets	2023	35
Other financial assets	2023	2,338
Trade debtors and other receivables	2023	199,080
Group company trade debtors	2023	7
Interest rate hedging derivatives	2023	4,341
Current assets		207,668

The returns generated by these financial assets in the year amounted to 70 thousands of euros (2022: 182 thousands of euros). The change in these returns is due to the reduction in non-current trade receivables resulting from the transition to the new franchise management model.

Details of trade debtors and other receivables by maturity is as follows:

Current	Thousands of euros					
	Total	Not due	Less than 1 month	2 and 3 months	4 and 6 months	7 and 12 months
31 December 2023	161,189	157,548	1,397	474	102	1,668
31 December 2022	199,087	195,843	1,677	1,492	75	—

Non-current	Thousands of euros			
	Total	2 years	3 - 5 years	> 5 years
31 December 2023	10,799	10,551	171	77
31 December 2022	11,316	10,541	570	205

Details of the impairment policy can be found in Note 8.

24. OTHER INFORMATION

Information on employees

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

	2023	2022
Directors	143	156
Middle management	2,058	2,447
Other employees	26,657	31,396
Total	28,858	33,999

The average number of employees includes 4,948 from the Clarel Portugal in 2023 (8,532 employees in the Clarel and large format stores businesses and Portugal in 2022), whose personnel expenses presented in the result of discontinued operations in the consolidated income statement.

At year-end the distribution by sex of Group personnel and the Directors is as follows:

	2023		2022	
	Women	Men	Women	Men
Board members (not employees)	2	5	2	5
Directors (Senior management)	2	7	3	6
Other Directors	40	94	37	99
Middle management	1,026	990	1,204	1,212
Other employees	17,599	9,018	20,859	10,005
Total	18,669	10,114	22,105	11,327

The average number of people employed by the Group in financial year 2023 with a disability rating of 33% or above (or an local equivalent classification) is one Director (one in 2022), eight middle management personnel (seven in 2022) and 450 other employees in 2023 (450 in 2022).

Audit fees

The audit firm for the annual accounts of the Group and other international affiliate entities, Ernst & Young, S.L., accrued fees for professional services during the year as follows:

Thousands of euros	2023		Total
	Ernst & Young, S.L.	Other companies affiliated with EY International	
Audit services	762	515	1,277
Other services relating to audit	325	122	447
Total	1,087	637	1,724

Thousands of euros	2022		Total
	Ernst & Young, S.L.	Other companies affiliated with EY International	
Audit services	803	493	1,296
Other services relating to audit	282	90	372
Other services	—	106	106
Total	1,085	689	1,774

Other audit-related services and other services billed by these audit firms relate to limited review services of the Interim Financial Statements, as well as agreed-upon financial reporting procedures services provided to Dia.

Climate change

Identifying and assessing climate-related risks and business opportunities play a key role in the sustainable development of the Group. Appropriate monitoring of these aspects provides the organisation with additional information on these potential risks, as well as a clearer view of social movements and transformations, and the expectations of its stakeholders.

In preparing these consolidated annual accounts, the Group considered the potential impacts of climate change, especially in reviewing the useful lives of property, plant and equipment and in carrying out impairment tests.

At year end, the Dia Group has no environmental liabilities, expenses, assets, provisions or contingencies that could be significant in relation to the Group's equity, financial position and results.

Climate change has been evaluated in the estimates and judgements made in preparing the consolidated financial statements (Note 2.8) and is not considered to have a significant impact on them.

For further information, refer to Section 8.2. of the Consolidated Non-Financial Information Statement for 2023 included in the consolidated management report.

25. SUBSEQUENT EVENTS

On 18 January 2024 the Constitutional Court, in plenary session declared certain measures, modifying Corporation Tax introduced by the Royal Decree Law 3/2016 of 2 December, unconstitutional. Specifically, the measures introduced that are declared unconstitutional and that affected the Spanish companies were the establishment of greater restrictions on the offsetting of tax loss carryforwards, the obligation to automatically include a minimum annual reversal of impairments of investments in subsidiaries and associates in the tax base for Corporation Tax, and the establishment of tighter limits on the application of deductions for international double taxation. In this regard, it should be noted that the Group currently has an appeal before the National High Court for the unconstitutionality of RD 3/2016 deriving from 2020 when the Group challenged the corporation tax returns for 2016, 2017 and 2018. The Group has considered this subsequent event as type 1, and recognised a current income tax asset of 43,490 thousands of euros (35,345 thousands of euros of tax and 8,145 thousands of euros of late-payment interest) (Note 17).

On 19 January 2024, the Parent Company's Board of Directors resolved to co-opt Mr Alberto Gavazzi as an external proprietary director nominated by shareholder L1R Invest1 Holdings, S.à.r.l. (LetterOne), to fill the vacancy caused by the resignation of Mr Stephan DuCharme, announced to the market on 22 September 2023.

On 14 February 2024, the National Markets and Competition Commission authorised the sale of Clarel to Grupo Trinity S.A.S., according to the resolution adopted by this body (Notes 1 b) and 13).

ANNEX I. SUBSIDIARIES

Details of Dia Group's subsidiaries, as well as their activities, registered offices and shareholding percentages at 31 December are shown below. The country of incorporation is also the main centre of its activity.

Name	Address	Activity	% shareholding/ control	
			2023	2022
Dia Portugal Supermercados, S.A. (*)	Lisbon	Wholesale and retail distribution of food products.	100.00	100.00
Dia Portugal II, S.A. (*)	Lisbon	Wholesale and retail distribution of food products.	100.00	100.00
Dia Argentina, S.A. (*)	Buenos Aires	Wholesale and retail distribution of food products.	100.00	100.00
Distribuidora Internacional, S.A. en liquidation	Buenos Aires	Consulting services	100.00	100.00
Dia Brasil Sociedade Limitada (*)	Sao Paulo	Wholesale and retail distribution of consumer products.	100.00	100.00
DBZ Administração, Gestão de Ativos e Serviços Imobiliários LTDA. (*)	Sao Paulo	Administration of real estate owned by DIA Brasil.	100.00	100.00
Dia Retail España, S.A.U. (*)	Madrid	Distribution of food and toiletries through supermarkets.	100.00	100.00
Pe-Tra Servicios a la distribución, S.L.U. (*)	Madrid	Leasing of business premises.	100.00	100.00
Dia World Trade, S.A.U. en liquidation	Geneva	Provision of services to suppliers of DIA Group companies.	100.00	100.00
Beauty by Dia, S.A.U. (*)	Madrid	Sale of toiletry and perfumery products.	100.00	100.00
Grupo El Árbol, Distribución y Supermercados, S.A.U. in liquidation (**)	Madrid	Wholesale and retail sale of food products and others.	—	100.00
Finandia, S.A.U.	Madrid	Lending and credit operations, including consumer loans, mortgages and financing of commercial transactions, as well as issuing and managing credit and debit cards.	100.00	100.00
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.	100.00	100.00
Luxembourg Investment Company 317, S.à.r.l. (*)	Luxembourg	Share holding company	100.00	100.00
Luxembourg Investment Company 318, S.à.r.l. (*)	Luxembourg	Share holding company	100.00	100.00
Luxembourg Investment Company 319, S.à.r.l. (*)	Luxembourg	Share holding company	100.00	100.00
Luxembourg Investment Company 320 S.à.r.l. (*)	Luxembourg	Share holding company	100.00	100.00
Luxembourg Investment Company 321, S.à.r.l.	Luxembourg	Share holding company	100.00	100.00
Luxembourg Investment Company 322, S.à.r.l. (*)	Luxembourg	Share holding company	100.00	100.00
Luxembourg Investment Company 323, S.à.r.l.	Luxembourg	Share holding company	100.00	100.00

(*) Companies audited by Ernst & Young, S.L., and other entities affiliated to EY International with year-end of 31 December.

(**) Company liquidated at 31 December 2023.

Details of Dia Group's associates and joint ventures are as follows:

Name	Address	Activity	% shareholding	
			2023	2022
CD Supply Innovation S.L. en liquidation	Madrid	Purchase of own-brand products from its partners.	50.00	50.00
ICDC Services S.à.r.l. en liquidation (**)	Geneva	Negotiation with international suppliers.	—	50.00
Horizon International Services, S.à.r.l. en liquidation	Geneva	Negotiation with private label suppliers.	25.00	25.00

(**) Company liquidated at 31 December 2023.

STATEMENT OF RESPONSIBILITY

The members of the Board of Directors of Distribuidora Internacional de Alimentación, S.A. ("Dia") state that, as far as they are aware, the individual and consolidated annual accounts for the financial year ended on 31 December 2023, drawn up in accordance with applicable accounting principles, and in a single electronic format, give a true image of Dia's equity, financial position and results, and that the individual and consolidated management reports include a true analysis of the evolution and results of the business and the position of Dia and the companies included in the consolidation, taken as a whole, along with the description of the main risks and uncertainties they face.

At 28 February 2024

Mr Benjamin J. Babcock

Chair

Ms Luisa Desplazes de Andrade Delgado

Board member

Mr Sergio Ferreira Dias

Board member

Mr Vicente Trius Oliva

Board member

Mr Marcelo Maia Tavares de Araújo

Board member

Mr José Wahnnon Levy

Board member

Ms Gloria Hernández García

Board member

Mr Alberto Gavazzi

Board member



*Cada día
más cerca*

Consolidated
Management Report
at 31 December 2023

2023

Distribuidora Internacional de
Alimentación, S.A. and Subsidiaries

COMPANY POSITION

The information relating to "Company position" is included in Section 3. Business model and strategic pillars of the Dia Group's Non-Financial Information Statement.

Organisational Structure

Dia Group's corporate governance is structured through the following institutional and operational bodies and mechanisms:

- General Shareholders' Meeting
- Board of Directors
- Audit and Compliance Committee
- Appointments and Remunerations Committee

BUSINESS PERFORMANCE AND RESULTS

This year, 2023, has been key for the future of the Dia Group. The business's good performance endorses the trust of our customers and ratifies the success of our strategy focused on proximity. In 2023, the Group fulfilled its strategic priorities and made the right decisions to simplify the portfolio. This will allow efforts to be focused on markets where the Group has the potential to grow under a single 'Dia' banner.

At the same time, in these current uncertain times, the Group's determination has been to fulfil Dia's historic commitment to households: offer a varied, high-quality assortment at affordable prices. A proposal that can provide solutions adapted to the budget of each household, with the ease and agility offered by the Dia Group's large network of neighbourhood stores and the online channel. This has been achieved thanks to the great effort of the team, the franchisees and suppliers.

In Spain and Argentina, the business is entering a new phase: the transformation of the business has been completed, the growth of the e-commerce accelerated and the franchise network expanded. These steps allow another stage to close and an organic growth stage to begin focused on customer satisfaction, with the renewed ambition of being their preferred neighbourhood and online store. The Group closes 2023 with significant progress in market share at a comparable surface area in Spain and consolidating our leadership in proximity at a national level in Argentina.

Progress was also made in consolidating the business in Spain and Argentina during 2023. In Spain, 86% of the network has been renovated with 289 stores remodelled and 36 openings and in Argentina, 82% of the network has been renovated with 234 stores remodelled and 76 openings. Private-label products have been developed with 612 new references in Spain (99% of its private-label products renewed) and 180 new references in Argentina (79% of its private-label products renewed).

The Group's financial structure was strengthened, reducing net financial debt by 129 millions of euros and improving the leverage ratio by 0.8x compared to 2022.

Finally, the Group's ESG strategy was galvanised, launching the "Eating better every day" programme, the Diversity Strategic Plan and the presentation of the Sustainability Strategic Plan 24-25 (see Non-Financial Information Statement).

The Group's main economic figures are presented below:

(millions of euros)	2023			Re-presented (*)			Change (%)
	2023	%		2022	%		
Gross sales under banner	7,649.7			9,486.1			-19.4 %
Like-for-like sales growth (%)	3.1 %			6.4 %			
Net sales	5,720.5	100.0%		5,934.4	100.0%		-3.6%
Cost of sales and other income	(4,592.5)	-80.3%		(4,727.6)	-79.7%		-2.9%
Gross profit	1,128.0	19.7 %		1,206.8	20.3%		-6.5%
Personnel expenses	(465.4)	-8.1 %		(512.6)	-8.6%		-9.2%
Other operating expenses & leases	(365.7)	-6.4%		(385.4)	-6.5%		-5.1 %
Restructuring and LTIP costs	(40.0)	-0.7%		(44.1)	-0.7%		-9.3%
EBITDA	256.9	4.5 %		264.7	4.5 %		-2.9%
Depreciation and Amortisation	(314.5)	-5.5 %		(317.3)	-5.3 %		-0.9%
Result on impairment of assets	(45.1)	-0.8 %		(40.4)	-0.7%		11.6 %
Result of non-current asset withdrawals	(26.8)	-0.5%		(24.1)	-0.4 %		11.2 %
EBIT	(129.4)	-2.3%*		(117.0)	-2.0%		10.6%
Net financial results	44.6	0.8 %		44.4	0.7%		0.5%
Profit/(loss) of companies accounted for using the equity method	—	—		(0.1)	—		-100.0 %
Losses before tax from continuing operations	(84.8)	-1.5%		(72.7)	-1.2%		16.6%
Income tax	18.3	0.3%		(32.8)	-0.6%		-155.8 %
Losses after tax from continuing operations	(66.5)	-1.2%		(105.5)	-1.8 %		-37.0%
Discontinued operations	36.3	—		(18.4)	—		n/a
Net attributable Result	(30.2)	-0.5%		(123.8)	-2.1%		-75.6%

(*) Data re-presented as a result of the classification to discontinued operations of the business in Portugal (Note 13 of the Notes to the Consolidated Annual Accounts).

The reconciliation between the EBITDA included in the consolidated annual accounts and the one indicated in the previous table, due to the allocation, according to their nature, of the logistics costs charged to the warehouses and the restructuring costs for the years 2023 and 2022, is explained in the following tables:

2023 (millions of euros)	Income statement	Logistics costs	Restructuring costs	2023 Results
Net sales	5,720.5	—	—	5,720.5
Cost of sales and other income	(4,279.5)	(313.1)	0.1	(4,592.5)
Goods and other consumables used	(4,306.9)	(312.9)	—	(4,619.8)
Other income	27.4	(0.2)	0.1	27.3
Gross profit	1,441.0	(313.1)	0.1	1,128.0
Personnel expenses	(595.4)	96.1	33.9	(465.4)
Other operating expenses	(558.6)	214.2	2.0	(342.4)
Furniture rentals	(30.1)	2.8	4.0	(23.3)
Restructuring and LTIP costs	—	—	(40.0)	(40.0)
EBITDA	256.9	—	—	256.9

2022 (millions of euros)	Income statement	Logistics costs	Restructuring costs	2022 Results
Net sales	5,934.4	—	—	5,934.4
Cost of sales and other income	(4,380.7)	(347.9)	1.0	(4,727.6)
Goods and other consumables used	(4,411.4)	(347.3)	1.0	(4,757.7)
Other income	30.7	(0.6)	—	30.1
Gross profit	1,553.7	(347.9)	1.0	1,206.8
Personnel expenses	(644.1)	106.1	25.4	(512.6)
Other operating expenses	(615.7)	240.5	15.1	(360.1)
Furniture rentals	(29.2)	1.3	2.6	(25.3)
Restructuring and LTIP costs	—	—	(44.1)	(44.1)
EBITDA	264.7	—	—	264.7

The reconciliation between the income statement reclassifying the impacts derived from the Clarel business, the business in Portugal and the large format store sold to Alcampo (hereinafter Discontinued Operations) as presented in the annual accounts and the income statement resulting from including all the activities of the Dia Group is presented below.

(millions of euros)	2023 with reclassification to discontinued operations	Clarel	Portugal	Large format stores	2023 without reclassification to discontinued operations
Gross sales under banner	7,649.7	343.1	826.0	175.2	8,994.0
Like-for-like sales growth (%)	3.1 %	-0.4 %	3.6 %	—	3.3 %
Net sales	5,720.5	270.1	609.0	159.5	6,759.1
Cost of sales and other income	(4,592.5)	(168.5)	(488.2)	(126.9)	(5,376.1)
Gross profit	1,128.0	101.6	120.8	32.6	1,383.0
Personnel expenses	(465.4)	(58.2)	(48.2)	(23.4)	(595.2)
Other operating expenses & leases	(365.7)	(18.9)	(34.6)	(6.9)	(426.1)
Restructuring and LTIP costs	(40.0)	(0.6)	(1.1)	(11.2)	(52.9)
EBITDA	256.9	23.9	36.9	(9.0)	308.7
Depreciation and Amortisation	(314.5)	(10.8)	(26.7)	(0.1)	(352.1)
Net Gain/(loss) on impairment of assets	(45.1)	(9.8)	(0.8)	—	(55.6)
Result of non-current asset withdrawals	(26.8)	(2.5)	(0.5)	62.8	33.1
EBIT	(129.4)	0.8	8.9	53.9	(65.8)
Net financial results	44.6	(1.9)	(9.1)	(0.7)	32.8
Losses before tax from continuing operations	(84.8)	(1.1)	(0.2)	53.2	(33.0)
Income tax	18.3	(1.1)	(1.0)	(13.4)	2.8
Losses after tax from continuing operations	(66.5)	(2.2)	(1.2)	39.7	(30.2)
Discontinued operations	36.3	2.2	1.2	(39.7)	—
Net attributable Result	(30.2)	—	—	—	(30.2)

The reconciliation between adjusted EBITDA to profit or loss for the period reclassifying the impacts of Discontinued Operations as presented in the annual accounts is explained in the following table:

2023 (millions of euros)	Spain without Clarel	Clarel	Portugal	Argentina	Brazil	Group Total
Adjusted EBITDA	187.6	—	—	59.5	(55.2)	191.9
IAS 29 hyperinflationary effect	—	—	—	(108.9)	—	(108.9)
IFRS16 effect on leases	153.2	—	—	16.5	44.1	213.9
Expenses related to the closure of stores and warehouses	5.8	—	—	(0.3)	(3.9)	1.7
Expenses related to efficiency processes	(20.9)	—	—	—	—	(20.9)
Other Expenses	(13.9)	—	—	(0.1)	(0.7)	(14.8)
Expenses related to long-term incentive plans	(4.2)	—	—	(1.2)	(0.6)	(6.0)
Restructuring costs	(33.2)	—	—	(1.6)	(5.2)	(40.0)
EBITDA	307.7	—	—	(34.5)	(16.3)	256.9
Result of non-current asset derecognition	(6.6)	—	—	(14.9)	(5.3)	(26.8)
Impairment of non-current assets	16.2	—	—	(0.9)	(60.3)	(45.1)
Depreciation and Amortisation	(232.4)	—	—	(33.0)	(49.1)	(314.5)
EBIT	84.9	—	—	(83.3)	(131.0)	(129.4)
Results from monetary position	—	—	—	114.4	—	114.4
Profit/loss from discontinued operations	39.7	(2.2)	(1.2)	—	—	36.3
Income tax	49.5	—	—	(31.2)	—	18.3
Net financial results	(52.6)	—	—	6.1	(23.4)	(69.9)
Result for the period	121.5	(2.2)	(1.2)	6.0	(154.4)	(30.2)

The reconciliation between adjusted EBITDA to profit or loss for the period for the years 2023 and 2022 considering all activities of the Dia Group, i.e. including Discontinued Operations, is as follows:

2023 (millions of euros)	Spain without Clarel	Clarel	Portugal	Argentina	Brazil	Group Total
Adjusted EBITDA	184.2	12.2	14.9	59.5	(55.2)	215.6
IAS 29 hyperinflationary effect	—	—	—	(108.9)	—	(108.9)
IFRS16 effect on leases	158.9	12.3	23.1	16.5	44.1	254.9
Expenses related to the transfer of own stores to franchises	—	—	(0.2)	—	—	(0.2)
Expenses related to the closure of stores and warehouses	5.8	(0.2)	—	(0.3)	(3.9)	1.4
Expenses related to efficiency processes	(20.9)	(0.4)	(0.3)	—	—	(21.6)
Other Expenses	(25.1)	—	—	(0.1)	(0.7)	(25.9)
Expenses related to long-term incentive plans	(4.2)	—	(0.6)	(1.2)	(0.6)	(6.6)
Restructuring costs	(44.4)	(0.6)	(1.1)	(1.6)	(5.2)	(52.9)
EBITDA	298.7	23.9	36.9	(34.5)	(16.3)	308.7
Result of non-current asset derecognition	56.3	(2.5)	(0.5)	(14.9)	(5.3)	33.1
Impairment of non-current assets	16.2	(9.8)	(0.8)	(0.9)	(60.3)	(55.6)
Depreciation and Amortisation	(232.5)	(10.8)	(26.7)	(33.0)	(49.1)	(352.1)
EBIT	138.7	0.8	8.9	(83.3)	(130.9)	(65.8)
Results from monetary position	—	—	—	114.4	—	114.4
Income tax	36.1	(1.1)	(1.0)	(31.2)	—	2.8
Net financial results	(53.3)	(1.9)	(9.1)	6.1	(23.5)	(81.6)
Result for the period	121.5	(2.2)	(1.2)	6.0	(154.4)	(30.2)

2022 (millions of euros)	Spain without Clarel	Clarel	Portugal	Argentina	Brazil	Group Total
Adjusted EBITDA	139.9	7.7	10.5	51.6	(9.3)	200.4
IAS 29 hyperinflationary effect	—	—	—	(70.0)	—	(70.0)
IFRS16 effect on leases	164.7	12.6	21.7	23.1	44.6	266.7
Expenses related to the transfer of own stores to franchises	(22.4)	—	(5.2)	—	—	(27.6)
Expenses related to the closure of stores and warehouses	—	—	—	—	(18.4)	(18.4)
Expenses related to efficiency processes	(10.4)	(1.6)	(1.4)	(0.8)	—	(14.2)
Other Expenses	—	—	—	(2.2)	(0.8)	(3.0)
Expenses related to long-term incentive plans	8.6	—	0.2	2.4	2.7	13.9
Restructuring costs	(24.2)	(1.6)	(6.4)	(0.6)	(16.5)	(49.2)
EBITDA	280.3	18.8	25.8	4.1	18.8	347.9
Result of non-current asset derecognition	(8.5)	(0.3)	0.1	(18.2)	2.5	(24.4)
Impairment of non-current assets	(14.3)	(18.7)	(0.1)	(0.9)	(16.0)	(50.0)
Depreciation and Amortisation	(246.0)	(17.2)	(37.2)	(43.3)	(52.5)	(396.2)
EBIT	11.5	(17.4)	(11.4)	(58.3)	(47.2)	(122.7)
Results from monetary position	—	—	—	100.8	—	100.8
Income tax	(0.5)	—	(1.0)	(30.4)	(1.9)	(33.8)
Net financial results	(53.5)	(1.7)	(7.7)	17.6	(22.8)	(68.1)
Result for the period	(42.5)	(19.1)	(20.1)	29.7	(71.9)	(123.8)

Information by country

Spain

Spain (millions of euros)	2023	%	2022	%	Change
Gross sales under banner	4,855.8		4,437.8		9.4 %
Like-for-like sales growth	10.7 %		8.3%		
Net sales	4,046.3		3,680.8		9.9%
Adjusted EBITDA	187.6	4.6 %	124.1	3.4 %	51.2%

In Spain, gross sales under banner grew 9.4% to 4,855.8 millions of euros, with like-for-like sales growth of 10.7%, which translates into market share gains on a like-for-like basis and seven consecutive quarters of growth.

- Adjusted EBITDA grew 51.2% to 188 millions of euros, bringing net profit into the black.
- Progress was made in consolidating the network, with 289 stores renovated and 36 openings.
- A total of 64% of the store network is franchised (+7 pp compared to 2022).
- Some 2,406 Dia private-label products have been renewed since 2020 (99% of the total) including 612 new references.
- Share of like-for-like sales increased (+10.7% like-for-like sales).
- Total of 415 millions of receipts (+9.3% like-for-like sales compared to 2022).
- NPS of 41 (historical record and +3 points compared to 2022).
- Launch of New Dia.es website in May and App Club Dia in June, with digital customers reaching 29% (+8 pp compared to 2022) and online sales as a percentage of the total of 3.5% (+0.5 pp compared to 2022).

Brazil

Brazil (millions of euros)	2023	%	2022	%	Change
Gross sales under banner	907.8		995.4		-8.8 %
Like-for-like sales growth	-12.4 %		7.4%		
Net sales	727.9		889.5		-18.2 %
Adjusted EBITDA	(55.2)	-7.6 %	(9.3)	-1.0%	493.5 %

- A total of 29% of the store network is franchised.
- There are 91 new Dia private-label products.
- Total of 113 millions of receipts (-8.2% like-for-like sales compared to 2022).
- The market context with food deflation has increased competition and promotional aggressiveness, negatively impacting Dia Brasil's results, and obliging the Group to increase the capital in its subsidiary.

Argentina

Argentina (millions of euros)	2023	%	2022	%	Change
Gross sales under banner	1,886.0		4,053.0		-53.5%
Like-for-like sales growth	-1.2 %		2.0%		
Net sales	946.3		1,364.1		-30.6%
Adjusted EBITDA	59.5	6.3%	51.6	3.8%	15.3%

- Adjusted EBITDA grew 15.3% to 59.5 millions of euros.
- Progress was made in consolidating the network, with 234 stores renovated and 76 openings.
- A total of 76% of the store network is franchised (+3 pp compared to 2022).
- Renewal of 79% of Dia private-label products, including 180 new references.
- Total of 208 millions of receipts (+11.3% like-for-like sales compared to 2022).
- NPS of 66 (+3 points compared to 2022).
- Launch of One App in June with digital customers reaching 24% (+7 pp compared to 2022) and online sales representing 0.9% of the total.

Store overview

Dia Group	Owned	Franchises	Total
Total stores at 31 December 2022	2,752	2,947	5,699
New openings	14	98	112
Net transfers of owned stores to franchises	33	-33	—
Large format stores transferred to Alcampo	-217	-6	-223
Closings	-111	-69	-180
Total Dia Group stores at 31 December 2023	2,471	2,937	5,408
Clarel stores	-776	-218	-994
Stores in Portugal	-188	-270	-458
Total Dia Group stores at 31 December 2023 excluding Clarel and Portugal	1,507	2,449	3,956

Spain	Owned	Franchises	Total
Total stores at 31 December 2022	1,948	1,686	3,634
New openings	13	23	36
Net transfers of owned stores to franchises	-32	32	—
Large format stores transferred to Alcampo	-217	-6	-223
Closings	-80	-35	-115
Clarel Closings	-20	—	-20
Total Spain stores at 31 December 2023	1,612	1,700	3,312
Clarel stores	-776	-218	-994
Total Spain stores at 31 December 2023 excluding Clarel stores	836	1,482	2,318

The total portfolio reached 2,318 stores after a net reduction of 302 stores (79 excluding the sale of stores to Alcampo). The renewal of the network reached 86% through 36 openings and 289 refurbishments. The franchise mix reached 64% of the network (+7 pp compared to 2022).

Portugal	Owned	Franchises	Total
Total stores at 31 December 2022	172	291	463
Net transfers of owned stores to franchises	16	-16	—
Closings	—	-5	-5
Total Dia Portugal stores at 31 December 2023	188	270	458

The total portfolio reached 458 stores after a net reduction of 5 stores.

The franchise mix reached 59% of the network (-4 pp compared to 2022).

Brazil	Owned	Franchises	Total
Total stores at 31 December 2022	365	243	608
New openings	—	—	—
Net transfers of owned stores to franchises	56	-56	—
Closings	-2	-16	-18
Total Dia Brazil stores at 31, December 2023	419	171	590

The total portfolio reached 590 stores after a net reduction of 18 stores.

The new franchise model continued to be tested with 9 additional stores remodelled in addition to the 6 in 2022.

The franchise mix reached 29% of the network (-11 pp compared to 2022).

Argentina	Owned	Franchises	Total
Total stores at 31 December 2022	267	727	994
New openings	1	75	76
Net transfers of owned stores to franchises	-7	7	—
Closings	-9	-13	-22
Total Dia Argentina stores at 31 December 2023	252	796	1,048

The total portfolio reached 1,048 stores after a net expansion of 54 stores.

The renewal of the network reached 82% through 76 openings and 234 refurbishments.

The franchise mix reached 76% of the network (+3 pp compared to 2022).

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The available liquidity at 31 December is as follows:

(millions of euros)	2023	2022	Change
Cash and cash equivalents	131.1	215.8	(84.7)
Available credit facilities	188.4	134.7	53.7
Available liquidity	319.5	350.5	(31.0)

Financial debt

(millions of euros)	2023 with Clarel and Portugal not reclassified to discontinued operations	Clarel business	Portugal business	2023 without Clarel and Portugal, reclassified to discontinued operations
Non-current financial debt	458.6	(1.1)	—	457.5
Non-current lease liabilities	346.7	(8.3)	(53.0)	285.4
Current financial debt	116.9	—	(39.6)	77.3
Current lease liabilities	167.4	(10.2)	(13.5)	143.7
Cash & Cash equivalents	(165.4)	4.1	30.2	(131.1)
Interest rate hedging derivatives	(2.5)	—	—	(2.5)
Total net debt	921.7	(15.5)	(75.9)	830.3
IFRS 16 lease effect (debt)	(499.5)	17.7	66.3	(415.4)
Net financial debt	422.2	2.2	(9.6)	414.9

(millions of euros)	2022 with Clarel, large format stores and Portugal not reclassified to discontinued operations	Clarel business	Large format stores business	2022 without Clarel and large format stores, reclassified to discontinued operations
Non-current financial debt	638.7	(0.8)	—	637.9
Non-current lease liabilities	402.6	(10.9)	-20.1	371.6
Current financial debt	109.5	(0.7)	—	108.8
Current lease liabilities	208.3	(10.2)	-12.6	185.5
Cash & Cash equivalents	(220.0)	4.2	—	(215.8)
Interest rate hedging derivatives	(4.3)	—	—	(4.3)
Total net debt	1,134.8	(18.4)	(32.7)	1,083.7
IFRS 16 lease effect (debt)	(592.4)	20.2	32.7	(539.5)
Net financial debt	542.4	1.8	—	544.2

The actual gross drawn down debt maturity profile at 31 December 2023, excluding IFRS 16, was 548.5 millions of euros.

(millions of euros)	2024	2025	2026	2027	2028 onward	Total
Debentures and bonds	—	—	31.0	—	—	31.0
Syndicated financing	25.0	410.5	—	—	—	435.5
Other loans and other credit facilities	39.7	0.1	—	—	—	39.8
Other current financial debts	4.4	2.7	2.1	1.6	12.8	23.6
Interest debt	3.5	—	—	—	—	3.5
Effect of debt renegotiation IFRS 9	0.8	0.8	—	—	—	1.6
Formalisation expenses	3.9	(4.1)	—	—	—	(0.2)
Gross debt	77.3	410.0	33.1	1.6	12.8	534.8
Lease liabilities	5.4	3.6	2.6	1.3	0.8	13.7
Total gross financial debt	82.7	413.6	35.7	2.9	13.6	548.5

(1) With the assets and liabilities of the Clarel Business and the Large Format Store Business being sold to Alcampo, presented as non-current assets and liabilities held for sale

Working capital

Working capital at a Group level during 2023 improved 81.8 millions of euros.

(millions of euros)	2023	2022	Change with Discontinued Activities
Inventory	315.0	417.6	(102.6)
Trade debtors and other receivables	161.2	199.1	(37.9)
Trade creditors and other accounts payable	1,091.5	1,313.8	(222.3)
Working capital	(615.3)	(697.1)	81.8

The Group entered into non-recourse supplier trade credit assignment contracts in 2023 amounting to 11.6 millions of euros. The Group did not enter into any such contracts in 2022. At year-end 2023, the amount of confirming used by the Group stood at 206.3 millions of euros (December 2022: 246.7 millions of euros).

Analysis of contractual obligations and off-balance sheet operations

Commitments delivered and received by the Group but not recognised in the consolidated statement of financial position comprise contractual obligations that have not yet been executed. At 31 December 2023, commitments delivered amounted to 66 millions of euros (31 December 2022: 94 millions of euros). The details and nature of these commitments are set out in Note 21.1. to the Consolidated Annual Accounts.

MAIN RISKS AND UNCERTAINTIES

Financial risk management is centralised in the Group's Senior Management, which, through the Group's Finance Management, in close collaboration with the operating units, oversees management and verifies that financial risk-taking activities are regulated by corporate policies and procedures approved by the Board of Directors as well as ensuring financial risks are identified, measured and managed in accordance with these policies.

The Group's Finance Management has established the necessary mechanisms to control the exposure to changes in interest and exchange rates, as well as credit and liquidity risk in accordance with the structure and financial position and the economic variables of the environment, resorting to hedging transactions if necessary. The Group's main financial risks and corresponding policies are described below:

Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle its financial liabilities when due.

The Group carries out prudent management of liquidity risk, based on having sufficient cash and marketable securities, the availability of finance with a sufficient amount of credit facilities undertaken, and sufficient capacity to settle market positions. Given the dynamic nature of its underlying business, the Group's Finance Department aims to be flexible with regard to financing with drawdowns on credit facilities taken out.

Liquidity risk is monitored by a Cash Committee which meets every two weeks to check that the Group's financing requirements are covered by the resources available.

Note 23.1 to the Consolidated Annual Accounts details the Group's exposure to liquidity risk at 31 December 2023 and 2022.

Cash flow interest rate and fair value risks

The Group's interest rate risk arises from fluctuations in interest rates that affect the financing costs of long-term debt issued at variable rates.

The Group contracts various interest rate hedging transactions to mitigate its exposure, in accordance with its Risk Management Policy. At 31 December 2023, derivatives are contracted with external counterparties to hedge the interest rate risk of long-term financing. Hedge accounting is applied in all cases where the required criteria are met.

During 2023, fixed-rate debt as a percentage of the volume of average gross debt totalled 63%, compared with 49.6% in the previous year.

On the other hand, the Group's policy for financial assets is to keep them available for use. These balances are held in financial institutions with high credit ratings.

The sensitivity of the result considering a 50 b.p. increase in interest rates for all maturities would have resulted in a change in the net result of 841 thousands of euros in financial year 2023 (1,493 thousands of euros in financial year 2022).

Currency risk

Foreign currency transaction risk is the risk that an unfavourable change in exchange rates will have an adverse effect on cash flows from commercial transactions denominated in a foreign currency (a currency other than the functional currency of the entity making the transaction).

The Group conducts its international operations through subsidiaries in Argentina and Brazil, which operate mainly in their home country, so that purchases and sales are denominated almost exclusively in the local currency. The Group's exposure to foreign exchange risk in commercial transactions is therefore mainly naturally hedged. The small exposure is generated from the import of products. In accordance with Group policy, these imports must be hedged wherever possible using currency hedges, which are generally for periods of under 12 months. There were no exchange rate hedges at year-end.

In addition, at 31 December, balances with group companies that Spanish subsidiaries hold with subsidiaries in Argentina and Brazil amounted to 5,171 thousands of euros (6,499 thousands of euros at 31 December 2022) and there is no financing in euros.

Currency translation risk is the risk that an unfavourable change in exchange rates will reduce the value of the net assets of a subsidiary whose functional currency is not the euro. The consolidated statement of financial position and the consolidated income statement are exposed to currency translation risk: the financial covenants (Note 15.1) are affected by changes in the exchange rates used to translate the results and net assets of foreign subsidiaries operating outside the eurozone (Argentina and Brazil).

Had the Brazilian real been devalued/appreciated by 10%, changes in translation differences would have been +/- 66.90%, respectively. Likewise, the change that would have occurred in translation differences had the Argentine peso been devalued/appreciated by 10% would have been +/- 3.71%, respectively.

Credit risk

Credit risk is the risk faced by the Group should a customer or counterparty to a financial instrument fail to meet its contractual obligations, and arises mainly from the Group's trade debtors and investments in financial assets.

The Group does not have significant concentrations of credit risk. The risk of concentration is minimised with diversification, managing and combining various areas of impact. Firstly, the customer base is distributed geographically at international level and, secondly, there are different types of customers such as franchisees and retailers. The Group believes that the evolution of macroeconomic conditions would not have significant impacts on estimated credit risk.

The Group has policies to ensure that wholesale sales are made to customers with an adequate credit history. Sales to retail customers are made in cash or by credit card. Derivative transactions are only arranged with financial institutions that have a high credit rating in order to mitigate credit risk. The Group has policies to limit the amount of risk with any one financial institution.

The Group's credit risk is due to its operations with most of its franchisees and is mitigated by the deposits linked to the 2020 franchise management model mentioned in Notes 8.1 and 15.4 to the Consolidated Annual Accounts and the guarantees and collateral received mentioned in Note 21.2 to the Consolidated Annual Accounts.

Non-current accounts receivable correspond to the financing of the franchisee's starting inventory, which is repaid on a monthly basis according to the business's cash generation profile. 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 accounts receivable 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. With the change of franchise management model introduced in 2020, the franchisee pays for the sale of both initial stock and recurring sales and not for the goods invoiced at the time of receipt, i.e. the collection is based on the cash generated at the franchisee's point-of-sale terminal, so the entire debt is recognised as current.

The Group entered into non-recourse supplier trade credit assignment contracts in 2023 amounting to 11,559 thousands of euros.

Note 23.4 to the Consolidated Annual Accounts details the Group's exposure to credit risk at 31 December 2023 and 2022.

The returns generated by these financial assets in the year amounted to 70 thousands of euros (2022: 182 thousands of euros). The change in these returns is due to the reduction in non-current trade receivables resulting from the transition to the new franchise management model.

The maturity analysis of trade debtors and other receivables is shown in Note 23.4 to the Consolidated Financial Statements, while the impairment policy is set out in Note 8 to the Consolidated Annual Accounts.

SUBSEQUENT EVENTS TO THE CLOSE OF THE PERIOD

On 18 January 2024 the Constitutional Court, in plenary session, declared certain measures modifying Corporation Tax introduced by the Royal Decree Law 3/2016 of 2 December unconstitutional. Specifically, the measures introduced that are declared unconstitutional and that affected the Spanish companies were the establishment of greater restrictions on the offsetting of tax loss carryforwards, the obligation to automatically include a minimum annual reversal of impairments of investments in subsidiaries and associates in the tax base for Corporation Tax, and the establishment of tighter limits on the application of deductions for international double taxation. In this regard, it should be noted that the Group currently has an appeal before the National High Court for the unconstitutionality of RD 3/2016 deriving from 2020 when the Group challenged the corporation tax returns for 2016, 2017 and 2018. The Group has considered this subsequent event as type 1, and recognised a current income tax asset of 43,490 thousands of euros (35,345 thousands of euros of tax and 8,145 thousands of euros of late-payment interest) (Note 17 to the Consolidated Annual Accounts).

On 19 January 2024, the Parent Company's Board of Directors resolved to co-opt Mr Alberto Gavazzi as an external proprietary director nominated by shareholder LIR Invest1 Holdings, Sà.r.l. (LetterOne), to fill the vacancy caused by the resignation of Mr Stephan DuCharme, announced to the market on 22 September 2023.

On 14 February 2024, the National Markets and Competition Commission authorised the sale of Clarel to Grupo Trinity S.A.S., according to the resolution adopted by this body (Notes 1 b) and 13 to the Consolidated Annual Accounts).

INFORMATION ABOUT THE FORESEEABLE EVOLUTION OF THE GROUP

The Dia Group's future outlook involves:

1) Entering into a phase of organic growth in Spain and Argentina:

- Continuing to strengthen Club DIA and increasing the average shopping basket
- Improving the quality and assortment of fresh products to improve frequency of visits
- Continuing to improve and innovate the DIA brand assortment.
- Expanding e-Commerce coverage and services.

2) Finalising strategic portfolio decisions:

- Concluding the divestment of Portugal and Clarel.
- Assessing strategic investment scenarios in Brazil to reduce the Group's consumption of liquidity and future losses.

3) Sustained improvement in financial results:

- Improved profitability and increase cash generation.
- Continue with the deleveraging and 2025 refinancing.

4) Implementing the 2024-25 sustainability plan "Every day counts":

- Developing de local economy (priority).
- Promoting a diverse culture (priority).
- Caring for a sustainable value chain.
- Caring for the natural environment.

R&D ACTIVITIES

Since its creation, Dia has placed a strong emphasis on developing knowledge, management methods and business models that have allowed the Group 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 the Group.

The costs associated with R+D+i incurred by Dia during 2023 are, as a percentage, much smaller compared to the rest of the costs incurred from developing activities within its company purpose.

The amount activated in 2023 is 4 millions of euros, corresponding to the capitalisation of IT developments in Spain (6.72 millions of euros in 2022).

ACQUISITION AND DISPOSAL OF OWN SHARES

Changes in treasury share in 2023 and 2022 are as follows:

	Number of shares	Average price	Total
At 31 December 2021	28,908,084	0.1329	3,842,015.22
Delivery of shares to Board members	(5,208,448)		(692,226.31)
At 31 December 2022	23,699,636	0.1329	3,149,788.91
At 31 December 2023	23,699,636	0.1329	3,149,788.91

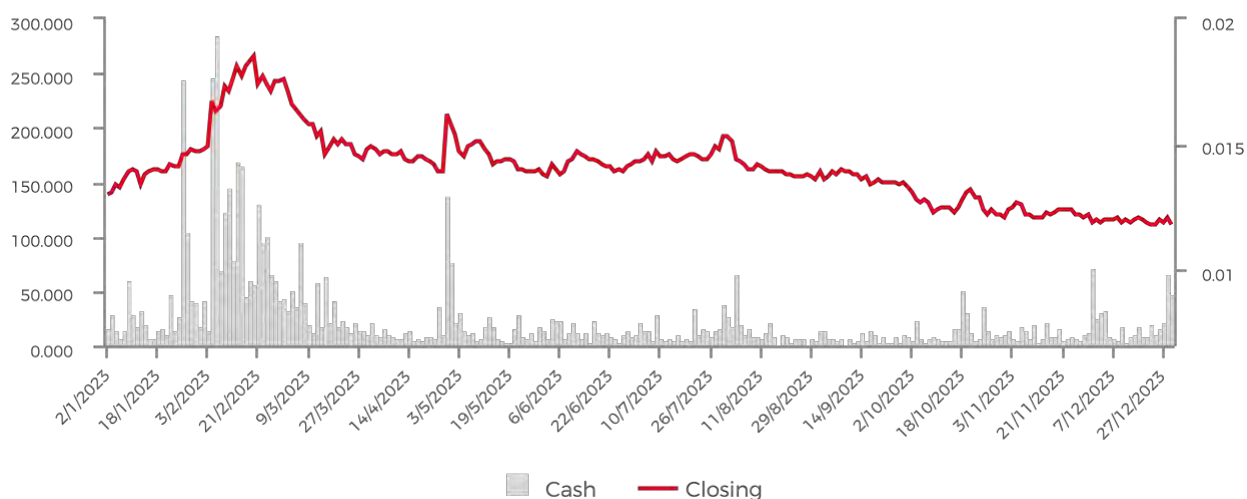
During financial year 2022, 5,208,448 shares valued at 692 thousands of euros, net of withholdings, were distributed to directors as remuneration. The difference between the net value of the shares delivered amounted to 70 thousands of euros and its value in treasury stock was recorded by reducing the reserves.

At 31 December 2023 and 2022 the Parent 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.

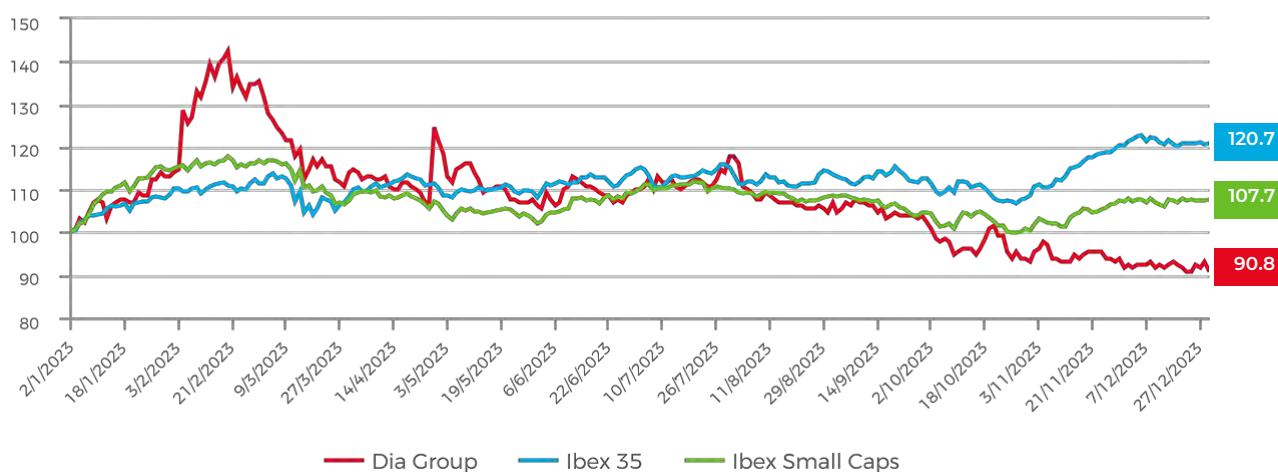
OTHER RELEVANT INFORMATION

Stock exchange information

Dia Group: Share price and turnover Jan-Dec 2023



**Dia Group vs Ibex 35 and Ibex Small Caps
(from 30/12/2022 to 30/12/2023)**



Dividend distribution policy

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

Average payment period to suppliers

The information required by the Third Additional Provision of Spanish Law 15/2010 of 5 July as amended by the Resolution of 29 January 2016 of the Spanish Institute of Accounting and Auditing and by Spanish Law 18/2022 of 28 September on the creation and growth of companies, regarding the information to be included in the notes to the annual accounts in relation to the average period of payment to suppliers in the commercial transactions of the Dia Group's Spanish companies, is detailed below:

	2023	2022
	Days	Days
Average payment period to suppliers	43	42
Ratio of transactions paid	44	42
Ratio of transactions pending payment	34	38
	Amount in thousands of euros	Amount in thousands of euros
Total payments made	4,033,882	4,115,482
*Total payments pending	436,848	444,545

*This amount excludes unbilled receipts or invoices that have been used at year-end under the aforementioned confirming facilities.

The amount of payments made during financial year 2023 in a period shorter than the maximum permitted is 2,379,741 thousands of euros (59% of the total), corresponding to 612 thousands of invoices (52% of the total).

The amount of payments made during financial year 2022 in a period shorter than the maximum permitted is 2,474,059 thousands of euros (60% of the total), corresponding to 687 thousands of invoices (52% of the total).

The average payment period is calculated taking reverse factoring facilities with suppliers into account.

Other information

Dia's Annual Corporate Governance Report and the Annual Report on Directors Remuneration are part of this consolidated management 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 Law 11/2018, of December 28, regarding non-financial information and diversity, the Dia Group has prepared the "Non-financial information statement" relating to the 2023 financial year, which, as established in articles 44 and 49 of the Commercial Code, is part of this report and which is attached as a separate document.

DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES (APMs)

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

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

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

- Franchisees' sales to end customer. Net Sales record the value of sales of goods by Dia to the franchisee. In addition to the sale of goods and associated discounts and incentives, amounts invoiced as a percentage of the franchisee's final sales figure are recorded in net sales for licensed rights and ancillary technical and commercial assistance services, and for the provision for the assignment of commercial use and monthly operation of the 2020 franchise model.
- Mobile phone top-up transactions. Net sales only include the amount of commission associated with these transactions.
- Concessions' turnover from sales to end customer (meat and fish counters among others). In general, the concession-holder makes use of the point of sale space for which it is invoiced for a sublease recorded as "other income". In addition, Dia charges a commission to the concession-holder for point-of-sale terminal collection management, which is registered as "net sales". As for the purchase of goods, the concession-holder may purchase goods from a third party or purchase goods from Dia. Group net sales include sales of Dia goods to the concession-holder and the collection management fee. Gross sales under banner nonetheless include all sales by the concession-holder to the end customer.

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

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

RECONCILIATION OF NET SALES TO GROSS SALES UNDER BANNER

(millions of euros)	2023	2022	Change (%)
Net sales (Revenues)	5,720.5	5,934.4	-3.6%
VAT	879.7	868.4	1.3 %
Others	1,049.5	400.1	162.3 %
Domestic inflation adjustment in Argentina	—	2,283.2	n/a
Gross sales under banner	7,649.7	9,486.1	-19.4 %

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

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

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

As an illustrative example, if a store opened on 1 October 2022, its sales are excluded from the daily basis for LFL sales until 30 September 2023. From 1 October 2023 onwards, the store's sales will be considered in the basis of the LFL sales calculation, and for the purposes of assessing growth over the same period of the previous year, the store's sales on the same day of the previous year are taken into account. As an additional illustrative example, if a store remains closed for three days during the 2023 financial year for painting and cleaning tasks, the basis for calculation excludes sales by that store on the same days of the previous year when it was open.

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

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

- B) The growth in gross sales is due to changes in the perimeter of stores due to openings and closures during the period.
- C) Currency effect growth related to the devaluation or appreciation of the currencies in which the Group operates.

Gross profit: Profit calculated mainly by deducting from net sales and other income: (i) goods consumed and other consumables; (ii) impairment of trade receivables; and (iii) personnel costs, other operating expenses and lease expenses related to logistics activities, as set out in the reconciliation presented in the "Evolution and results of the businesses" section of this Management Report. This metric is used as an indicator of the return obtained from the sale of goods after deducting the acquisition costs of the goods sold, including the logistics costs incurred to deliver the goods to the point of sale, irrespective of the nature of the cost (personnel, other operating costs, etc.).

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

Adjusted EBITDA: Adjusted EBITDA is the net operating result (EBIT) plus amortisation and depreciation, net gains/(losses) on impairment of assets, gains/(losses) on disposal of non-current assets, restructuring costs (as described below), costs relating to the long-term incentive programme (LTIP) and the effects of applying IAS 29 and IFRS 16. Note 4 to the Consolidated Annual Accounts includes a complete reconciliation of Adjusted EBITDA with the headings on the consolidated income statement.

RECONCILIATION EBIT TO ADJUSTED EBITDA

(millions of euros)	2023	2022	Change
EBIT	(129.4)	(117.0)	(12.4)
Depreciation and Amortisation	314.5	317.3	(2.8)
Net Gain/(loss) on impairment of assets	45.1	40.4	4.7
Result of non-current asset derecognition	26.8	24.1	2.7
EBITDA	256.9	264.7	(7.8)
Restructuring costs	34.0	57.7	(23.7)
Long-term incentive program (LTIP)	6.0	(13.7)	19.7
IFRS 16 lease effect	(213.9)	(212.3)	(1.6)
IAS 29 hyperinflation effect	108.9	70.0	38.9
ADJUSTED EBITDA	191.9	166.4	25.5

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

- Costs and payments directly associated with scheduled store/warehouse/central office restructuring or closure plans and the conversion of owned stores into franchised stores and vice versa. These costs mainly include compensation to staff and penalties for early termination of lease agreements.
- Occasionally, other strategic advisory costs such as those associated with drawing up strategic plans or the refinancing of financial debt.

The IFRS 16 effect on leases of 213.9 millions of euros and 212.2 millions of euros in 2023 and 2022, respectively, corresponds to costs that would have been accounted for as lease expenses had IFRS16 not been implemented, taking into account discontinued operations. The difference between these amounts and the payments for leases according to Note 7.2) on the Consolidated Annual Accounts, Financial debt, amounting to 222.3 millions of euros and 221.8 millions of euros in 2023 and 2022, respectively, is due to the fact that the payments include financial leases that were already part of property, plant and equipment before the application of the new standard, as well as adjustments for hyperinflation and others.

LEASE EXPENSES IF NOT APPLYING IFRS 16

(millions of euros)	2023	Re-presented (*) 2022
Lease expenses if not applying IFRS 16	213.9	212.3
Lease payments for financial leases prior to the implementation of the standard	8.4	9.2
Others	(0.1)	0.3
Lease payments for financial leases (Note 7.2)	222.3	221.8

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

The Adjusted EBITDA attempts to explain the Group's operating performance by isolating those non-operational effects that are exceptional in nature or are effects arising from the application of specific accounting regulations (application of IFRS 16, IAS 29), restructuring costs and incentive plans.

Capex: investment calculated as the sum of additions of property, plant and equipment and other intangible assets as described in Notes 5 and 6 to the Consolidated Annual Accounts. Capex is a measure of the Company's investment in fixed assets to contribute to the future growth of its business.

INVESTMENT RECONCILIATION

(millions of euros)	2023	2022	Change (%)
Additions-Property, plant and equipment	120.5	244.6	-50.7%
Additions-Other intangible assets	16.1	24.6	-34.6%
Total Group investment	136.6	269.2	-49.3 %

Net financial debt: The Company's financial position calculated by deducting the total value of current and non-current financial debt, the total value of cash and cash equivalents, the interest rate hedge derived asset and the debt on leased assets already in place at 31 December 2018 as indicated in Note 7.2 and Note 15.1 to the Consolidated Annual Accounts.

Net financial debt is an indicator of the Group's financial debt levels excluding liabilities relating to finance leases that result from applying IFRS 16.

Available liquidity: this is the result of adding together the cash and cash equivalents as described in Note 12 to the Consolidated Annual Accounts, and the undrawn balance of available lines of finance and confirming described in Note 21 of the Notes to the Consolidated Annual Accounts. Available liquidity is a metric used to measure the Group's capacity to meet its payment commitments using available liquid assets and finance.

Working Capital (trade): this is the sum of inventories and trade creditors and other receivables less the total Inventories and trade debtors and other accounts receivable. Working capital is a metric used to measure the level of enforceability to meet payment of short-term trade commitments.

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



*Cada día
más cerca*

**Consolidated
non-financial
information
statement**

2023

**Distribuidora Internacional de
Alimentación, S.A. y Sociedades
Dependientes**

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



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Letter from the Dia Group Global CEO



LETTER FROM THE DIA GROUP GLOBAL CEO

This year, 2023, has been key for the future of the Dia Group. The business's good performance endorses the trust of our customers and ratifies the success of our strategy focused on proximity. This year, we fulfilled our strategic priorities and made the right decisions to simplify our portfolio. This will allow us to focus our efforts on markets where we have the potential to grow under a single 'Dia' banner.

At the same time, in these current uncertain times, our determination has been to fulfil Dia's historic commitment to households: offer a varied, high-quality assortment at affordable prices. A proposal that can provide solutions adapted to the budget of each household, with the ease and agility offered by our large network of neighbourhood stores and our online channel. This has been achieved thanks to the great effort of our team, our franchisees and suppliers. Driven, individually and collectively, by the passion we share for customer service, we have worked to make Dia's purpose a reality: to be closer every day to offer great quality to everyone.

I would like to thank the exceptional work and commitment shown every day by each and every one of the people who make up the Dia team in stores, warehouses and offices; our franchisees and their teams, and our suppliers.

In Spain and Argentina, the business is entering a new phase: we have completed the turnaround, accelerated the growth of our e-commerce and expanded our franchise network. These steps allow us to close another stage and begin an organic growth stage focused on customer satisfaction, with the renewed ambition of being their preferred neighbourhood and online store.

We end 2023 with significant progress in market share at a comparable surface area in Spain and consolidating our leadership in proximity at a national level in Argentina.

At a Group level, we have met our key objectives, which confirm that we are on the right path. The Group's like-for-like sales were 3.1% higher in 2023¹, with a 10.7% increase in Spain¹. Adjusted EBITDA was 192 millions of euros, 15.3% higher than in the previous year, and we improved the net result by 94 millions of euros, reducing the loss for the year to 30 millions of euros¹.

The Group faces 2024 with its sights set on developing the proximity economy, and promoting a diverse and inclusive culture. We know that generating value for our customers and the neighbourhoods and communities in which we operate allows us to further our objectives and build a solid business with a future. This is something we want to do with levers that provide leadership and differentiate Dia: our commitment to facilitating access to healthy food, promoting employment and entrepreneurship and working towards a more inclusive and diverse society.

In the coming months, we will continue to focus on mitigating the effect of inflation on the shopping basket working closely with all our value chain, while adding new initiatives to our digital ecosystem and strengthening the Club Dia proposition.

We are aware that work is still to be done, but we can hold our heads high knowing that every day we are the favourite store of more and more customers thanks to a differentiating value proposition and a team committed to delivering a first-class customer experience.



Our determination has been to fulfil Dia's historic commitment to households: offer a varied, high-quality assortment at affordable prices.

Martín Tolcachir
Dia Group Global CEO



¹Excluding the sale of the stores transferred to Alcampo in Spain, the sale of the Clarel stores and the sale of the Minipreço stores in Portugal.

1.1 Our Management Committee

The Management Committee is made up of 10 professionals of five nationalities who, united by a clear vision and roadmap, have assumed the internal and external challenges that have driven the business and Dia's relationships with its social and economic ecosystem. This responsible leadership model begins with the CEOs of each business unit to provide a cross-cutting impact and is consolidated in a Committee that, aligned with the vision of the Board of Directors, builds a culture of closeness that breaks down barriers and works closely and honestly.



Martín Tolcachir
Dia Group Global CEO

Guillaume Gras
Dia Group CFO

Antonio Serrano
Dia Group Strategy Director

Pilar Hermida
Dia Group Communications and
Sustainability Director

Patricio Morenés
Dia Group Legal and Compliance Director

Ricardo Álvarez
CEO Dia Spain

Agustín Íbero
CEO Dia Argentina

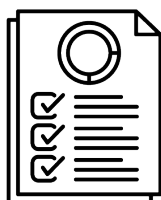
Marcio Barros
CEO Dia Brazil

Miguel Silva
Dia Portugal Operations Director and Board of Director's
Spokesperson (CA)

José María Jiménez
Clarel CEO

2

Basis of preparation of the NFIS



BASIS OF PREPARATION OF THE NON-FINANCIAL INFORMATION STATEMENT

This Consolidated Non-Financial Information Statement (hereinafter, "NFIS") is part of the 2023 Consolidated Management Report of Distribuidora Internacional de Alimentación, S.A. and the subsidiaries that make up the Group (hereinafter, indistinctly, "Dia", "Group", "Dia Group", "company", or "Company") and is issued annually². It comprehensively, clearly and transparently sets out the Company's business strategy and integrates its financial and non-financial information, showing those issues that are significant to the Group, influenced by:

- The Company's response to the legal requirements of Law 11/2018 of 28 December 2018 on non-financial information and diversity, as well as Law 5/2021 of 12 April amending the consolidated text of the Capital Companies Act and the EU 2017/C215/01 guidelines for reporting performance on non-financial information and its climate supplement integrating the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
- The recommendations of the "Guidelines for Preparing the Management Report of Listed Companies" from the National Securities Market Commission (hereinafter, "CNMV").
- The Global Reporting Initiative (GRI) standards as a benchmark framework for non-financial reporting.
- Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment which, in its first delegated act, establishes the obligation to disclose information on how and to what extent the company's activities are associated with economic activities that are considered environmentally sustainable.
- Commitment to the Ten Principles of the United Nations Global Compact and the Sustainable Development Goals (SDGs) approved by the United Nations General Assembly, which Dia integrates into its Strategic Sustainability Plan.

With this "integrated" approach, the information on the Group's financial position is supplemented by the information needed for an understanding of the impact of the Dia Group's activity in regard to environmental and social matters and those relating to its employees.

The NFIS was prepared by the Dia Group's Board of Directors and signed by all its members.

A significant part of the report is structured around the company's main stakeholders, detailing current communication channels, key risks, related policies, associated indicators and the main actions taken.

In accordance with Article 49 of the Commercial Code, the NFIS is externally verified under a limited assurance review,

A non-financial information reporting system has been used to collect the data for this report, with managers in each country (Spain, Portugal, Argentina and Brazil) periodically reporting on the indicators in the fields required by Law 11/2018 – and other indicators – that are used as a management tool for the Group.

For any general enquiries about this report, please contact the Financial Reporting and Communication Departments at Calle Jacinto Benavente 2A, 28232 Las Rozas (Madrid), or send an email to comunicacion@diagroup.com.



A significant part of the report is structured around the company's main stakeholders, detailing current communication channels, key risks, related policies, associated indicators and the main actions taken.

² As in the previous year, all companies comprising the Dia Group are included in this report. The treatment of companies accounted for using the equity method is the same as that adopted in the financial section of the directors' report. The figures included in this report contain the activities, which are considered as discontinued in the Group's consolidated annual accounts (Portugal and Clarel), unless expressly specified otherwise. Annex 2 includes the main KPIs of the Group without those two business units. When the indicators refer to the company's value chain (essentially the Dia Group franchise network and suppliers), this fact is appropriately mentioned.

3

Dia Group: Business model and strategic pillars



BUSINESS MODEL AND STRATEGIC PILLARS

To be closer every day in order to offer great quality accessible to all is the Group's renewed purpose and the guiding force behind the strategy of building a business model that seeks to create value, meeting the day-to-day food and hygiene needs of all families, regardless of where they live and their individual requirements. This value is endorsed by Dia's more than 14.1 million loyal customers worldwide.

Based on an analysis of the competitive context in which it operates and identification of its strengths, the Company defines a set of systems and activities to transform these assets into value created for customers, shareholders and other stakeholder.

3.1 Dia Group Presentation

Dia Group (Distribuidora Internacional de Alimentación S.A.) is the leading network of proximity stores with over 5,400 establishments in Spain, Argentina, Brazil and Portugal. Founded in 1966 in Madrid, Dia opened its first store in Madrid in 1979. Its head office is located in Las Rozas de Madrid. The company has been listed on the continuous market of the Spanish stock exchange since 2011 and has the fourth largest market share in Spain³

With its history spanning 45 years, the Dia Group's extensive experience in local food distribution has allowed it to become what it is today:

- The neighbourhood and online store that affords an easy, fast and comprehensive shopping experience, with a wide range that gives prominence to fresh and locally sourced products and high-quality Dia private-label products at affordable prices.
- A team that is diverse by nature, committed to an inclusive environment with equal opportunities for all, free of labels and prejudices and that shares Dia's purpose and values. Together, we are moving forward with the aim of being our customers' favourite neighbourhood and online store.
- Another neighbour in the communities where we operate, working towards a positive impact on the economy and society by boosting the local economy with employment and entrepreneurship opportunities.

In 2023, the Dia Group achieved global net sales of 5.720 millions of euros in 2023 (5.934 millions of euros in 2022),⁴

At year-end, Dia operates 5,408 company-owned⁵ and franchised stores in four countries (5,699 in 2022), of which 2,880 are already operating under the new store model in Spain, Argentina and Brazil.

Dia directly employs 28,776 people globally (33,423 in 2022) and adds 2,048 franchisees and their 17,110 employees to its ecosystem. Franchising is a strategic pillar for Dia. At the end of 2023, they accounted for 54% of the global store network (52% in 2022) and are a key ally in rolling out the proximity strategy and to ensure that Dia reaches all types of neighbourhood and municipality, providing a differential value proposition.



The Dia Group also relies on 2,881 local suppliers (2,800 in 2022) from whom it makes 94% (95% in 2022) of its purchases locally. The suppliers are chosen following stringent quality and food safety criteria to enhance its wide range and develop Dia products, which are synonymous with high quality at affordable prices. Together, and thanks to a logistics distribution system with over 20 warehouses in four countries, customers are offered a full assortment that focuses on fresh produce, combines private-label and manufacturer brands and adapts to the needs of customers at local, regional and national levels.

Supported by the strategic pillars of our business, we provide our 14.1 million loyal customers around the world access to healthy, quality food with a first-class in-store and online experience and we promote actions that make it easier to learn about and follow healthy eating habits, the raison d'être of our Eating Better Every Day programme.

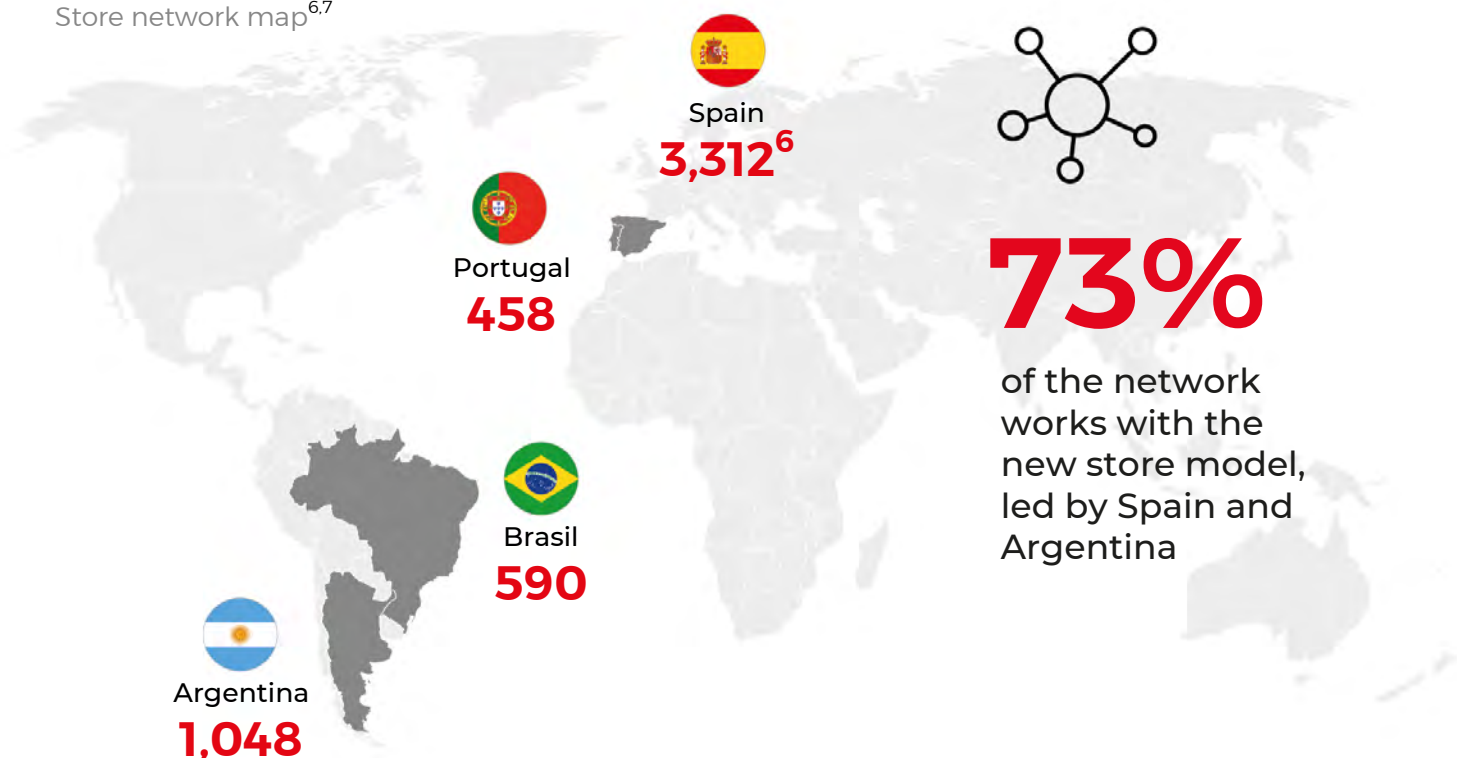
³ Kantar Worldpanel 2023

⁴ Excludes the sale of the transferred stores in Spain, the sale of the Clarel stores and the sale of the business in Portugal.

⁵ Includes Dia stores in Spain, Argentina and Brazil, and excludes Minipreço stores in Portugal and Clarel stores in Spain. The decrease compared to 2022 is mainly due to the sale of 233 stores to the Auchan group.

3.2 Dia Group in the world

Store network map^{6,7}



Dia Team

28,776

people in stores, warehouses and offices



2,048

franchises globally



They manage

54%

of the store network



They contribute

17,110

to the Dia ecosystem



14,1M

Loyal Club Dia customers



3,1%⁷

LfL growth



5,720 M €⁷

Net Sales



+3,000

Dia private-label products renewed



192 M €⁷

Adjusted EBITDA



76%

Improve Net Result

⁶ Includes Clarel in Spain

⁷ Includes Dia stores in Spain, Argentina and Brazil and excludes Minipreço stores in Portugal and Clarel stores in Spain.

3.3 Milestones for 2023

JANUARY

- Dia strengthens its network of institutional alliances by joining Forética, Seres Foundation, Club de Excelencia en Sostenibilidad and Corporate Excellence and the Business Network for Diversity and LGBTI Inclusion (REDI).

FEBRUARY

- Opening of the 1.000 store in Argentina



- Natural yogurt "Dia Láctea" win "Flavor of the year" award in Spain

APRIL

- Annual Retailer 2023 Award in Argentina for Martín Tolcachir, CEO Global of the Dia Group.
- Dia Brazil enters the ABRAS ranking of the best supermarket for the first time, in 15th place.
- 100 Best Ideas Award from "Actualidad Económica" for the Vegedia dessert range in Spain
- "Importing is important" campaign in to support Ukrainian suppliers

MAY

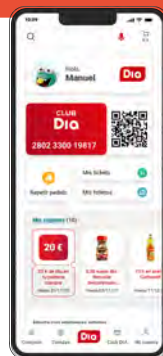


- Launch of the global program "Comer mejor cada día"
- Launch of the new website dia.es in Spain
- Launch of the new Dia Argentina App, the first in the sector to offer mobile shopping in the country



JUNE

- Launch of the Dia App in Spain
- "Mares para Siempre" award, granted by MSC, for Dia Spain's support for an MSC Communication on Sustainable Fishing



JULY

- Dia Spain signed the II Equality Plan for women and men



SEPTEMBER

- Dia Spain obtains the Zero Waste seal from SAICA Natur in its logistics centres in Illescas, Mérida, Dos Hermanas and Zaragoza, bringing the number of facilities with this recognition to eight



NOVEMBER

- Presentation of the new Strategic Sustainability Plan 2024-25.

- Launch of the Dia Group's Diversity Strategy



- Intrama "Somos Diversos" (We are Diverse) Award for Dia Spain for facilitating the integration of people with disabilities into the workplace and society.
- Dia Spain receives the TikTok España 2023 Award in the Gastronomy and Travel category.

DECEMBER

- Dia Argentina enters MERCO's ranking of the 100 most reputable companies for the first time, occupying 51st position overall and 4th at a sector level.
- Product of the year award for the Vegedia range of desserts in Spain.



3.4 Business context: trends and risks affecting the food retail sector

Changes in consumer behaviour associated with new lifestyles, their preferences for certain shopping channels or their perception of value can create attractive business opportunities for companies such as the Dia Group.



Some of the **key trends** in this respect are described below:

Proximity

According to a study analysing the challenges facing the sector, proximity and the quality/price ratio are the main reasons affecting people's decision to choose a food store, followed by the possibility of finding everything in one place. Also some challenges affecting social patterns such as an ageing population, smaller households and shortage of time for such essential tasks as shopping, lead to smaller shopping baskets and more frequent visits to stores, which would tend to benefit proximity store formats.

Price sensitivity

In recent years, the food retail sector has suffered tensions generated by rising costs due to difficulties in the supply chain for certain products and geopolitical conflicts. In this context, price sensitivity on food and other goods becomes a very significant factor in consumers' purchasing decisions (smaller purchases, searching for offers and promotions to compensate for the higher prices of some products or choosing private-label goods, among other things).

In this context, private-label goods have gained a particular significance due to offering an alternative to the manufacturer's brand with a winning price-quality ratio. In Spain, the positive trend of the last decade has continued to grow since 2022. According to AECOC data, the weight of the private-label goods is already 44.4% of the total (taking into account all product families) of consumption at the end of Q3 2023. This figure exceeds markets such as Germany (40.9%) and the UK (43.6%) where the penetration of these products has traditionally been higher⁸.

Convenience

"Shortage of time" is another of the phenomena currently faced by society, linked to changing habits of consumers, who increasingly favour online purchases. The bulk of online customers also shop in physical stores, so "digital proximity", based on the complementary relationship of the physical and online channels, is a relevant factor to take into account when trying to understand this phenomenon. Also, customers make their product choices mainly on the basis of what they have previously seen in the store, thus reinforcing the relationship between these two channels.

Health and well-being

Better nutrition has always been part of health and well-being, but now that relationship is more obvious than ever and there is great interest in taking care of health through the food we eat.

Responsible companies

In the current context of uncertainty, trust and responding to the challenges in terms of sustainability are that basic pillars that will ensure a company's future. To be a responsible company, and for society to notice this, to retain the ability to attract and link all stakeholders and reinforce their trust, generating a virtuous circle for the business⁹.

⁸ Cinco Días "Spain, a white label paradise: its weight greater than in the United Kingdom and Germany

⁹ Expansion. "[Confianza y sostenibilidad, claves para la reputación](#)".



The **risks inherent in the food sector** also define the competitive context faced by Dia. The most significant risks are set out below:

Economic instability

Economic instability, mainly the high rate of inflation seen in recent years in countries where the Group operates, affects both consumer income (through higher unemployment rates and reduced purchasing power) and operating costs. Many of the Dia Group's private-label and national brand products include highly volatile ingredients, such as wheat, maize, oils, milk, sugar, proteins, cocoa and other commodities. Any increase in commodity or supply prices, such as electricity or gas, can trigger price increases that may affect the company's gross margins or reduce income due to a drop in the average number and size of customer transactions.

Highly competitive environment

Competition has intensified, worldwide and in all sectors, and threats have grown. In the food retail sector, and more specifically for Dia, risks are considered to comprise not just the entry of new competitors, but also that of substitute products and the possibility of losing bargaining power (and proximity) with customers and suppliers.

Proliferation of new health, environmental and trade regulatory requirements and their lack of standardisation across different regions

Regulatory changes may require the reformulation of certain products in order to comply with new standards, the discontinuation of certain articles that cannot be reformulated, the creation and maintenance of additional records or different labelling; in regard to store operations, changes have to be made continually to anticipate and/or adapt to new local rules in each country (regarding prices, opening hours, environmental aspects, etc.).

Difficulty in responding to changes in customer attitudes and purchasing preferences

On top of the new demands in terms of value, quality, more sustainable products, price and variety, we now also have new preferences in regard to shopping channels, adding an extra layer of operational complexity to companies' necessary adaptation to satisfy their customers' tastes.

Volatility of international markets

The Group's exposure to international market volatility is centred on its businesses in Brazil and Argentina. In Brazil, economic growth has slowed and Argentina's economy has suffered from economic, social and/or political instability and hyperinflation and high country risk.

3.5 Pillars of transformation for value creation

Taking into account the sectoral context and the Group's strengths, Dia's business strategy over the coming years is built on the following basic pillars:



Ongoing development of an attractive commercial value proposition, capitalising on proximity and customer awareness.

- The transformation of the network to the new store model satisfies this objective. The new Dia stores are more accessible, modern and bright, organised in such a manner that facilitates and streamlines the shopping experience and offers a full range, giving a key role to fresh products and a balance between manufacturer brands and Dia products. Of the 3,956 Dia stores in Spain, Argentina and Brazil, 2,880 operate under the new model; 73% of the network.
- Thanks to Club Dia, the pioneering loyalty card in the sector in Spain, the company also has the opportunity to learn the tastes and needs of customers in detail and adapt its commercial offering, including personalised promotions to ensure their needs are met.



Boosting e-commerce: The Dia Group has committed to digital and technological transformation, a highlight being the implementation of new forms of delivery through the online channel which improve the customer experience, such as express delivery, programmed delivery options and in-store pick-up as well as alliances with partners to boost this channel. The online channel is a lever that enables the Dia Group to strengthen its commitment to proximity food distribution at the while at the same time responding to its customers' needs and demands. The move towards the omnichannel approach allows personalisation of the buying experience and strengthening of relations with customers. In 2023, efforts centred on continuing to strengthen logistics and the technology and product teams, with a view to accelerating the roll-out of the digital offering. . To expand delivery options, partnerships with third parties (Glovo, Just-eat, Amazon, Pedidos Ya, Rappi), in-store pick-up and scheduled deliveries have been added.



Development of an improved franchise model and an increase in the number of franchises. The company has opted for a new partnership based on a simpler and more transparent relationship, better payment terms and greater help and support for the franchisee. The ultimate objective is to incentivise sales and attract highly professional franchisees, making the Dia franchise the most competitive model in the food retail sector. This model has been rolled out in the Spanish, Portuguese and Argentine networks.



Private label: Dia was a pioneer in introducing private-label products in Spain more than 40 years ago. The Group develops high quality private-label products and offers competitive prices due to its sales volumes, extensive experience, strong supplier relations and potential savings in marketing and advertising costs. Food safety, the nutritional quality of its private-label products and access to food must be noted, which have become a priority in the Dia Group's Sustainability Plan. Since 2020, more than 3,000 Dia products have been renewed and launched; modern, attractive products that combine high quality and affordable prices, reconnecting with customers' trends and tastes.



Consumers have already started to change their attitudes, and now we, the major chains, must accompany them, promoting ever more mindful buying to strengthen local economies and reduce the ecological footprint

Javier López. CFO Dia Spain

4

More sustainable
every day

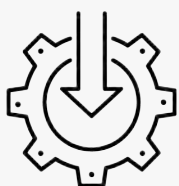


MORE SUSTAINABLE EVERY DAY

4.1 Materiality analysis

The process of identifying the priority actions of the Strategic Sustainability Plan 2021-2023 was carried out taking into account the dual materiality analysis carried out in 2016 and subsequently reviewed by means of internal analyses in 2018, 2020 and 2022 as the basis of analysis, identifying both the impacts, risks and opportunities that the Dia Group's activity may entail for society and the challenges and implications imposed by the social reality on the company's business model.

To this end, various contributions or inputs were analysed and taken into account:



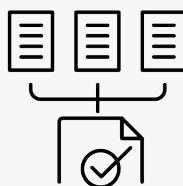
EXTERNAL

Benchmark of the main competitors.

Stakeholders' expectations

Indirect identification of short- to medium-term expectations of the main stakeholders, through business representatives who have direct contact with customers, employees, franchisees and suppliers. Although this first Sustainability Plan 2021-2023 prioritised attention to these stakeholders, the visions of other groups were also incorporated, not only by studying the main sustainability indices and standards, but also through the opinion and diagnosis of a group of eight independent experts with extensive experience in sustainability. In this way, the direct demands of the main stakeholders in the short to medium term were combined with a longer term time frame.

Materiality study suggested by the various sustainability indices and standards for the food retail sector, in particular the Dow Jones Sustainability Index and the Sustainability Accountability Standards Board (SASB)..



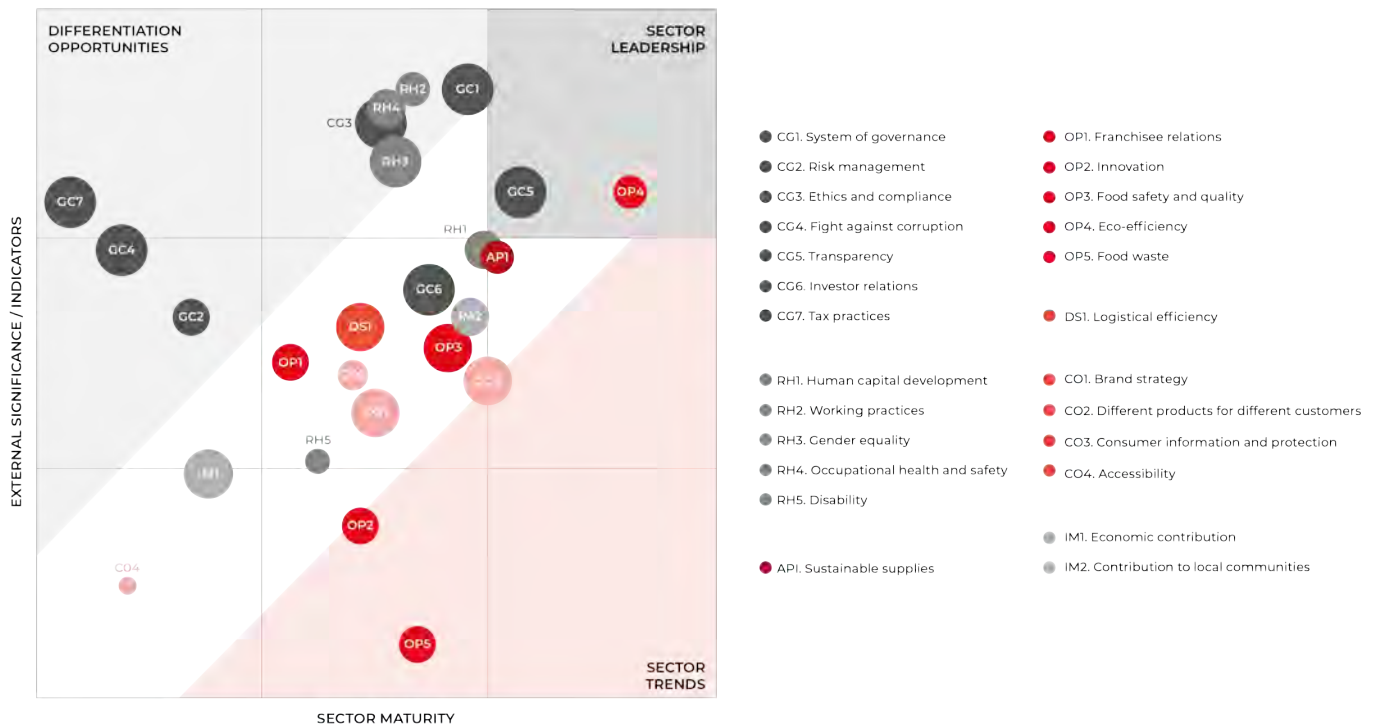
INTERNAL

Interviews with the heads of the main corporate departments, and with the CEOs of each country.

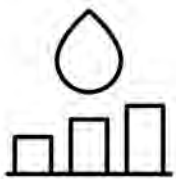
Key internal documents

Such as the risk map, the business plans of the various countries and the Company's recent purpose and strategy.

As a result of this analysis, of the twenty-five potential issues originally assessed, fifteen priorities or material issues were selected to form the basis of the Strategic Sustainability Plan 2021-2023 and can be viewed in the image in the following section. These issues relate to sustainability risks (operational, compliance or reputational risks) and opportunities for value creation, and they span the company's entire value chain. The matrix resulting from the process is shown in the following image:

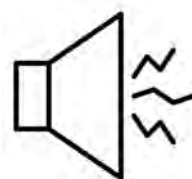


The issues required by Law 11/2018 that are not material to Dia and for which no information is provided in this report, are:



WATER CONSUMPTION

This resource is used exclusively for cleaning and not for production purposes in Dia stores and consumption is not therefore considered to be significant. Nonetheless, the company supports and promotes the responsible consumption of water by means of internal communication and by raising employees' awareness of good practices. In addition, the company is developing an application to read water invoices in order to have evidence that shows that the cost is not material in relation to total expenses in the income statement at Group level.



LIGHT AND NOISE POLLUTION

The impact is minor, since store lights are completely turned off when the stores are closed and the logistics centres are not located in residential areas. In any case, Dia Spain has improved the management of noise from unloading even more by changing the goods transport method from metal to wooden pallets.



Of the twenty-five potential issues originally assessed, fifteen priorities or material issues were selected to form the basis of the Strategic Sustainability Plan 2021-2023



4.2. A sustainable business model

Sustainability is a value-driver for the Dia Group and a way to realise the purpose of being closer to people every day to offer great quality accessible to all and create value in neighbourhoods. This purpose is the guiding star for the day-to-day work of the Company, whose ambition is to be one of the most competitive companies and a benchmark in the food retail sector.

This is set out in the Dia Group's 2021 [Sustainability Policy](#) Sustainability Policy, which updates and summarises the previous Corporate Social Responsibility and Environmental policies, and the purpose of which is to lay out the principles and mechanisms for action that enable the company to realise its desire to be "closer every day" to its stakeholders.

One of the main instruments for making this vision a reality was the involvement in the definition of the Strategic Sustainability Plan of the CEOs and sustainability leaders of each business unit, the Management Board and the Appointments and Remuneration Committee.

The Board of Directors approved the Dia Group's first Strategic Sustainability Plan 2021-2023 in February 2021.

This Plan defines commitments, actions and performance indicators for the most significant issues for the Group, ensuring proactive management of both sustainability risks and opportunities.



It deals with **15 themes**, starting out from our greatest strength: **proximity**



OUR PATHS OF ACTION

3
GOOD HEALTH AND WELL-BEING

Food gap

To help millions of families at risk of poverty to break through the food, geographical and socio-economic gap, (eating healthily and cheaply).

8
DECENT WORK AND ECONOMIC GROWTH

Inclusion in employment

To contribute to minimising the economic and social crisis by hiring and training people in vulnerable situations.

10
REDUCED INEQUALITIES

We're neighbours

To contribute to supplying the population by making fresh food available.



DIA's employees and franchisees **are the drivers of this transformation**

		Food safety
		Nutritional profile of private-label products
		Accessibility of food
		Sustainability of raw materials
		Human rights management in the supply chain
		Development of teams and employees
		Employees' health and safety
		Diversity and inclusion in employment
		Franchisee relations
		Supplier relations
		Packaging
		Waste management and food waste
		Climate change
		Business ethics
		Support for the community

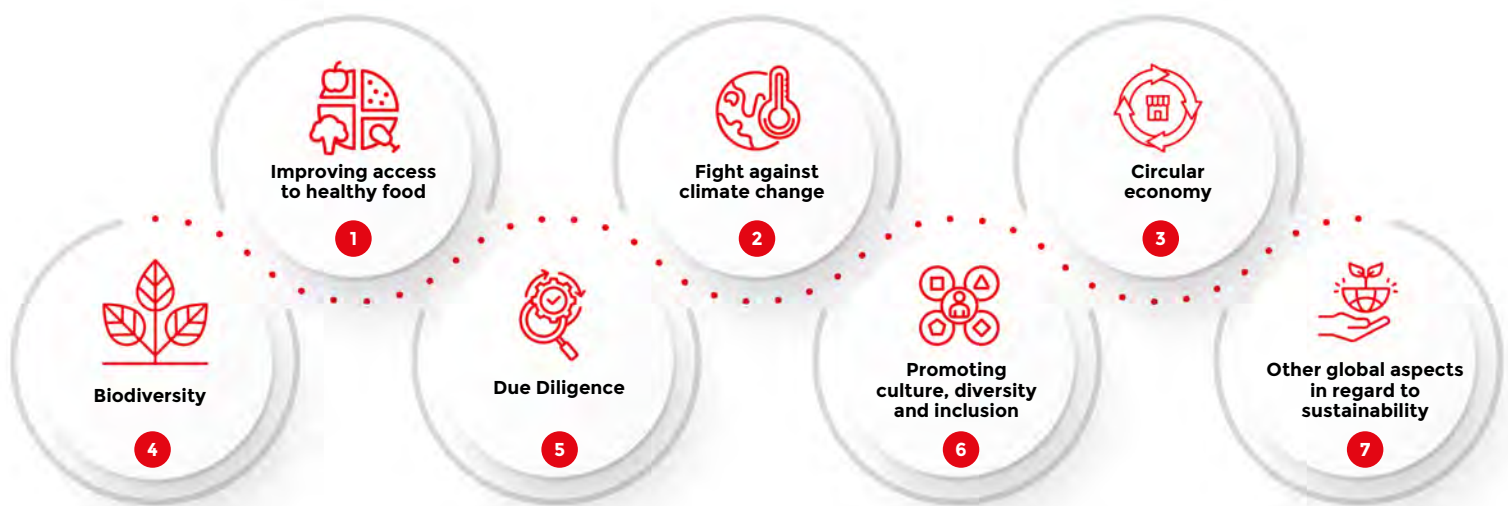
To ensure the implementation of this sustainable vision, a governance model has been defined in which the Sustainability function reports directly to the CEOs, both at Dia Group level and in each of the business units. Furthermore, the Board of Directors, through its two committees, also regularly supervises performance in this matter, to see the degree of advancement of the implementation of the measures provided in the Plan and the attainment of objectives.

The Strategic Sustainability Plan 2021-2023 is a roadmap that sets out the sustainability paths and priorities for 2021-2023.

Dia strives to contribute to the Sustainable Development Goals (SDGs) of the United Nations, as part of its new culture of management around sustainability.

The Dia Group therefore focuses on three key lines of work: contributing to mitigating the food gap from a geographical and socio-economic standpoint; generating value in neighbourhoods with employment opportunities, giving particular emphasis to including vulnerable groups in the labour market; and promoting entrepreneurship through its franchises.

Actions taken in the context of the Strategic Sustainability Plan 2021-2023



During 2023, certain actions carried out under the Strategic Sustainability Plan 2021-2023 deserve to be highlighted:

1 Proximity through improved access to healthy food:

- By means of education, dissemination, physical approach and the creation of healthy habits, which found expression through various initiatives: creation of blogs, recipes, workshops, broadcast campaigns, etc. Furthermore, a project was carried out to distribute products in certain rural areas, and we collaborated with the University of Zaragoza on a study of nutritional deserts in the province of Teruel, gaining insight into the barriers that impede access to a healthy diet in areas considered nutritional deserts.
- Sales of fresh products continue to grow in all Group countries as a percentage of the total. The expansion of the online channel in all countries provides access to great quality food at affordable prices to ever more people.
- The Company took an in-depth look at the barriers impeding access to a healthy diet among the most deprived classes, presenting its results to the scientific community, and tested programmes for confronting this challenge in Argentina and Portugal.

2 In regard to the **fight against climate change**, we continued to carry out numerous initiatives, such as:

- We continued to move ahead with the Plan Renove in stores. One of the measures is the replacement of refrigerant gases with more sustainable alternatives (including an in-store pilot scheme with CO₂)
- Employee training and awareness-raising on the Dia Group's Internal Energy Efficiency Manual for operational improvement in stores and warehouses.
- Continue with the electrification and modernisation of the logistics fleet (especially in low-emission zones, optimisation of routes and frequency of distribution and collaboration with third parties), and the first electric lorry was launched.

3 In regard to **circularity**, the following can be highlighted:

- We continued to move ahead with the elimination of virgin plastic in DIA brand product packaging.
- Significant reductions were achieved in both the proportion of waste sent to landfill (which is now transformed into new products or recovered), and the proportion of food waste.

4 In regard to **biodiversity**, the following can be highlighted:

- Involvement with external working groups:
 - EU Deforestation Regulation Workshop,
 - Spanish Business and Biodiversity Initiative
 - Biodiversity Foundation (F.S.P.)

5 In regard to **Due Diligence**, in the last few years progress has been made in:

- Creation of a [Human and Labour Rights Policy](https://diacorporate.com/en/corporate-policies/) by the Group: <https://diacorporate.com/en/corporate-policies/>
- Identification of suppliers at risk of violating Human Rights, based on criteria such as their origin or the type of product.
- Completion via a platform of a questionnaire on Due Diligence by suppliers, with the questions covering aspects of human rights, labour rights, health and safety and the environmental impact of their facilities, allowing us to establish action plans for those that show relatively high-risk.
- Signing up by franchisees and suppliers to the Group's clause on Human Rights in the relevant contracts.

6 Various initiatives were also carried out with great success on **diversity** as it relates to employees, to promote a diverse and inclusive culture:

- We work to achieve proactive management of diversity and labour inclusion of people at risk of exclusion. By working with various NGOs we were able to hire 1,000 people from vulnerable groups in Spain, Portugal and Brazil, compared with 730 in Spain alone in 2022. In addition, 426 people from these groups (compared with 578 the previous year) had work experience in stores and warehouses as part of the training processes to improve their employability.
- Country-specific diversity diagnoses were carried out and diversity committees set up, involving top-level managers to establish objectives and purpose-built plans, trends and surveys of suppliers' and customers' opinions).

7 Progress was made in 2023 on preparing a new Materiality Analysis. Which a Working Group called "ESG Champions" was formed, taking account of Senior Management, and it was complemented with an analysis of external sources (benchmarking of competition, sector analysis, market trends and surveys of suppliers' and customers' opinions). With this knowledge, we determined the challenges and priorities that help understand the ecosystem and the ESG context, as well as taking a more in-depth look at:

- Stakeholders' trends and demands
- Regulation (particularly EU)
- ESG standards
- Benchmarking of top competitors
- Strategic priorities

Main Indicators of the Sustainability Plan (2021-2023)


	KPI	Result 2023	Result 2022	Objective 2021-2023
	Suppliers' satisfaction	2.6	0.75	Improvement compare to the previous year
	Franchisees' satisfaction	39.28	36.25	Improvement compare to the previous year
	Customers' satisfaction	49.26	47.12	Improvement compare to the previous year
	Percentage of approved suppliers in terms of food safety	94%	89%	100%
	Reformulated products to improve nutritional profile	99%	82%	>95%
	Hiring people from groups at risk of exclusion	60%	48%	30%
	Supplier adoption of the DIA Group's Human Rights Policy	94.0%	92.0%	90.0%
	Reduction in the proportion of virgin plastic used in private-label products versus 2020 (Spain)	20%	n.a.	25%
	Reduction in CO2 footprint	(5.0)%	3.0%	(5.0)%
	Confirmed reports of discrimination and harassment	4	9	—
	Confirmed reports of corruption	—	—	—
	Kg of produce donated	more than 954,000 kg	more than 869,765 kg	N/A

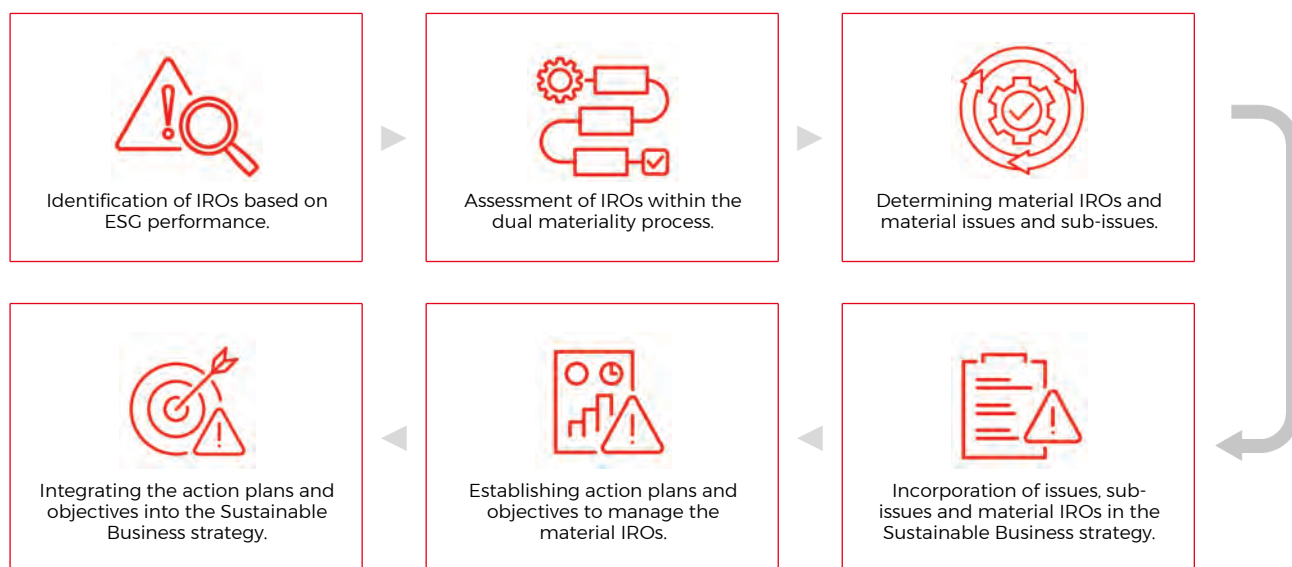
Table 1. Most notable indicators of the Sustainability Plan 2021-2023 and results during 2023.

4.3 Next steps

4.3.1 Dual Materiality Analysis

In preparing the new Strategic Plan 2024-2025, a Dual Materiality analysis has been performed, which takes into account the Group's strategy and objectives, the Sustainability strategy and the requirements of various reporting and sustainability frameworks, such as the Global Reporting Initiative (GRI), Law 11/2018 on Non-Financial Reporting and Diversity and Directive 2022/2064 on companies' sustainability reporting (CSRD).

Within the CSRD framework, Dual Materiality is critical for the Dia Group as it identifies the Impacts, Risks and Opportunities (IROs) faced by the Company and assesses their relevance to all stakeholders. It also makes it possible to view the most significant issues that need to be addressed, and thereby define and establish appropriate management through action plans and objectives.



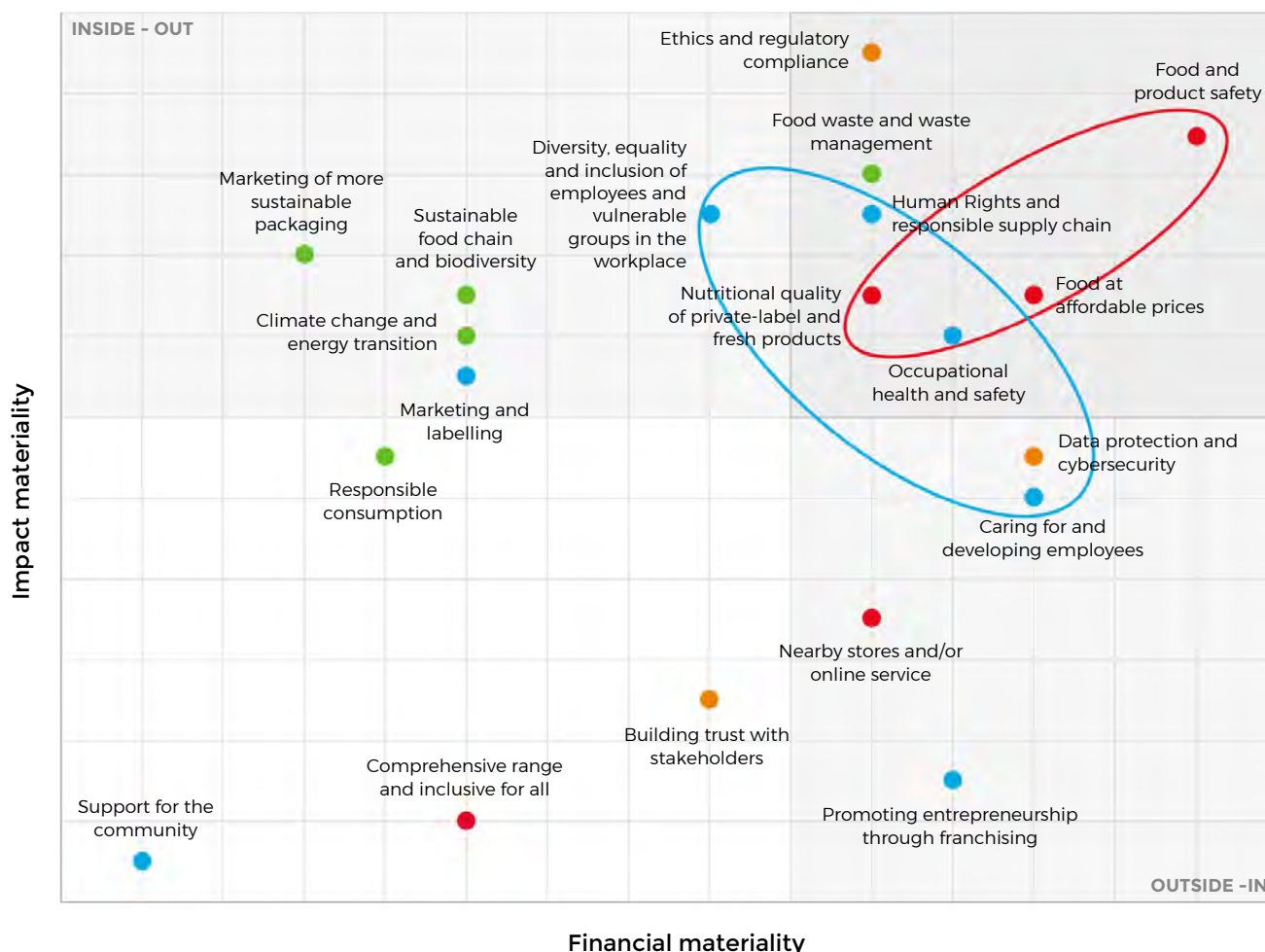
During 2023, the Dual Materiality analysis and IRO identification required the collaboration of various departments, such as Finance, Sustainability, Internal Control and Infrastructures. Based on this initial analysis,

the Group has determined the material European Sustainability Reporting Standards (ESRS) in accordance with the aforementioned CSRD Directive:

Cross-cutting ESRS		Material for the Dia Group
ESRS 1	General Requirements	N/A
ESRS 2	General Disclosures	N/A
Environmental ESRS		Material for the Dia Group
ESRS E1	Climate Change	Yes
ESRS E2	Pollution	Yes
ESRS E3	Water and Marine resources	Yes
ESRS E4	Biodiversity and ecosystems	Yes
ESRS E5	Circular economy	Yes

Social ESRS		Material for the Dia Group
ESRS S1	Own workforce	Yes
ESRS S2	Workers in the value chain	Yes
ESRS S3	Affected communities	Yes
ESRS S4	Consumers and end-users	Yes
Governance		Material for the Dia Group
ESRS G1	Business conduct	Yes

As a result of the above analysis, the Group's Dual Materiality Matrix for 2024-2025 has been obtained:



Main conclusions from the dual materiality analysis



3 of the 5 topics linked to the Dia Group's **purpose** are among the **highest priorities** on both axes: **Food Safety, Nutritional Quality of the private-label brand and Food at affordable prices.**



These topics are also in the **TOP 4** of the **most important topics for customers in all markets.**



In second place in terms of importance are **social topics related to our employees** such as Diversity, Care & Development and Health & Safety, **and from the value chain** with the Human Rights of suppliers.



Regulation "spikes" the importance of other environmental and governance topics such as Ethics and regulatory compliance, Climate change and Sustainable packaging, among others.

Food waste is the only environmental topic that appears in the top quadrant, likely also due to its social and economic implications.

At the same time, the Dia Group is working on adapting its Information Systems to allow for more automated and digital reporting, which will reduce the time needed to compile the information and increase the reliability and quality of the data reported, in line with the Financial Information and with the Group's strategic objectives.

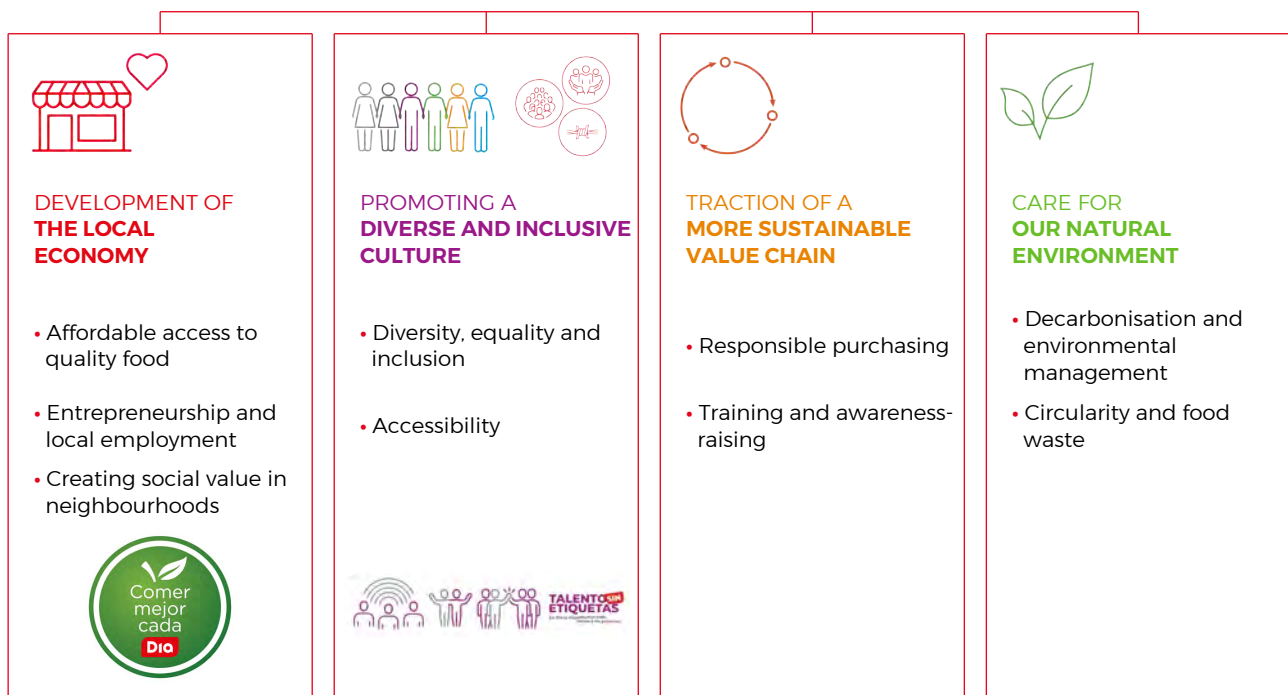
4.3.2 New Strategic Plan 24-25

The analysis of Dual Materiality described above served as the basis for the new Strategic Sustainability Plan 2024-2025 "Every day counts", which has gone from ensuring compliance with ESG regulatory aspects to "own and differentiating" leadership. This has been leveraged on

the "Closer every day" proposition, and on what differentiates the Group within the "Social" sector, prioritising proximity and diversity, and using Sustainability Governance as a cross-cutting lever.



*Cada día
más cerca*



CROSS-CUTTING LEVER: GOVERNANCE AND SUSTAINABILITY

These four axes set the basis and standards for the 2024-2025 objectives, guaranteeing a minimum threshold of sustainability in all aspects (Environmental, Social and Governance) and giving more visibility to they strengths of the Dia Group to enhance its recognition as a responsible company. strengths of the Dia Group to enhance its recognition as a responsible company.

The main objectives of the Plan are:

AXES	COMMITMENTS	OBJECTIVES	ACTION PLANS
 DEVELOPMENT OF THE PROXIMITY ECONOMY	COMMITMENT #1 Facilitate access to healthy, quality food so that everyone can eat better every day	<ul style="list-style-type: none"> • ↑ % fresh sales share • ↑ % online sales • ↑ % sales of EBED categories (focus on fresh) in selected neighbourhoods/ municipalities 	"Eating better every day" programme (EBED)
	COMMITMENT #2 Stimulate entrepreneurship and employment through our ecosystem of franchisees and local suppliers	<ul style="list-style-type: none"> • ≥95% purchases from national suppliers • Increase in the number of franchisees • Increase in the number of multi-franchise franchisees 	"Employment" network: Revitalisation of the local business fabric
	COMMITMENT #3 Through our activity, promote a positive social impact in the neighbourhoods and areas where our stores are located	<ul style="list-style-type: none"> • N.º of beneficiaries (donations, Dia Academy, etc.) • N.º of initiatives or campaigns of a socio-economic nature 	"Umbrella" programme social value
 PROMOTING A DIVERSE AND INCLUSIVE CULTURE	COMMITMENT #4 To ensure equality in a more diverse, inclusive and accessible environment	<ul style="list-style-type: none"> • To increase in the ratio of women in management positions (levels 1 to 5) • To increase in hiring of senior and unemployed people • To increase DE&I training hours and number of participants • 100% digital channels aligned with accessibility criteria • 100% new build stores aligned with accessibility criteria in Spain 	DE&I Plan for employees Improve accessibility
 CARE FOR OUR NATURAL ENVIRONMENT	COMMITMENT #5 To progress in the decarbonisation of our business and supply chain	<ul style="list-style-type: none"> • Development of a Scope 1 and 2 Emissions Reduction Plan* • Incorporation of Scope 3 emissions measurement*. 	Emissions reduction plan
	COMPROMISO #6 Increasing the recyclability of our packaging and the circular economy	<ul style="list-style-type: none"> • 100% recyclable, reusable or compostable MDD packaging in Spain • ↓20% virgin plastic MDD packaging, fresh and ancillary material vs 2020 in Spain • 100% "Zero waste" warehouses in Spain 	Circular economy
	COMMITMENT #7 Reducing food waste with strategies based on prevention and redistribution	<ul style="list-style-type: none"> • Preparing a Food Waste Prevention Plan • ↓30% food waste in 2030 vs 2020 	Food waste prevention and management plan
TRACTION OF A MORE SUSTAINABLE VALUE CHAIN	COMMITMENT #8 Mobilise our value chain towards a sustainable management model based on responsible production standards .	<ul style="list-style-type: none"> • Draw up responsible sourcing standards for MDD • Establish Human Rights Due Diligence system and activation in certification system • Integrate ESG criteria (deforestation priority) into procurement policy 	Food chain standards ESG criteria for suppliers
SUSTAINABILITY GOVERNANCE	Drive a cultural change that integrates sustainability into all our business decisions and builds trusting relationships with our stakeholders	<ul style="list-style-type: none"> • Improve customer, supplier and franchisee NPS ratings • Improved ESG Reputation within IGR 	Sustainability governance

*Note: Scope 1 (direct emissions from combustion in stationary and mobile sources, e.g. company cars, air conditioning/cooling equipment, transport and distribution of goods from suppliers to warehouses and from warehouses to stores); Scope 2 (indirect emissions from electricity use) and Scope 3 (indirect emissions from the value chain)

5

Quality food
accessible to all



QUALITY FOOD ACCESSIBLE TO ALL

"Dia's proximity" is not just a physical concept. Proximity means offering the best service to customers, knowing them in depth and adapting this service as far as possible to their tastes and needs; it also means offering the best omnichannel experience and being the best in last mile delivery; and of course, proximity means offering the best products, and the freshest and most seasonal products, at the best price. This is the context in which food safety, the nutritional quality of its private-label products and access to food have become a priority in the Dia Group's Sustainability Plan.

Main communications channels with customers

The Dia Group uses various channels to communicate with and listen to its customers:

- Social media for sales and corporate communications. The Group has profiles on the most popular platforms in all the countries in which it operates, including Facebook, X, Instagram, Tiktok, LinkedIn and YouTube.
- Dia Club, from where customers can voluntarily rate their shopping experience, both in-store and online in real-time. Over the course of 2023 in Spain, more than 470,000 customer enquiries were recorded, with responses that proved crucial for improving our customers' experience and satisfaction. In Argentina, for example, customer satisfaction is monitored in real time, allowing action plans to be drawn up on a daily basis. This initiative, made possible thanks to a significant technological component, has achieved very positive results both in customer engagement and in their level of recommendation
- The Customer Service department attended to and analysed 759,856 communications in 2023 (nearly 758,565 in 2022¹⁰), of which 279,366 were claims and complaints (about 244,149¹⁰ in 2022). The increase of communications and complains, is mainly due to the fact that the new App is under adaptation period and the increase of the e-commerce activity. It is worth highlighting the fact that 96% of these complaints were resolved following appropriate analysis. The main types usually concern incidents relating to DIA Club, online purchases and in-store purchases.

Dealing with the queries and incidents that may arise from the customer service system is a cornerstone, both for improving the customer experience and trust and for continuously improving operations, which is why we work constantly to perfect it.

In Spain, the Customer Relations Centre (CRC) attended to more than 300,000 customers in 2023. The Centre makes three main contact channels available to its customers, offering an omnichannel and consistent model of attention: telephone, email and WhatsApp

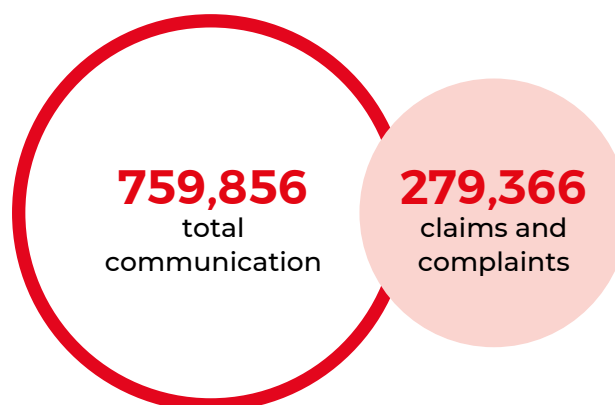
The telephone channel continues to be the main means of communication: 62% of contacts recorded were through this means. However we saw a very significant increase in the use of digital channels during the year, particularly

WhatsApp (up by 8 percentage points on the 2.9% of 2022).

Communication with customers through the CRC is the basic pillar both for improving the customer experience and trust and for continuously improving operations, which is why we work constantly to perfect it. In Spain, the Group is immersed in an Overall Service Transformation Plan, centred on achieving excellence in customer satisfaction and an increasingly robust and competitive service.

In 2024, we will also continue working on improving our customers' self-management capabilities.

Customer Service Attention Department (CSA) 2023



Customer Service Attention Department (CAS) 2022



¹⁰ 2022 figures have been corrected due to an operational mistake

Main policies governing customer relations

- [Corporate Food Quality and Safety Policy](#): aims to develop a trust-based relationship with customers via a system that guarantees adequate production, processing and management of all products offered by the Group.
- [The Policy on Marketing and Communication with Customers](#): based on respect for commitments to customers, honest oral and written communications and integrity in all the Company's actions in this

context. In this way, the guidelines for customer communications are based on the general principles of transparency, proximity, equality and quality.

- **The Corporate Information Security Policy**: aims to define the guidelines to ensure the confidentiality, integrity and availability of information and must be complied with by all employees, both internal and external, and by franchise personnel needing to access the Group's information systems.

5.1. Eating better every day

Eating better every day is the programme promoted by the Dia Group at a global level with the commitment to contribute to mitigating food barriers and making it easier for everyone to follow a balanced diet and take conscious decisions about their food.

Dia advocates that everyone should have access to healthy food, regardless of where they live or their budget. Because we know it is key to physical and emotional well-being. Driven by our purpose, we have transformed our business to focus on what matters to us most: people. Dia is a neighbour in the neighbourhoods where it is present, and we like to meet the needs of our neighbours to generate a positive impact through a key lever for households: food.

The Group officially launched this programme in May 2023, which joins the initiatives carried out to facilitate access to healthy and affordable food for all households together. To gain a better understanding of the barriers that prevent people from eating healthily, Dia promoted studies in 2022 with academic partners such as the University of Zaragoza in Spain, the University of Cordoba in Argentina and the University of Rio de Janeiro in Brazil. These studies helped to find a key point of connection for all countries in which Dia operates: that once access to food is guaranteed (geographic and socio-economic), knowledge is the point that allows someone to follow healthy habits.

In this vein, work was done together with the University of Zaragoza in 2023 to generate greater knowledge about supply options in underpopulated areas and the quality of their inhabitants' diet. This knowledge, together with the experience acquired by the company in its online expansion and in rural last-mile delivery, will set the course for Dia to develop a plan to reach more families in rural areas, so that all of them, wherever they live, can have access to high quality products.

Eating better every day is a key pillar of the Sustainability Plan, is present in all four countries in which Dia operates (Spain, Portugal, Brazil and Argentina) and its commitment is to ensure that all citizens can access varied, high-quality food, suited to their diverse needs and lifestyles, as well as on facilitating a change in eating habits.



The commitment of Eating better every day is to ensure that everyone has access to a wide range of high quality food, as well as promoting a change in eating habits.

Accessibility, Knowledge and Habits are the three levers with which Dia makes it easier for people to eat better every day. Because we know that eating well is important, we make it easy.

- **Accessibility:** Dia's business model promotes access to healthy eating from two viewpoints: geographically, thanks to the capillarity of its proximity stores and the reach of its online channel; and socio-economically, with a wide and varied assortment, which gives prominence to fresh products, and Dia private-label products at affordable prices.
- **Knowledge:** to promote this pillar of the programme, the Group has alliances with academic partners and experts who endorse the content disseminated through the various communications channels under the programme's umbrella. In 2023, with the help of the research group Growth, Exercise, Nutrition and Development (GENUD) at the University of Zaragoza, the content available on Dia Spain and Argentina channels and social networks has been developed, which includes guides for following a balanced diet, easy, quick recipes in video and text formats and other guidelines and tips to support those who opt to gradually shift their eating habits towards a healthy diet.

- **Habits.** Aware that the basis of healthy eating is the ability to adopt and maintain good habits, the Group has challenged itself to make it easier for its customers to choose the most suitable foods to follow a healthy diet. The initiatives developed include increasing the range of fresh products, with greater prominence in store and in the sales catalogue, and the renewal of the quality and categories of Dia private-label products, with the inclusion of foods whose consumption is usually deficient and which contain high value nutrients, such as nuts and dried fruit. Weekly promotions are also created that facilitate daily or weekly shopping in all categories that enable healthy eating. Finally, the Group carries out actions focused on disseminating nutritional information that facilitates knowledge and the adoption of healthy habits.

Looking to the future, within its Sustainability Plan framework, Dia will prioritise the actions of the Eating better every day programme with the aim of being closer to households to facilitate access to high quality food at affordable prices, in line with its purpose, and to raise awareness of healthy habits and disseminate them so that everyone feels that it is easy.



5.2. Food safety

The Dia Group's [Food Safety Policy](#) sets out the general principles governing the company's activity in this area. In addition to this policy, a mandatory internal standard was approved in 2022 to standardise minimum food safety requirements at Group level.

This body of regulations is based on two main pillars:

- Controls and checks on food safety in product development. It defines the requirements for ensuring that the production process meets the quality and food safety guarantees required by the Dia Group of all its suppliers of products manufactured under its private labels.
- Food safety control of products and processes from the reception of the goods until they reach the consumer.

In terms of controls at production centres, in Spain and Portugal all suppliers must have a certificate accepted by the Global Food Safety Initiative at all factories where Dia's private-label products are manufactured.

In Brazil and Argentina, this certificate may be replaced with an equivalent audit report issued by Dia. In 2023, 91% of suppliers at a Group level (89% in 2022) were approved in terms of food safety (416-1). Although this percentage is very high, especially taking into account the transformation process in which the Company is involved and the fact that many of these approvals are not counted because they coincide with recertification periods, the Dia Group's objective is for all its suppliers to exceed this control point. Dia also has internal and external control plans (with approved laboratories) that provide extra control over the whole process.

Once the product arrives at Dia's facilities, it is subjected to a product safety and quality Control Plan, as well as the monitoring of other essential store and warehouse aspects, such as order and cleanliness, the cold chain, traceability, good hygiene practices and correct product rotation through audits. In 2023, 5,800 audits were performed (6,287 in the previous year)¹¹, including processes to ensure control of the maintenance of the cold chain throughout the Group and the freshness of the fruit and vegetables on offer in stores. The percentage of punctuation for the evaluates aspects varies between 72% for "Store and product presentation" to 88% for "Freshness of products" in Spain and Portugal.



¹¹ In 2023, there was a change of criterion for calculating the indicator. Previously, we reported the visits (customer viewpoint) made by sales as well as the internal audits on food safety, whereas in 2023 the figure relates only to internal audits on quality (food safety), which are carried out by an external firm. The data for 2022 has therefore been restated with the same methodology

5.3. Nutritional quality of the Dia brand

The relationship between a good diet and people's health is an undisputed fact these days. For this reason, the following stand out among the initiatives developed by the Dia Group:

- The reformulation of numerous private-label products with the aim of reducing the sugar, salt and fat content, as well as other nutritional improvements, which has been achieved systematically in all countries in which the Group operates. Some examples of this are bakery products in stores with no additives and vegetable milk with no sugar added.
- Dia's concern with offering its customers products with an enhanced nutritional profile is reflected in the launch of articles such as palm oil-free crisps and in the efforts to revamp and promote certain categories (pulses, canned fish, frozen vegetables or dried fruit and nuts, for example) which we do not eat enough of in general terms according to the EAT-Lancet Commission's reference diet.

Moreover, in all the countries in which the Group operates, significant funds have been invested to ensure that all stores offer the freshest possible fruit and vegetables, placing them as a central focus in the store layout.

- Furthermore, there are various reformulated products under the premise of "Nueva calidad Dia" ("New Dia quality") such as "Dia Láctea" yoghurts, awarded "Flavour of the Year 2023", Vegedia vegetable-based desserts recognised by more than 10,000 consumers as "Product of the Year 2024" in the Innovation category, in Spain in both cases. In Portugal, "Producto do Ano 2023" was given to the veggie burger "Mr. Veg"; the turmeric bread and the spelt bread "Fornada do Dia". It also received recognition as "Sabor do Ano 2023" for the organic olive oil "VivOliva", and the canned tuna in virgin olive oil "Mari Marinheira", among others.



The Dia Group is internally responsible for the entire process of developing new products, which is divided into four main phases:



6

Another
member of the
neighbourhood



CLUB
Dia

diaes



ANOTHER MEMBER OF THE NEIGHBOURHOOD

Its network of 5,408 stores, mainly in the proximity format (5,699 at year-end 2022) allows the Dia Group to have a real presence in the various neighbourhoods and to understand their reality first-hand. The way in which Dia strives to be close to its customers by offering services that meet their needs was explained in the previous chapter.

This chapter shows how employees form part of this Dia community, which is built up from each store, and how the company interacts with the most disadvantaged groups in these areas

6.1. Human capital

The Dia Group has a diverse workforce numbering 28,776 at the end of 2023 (33,423 at year-end 2022¹²). Of all Dia professionals, over 67% work in Europe (Spain and Portugal) and 33% work in Latin America (Argentina and Brazil), compared with 71% and 28% respectively in 2022.

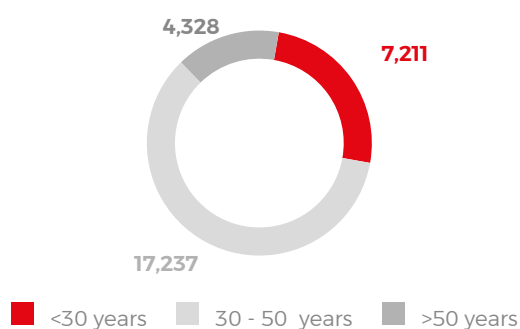
The Company's workforce is smaller than in 2022, due essentially to the restructuring of the store network to strengthen the company's proximity strategy and the increase in franchised stores globally.

Workforce by country at 31 December (405-1)

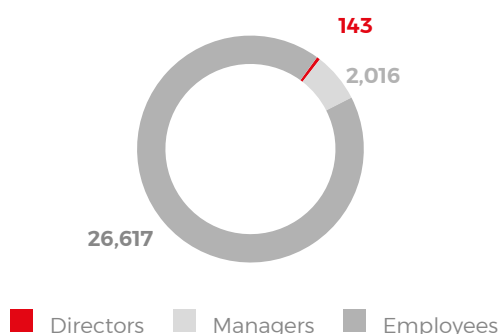
DIA GRUP TOTAL			Directors		Managers		Employees	
			2023	2022	2023	2022	2023	2022
	Men	<30 years	2	—	78	83	2,998	3,198
		30-50 years	76	82	691	905	5,011	5,505
		>50 years	23	22	221	224	1,009	1,301
	Women	<30 years	2	—	67	83	4,064	4,233
		30-50 years	24	26	736	909	10,699	13,005
		>50 years	16	14	223	212	2,836	3,621
		TOTAL	143	144	2,016	2,416	26,617	30,863

Tabla 2: total number of employees and distribution by sex, age, country and professional category. Directors, franchisees and other external workers have not been included in this breakdown. Due to review and detection of errors, the 2022 figure has been restated by 2 employees

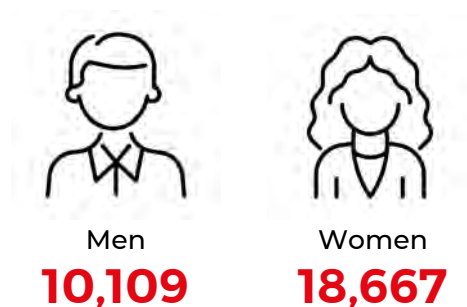
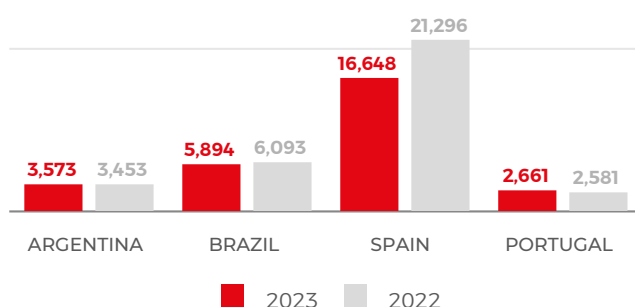
Dia Group's workforce by age, 2023



Dia Group's workforce by professional category, 2023



Dia Group's workforce by country, 2023



¹² Has been restated 2 employees in 2022

Main communications channels with employees

There are various channels for communicating with employees, the majority of which encourage two-way communication. The main channels are as follows:

- Corporate website and apps for employees: an area for promoting communication, generating professional knowledge, sharing free time and disseminating corporate information as well as an access point for employee applications.
- Informative newsletters adapted to the needs of each Business Unit: to share good practices, business information and strategy developments with all Group employees, as well as promoting their engagement, encouraging them to make recommendations and fostering their sense of belonging. The operational teams also receive bulletins with relevant information for the proper performance of their work,
- Start of the use of new communications channels with employees, such as the implementation of a new corporate portal in Argentina and WhatsApp messages. Furthermore, some 95% of employees are registered on the Dia Group Portal and can access both the app and the portal. .

- Regular surveys to ascertain employees' opinions on various subjects (ranging from specific initiatives to annual or bi-annual engagement surveys, according to the preferences and needs of each Business Unit). When the action so requires, these channels, whether they are managed internally or via a third party, guarantee anonymity and total privacy regarding the responses given by employees.
- Regular channels and spaces for communication between senior management and employees to improve trust, create closer ties with leadership and to share business developments and progress made in the transformation process. These meetings are face-to-face, online or a hybrid and their frequency changes depending on the business unit.

Main policies governing employee relations and their functions

- **Corporate Human Resources Policy:** includes the Dia Group's commitment to create jobs and to develop professionals within the context of the Company's corporate values. This Policy also aims to further Dia's long-term commitment to generating pride and a sense of belonging, adapting to the different cultural, employment and business contexts in each of the countries where it operates.

6.1.1. Responsible approach to quality employment

Almost all of Dia's workforce are on permanent employment contracts (95.37% in 2023, compared with 95.85% in 2022) and most of them are full time (79.28% in 2023, compared with 79.83% in 2022), as shown in the following tables:

Total employees by contract type and working hours at 31 December

	2023	2022
Permanent	27,455	32,029
Temporary	1,321	1,394
TOTAL	28,776	33,423
Full-time	22,825	26,684
Part-time	5,951	6,739
TOTAL	28,776	33,423

Table 3: total number of employees by contract type and working hours. Directors, franchisees and other external workers have not been included in this breakdown. As temporary contracts in Spain, those that are due to circumstances of production and temporary substitution are reported. As a result of errors detected upon review, the figure for 2022 has been restated by 2 employees

Average annual contracts by sex (number)

	2023			2022		
	Men	Women	Total	Men	Women	Total
Permanent	10,056	18,790	28,847	11,338	21,858	33,196
Temporary	499	1,268	1,768	831	1,802	2,633
Full-time	9,820	14,538	24,358	11,406	17,256	28,662
Part-time	735	5,521	6,256	763	6,404	7,167

Average annual contracts by age (number)

	2023				2022			
	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Permanent	6,505	17,784	4,558	28,847	7,133	20,817	5,246	33,196
Temporary	1,063	627	77	1,768	1,358	1,142	133	2,633
Full-time	5,828	14,791	3,739	24,359	6,825	17,461	4,376	28,662
Part-time	1,740	3,620	897	6,256	1,666	4,498	1,003	7,167

Average annual contracts by professional category (number)

	2023				2022			
	Directors	Managers	Employees	Total	Directors	Managers	Employees	Total
Permanent	142	2,047	26,657	28,847	152	2,428	30,616	33,196
Temporary	—	12	1,756	1,768	1	20	2,612	2,633
Full-time	142	2,018	22,199	24,359	153	2,400	26,109	28,662
Part-time	—	42	6,214	6,256	0	48	7,119	7,167

Tables 4a, 4b and 4c: average annual number of employees by contract type, sex, age and professional category. Directors, franchisees and other external workers have not been included in this breakdown. The data for 2022 has been restated in light of a transcription error that was detected.

In 2023, as in 2022, 100% of employees in Brazil, Spain and Portugal were covered by a collective labour agreement, either at company or sector level (in Argentina this figure was 74.51% of the workforce in 2023 compared with 69% the previous year). The Company also has 810 trade union representatives worldwide (in 2022 this figure was 951). In view of the countries in which the Dia Group operates and the significant number of trade union representatives, there is no perceived risk of basic human and employment rights being violated (such as child labour, forced labour, freedom of association or the right to collective bargaining) no complaints have been received in respect of either the Group's employees or those of its suppliers. Among other instruments, the Group's [Code of Ethics](#) and the Ethics

Channel were created to help safeguard the Dia Group's commitment to respecting these values.

It is worth noting that in December 2022, Dia Spain signed a new collective agreement for 2022-2024, which sets out amendments to the basic salary with increases of up to 8% in two years and extraordinary bonuses for employees in stores, warehouses, offices and structure staff. This agreement, which was negotiated between the Company's management and the workers' legal representatives, strengthens confidence in the future of Dia, representing a firm commitment by the Company to its people.

Number of dismissals (401-1)

		2023				2022			
		<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Directors	Men	0	11	2	13	0	12	10	22
	Women	0	2	2	4	0	2	2	4
Managers	Men	3	59	30	92	4	82	15	101
	Women	2	43	22	67	4	55	14	73
Employees	Men	536	585	104	1,225	1,146	1,126	142	2,414
	Women	644	1,242	231	2,117	1,317	2,140	315	3,772
TOTAL		1,185	1,942	391	3,518	2,471	3,417	498	6,386

Table 5: number of dismissals by category, sex and age.

In regard to the organisation of work, the working model is the rotating shift system, whereby the company strives to favour work/life balance and to take account of the particular circumstances of each worker. Store opening times are generally Monday to Saturday, except in specific places such as major cities, where some stores are also open on Sundays and holidays. Employees' holidays are established in accordance with agreements reached with the trade unions, which are also reflected in the collective agreements.

Office workers have greater flexibility, with up to three different times to choose from to start their working day. However, as shown in the employee data, a large proportion of DIA Group employees are on permanent full-time employment contracts, reflecting the company's commitment to retaining talent and maintaining a low staff turnover rate.



6.1.2 Employee development

In a sector as competitive as food retail, one of the strategic priorities of the Dia Group is not only to attract, but also to retain talent.

The Company has launched a programme to monitor and improve employee satisfaction in all the regions in which it operates, to outline action plans for managing the issues of greatest concern to the Group's employees. As a result of this programme, overall employee satisfaction has improved at a Group level in all four countries.

Among the most important actions carried out in 2023, as in the previous year, were two milestones relating to the objective of achieving greater development of individuals and of "Team Dia": introducing a culture based on a renewed purpose, renewed values and an ongoing commitment to employee training and development. An example of this is the development of a Leadership Plan aimed at developing skills allowing the teams to grow and generating a positive working climate without forgetting the focus on results.

The Dia Group's commitment to proximity has been the driving force behind its reorienting towards a unique

business model that puts people at the centre and takes care of the way it relates to all its stakeholders so as to build relationships with its entire ecosystem based on trust and transparency. This New Dia concept is built on renewed values that permeate all spheres of the organisation: from the management committee to the employees in stores and warehouses. The Dia Group has a large and diverse team of professionals who are results-focussed and, in the spirit of partnership and simplification, offer the best version of themselves every day to achieve continuous growth and the satisfaction of their customers; the real stars of the company's strategy.

The Dia Group also maintained its commitment to supporting employees in their development by providing 325,274 hours of training (370,224 in 2022).

Furthermore, Dia has become the first retail company to offer its franchisees advice and support via its organising entity, Campus Dia and Academia Dia. This entity offers a wide range of qualifications and training, as detailed below.

Training (404-1)

		Directors		Managers		Employees	
		2023	2022	2023	2022	2023	2022
Men	Hours of training	1,667	1,438	21,613	21,500	98,548	95,934
	Average hours of training	48	54	90	65	50	35
Women	Hours of training	886	448	26,516	31,101	176,043	219,802
	Average hours of training	56	38	108	86	44	34
TOTAL HOURS OF TRAINING		2,553	1,886	48,129	52,601	274,592	315,736

Table 6: annual hours of training and average hours of training by professional category and sex.



Other highlights relating to talent management concern the review of the performance evaluation process and the implementation of a succession and talent development plan, which was further developed in 2023.

Lastly, the company listened to its employees and what they need to be able to improve their work-life balance and decided to continue practices that have had a positive impact on employees. In all countries, a hybrid working model has been formalised for those employees who are central office-based.



The Dia Group's commitment to proximity has been the driving force behind its reorienting towards a unique business model

6.1.3. Occupational health and safety

Occupational health and safety, which includes aspects of well-being, is a basic principle of excellence in human resources management and its importance has been emphasised as such in the Group's Strategic Sustainability Plan. The Company is committed to reducing serious accidents, it will achieve by improving employee health and safety management systems.

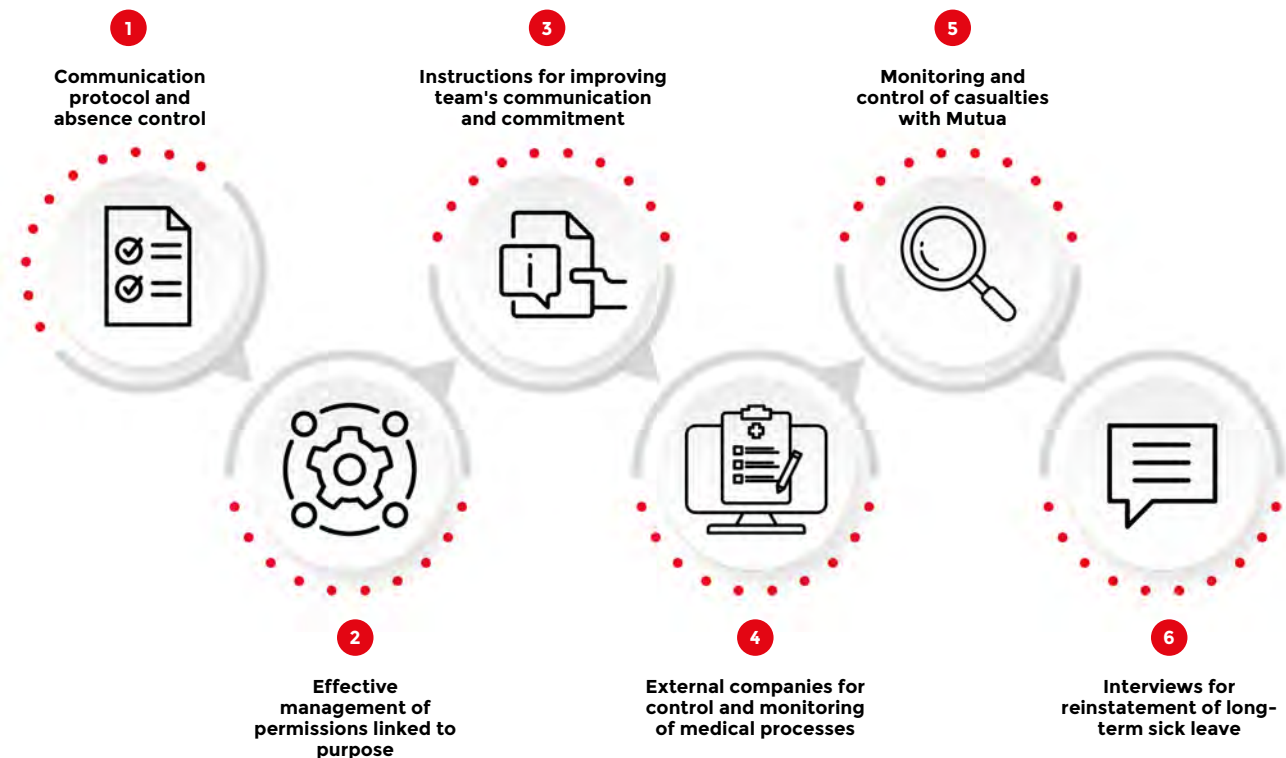
The main improvements in the management system relate to the involvement of managers in following up actions resulting from regular audits. Employee training is also a key point and a fundamental pillar around which to make prevention revolve, as it makes employees aware of their fundamental role in prevention and of how their actions have an impact on their health and on the Company. As well as essential prevention training (building evacuation, machinery and load handling, etc.), employees are offered a wide range of training options aimed at improving their well-being and that of their families (self-esteem, stress management, healthy eating, cardiovascular prevention, breast cancer prevention, first aid and CPR, to name but a few).

Pilot projects have also been launched in logistics centres to provide assistance with workers' ergonomics as well as the help of a physiotherapist to prevent problems by improving postural hygiene.

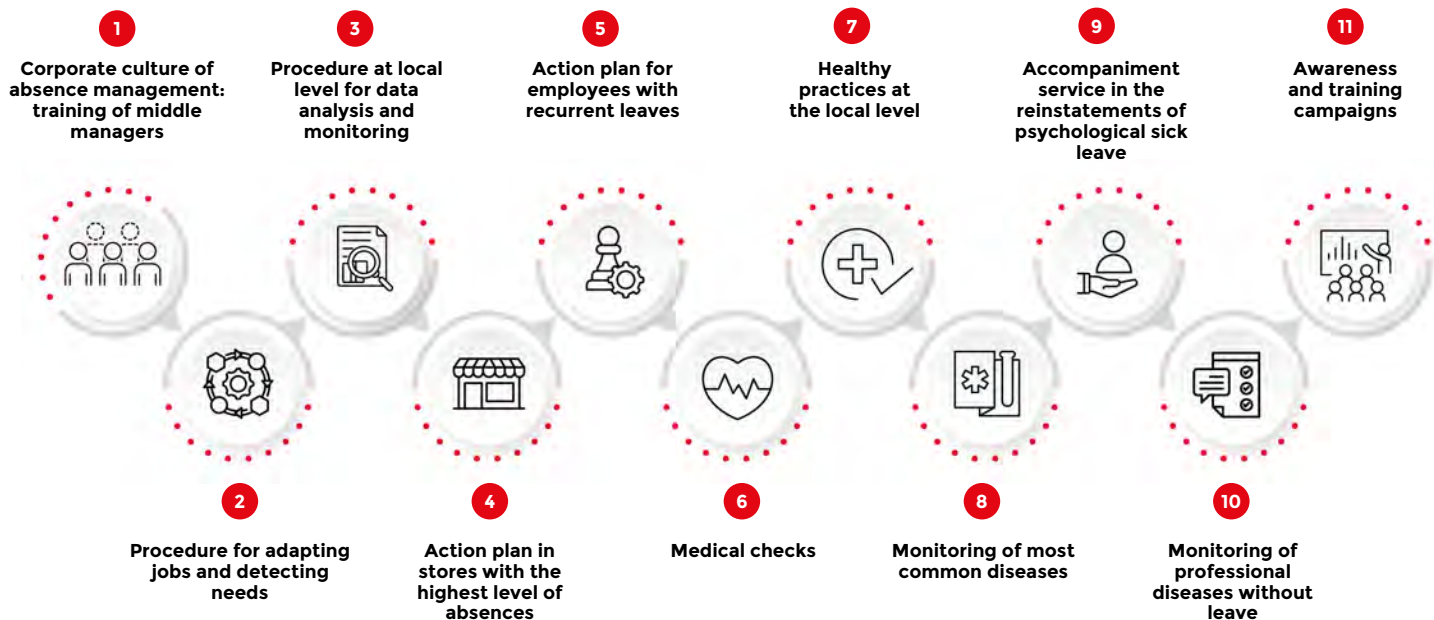
Another milestone in 2023 was the effort to understand and reduce absenteeism rates in the countries where the Group operates. In Portugal and Argentina, the human resources team undertook specific actions that were directly supported by a medical team with employees to understand their situation and needs. In Portugal, it was decided to reward attendance at work with specific incentives. A physiotherapist is also on hand and yoga and Pilates classes are held for office personnel. These measures have been successfully implemented and have enabled the desired objectives to be achieved.

In regard to absenteeism, Spain has for several years had a plan for preventing absences. The main measures implemented by the company in this respect are:

Control measures: Duration



Control measures: Number


Absenteeism and main health and safety indicators
(403-9; 403-10)

	Men		Women	
	2023	2022	2023	2022
Hours of absenteeism	1,194,279	1,461,851	3,165,518	3,751,996
Number of accidents	655	758	776	924
Accident frequency rate	33	32	24	24
Number of serious accidents	11	7	2	3
Severity rate	0.8	0.74	0.6	0.57
Work-related illness	3	3	16	31
Deaths	-	-	-	-

Table 7: absenteeism and main health and safety indicators. Absenteeism reflects hours of absence due to illness (including COVID-19), accident or unjustified absence. The accident frequency rate represents the number of injuries per 1,000,000 employee hours worked. The severity rate represents the number of working days lost due to accidents resulting in sick leave, in thousands, divided by the number of hours worked.

6.1.4. Diversity and inclusion

In the Dia Group we create a diverse and inclusive environment with equal opportunities. Our business model based on proximity and our determination to be closer every day allow us to be part of the socio-economic fabric of a large number of neighbourhoods and municipalities, offering professional opportunities to many people and being a reflection of all these real situations. We believe in diversity, equality and inclusion as growth drivers to make an impression on the communities in which we are present.

With the aim of creating an atmosphere based on respect for differences and individualities and at the same time on "being closer every day", with an effective coexistence, geared to the well-being of all who have dealings with us, for the first time we have defined a DEI (Diversity, Equity & Inclusion) strategy for the Group as part of the commitments in the Sustainability Plan 2024-2025 aligned with the Sustainable Development Goals (SDG).

We have focused the Strategy on the groups to which we can contribute the greatest value in the key area of diversity as it relates to sex, socio-economic circumstances and sexuality, favouring access to employment of vulnerable groups depending on the situation on the ground in each country. Efforts to achieve this are based on three pillars:

- Cultural diversity: from learning, because we believe that continuous training and awareness-raising of our teams allows us to generate an environment of trust and respect.
- Inclusive environment: favouring coexistence of all groups through policies and protocols that ensure adherence to the principle of equality and turbocharging the socio-economic fabric by generating employment in vulnerable groups.
- Active company: we form partnerships with social actors aligned with our values, to learn from their knowledge and experience and to make our commitment visible.

Looking at this in greater detail, it is worth highlighting that one of the main actions taken in 2023 to favour an inclusive environment was the creation of the first Group DEI Policy, which is governed by the principle of guaranteed rights of all persons regardless of race, skin colour, ethnicity, gender identity, sexual orientation, disability, religion, political or other opinions, national or social origin, birth or any other condition as well as by the UN Guiding Principles on Business and Human Rights and our Code of Ethical Conduct.. This Policy has been approved by the Management Board and will be approved by the Board of Directors during 2024.

The aim of this document was to formalise our commitment to valuing Diversity and ensuring Equal Opportunities and universal Inclusion. Through this Policy, we seek to establish the guidelines and affirm our position against prejudice and discrimination, wishing to create an atmosphere within our company and beyond that is increasingly characterised by innovation, safety and plurality.

This Policy applies in all companies and countries forming part of the Dia Group. The contents of the Policy form an explicit part of all the people management processes in

each country and compliance is mandatory for all employees of the Dia Group.

Continuing with the details of the action plans, the following are examples of local actions that have taken place so far:

- The Diversity and Inclusion Manifesto approved by the Management Committee in Brazil
- The creation of Diversity committees on which top management sit, in Argentina and Brazil
- The development of specific training programmes on the subject, to counteract sub-conscious bias while at the same time raising awareness and contributing tools for store employees to better manage the functional diversity of customers in Spain.
- In Spain and Portugal, regulated training programmes are also delivered in the Dia Schools and Academies, providing students (sometimes from groups at risk of exclusion, together with partners such as the Red Cross or Cáritas) with the opportunity of working as a cashier, warehouse assistant or section head either in Dia or in any other company in the sector.
- In the case of Portugal, we also worked on a pilot scheme with Associação Cais, which supports people in situations of social or job-related vulnerability, enabling them to re-enter the labour market, with training sessions that improve the skills and employability of the candidates, who may be invited to take part in a recruitment process or a work experience programme.
- Argentina also made strides in promoting inclusion in the labour market, signing up to the "Te Sumo" programme promoted by the Ministry of Productive Development to provide jobs for unemployed youngsters, especially through franchises.

In terms of functional diversity, the following stand out:

- The huge effort made to increase the percentage of people with disabilities in the workforce, by means of a communications and awareness-raising plan specifically on the subject, the creation of tools for the selection and subsequent recruitment of people with functional diversities and the company's presence on specific employment websites. Furthermore, a work experience programme for graduates with disabilities was launched.
- In regard to accessibility, improvements were made by renewing the website, making it more accessible to all groups. Also, particularly in the case of Spain, in the past few years all architectural accessibility regulations have been complied with in all new stores and extensions and we have worked on eliminating barriers of any kind.
- Additionally, with the Light Remodelling project (which has renovated nearly 2,880 stores since it started) some accessibility problems in the oldest stores have been resolved

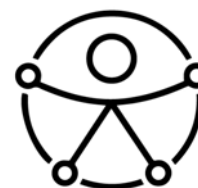
We would mention in this context that there were no significant maintenance alerts or complaints about accessibility in Group stores.

Employees with a disability at 31 December (405-1)

		<30 years		30-50 years		>50 years	
		2023	2022	2023	2022	2023	2022
Directors	Men	—	—	1	1	—	—
	Women	—	—	—	—	—	—
Managers	Men	1	—	1	1	1	—
	Women	1	1	5	5	—	1
Employees	Men	72	63	144	151	28	28
	Women	36	26	120	129	65	54
TOTAL		110	90	271	287	94	83

Table 8: Dia Group employees with a disability by professional category, sex and age at 31 December.

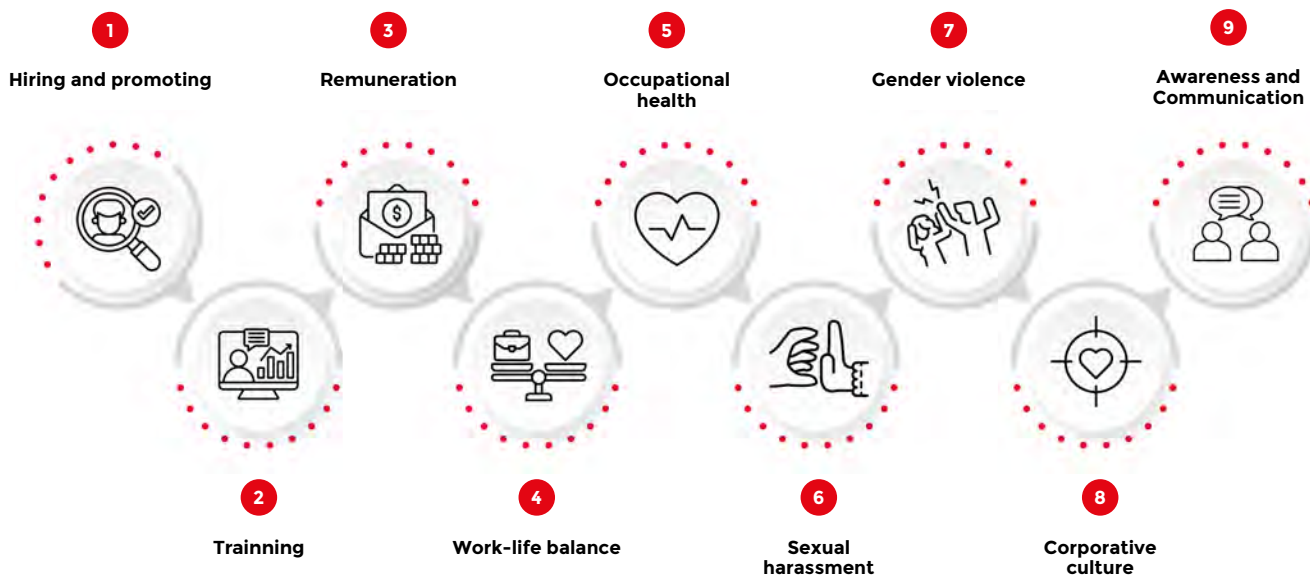
Total employees with disabilities



2023
475

2022
460

In terms of sex equality, one of the most important instruments is the Equality Plan introduced in Spain in 2012 and renewed during 2023 for the following four years. This Plan includes measures for the following areas:



The Plan is preventive, so the intention is to eliminate any possibility of sex-based discrimination in the future. The implementation of various protocols for harassment and sex-based violence, prevention and discrimination systems (access, promotion, compensation, language) and specific awareness-raising campaigns, are some of the practical improvements linked to this programme. Proof of this is the awareness-raising campaign conducted on sex equality in the stores and warehouses networks and offices and the existence of a general protocol promoting the introduction to the labour force of women who have been victims of sex-based violence.

Dia's Second Sex Equality Plan seeks to continue and intensify the current actions by including new measures to ensure equity, work-life balance and greater flexibility in terms of working hours, as well as a specific plan for promoting and detecting female talent and initiatives to raise awareness of and to prevent sexual harassment and sex-based violence.

Furthermore, the details of the action plans of each business unit include a review of all the processes associated with the experience of team members, including selection policies in which preference will be given to the person of the minority sex in the position concerned. These policies, and the efforts made to bring women to the final phases of the selection processes, have not as yet brought about significant changes in the total number of women in management positions. Nonetheless, one of the commitments made is to reach 40% by 2025, and we start from a very good basis in that women form 65% of the workforce and more than 50% of them occupy managerial positions.

In regard to the remuneration policy, Dia salaries are in line with market conditions and the various employment agreements. Merit is the main driver of salary growth and the Dia Group has various performance assessment mechanisms.

Store and warehouse employees are assessed based on their performance and productivity, both on an individual and group basis. In the offices, individual objectives are focused on individual performance and they are aligned with the Company's results.

For the calculation of average remuneration (GRI 405-2) and the salary gap, these do not take into account key factors that allow comparability, such as professional category, functional department, performance, knowledge or professional experience, and which can significantly influence the end data. This takes into account everything

received by employees during 2023, except for remuneration in kind, which is considered to be less than 5% (this includes fixed pay actually processed and paid, additional payments dependent on working hours, productivity or performance bonuses and profit sharing).

Average remuneration paid (euros)

	2023	2022
Men	19,676	19,262
Women	16,671	16,306

Table 9: average remuneration paid by sex in the DIA Group (in euros)

Average remuneration paid (euros)

	2023	2022
<30 years	10,572	10,664
30-50 years	18,261	17,920
>50 years	24,807	22,508

Table 10: average remuneration paid by age group in the Dia Group (in euros)

Average remuneration paid (euros)

	2023	2022
Directors	223,514	161,924
Managers	37,487	33,370
Employees	14,744	15,122

Table 11: average remuneration paid by category in the Dia Group (in euros)

Gross pay gap (405-2)

	Directors		Managers		Employees	
	2023	2022	2023	2022	2023	2022
ARGENTINA	71.62	91.75	89.93	62.41	101.63	108.78
BRAZIL	75.42	76.32	78.37	78.73	86.55	82.52
SPAIN	60.34	72.65	87.68	88.23	82.48	84.04
PORTUGAL	61.76	74.07	88.85	90.57	92.95	91.11

Table 12: Gross pay gap percentages by sex (ratio calculated as the average remuneration of women divided by that of men for each category)

Lastly, we would stress that the Dia Group recognises the importance of employees' right to disconnect from work, but this has not so far been identified as a priority subject in the conversations held with them and their representatives, so no formal rules or policies on digital disconnection have been created.



Dia Group recognizes the importance of a work-life balance. A hybrid mode of working has been implemented for central office -based employees.

6.2. Socially responsible

The Dia Group is fully aware of the importance and impact of the food retail sector on society, whether it be supplying products to meet some of a person's basic needs, such as food and personal hygiene products, and making them available to everyone, or creating quality entrepreneurship opportunities and wealth through commerce. This is why the sections of this report describe the Dia Group's relations with its main stakeholders and how the Company creates value through these relationships.

Dia also acknowledges its accountability to other stakeholders that could be included in the notion of "society" (general public, public entities, the media, among others). An important part of Dia's accountability to this large group is related to tax accountability, to which the following section is devoted. Additionally, the Dia Group considers that it has a particular responsibility to give support to groups that need it. A specific section has been included in this chapter to describe the initiatives for support to the community.



6.2.1. Support for the community

As mentioned above, Dia has made it a priority in terms of social action to increase donations of surplus food to reduce food waste and also to help disadvantaged groups by donating food that is not suitable for sale but is fit for human consumption.

Salient initiatives of 2023

- We continued to donate surpluses from warehouses and dark stores. Specifically, from dark stores in Spain alone, we donated more than 350,519 kg (449,479 kg in 2022, figure restated due to review and error detection) of food to partners such as Banco de Alimentos food bank and Cáritas. The overall quantity of surplus donations was 721,490 kg (more than 675,000 kg in 2022), but it still represents a large quantity of products that are channelled to the communities most in need rather than being destroyed.

- As well as direct donation of surpluses, Dia collaborates with organisations that attend to vulnerable persons in all countries through the donation of more than 954,000 kg of additional products and over 133,000 euros to provide food and other types of assistance to those most in need. Fundraising campaigns are also organised among customers and employees to support various causes.

As in 2022, no sponsorship actions by the Group were identified in 2023.

Main sector partnerships

The Dia Group is aware that many of the global challenges facing the industry and society as a whole require different players to come together and act in partnership. For the sake of transparency, below are the main industry associations with which the Dia Group is involved worldwide:



CEOE (Confederación Española de Organizaciones Empresariales)



ASEDAS (Asociación Española de Distribuidores, Autoservicios y Supermercados)



Círculo de Empresarios



Ecoembes



AECOC (Asociación Española de Fabricantes y Distribuidores)



CEL (Centro Español de Logística)



PACKNET (Plataforma Tecnológica Española de Envase y Embalaje)



AEA (Asociación Española de Anunciantes)



AGERS (Asociación Española de Gestión de Riesgos y Seguros)



IGREA (Iniciativa de Gestores Asociados de Riesgos Españoles)



AEF (Asociación Española de la Franquicia)



ISMS FORUM (Asociación Española para el Avance de la Seguridad de la Información)



ISACA (Asociación de Auditoría y Control de Sistemas de Información)



ABF (Asociación Brasileira de Franquicias)



APAS (Asociación Paulista de Supermercados)



APED (Asociación Portuguesa de Empresas de Distribución)



APF (Asociación Portuguesa de Franquicias)



ASU (Asociación de Supermercados Unidos)



AAMF (Asociación Argentina de Marcas y Franquicias)



CGF (Consumers Good Forum)



APAN (Associação Portuguesa de Anunciantes)



SENAC (Serviço Nacional de Aprendizagem Comercial)



SESC (Serviço Social de Comércio)



Sociedade Ponto Verde Portuguesa



Forética



Fundación SERES



Club de Excelencia en Sostenibilidad



Corporate Excellence



REDI-Red Empresarial por la Diversidad e Inclusión LGBTI

6.2.2. Tax management and governance

The Dia Group's tax strategy was approved by the Board of Directors in 2015 and its main aim is to ensure compliance with tax regulations while ensuring that the Company's interests are covered and supporting the Group's business strategies. The tax principles and good practices forming the Company's tax strategy must guide decision making at all levels.

As part of the good tax practices that guide Dia's activity, the tax strategy stipulates that the Group does not use opaque corporate structures of any kind or companies located in tax havens for tax purposes. The company also adheres to the Code of Good Tax Practices¹³. In this respect, it should be noted that the current corporate structure and the operation of Hive Down is a response to the financial agreement reached with the syndicated lenders, as explained above, and not for tax reasons.

The Dia Group is also committed to complying with the "OECD Guidelines for Multinational Enterprises" on tax matters.

As a result of the Dia Group's tax strategy, the company has designed a Tax Risk Control and Management System, even though it is not strictly required to do so by law. Its aim is to manage the main tax risks identified in each business unit to monitor the effectiveness of the controls that mitigate them within the overall risk management system.

With effect from 2023, the Tax Risk Control and Management System supervises these matters and reports to the Audit and Control Committee and the Group Internal Control department.

Concerning tax information, the results obtained in the year are shown in the following table:

	Profit before tax (thousands of euros)		Tax paid (thousands of euros)	
	2023	2022	2023	2022
ARGENTINA	37,169	60,085	-13,040	-12,165
BRAZIL	-154,340	-69,968	-31	108
SPAIN	84,326	-61,055	-24,896	35
PORTUGAL	-175	-19,050	-498	-429
TOTAL	-33,020	-89,988	-38,465	-12,451

Table 13: Profit before tax and tax paid (thousands of euros). A negative tax paid figure reflects tax paid and a positive tax paid figure reflects a tax refund. In 2022 and 2023, profit/(loss) before tax for Switzerland and Luxembourg (-18 in 2023 vs -408 in 2022 and -507 in 2023 vs. -466 in 2022, respectively) are included as part of Spain. Tax paid for Switzerland (-1 in 2023 vs. -8 in 2022) is also included as part of Spain

Tax paid has been calculated on a cash basis, for which the main considerations taken into account are as follows: withholdings borne during the year, interim payments on account for the year, tax payment/refund (normally relates to the prior year) and payments arising from tax inspections.

Further information about tax management, including litigation and periods open to inspection can be found in Note 18 to the 2023 Consolidated Annual Accounts.

Regarding other transactions with government bodies in 2023 (as in 2022), the Dia Group did not receive any government grants in any of the countries in which it operates¹⁴.



The Dia Group is also committed to complying with the "OECD Guidelines for Multinational Enterprises" on tax matters

¹³ https://www.agenciatributaria.es/AEAT.internet/Inicio/_Segmentos_/Empresas_y_profesionales/Foro_Grandes_Empresas/Codigo_de_Buenas_Practicas_Tributarias/Adhesiones_al_Codigo_de_Buenas_Practicas_Tributarias.sht

¹⁴ Public subsidies are defined as any financial contribution paid by a public body to the company to carry out a specific activity in the current year. Social security bonuses received for training or other concepts are not included here.

7

Understanding
and supporting our
partners at source



UNDERSTANDING AND SUPPORTING OUR PARTNERS AT SOURCE

Dia works to build transparent and fair relationships with its strategic partners with the ultimate aim of creating a relationship of trust and mutual support in which everyone wins: company, strategic partners and customers. This chapter explains how Dia manages its relationship with these strategic partners to achieve this result.

7.1. Franchisees, allies in the roll-out of the proximity strategy

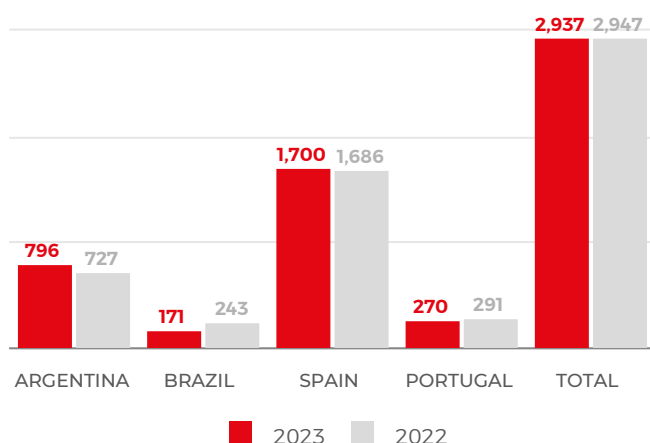
With over 30 years of experience in developing the franchise model, the Dia Group ended 2023 with 54.54% of its stores managed under the franchise model (in 2022, the percentage was 51.6% of the store network) and led by 2,048 franchisees.

The Company provides its franchisees with its historical knowledge of the industry, the strength of its brand and its logistics services, while the franchisee brings their sales

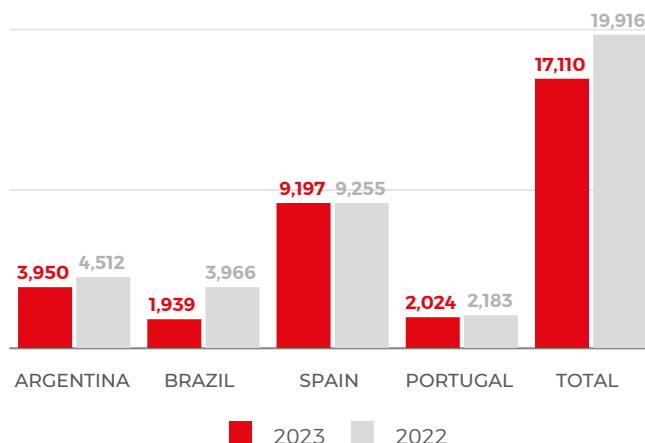
vocation and knowledge of the local market, which is key to developing the proximity model.

This relationship of trust between the Dia Group and its franchisees also generates value and wealth in the communities where the franchises are established. In 2023, Dia's franchise business generated 17,110 direct jobs (nearly 19,900 in 2022).

Franchised stores



Number of franchise employees



Main communications channels with franchisees

- Satisfaction surveys prepared by NielsenIQ, the independent consultancy firm. This anonymous and confidential survey collects information from franchisees on where they see room for improvement.
- The Franchise Portal, an online platform franchisees can use to access databases of proprietary and comparative information and contact the Group directly.
- Franchise newsletters in all countries in which the Group operates.
- Regular discussion forums with senior management, where two-way communication is key and franchisees have access to decision-making processes.
- Daily communications with supervisors and franchise analysts.

Main policies governing franchisee relations

- [Corporate Franchise Policy](#): sets out related guidelines to ensure that the legislation in each country is respected, that the information provided is accurate and that agreements with franchisees who choose to manage a Dia store through the franchise model are complied with.
- The Mandatory Standard for the Recruitment of and Relations with franchisees aims to guarantee the effective recruitment of, relationship with and management of Dia Group franchisees.

Although Dia has been evaluating franchisee satisfaction for many years, since 2021 it has measured this satisfaction rate based on the net promoter score and improving this index is part of the objectives of the Group's own Management Committee. Results in 2023 show a satisfactory score for franchisees of 2.6 points, which is up on the previous year.

The main projects that explain a large part of the improvement registered are as follows:

- Improvement of franchisee attraction and selection processes, with even more transparency around the commercial relationship and what is expected from both parties. Additional filters have also been outlined to ensure that the profile of the potential franchisee fits in with the success model proposed by Dia.
- Greater investment in franchisee training: investments have been made in processes that not only support the franchisee to resolve doubts and operational issues, but also, in many cases offer training on key aspects of business management. The role of the franchisee analyst, a position created in all countries where the Group operates, is key in this regard.
- Achieving more effective communication with franchisees, i.e. two-way communication through which partners not only feel informed of the key issues that concern them, but also feel supported and skilled to participate in the improvements that are relevant to their business.
 - In addition to greater investment in classic communications channels such as updating the Franchisee portal or constantly updating the KPIs of most concern to franchisees, regular meetings have been set up between groups of franchisees and Dia management in all countries where the Group operates to ensure that the concerns of these preferred partners are always channelled and resolved.
- Implementing a new contract model that simplifies processes, guarantees correct store supplies and improves franchisee liquidity, among other improvements. This contract model, which started to be implemented in 2020, is already fully in place in Spain, Argentina and Portugal and is well advanced in Brazil.

Training services to franchisees and their employees:

- In Spain, a corporate university known as Campus Dia was created in 2021 for franchisees to support their growth as entrepreneurs and to help them achieve a profitable, competitive franchise that is closer to the customer every day. The development of this project has led to the creation of an ecosystem of training tools for franchise leaders and their teams, adding another key piece to the network of support provided by Dia for the day to day management of the business.
- In line with Spain's experience, Portugal also created the Dia Franchise Academy in 2022, the objective of which is to promote a new induction plan for new franchisees and to update the knowledge of those already working with the company. In Argentina, support for the franchisee network is also a key focus, and the Franchise Academy was relaunched in 2021 with a training catalogue covering important areas in business management and leadership for franchisees, as well as training segments for their teams.
- Brazil also has similar training services that are increasingly used by franchise partners.
- Another initiative for 2023 was the "Multifranchisee Talent Plan", where work is being done to strengthen the skills development of the Group's franchisees in its network, with the aim of increasing the number of stores. This Talent Plan has two phases; the first is to identify the skills level and the second is an individual training plan to develop those skills than need improvement.
- Lastly, the Dia Group has a "Franchisee Recruitment Service" in Spain, which offers support for the recruitment and selection of people that may be needed.

All business units have already drawn up action plans to ensure that work continues in 2024 to significantly improve the franchisees' perception of the value proposal and the business relationship that Dia offers and, together, continue improving a business model that makes the business mission possible.



Achieving more effective communication with franchisees, i.e. two-way communication through which partners not only feel informed of the key issues that concern them but also feel supported and skilled to participate in the improvements that are relevant for their business

7.2. Suppliers

7.2.1. Dia: a benchmark partner for suppliers

Dia works to build transparent and fair relationships with its strategic partners with the ultimate objective of creating a relationship of trust and mutual support in which everyone wins: company, strategic partners and customers.

This section explains how Dia manages its relationship with these strategic partners to achieve this result.

The Dia Group's activity involves responding to the needs of customers with the best products at the best prices and in the most convenient and accessible way for everyone.

Some 96% of purchasing expenditure is with local suppliers (national) (95% in 2022), whose size and location varies greatly, since the Dia Group works with both large multinational groups and small local suppliers.

Main communications channels with suppliers

- Supplier portal: an online platform where suppliers can access historical databases, the invoicing system and, in some cases, stock status reports.
- Regular meetings with Management.
- Sales and support team.
- Online channel for potential new suppliers.

- Reduction in the number of tools used to communicate with suppliers; creation of a single channel to improve efficiency and speed of communications.

- Supplier satisfaction survey as to their relations with Dia.

Policies

- [Corporate Franchise Policy](#): it aims to develop a trust-based relationship with customers via a system that rigorously guarantees the proper production, processing and management of all products offered by the company. Accordingly, the Company controls product quality and safety throughout the supply chain, monitoring storage, transport and sales processes..
- [Policy on Respect for Human Rights in the supply chain](#): it aims to set out how the Dia Group prevents or mitigates potential adverse impacts on human employment rights that may be linked to its operations with third parties.
- [International Sanctions Policy](#): it aims to establish a regulatory framework on international sanctions, as explained above.



7.2.2. Managing potential impacts associated with the Dia Group's value chain

7.2.2.1. Sustainability of raw materials

Although, due to their location and nature, Dia's direct activities do not have a significant impact on biodiversity, the Group's supply practices may have an indirect impact on the environment and on society as well as on the normal functioning of ecosystems. Therefore aspects such as deforestation, sustainable fishing and animal welfare are issues that the Dia Group decided to tackle head-on in its first Strategic Sustainability Plan 21-23.

Much of the effort made in 2023 and 2022 to fulfil this work plan has focused on obtaining an initial diagnosis of the situation based on existing information, a better understanding of our suppliers' practices and on designing tools to maintain monitoring over time to provide us with up-to-date information.

The following are some of the best practices in regard to raw materials:



Fishing

Dia is committed to advancing in the sustainability of the fish and seafood products that it sells under its private label.

In this respect, Dia has the following initiatives:

- More and more products in its range bear the Marine Stewardship Council (MSC) certified sustainable fishing stamp.
- The Group was recognised for the second year in a row for its contribution to sustainable fishing, receiving the "Mares Para Siempre" award this time for its support of an "MSC Communication on Sustainable Fishing" 2023.
- The Dia Group also continues to work with the NGO Sustainable Fisheries Partnership (SFP) to provide information on the fishing grounds used to supply the fish products that it sells under its own brand, with the aim of identifying potential risks and drawing up a supply policy that allows it to promote a more sustainable fish and seafood market.



Animal welfare

A total of 165 meat, eggs and dairy products have the Animal Welfare stamp which identifies products that come from animals raised in facilities that conform to the four basic principles of animal welfare: good feeding, good housing, good health and appropriate behaviour.

Furthermore, the Group has made a commitment that Dia stores will only sell eggs from free-range hens (2025 in Spain and 2028 in Argentina and Brazil).



Deforestation

One of the main causes of deforestation and forest degradation is the expansion of crop farming, linked to a series of basic food products. This has been identified by the EU, which has passed legislation focusing on cocoa, coffee, palm oil, beef, soy, rubber and wood.

In this area, Dia has the following initiatives:

- It has carried out a monitoring process to gain better knowledge of the supply chain and identify potential negative impacts. The objective is to begin to minimize them, promoting their reduction or elimination, with measures such as working only with raw materials that come from "non-risk" areas or, in any case, that have a sustainability certificate
- A new feature this past year was the creation of an in-house working group to control compliance with the due diligence requirements contained in the regulation on cocoa, coffee, soy, palm oil, wood, rubber and cattle. The tasks of this work group are to define a roadmap, deadlines and people responsible. As one of its first actions was to study how to identify the products affected and automate the tracking indicators so as to improve the process.
- Dia also took part in an external and multisectorial Work Group through the workshop "Actions to guide the private sector in applying the European Regulation on the fight against deforestation and forest degradation (EUDR)". This working group has been organized by "Iniciativa Española Empresa y Biodiversidad" belonging to the "Ministerio para la Transición Ecológica y el Reto Demográfico".
- As for the product catalogue items, more than 80% of those containing sustainable palm oil have the RSPO (Roundtable on Sustainable Palm Oil) certificate, and some coffee and cocoa products have Rainforest Alliance sustainability certification.



Paper

- All items containing cellulose are FSC (Forest Stewardship Council) certified.
- Most of our primary and secondary packaging coming from forest with sustainable forest management and is also FSC certified.

7.2.2.2. Human Rights Management

Recognising that the farming sector is an industry with a high risk of breaching basic human and employment rights, such as child labour and slave labour, the prevention and mitigation of these potential impacts on the value chain has been deemed as material within the Dia Group's Sustainability Plan.

Dia is committed to ensuring that the people who provide the products and services it buys and sells are treated fairly and that their fundamental human rights are protected and respected.

Implementing this commitment is grounded in different regulatory instruments and management systems which are being created for this purpose¹⁵, in accordance with the United Nations Universal Declaration of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the United Nations Guiding Principles on Business and Human Rights.

The [Policy for Respecting Human Employment Rights in the Supply Chain](#) approved in July 2021 by the Dia Group's Executive Committee, aims to establish how Dia prevents or mitigates the adverse impacts on human employment rights that may be connected to its operations with third parties. This policy, which uses employment standards set forth in the Ethical Trading Initiative (ETI) Base Code, **applies to all suppliers (direct or indirect) and franchisees of all regions and subsidiaries of the Dia Group.**

In 2023, the commitment of suppliers and franchisees to these principles became part of the contractual reality of the Dia Group and 94% of its suppliers in Spain have committed to this policy (in 2022 it was 92%).

¹⁵ Based on factors such as the operations sector, geographical location and the existence of sufficient internal controls (active union representation among Dia workers and the policies, procedures and dialogue channels dedicated to detecting any non-compliance and promoting well-being improvements), compliance with human employment rights is not deemed to be material in relation to Dia Group business activities. Therefore, this chapter focuses on the prevention and mitigation of human rights breaches by third parties or in the value chain.

Another decisive step in applying this policy was the definition of a risk assessment and due diligence process so the company could pro-actively manage real and potential risks to the human rights of suppliers.

- To this end, Dia collaborates with Sedex¹⁶, an ethical exchange platform that enables the entire supply chain monitoring programme to be defined and monitored. It can identify the risk of human rights violations through questionnaires and audits provided by the supplier. Of course, any other reliable source of information that points to potential non-compliance (such as information in the media or reported by an NGO) could give rise to new control processes involving any supplier.
- In 2023, we continued to make progress on identifying suppliers with relatively high inherent risk, namely those that are labour-intensive and/or make substantial use of migrant or informal labour, among other issues. Country risk and the type of product made are also taken into account. These suppliers are asked, as a matter of priority, to enter into a self-assessment process for us to gain a better understanding of how they deal with the various sustainability-related matters.
- If the existence of a problem is confirmed, Dia establishes action plans to collaborate with the suppliers concerned to tackle the fundamental causes. Although cancelling the commercial relationship is not the company's first option, Dia will not hesitate to sever relations with suppliers who conceal, cause or contribute to adverse impacts on human rights and who do not act responsibly to remedy such situations within a reasonable time frame.



Dia is committed to ensuring that the people who provide the products and services it buys and sells are treated fairly and that their fundamental human rights are protected and respected

¹⁶ <https://www.sedex.com>

8

Working
proactively
on environmental
challenges



WORKING PROACTIVELY ON ENVIRONMENTAL CHALLENGES

The Dia Group considers the environment as a priority matter in the Sustainability Plan 2021-23, since it can affect the performance of the business, while at the same time Dia is concerned to manage appropriately and minimise its impact on the various environmental vectors. The specific issues mentioned in this report are those that are most relevant and those upon which action is taken to prevent or minimise their negative impacts. This is carried out by various departments in all business units.

In the Sustainability Plan, objectives have been set for the most material aspects for the Group in relation to its environmental impact, such as packaging to improve recyclability and the use of plastic in private-label products, reducing waste and food waste and reducing emissions generated by its operations.

Main communication channels with stakeholders linked to the environment

Individual meetings with non-profit environmental organisations and active listening to channels for legislative changes are the main tools for communication with this stakeholder group. This activity is also reinforced by the institutional agenda kept, mainly through the industry organisations to which the Company belongs.

Main policies governing relations with this stakeholder group and their performance

The Dia Group's commitment to the environment is defined in its [Sustainability Policy](#) in which the company undertakes to pro-actively manage the potential impacts related to its activity in order to eliminate or minimise them, beyond regulatory compliance. In turn, the Strategic Sustainability Plan specifies Dia's environmental commitments for the coming years.

No significant fines for non-compliance with environmental regulations were recorded in 2023 or 2022. The significant thresholds for the reporting of penalties are: 0 euros for issues relating to competition; 30 thousands of euros for issues relating to the environment; and 50 thousands of euros for other issues. The Company considers that no significant contingencies exist concerning the protection and improvement of the environment and, accordingly, no provision has been made in this regard, nor have guarantees been put in place for environmental risk.



The Sustainability Plan 2021-23 sets objectives related to the key aspect for the Group in regard to its impact on the environment



8.1. Circular economy

8.1.1. Compliance with the rules in force

Reducing excess packaging and achieving more sustainable containers, with all the implications that this entails, has been included as one of the material issues in the Dia Group's Sustainability Plan. A commitment has therefore been adopted, which specifies the following goals:

- Reduce the amount of material in containers and packaging, specifically plastic (20% less in 2025 compared to 2020).
- Improve the recyclability of containers and packaging opting, wherever possible, for single-material packaging and/or packaging that can easily be recycled (100% of recyclable private-label packaging in 2025).
- Replace virgin materials with recycled materials, thus supporting the circularity of raw materials. The goal is to incorporate 25% recycled plastic into drinks bottles by 2025.



With a focus on these three goals, in 2021 a packaging identification process began to analyse the recyclability of around 2,000 private-label products, based on eleven characteristics, including composition (material type and combination), colour, and presence, size and composition of the label. In Spain, more than 73% (69% in 2022) of private-label products analysed already comply with the recyclability criteria.

Moreover, in partnership with ITENE (Technological Packing, Transport and Logistics Institute), Dia has developed a "Guide to sustainable packaging" that includes desirable characteristics and those to avoid, for each type of packaging and material, when designing new packaging or changing existing packaging. Following this guide, eco-design measures have been used on 550 products (around 20% of all private-label products) in Spain alone, thereby reducing the use of virgin plastic in packaging by approximately 3.8 million kilograms. Some examples are highlighted below:

- 100% rPET juice bottle
- 100% paper bags for bread
- Porous plastic boxes replaced by reusable boxes for fish and seafood products
- Replacement of the flowpack of certain scouring pads for cardboard wrapper
- Incorporation of five refill products to avoid customers' having to buy the complete product with its packaging, which has considerably more plastic (soap, gel, shampoo).
- Replacement of virgin plastic for recycled plastic in the handles of certain razors and their packaging. Also in the individual packaging of sanitary towels and the flowpack of tea towels.
- Also, we continue to increase the number of meat and fish products with rPET trays.

8.1.2. Responsible use of natural resources

The following table summarises the consumption of auxiliary materials in the Dia Group¹⁷: Paper and cardboard, and plastics have seen their consumption reduced, as shown in the following graph. Management improvements include the significant reduction in paper used, due mainly to a decrease in paper advertising leaflets distributed in favour of digital leaflets.

Furthermore, through the zero paper option in DIA Spain's app, all sales receipts can now be received on a mobile device, thus avoiding waste of paper.

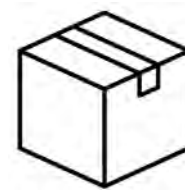
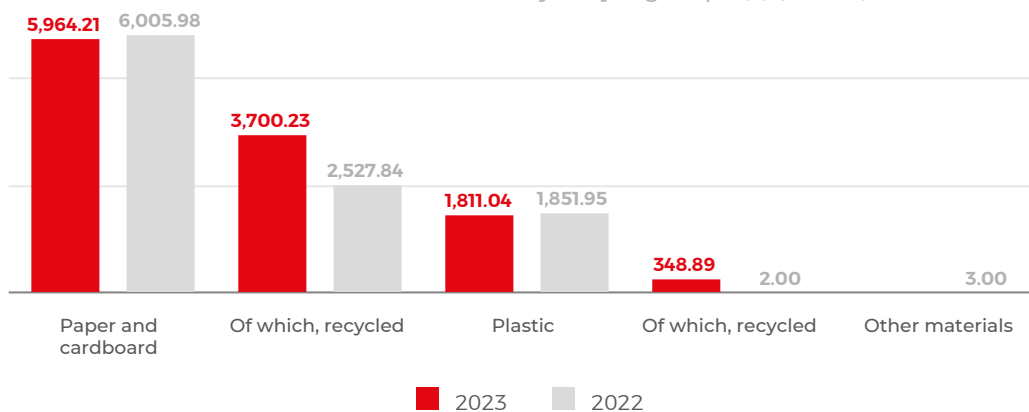
This initiative aims to eliminate more than 180 million paper receipts, as well as giving customers a more practical, simpler and more orderly buying experience in line with their digital transformation.

With regard to consumption of plastic, we have switched to compostable plastic bags at store checkouts instead of conventional plastic bags.

Cardboard consumption has also decreased, largely due to better management of this material in the store supply and stock management systems in Brazil.

¹⁷ Main materials consumed by Dia Group by large groups (t). "Other" includes bags for individual use in Brazil, adhesive tape and plastic sealing for lorries in Portugal and also rubbish bags in Portugal and Spain (not produced in 2023). The data reported includes inputs from the franchise network. As a result of errors detected upon review, the figure for plastic in 2022 has been restated.

Main materials consumed by major groups (t) (301-1)*



2023 total

11,824 t

2022 total

10,388 t

8.1.3. Responsible waste management¹⁸

The objective of the Sustainability Plan 2021-23 in relation to waste management is to reduce the amount of waste disposed of in landfill by 40% compared to 2020. To this end, Dia has introduced a waste management model which has been progressively rolling out to all platforms and countries whereby waste that can have a second life is separated at source, following the waste hierarchy model, i.e. giving priority to prevention and avoiding landfill disposal whenever possible. Under this premise, the Dia Group reduced waste generation by more than 16,531 tonnes in 2023 (it had already reduced it by 14,500 tonnes in 2022) and reduced the % going to landfill by 67.9% compared to 2020 (against the target of 40% set) as well as the % of waste generated (a reduction of 26.5% compared to 2020). The percentage of waste reused or recycled has also increased.

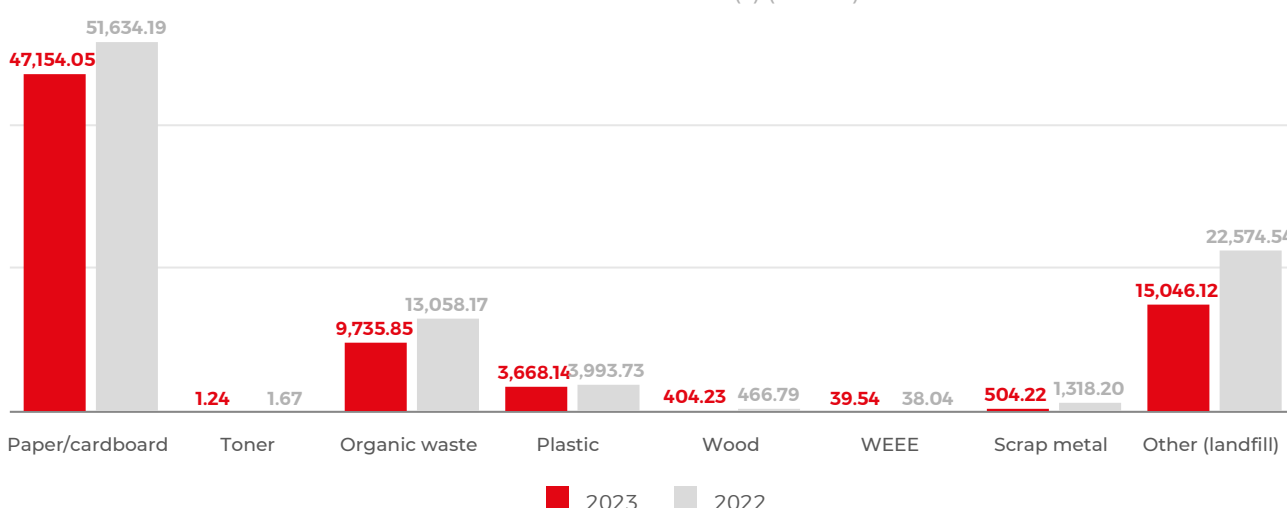
Improved range and stock management (using service-based and order preparation formats adapted to each product and each store or using IT tools for order optimisation) and better

in-store management of products close to their sell-by dates are the cornerstones of the strategy to prevent wastage. As a result, wastage was reduced by over 91% compared to the previous year, with some countries such as Brazil recording reductions of as much as 98%.

Dia is also implementing a circular waste segregation project in its stores, which enables waste to be returned to the warehouse in separate lots, facilitating its reuse, recycling or recovery, thus avoiding landfill. These actions, in which store employees played a leading role, resulted in three more warehouses being awarded the zero waste certification in 2023 (added to the five warehouses that obtained this certification in 2022). Of the waste generated on the Zero Waste platforms, 100% of bakery waste is used for animal feed and 100% of fruit and organic waste is composted.

Due to the sector in which it operates, the Dia Group does not have material hazardous waste.

Non-hazardous waste (t) (306-3)



2023 total

76,553 t

2022 total

93,085 t

¹⁸ As a result of errors detected upon review, the figure for toner in 2022 has been restated.

Disposal of non-hazardous waste (%) (306-4; 306-5)

% recycled		% reused		% energy recovered		% landfill / incinerated	
2023	2022	2023	2022	2023	2022	2023	2022
75,22	65,73	0,22	0,21	2,63	3,79	21,94	25,42

Table 14. Disposal of non-hazardous waste in the Dia Group

In addition, Dia pays special attention to reducing food waste, an issue that is important from an environmental point of view in the context of waste management, but also from a social perspective. To improve monitoring and management, Dia has created a common indicator to measure this parameter, for which a 40% reduction target has been set over three years.

In addition to the waste management improvements outlined above, there are also improvements aimed specifically at reducing this waste (306-2):

- Increased donations of products fit for human consumption, but not for sale, from new locations such as dark stores, (see chapter 6.2.2 on Supporting the Community).

- Increased engagement with technology partners that encourage the clearance of products that are close to their expiry date, such as TooGoodtoGo. Furthermore in Brazil, working with the B4Waste platform made it possible to save more than 200,000 kg of food in 2023, as in the previous year.

As a result of these actions, food waste in Portugal and Spain relative to total net food receipts in warehouse and stores fell from 23,451,484 kg generated in 2022 to 14,977,761 kg in 2023.

8.2. Climate change

8.2.1. Emissions

The activity of distribution and sale of food products, despite not being considered a priority sector for climate change mitigation, entails significant emissions of greenhouse gases, particularly upstream, in everything related to the production of the goods that the distribution places on the market.

To manage the company's impact in relation to climate change, the first step is to carry out a detailed characterisation of the carbon footprint associated with its activity and, as far as possible, with the activities that are part of its value chain.

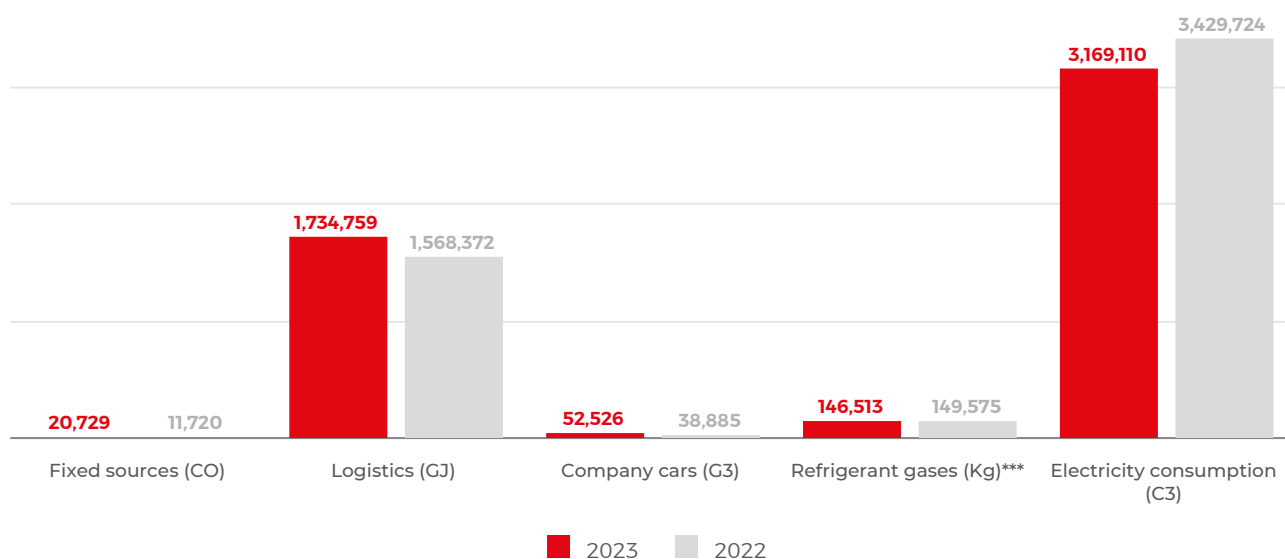
The Dia Group's emissions are calculated using the operational control approach. The Dia Group has operational control over the activity that it manages, except for the FOFO (Franchised-Owned, Franchised-Operated) franchise stores. The method of calculating inventory applies to all business units in all countries where the Group is present. It is based on the GHG Protocol. Emission factors are updated regularly and depending on the emission source, the DEFRA "Greenhouse Gas Conversion Factor Repository" and the GHG Protocol "Emission Factors from Cross-Sector Tools" are used.

The following table shows the emissions associated with the Dia Group's activities and facilities, taking the following scopes into consideration

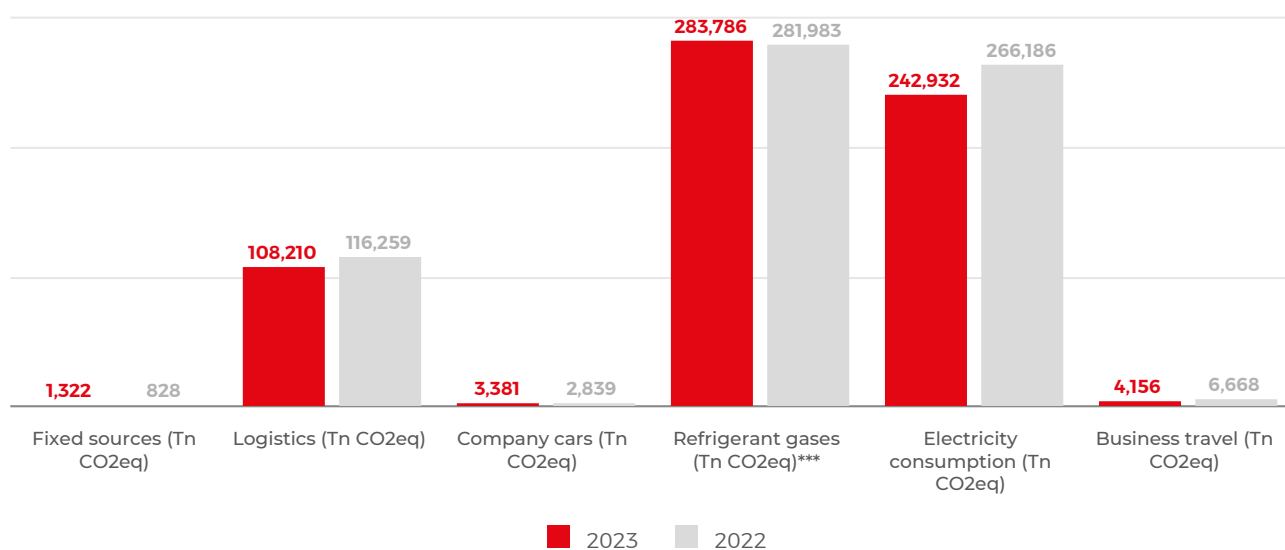
- Scope 1: direct emissions from stationary and mobile fuel combustion in company cars, exhaust emissions from refrigerant gases (air conditioning/cooling equipment), transport and the distribution of goods from suppliers to warehouses and from warehouses to stores.
- Scope 2: indirect emissions from electricity use, the Dia Group the market-based method, including the electricity use of its own shops as well as its offices, franchises and warehouses in this scope.
- Scope 3: indirect emissions from the value chain. The Dia Group only reports the business travel category for Brazil and Spain.

Since 2021, Dia has been working on the segregated identification of electricity consumption (7% of the total electricity used comes from renewable sources) and refrigerant gas recharges in its own and franchised shops, in order to be able to progress in the reporting of other scope 3 categories in the coming years. Also, to minimise the impact of logistical transport of the products to each store, Dia has established exhaustive and careful checks on the fleet (periodic renewals, fuel used, etc.), the load and the routes used, to achieve the greatest efficiency and best storage and deliveries, reducing the environmental impact (such as CO₂ emissions) every year. Reducing the footprint of Dia's own operations and addressing the challenge of working with suppliers to reduce scope 3 emissions are the objectives to work towards in the coming years.

Energy and refrigerant gases consumption (302-1; 302-2; 302-4)*



CO2 emissions (TN CO2 eq) (305-1; 305-2; 305-3; 305-5)*


2023 total
643,786 t

2022 total
674,764 t

- (*) Energy consumption (GJ), refrigerant gas consumption (Kg) and CO2 emissions (Tn eq) in the Dia Group.
- (*) In the case of logistics, the data reported includes the global franchise network's contribution. Furthermore, in 2023 the kilometres travelled by primary transport lorries in Spain (from suppliers to logistics warehouses) - which is residual and is significantly reduced each year due to the Group's strategy of progressively transferring operational control of this activity completely to suppliers - have been taken into account.
- (*) The figures for electricity and refrigerant gases include only part of the franchise network (the part over which Dia has the greatest operational control).
- (**) Breakdown of refrigerant gases reported: R134A, R404A, R407A/C/F, R410A, R422D, R442A, R448A, R449A, R450A, R513A, R22 and other less representative gasses

During 2023, Dia made significant investments in refrigeration and air conditioning equipment and improved its logistics footprint. It made improvements in energy efficiency (modification of facilities and instructions for warehouses and stores) and modified several cold stores to avoid the emission of fluorinated gases, using CO₂ refrigeration systems in stores instead of refrigerant gases.

Looking ahead, the next Strategic Sustainability Plan, for 2024-2025, includes a commitment to formalising a Decarbonisation Plan defining both objectives and specific plans for their attainment. However, although this working framework remains to be defined, in recent years important measures have been taken to move ahead with the reduction of GHG emissions, in particular:

- Embarking upon energy efficiency improvements in stores and warehouses (doors in walls, LED lighting, remote-controlled building automation, automation of opening and closing of doors to cold stores and loading bays) through the Remodelling Plan.
- Establishment of an operating standard favouring energy efficiency in stores and warehouses (Energy Efficiency Model -EEM-).

- Renovation of commercial refrigeration equipment, air conditioning and cold stores (through the Renove Cold and Climate Plan), use of gases with lower GWP, use of alternatives to refrigeration with fluorinated gases (CO₂, NH₃ and propane).
- Development and implementation (under way) of a transport management system allowing optimisation of routes and therefore reduction of emissions.
- Incorporation, in collaboration with Mercedes Benz, of a 100% electric lorry for sort-distance transport in the city of Madrid (from Illescas).
- Collaborative logistics pilot scheme carried out using duo trailers for long hauls (achieving a 26% reduction in emissions relative to transport with conventional vehicles).
- Optimisation of last-mile routes serving e-commerce (customer option to select the most sustainable delivery time when placing the order).

8.2.2. Climate risks

Climate change may interfere with the normal functioning of operations and the achievement of company objectives, both in the short and long term. The Dia Group is therefore working on the implementation of energy efficiency measures, the quest for sustainable technological solutions for air conditioning and refrigeration systems, optimisation of transport, etc. This approach allows DIA to anticipate potential risks and develop opportunities for improving its management of climate change.

Dia prioritises the risks identified depending on their probability of occurrence, their potential impact on the Company's operations and objectives, the speed with which they might materialise and the degree of influence and control that the Company has over them.

During 2023, the Group performed an analysis to identify its exposure to Physical and Transitory Risks and opportunities associated with Climate Change. For each of the climate-related Risks and opportunities considered in the analysis, the impacts in terms of timeframe associated with each, which are expected to materialise significantly, have been assessed. The assessment has been carried out considering the impact in four timeframes:

- Current (0-2 years:2022-2024)
- Short term (3-8 years: 2025-2030)
- Medium term (9-28 years: 2031-2050)
- Long term (> 29 years: beyond 2050)

This analysis includes the assessment of the potential financial impact that these Risks and opportunities could cause to the group and the effect they could have on its business, strategy and financial planning. The exercise was performed in the countries where the Dia Group is present: Spain, Portugal, Argentina and Brazil. The definition of the Risks universe included in the analysis considered the IPCC AR6 regarding the drivers of Climate risks: "Primary climate impact driver" and "Secondary climate impact driver". In addition, the types of Climate risks defined by the TCFD were also taken into account: Physical risks (acute and chronic) and Transition risks (political and legal, technological, market and reputational). Resulting from this, the Risks analysed can be seen in the following table

Assessed climate risk categories with a negative impact on the company and time-scale. Includes the entire value chain

Category	Rationale	Horizon	Medidas de control y gestión
Transition risk: emerging regulation	Development of new climate change legislation that imposes new operational and management requirements and could involve a significant adaptation cost.	Short term (0-5 years)	The Dia Group prevents the impact of changes in waste legislation and the increase in landfill fees by using alternatives to sending waste in landfills, opting for its recovery through reuse and recycling.
Transition risk: reputational and market risks	Corporate climate change strategy can influence the decisions of investors and customers and have a potential impact on the Company's share value, sales volume and reputation.	Short term (0-5 years)	The Dia Group has a Sustainability Plan - which it keeps updated - that includes the most significant aspects for each stakeholder and for the environment.
Material risk: acute physical	Suppliers' productivity can be affected, qualitatively and quantitatively, by extreme weather conditions (floods, large-scale droughts, etc.).	Medium term (5-15 years)	Sustainability in the supply chain is one of the pillars of the new Strategic Plan 2024-2025.
Material risk: chronic physical	It isn't just acute risks that can affect the productivity of the supply chain, but also chronic risks, for example livestock production being influenced by rising temperatures and the reduction of available water. On the other hand, ocean acidification is a source of stress for aquatic populations, affecting current fishing patterns.	Short term (0-5 years)	The Dia Group has the "Wellfair - Animal Welfare" certification, which is generally applicable to unprocessed meats (beef, pork and poultry), 100% of egg products and some dairy products. With regard to fishing, the group works with sustainable fishing initiatives and is a collaborating member of the "Sustainable Fisheries Partnership" (SFP), with which it assesses the risk of the range of seafood products. In Spain, it uses "Metrix" (a solution for tracking, monitoring and assessing the seafood supply) in which it collaborates with its suppliers. It also has MSC and ASC certificates.
Riesgo material: físico crónico	Rising average temperatures in the areas where Dia operates entail a risk of an increase in the direct costs of running refrigeration and air conditioning systems on its premises to ensure the cold chain, product safety and the thermal comfort of customers and staff.	Short term (0-5 years)/ Long term (50-100 years)	The Dia Group fights against rising temperatures with energy efficiency in facilities and equipment, constantly monitoring applicable technological innovations. In this regard it has invested in energy efficiency, replacing air-conditioning and refrigeration systems with more energy-efficient equipment and installing remote management equipment, which together reduce electricity consumption and therefore GHG emissions, in order to combat not only the short-term increase in the average temperature (which results in a need for greater energy consumption), but also so that contributing to a very low emissions scenario in the long term (SSP1-1.9) as envisaged in the "Intergovernmental Panel on Climate Change, Assessment Report 6" (IPCC AR6) can be achievable.

Category	Rationale	Horizon	Medidas de control y gestión
Riesgo material: físico crónico	<p>The impacts of climate change are not evenly distributed.</p> <p>The most likely areas will be: communities where people's livelihoods are directly linked to the environment, through agriculture, fishing or tourism, as well as communities that lack the physical and financial resources.</p>	Medium term (5-15 years)	<p>One of the pillars of the Strategic Sustainability Plan is "Access to healthy food", with programmes such as "Fight against nutritional deserts", where a project has been carried out in rural areas, as well as in collaboration with the University of Zaragoza to further the knowledge of the barriers that hinder access to a healthy diet in areas with a low population density.</p>
Riesgo material: físico crónico	<p>Reduced water availability. Although water consumption is not a material issue for the Dia Group, as it is only used for cleaning the facilities, it could be affected by the availability of drinking water in cities or cuts to the supply.</p>	Short term (0-5 years)	<p>The Dia Group has measures in place to reduce water consumption, such as the installation of low-flow devices in the renovation of its entire store network.</p>

9

Good corporate governance and commitment to the highest ethical standards



GOOD CORPORATE GOVERNANCE AND COMMITMENT TO THE HIGHEST ETHICAL STANDARDS

The Dia Group's corporate governance system strives to ensure not only the meeting of targets and Company growth, but also an appropriate climate of control and compliance with both internal and external regulations.

The company's internal regulations are in line with the Corporate Enterprises Act, the CNMV's Code of Good Governance for Listed Companies and best practices in listed companies. The most significant regulations are the Articles of Association, the General Shareholders' Meeting Regulations, the Board of Directors Regulations, the Audit and Compliance Committee Regulations, the Internal

Code of Conduct on the Securities Market, the Code of Ethics and corporate policies.

To move forwards with corporate governance issues and notwithstanding what is already included in the Board of Directors Regulations (available on [Dia's corporate website](#)), the Company has a specific policy on Managing Conflicts of Interest and Related-Party Transactions, which contains applicable standards with a clear commitment to transparency, independence and a focus on complying with the best corporate governance standards.

9.1 Composition and structure of the Board of Directors

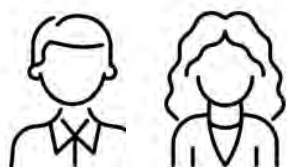
In line with its regulations and through its Appointments and Remuneration Committee, the Board of Directors ensures that director selection procedures encourage a diversity of expertise, experience, age and sex. Proposed appointments are always based on a prior analysis of the Board's needs so that each member is a professional with a clear executive background and ample experience in retail and consumer goods related businesses.

The professional background of the members of the Board of Directors can be viewed on [Dia's corporate website](#), as

can the changes in its composition during the reporting year, which can be seen also on the [Annual Corporate Governance Report \(ACGR\)](#). Generally speaking, the aim is to create a leadership culture with a strong focus on accountability, ethics, performance management and a sense of commitment.

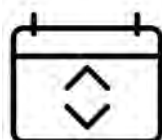
At 31 December 2023, the composition of the Board of Directors was as follows:

Directors and Chairman



Distribution by sex

2023	2022
5 Men	5 Men
2 Women	2 Women



Distribution by age

2023	2022
1 30-50 years	1 30-50 years
6 >50 years	6 >50 years



Distribution by type

2023	2022
1 external proprietary	3 external proprietary
4 independent	4 independent
2 other external	1 other external

Directors' remuneration

In accordance with the Corporate Enterprises Act and the Company's internal regulations, members of the Board of Directors receive remuneration, in their capacity as directors, determined by the General Shareholders' Meeting in the form of a Remuneration Policy, submitted for approval at least every three years. (It was last approved by the General Shareholders' Meeting on 7 June 2022 and is valid until 31 December 2025.)

Directors' remuneration for each financial year, which is explained in detail in the Annual Remuneration Report for Board members, consists of a fixed monetary amount and a deferred share-based payment.

The objective of the Directors' Remuneration Policy is to contribute to the business strategy and the Company's interests and long-term sustainability, and is based, among other things, on the principles of commitment, attraction and retention of talent, transparency, external and internal equity and the promotion of value creation for the Company and its shareholders in the long-term. It should be noted that proprietary directors do not receive remuneration as directors.

Average remuneration paid (thousands of euros) (405-2)

	2023		2022	
	Men	Women	Men	Women
Average remunerations of Directors	113.7	147.8	130	109

Tables 15a. Average remuneration paid to directors for all items of remuneration, taking into account the actual time each director has served as a director during 2023 into the average remuneration calculation, in thousands of euros. Since proprietary directors do not receive any remuneration for their work on the Board, they have not been taken into account in the calculation of average remuneration. We should also point out that the Board Committee have a rotating chairmanship in 202 they were chaired by a man in 2023 and for this reason their average remuneration is higher. More information on this can found in Note 22 to the Consolidated Financial Statements and in the Annual Report on Directors' Remuneration for 2023.

Average remuneration paid (thousands of euros) (405-2)

	2023		2022	
	Directors	Senior Management	Directors	Senior Management
Average remuneration of Senior Management	762	340	580	428

Table 15b. Average remuneration paid to Senior Management for all items of remuneration, taking into account the actual time each director has served during 2023 into the average remuneration calculation, in thousands of euros. The difference between the average remuneration of men and women is largely explained by the Global CEOs in Spain, Brazil and Argentina being men, and receiving a higher remuneration due to their position and not their sex.

Board committees

There are two Board committees that are governed by the Company's Articles of Association, the Board of Directors Regulations and the specific committee regulations, in the case of the Audit and Compliance Committee. At 31 December 2023, the structure of the Board committees was as follows:

Audit and Compliance Committee

Chair

- **Ms Gloria Hernández** (independent director)

Members

- **Mr Sergio Ferreira Dias** (external director, other)
- **Mr José Wahnnon Levy** (independent director)

Appointments and Remuneration Committee

Chair

- **Ms Luisa Delgado** (independent director)

Members

- **Mr Vicente Trius** (independent director)
- **Mr Marcelo Maia** (external director, other)

9.2. Supervision and control model

The Dia Group has a supervision and control model based on the three lines of defence. The first line relates to the functions in charge of day-to-day operations, responsible for setting out the controls that mitigate the risks linked to their lines of business. The second line is represented by the internal control, risk management, compliance and ethics functions, which assess, supervise and guarantee that the controls implemented by the first line are effective, that the identified risks are correctly managed and that regulations are effectively complied with.

Lastly, a third line is provided by internal audit, which gives independent assurance on the effectiveness and proper running of the Group.

The second line of this supervision and control model is managed by two committees made up of senior executives who ensure that business goals are achieved in line with the agreed values and applicable regulations. These committees regularly report to the Board of Directors' Audit and Compliance Committee.

9.2.1. Risk Management Committee and Internal Control

Its purpose is to make decisions and proposals to senior management on the comprehensive risk management system, ensuring its operation and due compliance, promoting and updating the internal regulations that govern it, and rolling out the tools and procedures needed to identify, prevent, minimise and manage the risks linked to all areas of activity, guaranteeing the fulfilment of business objectives over time. This committee is made up of the most senior managers from the business and corporate areas, as well as the head of internal control and risk management.

The Committee's responsibilities are as follows:

- Ensure the proper functioning of the risk management system (to identify, measure, control, manage and report the most important potential risks affecting the Group).
- Ensure that the system effectively eliminates or mitigates identified risks.
- Guarantee that emerging risks are properly identified, analysed, assessed, monitored and reported.
- Promote the effectiveness of the internal control system and develop and update the internal rules governing it. If the control environment is considered to be insufficient, the committee suggests new controls linked to each process. These controls may include the segregation of responsibilities, the preparation and introduction of certain policies or procedures and the independent control of certain activities, to name a few.

The Group defines risk as any internal or external contingency that, if it were to materialise, would impede or hinder attainment of the objectives set by the organisation. Therefore it considers that a risk arises as a consequence of the loss of opportunities and/or loss of strengths, as well as of the materialisation of a threat and/or increase in a weakness.

To mitigate and control these risks, the Dia Group has a comprehensive risk management system that includes both the assessment of inherent risks and the evaluation of controls, mitigating measures and action plans to control each of the risks identified, both financial and non-financial. The system is based on "Enterprise Risk Management-Integrating with Strategy and Performance",

published by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

As for the methodology followed by the system, it starts out from a risks catalogue in which the most significant risks at corporate level are identified and evaluated periodically and in any case definitely at least once a year. This catalogue, which can always include new emerging risks as they are identified, divides the risks into five categories: financial, operational, strategic, compliance and reputational.

Based on this catalogue and depending on whether the risk applies to a particular business unit or to the Group, it is assessed by each of the managers, as appropriate.

A risk map is then drawn up for each business unit and these are subsequently grouped/added to a Group risk map. Risk management is digitalised in the Risk Management SAP GRC system.

Dia applies it to all its activities at the following levels:

- Execution of strategy
- Attainment of business objectives
- Correct performance of operations



DIA defines risk as any internal or external contingency that, if it were to materialise, would impede or hinder attainment to the objectives set by the organisation.

During 2023 we supervised the degree of implementation of the action plans identified in the previous period to improve the management of the risks in the current map.

We also tested the checks and controls associated with the risk maps of each business unit and the global Group map, obtaining positive results in regard to their effectiveness, indicating an environment of reasonable control.

Lastly, we updated the [Corporate Business Risks Policy](#) of the DIA Group, approved by the Board of Directors and communicated it internally to all employees and published it on the Group's corporate website.



With regard to the **regulatory system**, the Dia Group has several instruments that have been appropriately documented and disseminated across the organisation and, where applicable, the value chain as well:

- [Code of Ethics](#): foundation of the company's regulatory and values system.
- **Corporate policies**¹⁹: these policies set out the general principles that should govern all Company matters, following the recommendations of the Unified Good Governance Code of Listed Companies. If applicable, they are approved by the Board of Directors.
- **Mandatory standards regulate high impact**, key issues for the Group and describe the main controls and requirements for the actions to be taken in a process or area. These standards were developed in 2020 by mandate of the Audit and Compliance Committee and are approved by the Risk and Internal Control Committee and updated as and when deemed appropriate.
- **Group and country-specific internal regulations**: these are the set of standards, procedures and manuals that govern area operations in each country where the company is present.



To execute the internal control function, there are also specific control systems in place, mainly comprising the following **implemented control models**:

Financial reporting control system: To establish a framework of principles and best practices, and help improve the transparency of information, Dia has an internal control system where risk assessment, control activities, reporting, communication and monitoring operations work together to prevent, detect, compensate, mitigate and correct errors with a material impact or fraud in financial reporting.

Crime Prevention Model (Spain): To assess the crimes to which Dia is most exposed as a direct consequence of its activity, the risk of each crime identified as potentially applicable to the Company is assessed and the established controls (general, cross-department and specific) are subsequently analysed and assessed.

Anti-fraud model: The Dia Group has an anti-fraud and anti-corruption programme that identifies and assesses the risks of corruption and fraud in relation to its activity, as well as the control environment for the prevention and detection of corrupt and fraudulent practices.

Non-Financial Reporting Internal Control System: to improve the reliability of the non-financial information reported, the internal control system is being redesigned so that specific risks and control activities will be identified and documented in accordance with the new CSRD regulations and the effectiveness of the system will be regularly supervised.

¹⁹ Policies that cannot be delegated by the Board of Directors according to law, the Company's Articles of Association or the Code of Good Governance recommendations are available on www.diacorporate.com

9.2.2. Ethics Committee

The Dia Group has one Group Ethics Committee and an Ethics Committee in each country. The Group Ethics Committee is made up of the compliance and human resources managers. The main purpose of these committees is to promote a culture of ethics and integrity within the organisation and to manage the queries and complaints received. The Board of Directors receives a quarterly report from the Group Ethics Committee and is responsible for assessing its effectiveness and issuing the amendments it deems appropriate to meet the desired objectives, through the Audit and Compliance Committee.

The **Code of Ethics** is not only the cornerstone of the ethics and compliance programme, but also the foundation for the development of the other internal policies and standards governing the business. This Code, which formalises the Company's ethics model and the guidelines for conduct that must be complied with by all employees, managers and directors of the Group, including the parent company and all its subsidiaries, was updated in 2021 to ensure that the ethical principles are fully aligned with the Dia Group's values and culture. In addition to this Code, the Ethics Channel is available for Dia staff and any external third party to submit queries or complaints about irregularities. This channel is a tool provided by an external provider and managed internally by the Compliance department at a Group level, guaranteeing the confidentiality and indemnity of whistleblowers at all times, as well as the traceability of all reports and the impossibility of their being amended or altered manually.

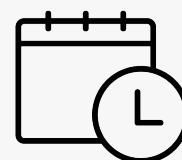
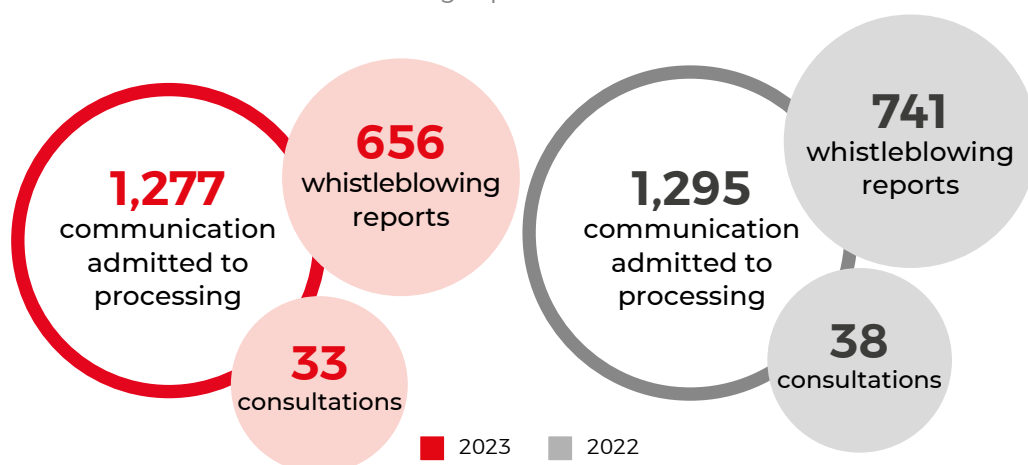
Suppliers, franchisees and contractors are informed of the existence of the Code of Ethics, the Ethics Channel and the Whistleblower Channel, and these tools are available to them with the same guarantees as those applying to any employee.

To manage the **Whistleblower Channel**, the Ethics Committee's action procedure is to open a file where the reliability and accuracy of the information contained in the complaint will be verified.

To this end, a hearing involving all those affected, witnesses and the Committee will be held and such investigative measures as the committee deems necessary are carried out to clarify the problem, issuing a final report with recommendations and their subsequent communication.

- In 2023, 1,277 reports were received and admitted for processing via the Ethics Channel (1,295 in 2022), 656 of which were complaints relating to a breach of ethics (741 in the previous year) and 33 were enquiries (38 in the previous year).
- Following investigation of the complaints received in 2023 (and of 80 that were still pending from the previous year), of the 674 cases closed in 2023 (661 in 2022), 456 (484 in 2022) were dismissed on the basis that there were no indications of breach of ethics or because there was insufficient information and 218 were confirmed (177 in 2022).
- Among the complaints confirmed following investigation, note:
 - Complaints of corruption confirmed: No complaints of corruption were confirmed in either 2023 or 2022.
 - Complaints of discrimination or harassment: there were 4 cases (in 5 complaints) which led to the dismissal of the people reported. In 2022, one case of discrimination was confirmed and eight cases of harassment, leading to the dismissal of the people reported (some complaints concerned the same breaches).
- Another of the priorities for improving the Group's ethics management and for increasing the confidence of employees and other stakeholders is to achieve greater agility in the management of the reports received through the ethics channel. In 2023, the average resolution time was 53.16 days at a Group level (59 days in 2022).

Data regarding the Ethics Channel Communications received, whistleblowing reports and consultations



Average resolution time to whistleblowing

2023

53
days

2022

59
days

Training on compliance and ethics

Lastly, the organisation's commitment to ethics resulted in a new investment in training in 2023, which complemented the efforts already made in previous years. It should be noted that the ethics and compliance training programmes aim to raise awareness of employees in all countries in which Dia operates and train them so that they share the same values, the same ethical culture of integrity and so that unethical behaviours can be prevented or mitigated. For this reason they are always designed in a standard and unified manner for all countries. The Group is working to identify effective training channels for the store network to improve training rates in all Group countries..

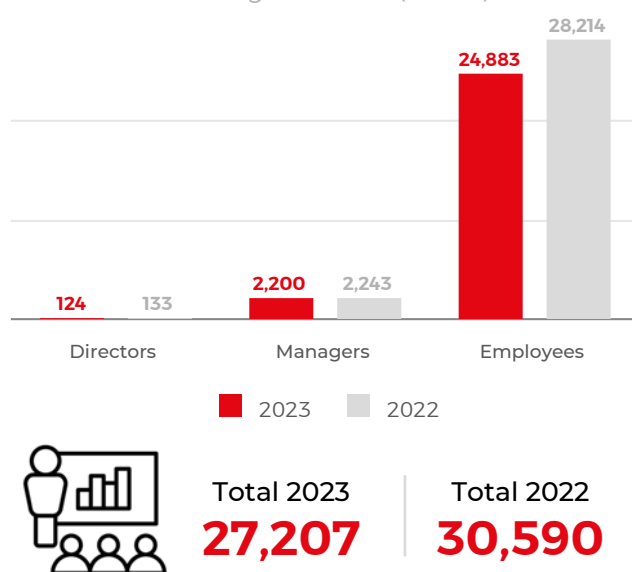
As far as the Directors are concerned, they all have profiles with knowledge and extensive experience in ethics policy training. Specifically, the members of the Audit and Compliance Committee are regularly informed of the content, planning and execution, as well as the results, of all training programmes on ethics issues carried out in the Group.

Support and monitoring from the Board of Directors is a priority. As an example, the Group's strategic objectives include is continuous training of all professional categories on Regulatory Compliance.

As part of the goal to promote an ethical culture, the Dia Group has a Regulatory Compliance division, which aims to identify, advise, control and report on the risks of non-compliance with applicable legislation. To deal with these risks of non-compliance, as well as Regulatory Compliance Policy, which outlines the principles and foundations for how the function operates, the existence of the following related policies should also be noted:

- The [Policy on Managing Conflicts of Interest and Related-Party Transactions](#), which aims to establish and regulate the procedure applicable in situations in which there is a direct or indirect clash between the interests of Dia or the Dia Group companies and the personal interests of the members of the governing bodies of the Dia Group companies and their representatives.
- The [International Sanctions Policy](#) which aims to establish a regulatory framework in this regard, for all operations in which the Dia Group may be involved in carrying out its commercial activities and to establish an authorisation procedure that allows the Company to maintain control of all relations entered into with third parties. To implement this policy, a tool has been available since 2021 that centrally validates suppliers before the start of any business relationship.

Training on ethics (205-2)



Also, as already mentioned the Dia Group has an anti-fraud and anti-corruption programme to identify and assess these risks in each of the jurisdictions in which it operates, overseen by an appointed manager. The risks identified by this programme include bribery, facilitation payments, money laundering²⁰, conflicts of interest, distortion of market competition, financing political parties, their candidates or their foundations, or influence peddling²¹. As measures to avoid or minimise these risks, there are control systems in place, including the [Crime Prevention and Anti-Corruption Policy](#), the [Anti-Bribery Policy](#), the [Gift Policy](#), the [Code of Ethics](#) and specific regulations that govern purchase and sales prices and contract management, or regulations concerning the separation of functions.

Additionally, Dia Spain has updated its **Crime Prevention Model** to detect and assess the risk of a crime being committed that could result in the legal entity being held criminally liable, as well as the standards, procedures and controls needed to prevent these crimes from being committed.

²⁰ In terms of money laundering, Dia is not subject to application of Law 10/2010 and it has not therefore prepared a specific money laundering prevention policy within the anti-fraud programme. The Company does however have control and restriction systems within its procedures to manage issues relating to money laundering: authorisation platforms are used for payments to suppliers for goods and services and cash payments are strictly limited within the Company (generally speaking, cash payments are not allowed and if they are needed under exceptional circumstances, they are duly registered and documented under the mandatory controls). As with the other risks relating to the prevention of crimes that could lead to the legal entity being held liable, they are reviewed and reported on regularly.

²¹ The risk of corruption and bribery is particularly relevant in procurement-related activities (the smaller the supplier, the higher the risk) and business expansion, i.e. purchasing or renting premises and building work (a higher risk is recognised in cases involving public entities). In turn, there is a higher inherent risk factor for activities carried out in Argentina and Brazil, as the risk of corruption and bribery is considered higher than in Europe.

9.2.3. Internal Audit

The Dia Group's internal audit function plays a fundamental role in the good governance of the company, providing independent and objective assurance and consultation designed to add value and improve the organisation's operations. As such, this function helps the organisation to meet its objectives by providing a systematic and disciplined approach to assessing and improving risk management, control and governance processes.

Internal audit performs its work in strict compliance with the mandatory elements of the International Professional Practices Framework of the Institute of Internal Auditors, which includes the following elements:

- The International Standards for the Professional Practice of Internal Auditing,
- The Code of Ethics,
- The Standards,
- The Definition of Internal Auditing.

The Group's annual audit plan is drawn up on the basis of the Company's risk map, taking into account the most relevant risks and identifying the processes associated with them.

The tests performed provide an independent opinion on whether the controls in place in the reviewed processes are effective and efficient in mitigating the risks. The results of the work carried out are reported both to the company's management and to the Dia Group's Audit and Compliance Committee. Since 2022, and to complement risk-based auditing, the Internal Audit function has included continuous auditing through the monthly monitoring of indicators (Audit Monitoring Indicators) on certain key aspects

At the end of the 2023 financial year, an external quality assessment of the internal audit function was carried out by the Spanish Institute of Internal Auditors, which resulted in the highest rating of "Generally complies".

10

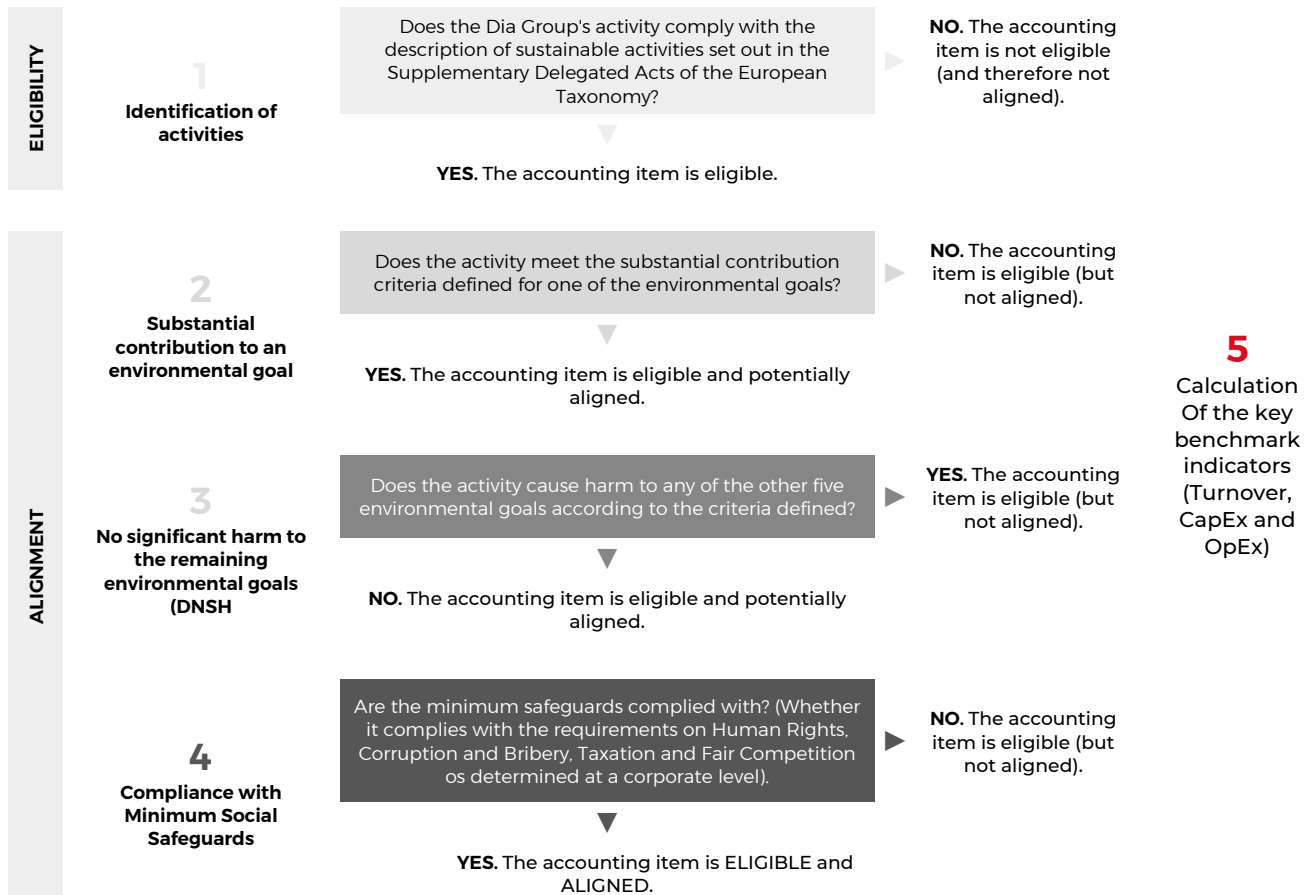
Taxonomy



TAXONOMY

For companies to make the information that the capital markets need to incorporate sustainability criteria into their decision-making public, the Delegated Regulations of the European Taxonomy oblige companies to analyse the degree of compliance under two criteria – eligibility and

alignment – and report the results in their Non-Financial Information Statements (future corporate sustainability reports).



For the 2023 report, the obligation to disclose the key benchmark indicators in terms of eligibility, as well as in terms of alignment, was established for the first two published objectives:

- Climate Change Mitigation.
- Climate Change Mitigation

Also new was the obligation to disclose the key benchmark indicators in terms of eligibility for the four new published targets:

- Sustainable use and protection of water and marine resources,
- Transition to a circular economy,
- Preventing and controlling pollution,
- Protection and recovery of biodiversity and ecosystems.

This is why the Dia Group, in 2023, reviewed the previous year's eligibility exercise, deepening the analysis carried out in 2022 by giving consideration to the new updates, legislative changes and FAQs, so that the eligible activities in the current year satisfy a criterion that is more precise and homogeneous. In addition, the alignment exercise has been carried out for the second time, analysing compliance with the criteria of substantial contribution, respect for the "Do No Significant Harm" principle and compliance with the Minimum Social Safeguards for the Mitigation and Adaptation to climate change goals.

In light of this, and pursuant to the provisions of the Delegated Regulations, the consolidated Non-Financial Statements must present the following key performance indicators:

- The proportion of turnover that comes from products or services related to economic activities that are considered environmentally sustainable (billings).
- The proportion of total fixed assets (CapEx).
- The proportion of operating expenses related to assets or processes associated with economic activities that are considered environmentally sustainable (OpEx).

In applying and calculating these indicators, the Dia Group's activity has been considered in accordance with the scope included in the consolidated Annual Accounts

10.1 Identification of eligible activities

To assess the eligibility of the activities within the six environmental objectives, coordinated work was carried out among the infrastructures, operations and finance teams.

Detailed and specific questionnaires have been prepared that consider all of the Dia Group's possible eligible activities for each of the six environmental objectives. They include questions adapted to each taxonomic activity and the Dia Group's specific situation that intend to find out about the projects that have been undertaken in the company, as well as to obtain the amount related to each of them and their relationship with the activities of the Taxonomy. Technical staff have mainly been involved in answering these questions and, if necessary, the other corresponding areas.

Once all the answers are obtained, the finance team analyses them, defining those activities that are eligible, and involving accounting to identify those projects defined by the technical staff with the corresponding accounts or asset additions, with full traceability between the amounts of each eligible activity and the annual accounts.

The activities identified as eligible for mitigation, climate change adaptation or circular economy in 2023 are as follows:

ECONOMIC ACTIVITY	CODE	TAXONOMY DESCRIPTION OF ECONOMIC ACTIVITY	DESCRIPTION OF DIA'S ACTIVITY
Transport by motorcycles, passenger cars and light commercial vehicles	6.5	Purchase, financing, renting, leasing and operation of vehicles designated as category M1, N1 or L.	Renewal of the corporate car fleet with more efficient and modern models.
Renovation of existing buildings	7.2/3.2	Construction and civil engineering works or preparation of such.	Renovation of warehouse and stores.
Installation, maintenance and repair of energy efficiency equipment	7.3	Individual renovation measures consisting of installation, maintenance or repair of energy efficiency equipment.	Renewal of refrigeration, cooling and air-conditioning equipment with more efficient equipment and with refrigerant gases with lower GWP; LED renovation projects to reduce electricity consumption.
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings.	Renewal of refrigeration control systems in several warehouses and stores to improve control and energy efficiency.
Acquisition and ownership of buildings	7.7*	The activity consists of the acquisition of property (buildings, land or other property) and the exercise of the rights of ownership of these assets.	Purchase of a store in Dia Portugal.

*New activity identified during eligibility analysis in 20223

Deriving from the re-evaluation of the criterion defined in 2022, activity 6.6 - transport of merchandise by road for the Dia Group has been reclassified as non-eligible. It was identified in 2023 that this activity is more typical of contracting goods transport services, and not a short-term rental as was considered in 2022, and has therefore been excluded from this section and its comparative effect.

In relation to the new application objectives in the 2023 financial year, established in Regulation 2023/2486, after the analysis of the technical criteria and their application to Dia Group, activity 3.2 "Renovation of existing buildings" has been identified, which also If it is common for the objectives of mitigation and adaptation to climate change, it is also part of the "Circular Economy" objective.



10.2 Identification of taxonomy-compliant activities (alignment)

After identifying the eligible activities, a second individualised questionnaire was drawn up for each of them with the corresponding alignment requirements. These questionnaires were given to the technical teams so that they could provide the requested information in relation to each specific project identified in the first questionnaire. Once the necessary responses have been obtained, the finance team interprets the results and classifies the activities that fit the taxonomy. After an suitability analysis, it has been determined that the efforts and investments made are intended for the minimization and elimination of Greenhouse Gases (CHG), which will be reported as aligned with the Climate Change Mitigation objective if they comply with the technical requirements of said objective. The financial information is identified to calculate the key turnover, CapEx and OpEx indicators.

Based on this analysis, it is concluded that none of the eligible activities is an income-generating activity for the Company; therefore, the turnover benchmark indicator takes on a value of 0%.

According to the calculation criteria described in the Taxonomy, 16% of CapEx is eligible under the climate mitigation delegated act, of which 0.2% is aligned.

Calculations have shown that 38% of OpEx is eligible and not aligned, corresponding to 173,004 thousands of euros with respect to the 454,928 thousands of euro of OpEx defined in the Taxonomy regulation.

Economic activity	Proportion of eligible and aligned economic activities	Proportion of eligible economic activities that are not aligned	Proportion of non-eligible economic activities
Turnover	—%	—%	100.00%
Capital expenditure (CapEx)	0.22%	15.36%	84.42%
Operational expenditure (OpEx)	—%	0.73%	99.27%

10.2.1 Compliance with the substantial contribution criteria

- Activity 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings: The equipment installed corresponds to automation equipment. This equipment is part of a control system designed to efficiently manage lighting, air conditioning, security alarms, electrical power control and to manage the system itself in the buildings where it is installed. Therefore, the substantial contribution criterion would be implicitly met, as the control system corresponds to the "Installation, maintenance and repair of building automation and control systems, building energy management systems, lighting control systems and energy management systems".
- Activity 7.7 Acquisition and ownership of buildings: The building acquired in Dia Portugal was constructed prior to 31.12.2020 and has an A-label energy efficiency certificate.

10.2.2 Compliance with the criteria of no significant harm to other objectives (DNSH):

In terms of compliance with the application appendices required for Activities 7.5, and 7.7 in this regard, it should be noted that the Dia Group complies with the requirements of Appendix A as it has a physical climate risk analysis and adaptation plan for risks that have been identified as material.

10.3 Analysis of minimum safeguards

These are assessed at a corporate level and act as a guarantee to prevent income/investment/expenditure being considered sustainable if they generate a negative effect in social terms. In other words, as well as meeting a series of objective technical criteria for each activity in the Taxonomy (which in global terms measure environmental performance), alignment depends on compliance at a corporate level with a series of minimum social safeguards set out in Art. 18 of Delegated Regulation 2020/8529 in which four large thematic blocks are identified, as set out in the following table:

HUMAN RIGHTS	
Requirements	
1. Has a process of due diligence been established in accordance with the "United Nations Guiding Principles on Business and Human Rights" (UNGPs) and "OECD Guidelines for Multinational Enterprises?"	
Aspects to be evaluated	Compliance by DIA
1. Adopting and embedding a commitment to HRDD into policies and procedures ("UNGP 16 and OECD Guide RBD DD step 1") HRDD: Human Resources Due Diligence.	Dia has a Human Rights Policy aligned with the principles contained in the UN Global Compact, the Guiding Principles on Business and Human Rights, the OECD Guidelines and the Social Policy of the ILO among others. This Policy mentions its alignment with the principles required: "Dia's approach is essentially based on the principles of the Universal Declaration of Human Rights, the fundamental standards of the International Labour Organisation (ILO) and the main national and international laws. It is also governed by the framework of the UN Guiding Principles on Business and Human Rights as regards the way in which the Group approaches its responsibility for respecting and protecting the human rights associated with its operations".
2. Identification and assessment of adverse impacts, including through stakeholder engagement ("UNGP 17, 18 and OECD RBD DD Guide step 2")	<p>1) Dia has a Human Rights Due Diligence process with which it identifies and manages the potential risks associated with the value chain by means of a questionnaire which must be completed by all suppliers that work with the company, and which enables us to identify the risks of each supplier based on its responses. To perform this monitoring, Dia works with the Sedex platform, an ethical exchange platform that enables the entire supply chain monitoring programme to be defined and monitored. It can identify the risk of human rights violations through questionnaires and audits provided by the supplier. To identify and assess these risks, the high-risk suppliers are first defined based on various criteria (sector, immigrant workforce ratio, formality of employment, etc.).</p> <p>2) The Dia Group has a Crime Prevention Model (CPM), the objective of which is to control and prevent transactions and/or actions that may entail the criminal liability of the legal person or that may lead to the imposition of any of the accessory sanctions provided in the Criminal Code. This model identifies the risks of criminality being attributed in each business area and establishes a matrix of risks of various types, including those relating to human rights, as well as the corresponding standards and controls to mitigate them.</p> <p>3) The General Human Resources Policy is structured around seven Areas of action which guide the Dia Group's commitment to creating employment and managing people.</p>
3. Taking actions to cease, prevent, mitigate, and remedy adverse impacts ("UNGP 17, 19 & OECD RBD DD Guide step 3")	<p>1) Dia has a Human Rights Due Diligence process with which it identifies and manages the potential risks associated with the value chain by means of a questionnaire which must be completed by all suppliers that work with Dia, and which enables us to identify the risks of each supplier based on its responses. To perform this monitoring, Dia works with the Sedex platform, an ethical exchange platform that enables the entire supply chain monitoring programme to be defined and monitored. It can identify the risk of human rights violations through questionnaires and audits provided by the supplier. Having identified the risk associated with each supplier and the relatively high-risk ones, we define a tolerable risk threshold, above which suppliers are asked to undergo an audit or are monitored appropriately to reduce the risk that has been identified.</p> <p>2) The Dia Group has a Crime Prevention Model (CPM), the objective of which is to control and prevent transactions and/or actions that may entail the criminal liability of the legal person or that may lead to the imposition of any of the accessory sanctions provided in the Criminal Code. This model identifies the risks of criminality being attributed in each business area and establishes a matrix of risks of various types, including those relating to human rights, as well as the corresponding standards and controls to mitigate them. Subsequently, we carry out an analysis and assessment of the general, transversal and specific controls established and of the incidents detected.</p> <p>3) The General Human Resources Policy is structured around seven Areas of action which guide the Dia Group's commitment to creating employment and managing people.</p>

4. Tracking the implementation of these actions and its results ("UNGP 17, 20 & OECD RBD DD Guide step 4")

1) The Dia Group carries out regular supervision of the internal control systems implemented, draws up reports on the actions of the Body Responsible for Criminal Compliance and the functioning of the Model itself with such recommendations and updates as are considered appropriate for submission to the Board of Directors. We also make sure that the Body Responsible for Criminal Compliance has the material and human resources necessary to effectively carry out the functions entrusted to it. Complaints of alleged irregular acts and behaviours are investigated, guaranteeing the confidentiality of the complainant and the rights of those investigated, applying the appropriate sanctions, if applicable, in accordance with current legislation in a fair, non-discriminatory and proportional manner.

2) The Dia Group establishes a series of goals and commitments regarding customer, employee, franchisee and supplier satisfaction in the Sustainability Plan, for which it develops key indicators with measures to stop, prevent, mitigate and remedy adverse impacts delegated to the corresponding department for implementation and monitoring. This same Sustainability Plan develops the action plan for complying with these indicators, defining specific measurements. Each year, the results are disclosed in an external audited report (the NFIS).

5. Communicating publicly on the approach to HRDD, and actions taken to avoid and address adverse impacts. ("UNGP 17, 21 & OECD RBD DD Guide step 5")

The Dia Group published all its corporate policies on its website so that they are within reach of all its stakeholders. Among them is the Human and Labour Rights Policy, which sets out the company's hope that the labour standards established in the Base Code of the Ethical Trade Initiative (ETI) will be applied throughout the supply chain. The Anti-Corruption and Anti-Bribery Policies are also published.

Furthermore, the Dia Group provides training on Anti-Corruption Policies and compliance with the Code of Ethics, among other aspects relevant to employees, included in the training plan. The result of these measures and the degree of fulfilment of the main indicators are published in the NFIS. During 2023 employees were trained on the Code of Ethics: "Respect for the Code of Ethics as an Ethical Principle".

6. Providing or cooperating in remediation, including establishing or participating in grievance mechanisms where individuals and groups can raise concerns about adverse impacts ("UNGP 22, 29, 31 & OECD RBD DD Guide step 6")

Dia provides secure complaint mechanisms for any worker or third party wishing to report any possible non-compliance. It also places special emphasis on those commercial relationships in which the Company has most responsibility and influence, where there can be greater risk of breach of fundamental employment rights and where the contribution of Dia may be more significant. Whenever Dia cannot resolve complex issues by itself, the Group works with others to drive a larger-scale transformational change. It also provides total transparency by implementing appropriate internal channels that favour the immediate communication of possible irregularities, among them the Whistleblower Channel.

Requirements

2. Is there any indication that this process has not been implemented properly and/or that human rights have been violated?

Aspects to be evaluated

Compliance by DIA

The company or its senior management has been sentenced definitively for certain types of judicial causes. These include: labour rights, human rights, data protection, consumer protection, humanitarian and criminal law.

No convictions or court cases have been identified.

An OECD National Contact Point (NCP) has accepted a case and the company refuses to compromise with the party instigating it, or the NCP shows that the company does not conform to the OECD guidelines.

No NCP complaints have been identified.

The Business and Human Rights Resource Centre (BHRRC) has looked into a complaint against the company and there has been no response in three months. In this case it will be considered non-conforming for two years."

No BHRRC complaints have been identified.

CORRUPTION

Requirements

- Does the company have processes to prevent corruption, such as appropriate internal controls, ethics and compliance programmes, or means to prevent and detect bribes?

Aspects to be evaluated

Policies, processes, programmes or measures relating to the prevention of corruption

Compliance by DIA

1) The Dia Group has a Policy for the prevention of crimes and corruption. This policy is published and accessible to all employees and stakeholders. Its purpose is to define and establish the principles of action and behavioural guidelines for actions of the directors and employees of the Dia Group in exercising their functions with regard to the prevention, detection, investigation and remediation of any corrupt practice within the organisation. The Dia Group has an anti-fraud and anti-corruption programme and a regulatory compliance programme that identify and assess the risks of corruption and fraud in relation to its activity, as well as the control environment for the prevention and detection of corrupt and fraudulent practices.

2) The CPM implemented by Dia has specific risks and controls on corruption, including "Business corruption offences", "Money laundering offences", "Offences against the Treasury and Social Security", "Bribery offences", etc.

3) The group has an Anti-Bribery Policy, which aims to establish compliance rules to oversee and safeguard Dia's position against bribery and establish effective communications and awareness-raising mechanisms among those responsible for this in order to prevent, detect and react to bribery issues.

4) The group also has a Risk Management and Internal Control Committee to make decisions and proposals to senior management on the comprehensive risk management system, ensuring its operation and due compliance, promoting and updating the internal regulations that govern it, and rolling out the tools and procedures needed to identify, prevent, minimise and manage the risks linked to all areas of activity, guaranteeing the fulfilment of business objectives over time. This committee ensures the proper functioning of the risk management system (to identify, measure, control, manage and report the most important potential risks affecting the Group).

Requirements

- Is the company free of definitive sentences for corruption or bribery?

Aspects to be evaluated

Definitive sentences relating to corruption or bribery

Compliance by DIA

At present no definitive sentences have been detected for corruption or bribery.

TAX

Requirements

- Are governance and compliance in tax matters treated as important subjects for supervision and are there appropriate strategies and tax risk management processes as described in the OECD guidelines on taxes for multinationals?

Aspects to be evaluated

The company complies with the spirit of the tax laws and regulations taking reasonable steps to understand the legislator's intention and interpret these rules taking account of such intention in the light of the legislative text and contemporary legislative antecedents.

The Dia Group has signed the Code of Good Tax Practices with the Spanish Tax Authorities, with a view to promoting transparency, good faith and cooperation, increasing legal certainty, reducing litigiousness and avoiding conflicts. We have checked to see that on the official website of the Tax Agency Distribuidora Internacional de Alimentación, S.A. is shown as one of the companies that has adopted this code, thereby collaborating with the tax authorities.

Cooperating with the tax authorities and providing them with the information necessary to ensure the effective and equitable application of the tax laws.

One of the good tax practices described in the Group's Tax Policy consists of providing the tax authorities with the information that they require in accordance with the legally established procedures and in the shortest time that is reasonable possible.

The commitments of companies in terms of cooperation, transparency and tax compliance must be reflected in risk management systems, structures and policies.

1)) The Dia Group is committed to complying with the tax regulations in force. It has a Tax Policy in which it commits to following good tax practices – in the context of its activity – that lead to the reduction of significant tax risks and the prevention of conducts likely to generate them. This policy develops a series of good practices, towards which the Group orients its activity. Some of these practices involve:

Developing the Risk Management Policy and establishing of a system of tax risk control and management aimed at preventing and minimising them. This Policy develops the functioning of the Risk Management System from beginning to end, from the identification of the risks, through their assessment, the preparation of a response (controls and mitigation measures associated with the risks assessed by the Risks Control and Management area, the supervision and finally reporting.

2) The Dia Group also states in its Code of Ethics that it assumes the commitments to good practices defined by the tax authorities as its own. In this regard, it has signed the Code of Good Tax Practices with the Spanish Tax Authorities, with a view to promoting transparency, good faith and cooperation, increasing legal certainty, reducing litigiousness and avoiding conflicts.

Requirements

2. Is the company free of sentences for violating competition laws?

Aspects to be evaluated

Compliance by DIA

Definitive sentences relating to tax evasion

At present, no definitive sentences have been detected relating to tax evasion.

FAIR COMPETITION

Requirements

1. Is employee awareness-raising promoted as to the importance of compliance with all applicable competition laws and regulations and is senior management trained on these?

Aspects to be evaluated

Compliance by DIA

Policies relating to competition

The Dia Group commits to not engage in practices that may be considered illegal, anti-competitive, misleading or unfair, as shown in the Code of Ethics: "We comply with free competition regulations and we compete honourably and fairly, without engaging in practices that may be considered illegal, anti-competitive, misleading or unfair. Market information must be obtained appropriately and no use must be made of confidential information without express authorisation, especially if it is the property of other organisations or companies. We must exercise special care to avoid breaching business secrecy".

Awareness-raising/training on the importance of respecting all the laws and regulations relating to competition.

This Code of Ethics is published on Dia's website and is thus accessible to all workers in the group. Additionally, it states that the Dia Group promotes knowledge of and compliance with its internal regulations and policies. All Dia Group employees must comply strictly with the internal regulations and policies. For this, they have at their disposal constant training and receive communications on updates to these internal regulations and policies, with a view to their taking better decisions for the Company. During 2023 employees were trained on the Code of Ethics: "Respect for the Code of Ethics as an Ethical Principle".

Requirements

2. Is the company free of sentences for violating competition laws?

Aspects to be evaluated

Compliance by DIA

Definitive sentences relating to breach of prioritization laws

At present no definitive sentences have been detected relating to breaches of competition laws.

10.4 Accounting policy

To avoid double accounting, the Dia Group has put the necessary oversight and control measures in place to ensure consistency and reliability from the process of extracting and transforming the information, to its calculation and final reporting and thereby guarantee the integrity and traceability of the information. These measures include checking the subtotals to ensure that all the information is included.

The indicators have been calculated following the same accounting criteria that govern the financial accounting of the Dia Group. In this sense, the main source of information is the accounting information used for the consolidated annual accounts and technical documents on each project carried out during the year in the group's various facilities.

Below is a description of how turnover (billings), fixed asset investments (CapEx) and operating expenses (OpEx) were determined and assigned to both the numerator and denominator of each indicator reported

Turnover

The key turnover indicator is defined in Delegated Regulation (EU) 2021/2178 as the proportion of income arising from taxonomy-compliant activities (numerator) divided by total Group income (denominator), in accordance with International Accounting Standard (IAS) 1, paragraph 82(a), as adopted by Commission Regulation (EC) No. 1126/2008. The numerator for this indicator continues to be zero, as the Group has no income-generating activities among those described in the Taxonomy regulations. The amount shown in the denominator, therefore, relates to the amount shown as net turnover²² in the consolidated income statement in the 2023 Consolidated Annual Accounts of the Dia Group.

CapEx

The numerator of this indicator was obtained by identifying the eligible activities that meet the alignment requirements based on the detail of additions of fixed assets for the year at the highest level of breakdown, recorded in accordance with International Accounting Standards (hereinafter "IAS") and the requirements described in Section 1.1.2 of Annex I of Delegated Regulation 2021/2178 of 6 July 2021.

Based on the indications of the technical staff responsible for each investment project identified, the assets corresponding to each have been identified, starting from the accounting basis, so that all the numerator amounts can be traced back to the annual accounts.

Each activity included has only been accounted for by one area of the Company, thus avoiding the double accounting of such investments. For the denominator, additions to tangible and intangible assets before amortisation/depreciation and possible revaluations, including those resulting from revaluations and impairment, have been included for 2023, excluding changes in fair value.

Additions to tangible and intangible assets resulting from business combinations, if any, would also have been included, covering costs that are accounted for in accordance with IAS 16 Property, plant and equipment and IFRS 16 Leases. In accordance with our consolidated financial statements, total CapEx²³ is disclosed in Notes 5, 6.2 and 7.1 to the 2023 Consolidated Annual Accounts. The proportion obtained in the eligible CapEx indicator in 2022 was 16%, compared with 23% in 2021. This decrease is due to a large part of the amounts associated with the eligible activities corresponding to projects started in prior years, so that each year the remaining work is carried out until the project is completed (such as the renovation of stores, installation of new equipment or the energy management system).

OpEx

For OpEx, the indicator represents the share of operating costs specified in the regulations for taxonomy-compliant activities (numerator) divided by the total OpEx as specified in the taxonomy (denominator). This is understood to be the direct non-capitalised costs that relate to research and development, building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the Dia Group or third party to whom these activities are outsourced and which are necessary to ensure the continued and effective functioning of such assets. The amount expressed in the denominator is shown in Note 20.4 to the Dia Group's 2023 Consolidated Annual Accounts. Compared with 2022, OpEx²⁴ went from 38% eligibility to 1%. The reduction corresponds to removing the activity "6.6 transport of merchandise by road", which is considered to cater more to the provision of services by a third party rather than a short-term rental of transportation elements as considered in 2022.

Taking this into account, the amount of eligible + ineligible activities (denominator) reported in the Taxonomy tables will not include "transport" from Note 20.4 of the 2023 Consolidated Annual Accounts this year, as it does not relate to short-term leases. The following OpEx items have been maintained: "repair and maintenance", "property rentals" and "movable asset rentals".

10.5 Next steps

The Dia group is currently working on adapting and improving its systems, and incorporating the Taxonomy analysis. Projects have therefore begun to adapt the financial and infrastructure information processes, and including fields related to the Taxonomy. The aim is to have systems sufficiently equipped to identify and classify this information in a more automated manner, incorporating it into the day-to-day reality as a priority.

²² Note 19.1 Net amount of turnover from continuing activities 5,720 millions of euros plus 1,041 millions of euros from discontinued activities (Note 13 to Consolidated Financial Statements)

²³ Note 5, 6.2 and 7.1 CAPEX of continuing activities (354,624 millions of euros) plus the amount of CAPEX of discontinued activities (24,903 millions of euros)

²⁴ Note 20.4 The amounts considered are the headings "Repairs and maintenance", "Rental, property" and "Rental, equipment".

A

Appendix



APPENDIX 1. Details of Indicators (businesses unbundled)

Throughout the Non-Financial Information Statement and following the requirements of Law 11/2018, consolidated information is provided for the Dia Group (including the scope of businesses over which the Dia Group had operational control during the year in order to report on all aspects and impacts of the business). However, this Annex shows the detail of the quantitative indicators, segregating the information of those operations that have been classified as discontinued in the financial statements (Portugal and Clarel), in order to have a better traceability of the evolution in future reports.

Dia Group in the world

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
No. of stores	1,452	3,956
Net sales (millions of euros)	879.30	5,720.46

Quality food accessible to all

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
No. of communications managed	59,274	700,582
No. of claims and complaints	51,166	228,200

Food safety

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
No. of internal audits carried out (Cold chain, Cleaning and hygiene, Internal laboratories, Store audit)	591	5,209

Human capital

Total employees by sex, age and professional category at 31 December

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
Men	1,085	9,024
Women	4,571	45,096
<30 years	1,217	5,994
30-50 years	3,040	14,197
>50 years	1,399	2,929
Directors	24	119
Managers	319	1,697
Employees	5,313	21,304

Total employees by contract type and working hours at 31 December

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
Permanent	5,411	22,044
Temporary	245	1,076
Full time	3,435	19,390
Part time	2,221	3,730

Average annual contracts by sex (number)

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
Permanent, Men	88	725
Permanent, Women	363	1,113
Temporary, Men	2	27
Temporary, Women	18	62
Full time, Men	83	719
Full time, Women	210	951
Part time, Men	9	59
Part time, Women	189	271

Average annual contracts by a (number)

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
Permanent <30 years	90	442
Permanent 30-50 years	246	1,155
Permanent >50 years	115	241
Temporary <30 years	12	58
Temporary 30-50 years	7	29
Temporary >50 years	1	3
Full time <30 years	58	428
Full time 30-50 years	171	1,012
Full time >50 years	63	231
Part time <30 years	54	109
Part time 30-50 years	88	203
Part time >50 years	56	19

Average annual contracts by professional category (number)

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
Permanent, Directors	2	10
Permanent, Managers	27	162
Permanent, Employees	422	1,666
Temporary, Directors	—	—
Temporary, Managers	—	1
Temporary, Employees	20	89
Full time, Directors	2	10
Full time, Managers	26	161
Full time, Employees	265	1,499
Part time, Directors	—	—
Part time, Managers	—	4
Part time, Employees	198	327

Dismissals by sex

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
Men	42	1,288
Women	271	1,917

Dismissals by age group

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
<30 years	131	1,054
30-50 years	130	1,812
>50 years	52	339

Dismissals by professional category

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
Directors	1	16
Managers	9	150
Employees	303	3,039

Hours of training by professional category

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
Hours of training undergone by Directors	103	2,450
Hours of training undergone by Managers	7,630	40,500
Hours of training undergone by Employees	26,693	247,899

Absenteeism and main health and safety indicators

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
Absenteeism in men, hours	92,330	1,101,949
Number of accidents, men	65	590
Number of serious accidents, men	1	10
Work-related illnesses, men	—	3
Deaths, men	—	—
Frequency rate, men	30.23	30.01
Severity rate, men	1.79	2.34

Absenteeism and main health and safety indicators

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
Absenteeism in women, hours	647,609	2,517,910
Number of accidents, women	211	565
Number of serious accidents, women	—	2
Work-related illnesses, women	11	5
Deaths, women	—	—
Frequency rate, women	26.58	18.98
Severity rate, women	3.40	3.52

Employees with disabilities

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
No. of men with disabilities	20	228
No. of women with disabilities	49	178

Average remuneration by sex (euros)

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
Men	19,946	19,644
Women	16,813	16,629

Average remuneration by age (euros)

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
<30 years	13,514	10,085
30-50 years	16,998	18,516
>50 years	20,875	26,458

Average remuneration by professional category (euros)

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
Director	149,368	239,389
Manager	35,963	37,776
Employee	15,292	14,619

Wage gap (%)

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
Director	69.05	67.16
Manager	88.83	96.70
Employee	103.44	101.46

Average remuneration of Senior Management by sex (thousands of euros)

Indicator	Information for Portugal and Clarel 2023 ²⁵	Information for Consolidated Group 2023 (not including Portugal and Clarel) ²²
Men	367	881
Women	343	338

Tax management

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
Profit before tax (thousands of euros)	(1,344)	(31,678)
Tax paid (thousands of euros)	(506)	(37,959)

Support for the community

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
Donation of surpluses (kg)	43,256	678,234
Donation of additional products (kg)	139,996	814,549
Monetary donations (€)	44,418	89,060

Franchisees

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
No. of franchised stores	488	2,449
No. of franchisees	404	1,644
Number of franchise employees	2,488	14,622

²⁵ The difference between the average remuneration of men and women is largely explained by the Global CEOs in Global, Spain, Brazil and Argentina being men, and receiving a higher remuneration due to their position and not their sex.

Raw materials

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
Paper and cardboard	337	5,627
Of which, recycled	293	3,407
Plastic	182	1,629
Of which, recycled	—	349

Non-hazardous waste

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
Paper/cardboard	6,786	40,368
Toner	—	1
Organic waste	346	9,390
Plastic	479	3,189
Wood	30	375
WEEE	39	—
Scrap metal	257	247
Other (landfill)	37	15,009

Energy consumption

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
Fixed sources (GJ):	1,226.82	19,501.74
Logistics (GJ):	302,895.77	1,431,864.36
Company cars (GJ)	18,735.14	33,790.96
Refrigerant gases (Kg)	7,408.90	139,104.67
Electricity consumption (GJ)	423,748.07	2,745,362.36

Emissions (Tn CO₂eq)

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
Fixed sources	73.58	1,247.97
Logistics	18,893.91	89,316.30
Company cars	1,169.02	2,211.67
Refrigerant gases	12,030.27	271,755.44
Electricity consumption	35,458.12	207,473.73
Business travel	475.19	3,680.81

Ethics committee

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
Communications in query format	—	33
No. of complaints closed	22	652
No. of cases of discrimination	1	3

Training on ethical policies

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
No. of directors trained	26	98
No. of managers trained	295	1,905
No. of employees trained	5,159	19,714

Taxonomy

Indicator	Information for Portugal and Clarel 2023	Information for Consolidated Group 2023 (not including Portugal and Clarel)
CAPEX Eligible (€m)	26,962	262,961
CAPEX Aligned	295	1,905
OPEX Eligible	259	1,385
OPEX Aligned	—	—

APPENDIX 2. TABLE OF CONTENTS OF LAW 11/2018 VS GRI INDICATORS/BENCHMARK REPORTING CRITERIA²⁶

Requirements of Law 11/2018	GRI	Material for Dia	Page	NFIS Chapter
GENERAL INFORMATION				
Business model				
Description of the business model, business environment, organisation and structure	2-1	N/A	10	3.1. Dia Group Presentation
	2-6		13-14	3.4. Business context: trends and risks affecting the food retail sector
Markets in which the Group operates	2-6	N/A	10-11	3.1. Dia Group Presentation 3.2. Dia Group in the world
Objectives and strategies	2-23	N/A	13-15; 19-23	3.4. Business context: trends and risks affecting the food retail sector 3.5. Pillars of transformation for value creation 4.2. A sustainable business model
Key factors and trends that may affect the Group's future development	2-1	N/A	13-15; 17-18	3.4. Business context: trends and risks affecting the food retail sector 3.5. Pillars of transformation for value creation 4.1. Materiality analysis
	2-6		13-15; 17-18	3.4. Business context: trends and risks affecting the food retail sector 3.5. Pillars of transformation for value creation 4.1. Materiality analysis
Materiality	3-1	N/A	17-18	4.1. Materiality analysis
	3-2		17-18	4.1. Materiality analysis
	3-3		17-18	4.1. Materiality analysis
Description of policies, including due diligence procedures and verification and control procedures, including what measures have been taken	2-23	N/A	Throughout the report.	5. Quality food accessible to all 6. Another member of the neighbourhood 7. Understanding and supporting our partners at source 8. Working proactively on environmental challenges 9. Good corporate governance and commitment to the highest ethical standards
The results of these policies and associated KPIs (these KPIs should enable the assessment of progress and comparability between companies and sectors, in accordance with national, European or international benchmark frameworks used for each area)	2-24	N/A	Throughout the report.	5. Quality food accessible to all 6. Another member of the neighbourhood 7. Understanding and supporting our partners at source 8. Working proactively on environmental challenges 9. Good corporate governance and commitment to the highest ethical standards
Main risks identified, risk management model and materialisation of risks	3-3	N/A	Throughout the report.	3.4. Business context: trends and risks affecting the food retail sector 4.1. Materiality analysis 9.2.1. Risk Management Committee
ENVIRONMENTAL ISSUES				
General information about environmental performance				
Current and foreseeable effects of the Group's activities on the environment and, where appropriate, on health and safety	2-23	Yes (Packaging; waste management and food waste; climate change)	56	8. Working proactively on environmental challenges
	3-3		56	8. Working proactively on environmental challenges

²⁶ The tags referring to the GRI thematic standards used to aid identification of the text and data that respond to the various requirements of Law 11/2018 have been included throughout the NFIS, except for the tags relating to universal standards GRI-2 and GRI-3, since these concern more general information about the company or management approaches mentioned in the various chapters.

Requirements of Law 11/2018	GRI	Material for Dia	Page	NFIS Chapter
Environmental assessment or certification procedures	2-23	Yes (Packaging; waste management and food waste; climate change)	56	8. Working proactively on environmental challenges
	3-3		56	8. Working proactively on environmental challenges
Resources dedicated to preventing environmental risk	2-23	Yes (Packaging; waste management and food waste; climate change)	56	8. Working proactively on environmental challenges
	3-3		56	8. Working proactively on environmental challenges
Application of the cautionary principle	2-23	Yes (Sustainability of raw materials)	56	8. Working proactively on environmental challenges
	3-3		56	8. Working proactively on environmental challenges
The amount of provisions and guarantees for environmental risks	2-27	Yes (Packaging; waste management and food waste; climate change)	56	8. Working proactively on environmental challenges
	3-3		56	8. Working proactively on environmental challenges
Pollution				
Measures for preventing, reducing or offsetting carbon emissions that seriously affect the environment; taking into account any kind of atmospheric pollution specific to an activity, including sound and light pollution	3-3	Yes (Climate change)	59;61	8.2.1. Emissions
Circular economy and waste prevention				
Waste: Measures for prevention, recycling, reusing, other forms of recovery and waste elimination	3-3		57-59	8.1.1. Eco-design of packaging and packing 8.1.3. Responsible waste management
	306-3	Yes (Waste management and food waste)	57-59	8.1.1. Eco-design of packaging and packing 8.1.3. Responsible waste management
	306-4		57-59	8.1.1. Eco-design of packaging and packing 8.1.3. Responsible waste management
	306-5		57-59	8.1.1. Eco-design of packaging and packing 8.1.3. Responsible waste management
Actions to combat food wastage	3-3	Yes (Waste management and food waste)	57-59	8.1.1. Eco-design of packaging and packing 8.1.2. Responsible use of natural resources 8.1.3. Responsible waste management
	306-2		57-59	8.1.1. Eco-design of packaging and packing 8.1.2. Responsible use of natural resources 8.1.3. Responsible waste management
Sustainable use of resources				
Water consumption and water supply according to local limitations	3-3	Not material	18	N/A
	303-3		18	N/A
Consumption of raw materials and measures taken to improve efficiency of use	3-3	Yes (Packaging)	52-53; 57	7.2.2.1. Sustainability of raw materials 8.1.2. Responsible use of natural resources
	301-1		52-53; 57	7.2.2.1. Sustainability of raw materials 8.1.2. Responsible use of natural resources
Direct and indirect consumption of energy, measures taken to improve energy efficiency and use of renewable energies	3-3		59-61	8.2.1. Emissions
	302-1	Yes (Climate change)	59-61	8.2.1. Emissions
	302-2		59-61	8.2.1. Emissions
	302-4		59-61	8.2.1. Emissions
Climate change				
Significant elements of greenhouse gas emissions generated as a result of the Group's activity, including the use of goods and services it produces	305-1		59-61	8.2.1. Emissions
	305-2	Yes (Climate change)	59-61	8.2.1. Emissions
	305-3		59-61	8.2.1. Emissions
	305-5		59-61	8.2.1. Emissions
	305-6		59-61	8.2.1. Emissions
The measures taken to adapt to the consequences of climate change	3-3	Yes (Climate change)	59; 61-62	8.2.1. Emissions 8.2.2. Climate risks

Requirements of Law 11/2018	GRI	Material for Dia	Page	NFIS Chapter
Medium and long-term voluntary reduction targets for greenhouse gas emissions and the measures implemented for this purpose	3-3	Yes (Climate change)	59; 61-62	8.2.1. Emissions 8.2.2. Climate risks
Protection of biodiversity				
Measures taken to preserve or restore biodiversity	3-3	Yes (Sustainability of raw materials)	52-53	7.2.2.1. Sustainability of raw materials
Impacts caused by activities or operations in protected areas	304-2	Non-material direct impacts; Material indirect impacts (Sustainability of raw materials)	52-53	7.2.2.1. Sustainability of raw materials
LABOUR AND EMPLOYEE ISSUES				
Employment				
Total number of employees by sex, age, country and professional category	2-7	Yes (Diversity and inclusion)	35	6.1. Human capital 9.1. Composition and structure of the Board of Directors
	405-1		65	6.1. Human capital 9.1. Composition and structure of the Board of Directors
Total number of employees by type of contract	2-7	Yes (Diversity and inclusion)	36	6.1.1. Responsible approach to quality employment
Average annual number of permanent contracts, temporary, full and part-time contracts by sex, age and professional category	2-7	Yes (Diversity and inclusion)	37	6.1.1. Responsible approach to quality employment
Number of dismissals by sex, age and professional category	401-1	Yes (Diversity and inclusion)	37	6.1.1. Responsible approach to quality employment
Average remuneration and evolution by sex, age and professional category or equivalent value	3-3	Yes (Team and employee development)	44	6.1.4. Diversity and inclusion
Wage gap, remuneration of equal jobs	3-3	Yes (Diversity and inclusion)	44	6.1.4. Diversity and inclusion
	405-2		44	6.1.4. Diversity and inclusion
Average remuneration of board members and executives, including variable remuneration, allowances, indemnities, payment of long-term savings plans and any other benefit, broken down by sex	3-3	Yes (Employee development aspect)	44;66	6.1.4. Diversity and inclusion 9.1. Composition and structure of the Board of Directors
Implementation of policies safeguarding employees' right to disconnect	3-3	Yes (Team and employee development)	43	6.1.4. Diversity and inclusion
Employees with disability	405-1	Yes (Diversity and inclusion)	44	6.1.4. Diversity and inclusion
Work organisation				
Organisation of work time	3-3	Yes (Team and employee development)	38	6.1.1. Responsible approach to quality employment
Number of hours of absenteeism	3-3	Yes (Team and employee development)	41	6.1.3. Occupational health and safety
Measures taken to facilitate work-life balance and promote shared responsibility by both parents	3-3	Yes (Team and employee development)	37-39; 43-44	6.1.1. Responsible approach to quality employment 6.1.2. Employee development 6.1.4. Diversity and inclusion
Health and safety				
Occupational health and safety conditions	3-3	Yes (Health and safety)	40-41	6.1.3. Occupational health and safety
	403-1		40-41	6.1.3. Occupational health and safety
Work-related accidents, specifying accident rates and severity, reported by sex	403-9	Yes (Health and safety)	41	6.1.3. Occupational health and safety

Requirements of Law 11/2018	GRI	Material for Dia	Page	NFIS Chapter
Work-related illnesses broken down by sex	403-10	Yes (Health and safety)	41	6.1.3. Occupational health and safety
Labour relations				
Organisation of social dialogue, including procedures for informing, consulting and negotiating with staff	3-3	Yes (Team and employee development)	37	6.1.1. Responsible approach to quality employment
Percentage of employees covered by a collective labour agreement, by country	2-30	Yes (Team and employee development)	37	6.1.1. Responsible approach to quality employment
Balance of collective labour agreements, particularly in the area of occupational health and safety	3-3	Yes (Team and employee development)	37	6.1.1. Responsible approach to quality employment
Mechanisms and procedures that the company has to promote the involvement of workers in the management of the company, in terms of information, consultation and participation	2-29	Yes (Team and employee development)	36	6.1. Human Capital
Training				
Policies implemented in the area of training	3-3	Yes (Team and employee development)	39	6.1.2. Employee development
	404-2	Yes (Team and employee development)	39	6.1.2. Employee development
Total hours of training by professional category	3-3	Yes (Team and employee development)	39	6.1.2. Employee development
	404-1	Yes (Team and employee development)	39	6.1.2. Employee development
Universal accessibility for people with disabilities				
Universal accessibility for people with disabilities	3-3	Yes (Diversity and inclusion aspect)	42-43	6.1.4. Diversity and inclusion
Equality				
Measures taken to promote equal opportunities for and treatment of men and women	3-3	Yes (Diversity and inclusion)	42-44	6.1.4. Diversity and inclusion
Equality plans, measures taken to promote employment, protocols against sexual and sex- based harassment	3-3	Yes (Diversity and inclusion)	42-44	6.1.4. Diversity and inclusion
	2-23		42-44	6.1.4. Diversity and inclusion
Measures taken to promote the integration and universal accessibility of persons with disabilities	3-3	Yes (Diversity and inclusion)	42-43	6.1.4. Diversity and inclusion
Policy against all types of discrimination and, if applicable, diversity management	3-3	Yes (Diversity and inclusion)	42:44	6.1.4. Diversity and inclusion
	2-23		42:44	6.1.4. Diversity and inclusion
HUMAN RIGHTS				
Application of due diligence procedures with regard to human rights	2-26			7.2.2.2. Human Rights Management
	3-3	Yes (Human rights)	53-54	7.2.2.2. Human Rights Management
	414-2			7.2.2.2. Human Rights Management
Prevention of risk of human rights violations and, if applicable, measures to mitigate, manage and address possible abuses committed	2-23		53-54	7.2.2.2. Human Rights Management
	2-26	Yes (Human rights)	53-54	7.2.2.2. Human Rights Management
	3-3		53-54	7.2.2.2. Human Rights Management
	414-2		53-54	7.2.2.2. Human Rights Management
Cases of human rights violations reported	406-1	Yes (Human rights)	37; 69	6.1.1. Responsible approach to quality employment 9.2.2. Ethics Committee.

Requirements of Law 11/2018	GRI	Material for Dia	Page	NFIS Chapter
Promotion and compliance with the provisions of the core agreements of the International Labour Organization relating to respect for freedom of association and the right to collective bargaining	2-23	Yes (Human rights)	37; 53:69	6.1.1. Responsible approach to quality employment 7.2.2.2. Human Rights Management 9.2.2. Ethics Committee.
	3-3		37; 53:69	6.1.1. Responsible approach to quality employment 7.2.2.2. Human Rights Management
Elimination of workplace job discrimination	3-3	Yes (Diversity and inclusion)	42	6.1.4. Diversity and inclusion
	2-23		42	6.1.4. Diversity and inclusion
Elimination of forced labour	2-23	Yes (Human rights)	37; 53:69	6.1.1. Responsible approach to quality employment 7.2.2.2. Human Rights Management 9.2.2. Ethics Committee.
	3-3		37; 53:69	6.1.1. Responsible approach to quality employment 7.2.2.2. Human Rights Management 9.2.2. Ethics Committee.
Abolition of child labour	2-23	Yes (Human rights)	53:69	7.2.2.2. Human Rights Management
	3-3		53:69	7.2.2.2. Human Rights Management 9.2.2. Ethics Committee.
CORRUPTION AND BRIBERY				
Measures taken to prevent corruption and bribery	2-23	Yes (Business ethics)	69-71	9.2.2. Ethics Committee 9.2.3 Internal Audit
	2-25		69-71	9.2.2. Ethics Committee 9.2.3 Internal Audit
	2-26		69-71	9.2.2. Ethics Committee 9.2.3 Internal Audit
	205-2		69-71	9.2.2. Ethics Committee.
	205-3		69-71	9.2.2. Ethics Committee 9.2.3 Internal Audit
Anti-money laundering measures	2-23	Yes (Business ethics)	69-71	9.2.2. Ethics Committee 9.2.3 Internal Audit
	2-26		46	9.2.2. Ethics Committee 9.2.3 Internal Audit
Contributions to foundations and non-profits	201-1	Yes (Business ethics)	46	6.2.1. Support for the community
	3-3		46	6.2.1. Support for the community
SOCIETY				
Commitments to sustainable development				
Impact of the company's activity on local jobs and development	3-3	Yes (Diversity and inclusion)	42;46; 49-50	6.1.4. Diversity and inclusion 6.2.1. Support for the community 7.1. Franchisees, allies in the roll-out of the proximity strategy
Social impact of the Group's activity on local towns and the region	3-3	Yes (Diversity and inclusion)	42;46; 49-51	6.1.4. Diversity and inclusion 6.2.1. Support for the community 7.1. Franchisees, allies in the roll-out of the proximity strategy
Relations with local community players and types of dialogue with these	2-29	Yes (Listening to stakeholders prior to defining material issues)	17-18;42;46; 49-50	4.1. Materiality analysis 6.1.4. Diversity and inclusion 6.2.1. Support for the community
	3-3		17-18;42;46; 49-50	7.1. Franchisees, allies in the roll-out of the proximity strategy 7.2.2.1. Sustainability of raw materials
		2-28	Not material	46
Association activities and sponsorship	2-28	Not material	46	6.2.1. Support for the community

Requirements of Law 11/2018	GRI	Material for Dia	Page	NFIS Chapter
Outsourcing and suppliers				
Social issues, gender equality and environmental issues in the procurement policy; consideration in the relationships with suppliers and subcontractors of their social and environmental responsibility	2-6	Yes (Sustainability of raw materials; Human Rights)	53-54; 57	7.2.2.2. Human Rights Management 8.1.2. Responsible use of natural resources
	2-24		53-54; 57	7.2.2.2. Human Rights Management 8.1.2. Responsible use of natural resources
	3-3		53-54; 57	7.2.2.2. Human Rights Management 8.1.2. Responsible use of natural resources
Supervision and auditing systems and their results	2-6	Yes (Human rights)	30-33; 53-54	5.1. Eating better every day 5.2. Food safety 5.3. Nutritional quality of the Dia brand 7.2.2.2. Human Rights Management
	2-24		30-33; 53-54	5.1. Eating better every day 5.2. Food safety 5.3. Nutritional quality of the Dia brand 7.2.2.2. Human Rights Management
	3-3		30-33; 53-54	5.1. Eating better every day 5.2. Food safety 5.3. Nutritional quality of the Dia brand 7.2.2.2. Human Rights Management
Consumers				
Measures for consumer health and safety	3-3	Yes (Food safety)	32-33	5.2. Food safety 5.3. Nutritional quality of the Dia brand
Claims and complaints systems and resolution	2-16	Yes (Food safety)	29	5. Quality food accessible to all
	2-25	Yes (Food safety)	29	5. Quality food accessible to all
	3-3	Yes (Food safety)	29	5. Quality food accessible to all
Tax information				
Profits obtained, by country	207-4	Yes (Business ethics)	47	6.2.2. Tax management and governance
Tax on profits paid	207-4	Yes (Business ethics)	47	6.2.2. Tax management and governance
Public grants received	201-4	Yes (Business ethics)	47	6.2.2. Tax management and governance
ADDITIONAL INFORMATION				
Other information on the profile of the Group	2-1	N/A	8	2. Basis of preparation of the Non-Financial Information Statement 3.Dia Group: business model and strategic pillars
	2-6		10-15	3.Dia Group: business model and strategic pillars
Corporate governance	2-9	N/A	65	9.1. Composition and structure of the Board of Directors
Stakeholder participation	2-29	N/A	17-18	4.1. Materiality analysis
Other information on the profile of the report	2-2	N/A	8	2. Basis of preparation of the Non-Financial Information Statement
	2-3		8	2. Basis of preparation of the Non-Financial Information Statement
	2-5		101	Appendix 4. Verification report
TAXONOMY: response to the requirements arising from the EU Taxonomy Regulation 2020/852, using the delegated regulations implementing this regulation as criteria.				
Eligible and aligned turnover	—	N/A	76;81	10.2 Identification of taxonomy-compliant activities (alignment) 10.4 Accounting policy
Eligible and aligned CapEx	—	N/A	76;81	10.2 Identification of taxonomy-compliant activities (alignment) 10.4 Accounting policy
Eligible and aligned OpEx	—	N/A	76;81	10.2 Identification of taxonomy-compliant activities (alignment) 10.4 Accounting policy
Information complementary to key performance indicators (accounting policy, assessment of compliance with the regulation and contextual information)	—	N/A	73-75; 81	10. Taxonomy 10.1.Identification of eligible activities 10.4 Accounting policy

APPENDIX 3. Taxonomy: Disclosure Table

Proportion of **Turnover** from eligible and non-eligible economic activities according to the Taxonomy for 2023²⁷.

Economic activities	Codes	Turnover (euros or thousands of euros, or millions of euros)	Proportion of turnover, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum guarantees	Proportion of turnover conforming to the taxonomy (A.1.) or eligible according to taxonomy (A.2), 2022	Facilitating activity category	Transitional activity category
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-compliant)																			
Turnover from environmentally sustainable activities (taxonomy-compliant) (A.1)		0	0 %	0 %	0 %	0 %	0 %	0 %	0 %								0 %		
Of which: facilitating		0	0 %	0 %	0 %	0 %	0 %	0 %	0 %								0 %	F	
Of which: transitional		0	0 %	0 %													0 %		T
A.2. Taxonomy-eligible activities, but not environmentally sustainable (not taxonomy-compliant activities)																			
Turnover from taxonomy- eligible activities, but not environmentally sustainable (not taxonomy-compliant activities) (A.2)		0	0 %	0 %	0 %	0 %	0 %	0 %	0 %								0 %		
A. Turnover from taxonomy eligible activities (A.1+A.2)		0	0 %	0 %	0 %	0 %	0 %	0 %	0 %								0 %		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover from taxonomy non-eligible activities (B)		6762201	100%																
TOTAL		€	100%																

²⁷ Portugal and Clarel are included in discontinued activities

Proportion of **CapEx** from taxonomy-eligible and taxonomy-non-eligible economic activities in 2023²⁸.

Financial year 2023	Year			Substantial contribution criteria						No significant harm criteria ("Cause no significant harm").									
Economic activities	Codes	CapEx (€)	Proportion of CapEx, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum guarantees	Proportion of CapEx conforming to the taxonomy (A.1.) or eligible according to taxonomy (A.2), 2022	Facilitating activity category	Transition activity category
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-compliant)																			
7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	514,131	0.14%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	0.2%	F	
7.7. Acquisition and ownership of buildings	CCM 7.7	323,117	0.09%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	0%		
CapEx from environmentally sustainable activities (taxonomy-compliant) (A.1)		837,248	0.22%	0.22%	0%	0%	0%	0%	0%	-	-	-	-	-	-	-	0.2%		
Of which: facilitating		514,131	61.41%	61.41%	0%	0%	0%	0%	0%	S	S	S	S	S	S	S	100%	F	
Of which: transitional		0	0%	0%						-	-	-	-	-	-	-	0%		T
A.2. Taxonomy-eligible activities, but not environmentally sustainable (not taxonomy-compliant activities)																			
6.5. Transport by motorcycles, passenger cars and light commercial vehicles	CCM 6.5/ CCA 6.5	2,802,650	0.74%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							0%			
7.2. Renovation of existing buildings	CCM 7.2/ CCA 7.2/CE 3.2	39,567,523	10.43%	EL	N/EL	N/EL	N/EL	EL	N/EL							21.6%			
7.3. Installation, maintenance and repair of energy efficiency equipment	CCM 7.3/ CCA 7.3	15,922,559	4.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							1.2%			
CapEx from taxonomy-eligible activities, but not environmentally sustainable (not taxonomy-compliant activities) (A.2)		58,292,731	15.36%	15.36%	0%	0%	0%	0%	0%							22.9%			
A. CapEx from taxonomy eligible activities (A.1+A.2)		59,129,979	15.58%	15.58%	0%	0%	0%	0%	0%							22.9%			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
CapEx from taxonomy-non-eligible activities (B)		320,396,895	84%																
TOTAL		379,526,873	100%																

²⁸ Portugal and Clarel are included in discontinued activities

	Proportion of CapEx/ total CapEx	
	that is taxonomy-eligible per goal	according to the taxonomy per goal
Climate Change Mitigation (CCM)	0.22%	15.58%
Climate Change Adaptation (CCA)	—%	15.58%
Protection of Water and Marine resources (WTR)	0%*	0%*
Circular economy (CE)	0%*	10.43%
Preventing and Controlling Pollution (PPC)	0%*	0%*
Biodiversity (BIO)	0%*	0%*

Proportion of **OpEx** from taxonomy-eligible and taxonomy-non-eligible economic activities in 2023²⁹.

Financial year 2022	Year			Substantial contribution criteria						No significant harm criteria ("Cause no significant harm")									
Economic activities	Codes	OpEx	Proportion of OpEx 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum guarantees	Proportion of OpEx conforming to the taxonomy (A.1.) or eligible according to taxonomy (A.2). 2022	Facilitating activity category	Transitional activity category
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-compliant)																			
OpEx from environmentally sustainable activities (taxonomy-compliant) (A.1)		-	0%	0%	0%	0%	0%	0%	0%	-	-	-	-	-	-	-	0%		
Of which: facilitating		-	0%	0%						-	-	-	-	-	-	-	0%	F	
Of which: transitional		-	0%	0%						-	-	-	-	-	-	-	0%		T
A.2. Taxonomy-eligible activities, but not environmentally sustainable (not taxonomy-compliant activities)																			
6.5. Transport by motorcycles, passenger cars and light commercial vehicles	CCM 6.5/CCA 6.5	1,498,313	1.00%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.70%		
7.3. Installation, maintenance and repair of energy efficiency equipment	CCM 7.3/CCA 7.3	145,936	0.10%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
OpEx from taxonomy-eligible activities, but not environmentally sustainable (not taxonomy-compliant activities) (A.2)		1,644,249	110.00%	0.73%	—%	—%	—%	—%	—%								38.0%		
A. OpEx from taxonomy eligible activities (A.1+A.2)		1,644,249	110.00%	0.73%	—%	—%	—%	—%	—%								38.0%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
OpEx from taxonomy-non-eligible activities (B)		147,725,751	98.90%																
TOTAL		149,370,000	100%																

²⁹ Portugal and Clarel are included in discontinued activities

	Proportion of OpEx/ total OpEx	
	that is taxonomy-eligible per goal	according to the taxonomy per goal
Climate Change Mitigation (CCM)	0%*	1,1%
Climate Change Adaptation (CCM)	0%*	1,1%
Protection of Water and Marine resources (WTR)	0%*	0%*
Circular economy (CE)	0%*	0%*
Preventing and Controlling Pollution (PPC)	0%*	0%*
Biodiversity (BIO)	0%*	0%*

Activities related to nuclear energy and fossil gas

Fila	Activities related to nuclear energy	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Activities related to fossil gas		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

APPENDIX 4. Verification report

Independent Limited Assurance Report on the Consolidated
Non-Financial Statement for the year ended
December 31, 2023

DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A.
AND SUBSIDIARIES

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A.:

Pursuant to Article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Non-Financial Information Statement (hereinafter NFS) for the year ended December 31, 2023, of DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A. and subsidiaries (hereinafter DIA Group or the Group) that forms part of the accompanying Consolidated Management Report of the Group.

The content of the NFS in the Consolidated Management Report includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our assignment has been exclusively limited to the verification of the information shown in the "Appendix 2. Table Of Contents of Law 11/2018 vs GRI Indicators/ Reporting Criteria" included in the accompanying NFS.

Responsibility of the Board of Directors

The preparation of the NFS included in the Consolidated Management Report of the Group, and its content, is the responsibility of the Board of Directors of DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A. The NFS has been prepared in accordance with the content required by current mercantile regulations and in conformity with the criteria outlined in the selected *Sustainability Reporting Standards of Global Reporting Initiative (GRI standards)*, as well as other criteria described in accordance with that indicated for each subject in the "Appendix 2. Table Of Contents of Law 11/2018 vs GRI Indicators/ Reporting Criteria" of the NFS.

The Board of Directors is also responsible for the design, implementation and maintenance of such internal control as they determine as necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

They are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

Our independence and quality management

We have complied with independence and other ethical requirements of the International Code of Ethics for Accounting Professionals (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

Our Firm applies International Standard on Quality Management 1 (ISQM 1), which requires us to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team consisted of experts in the review of non-financial information and, specifically, information on economic, social, and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. Our review has been performed in accordance with the requirements established in the current International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the guidelines for verifying Non-Financial Statement, issued by the Spanish Institute of Chartered Accountants (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower.

Our work consisted in making enquiries of Management and the various DIA Group units participating in the preparation of the NFS, reviewing the process for gathering and validating the information included in the NFS, and applying certain analytical procedures and selective tests by means of sampling as described below:

- ▶ Meetings with DIA Group personnel to obtain an understanding of the business model, policies and management approaches applied, the main risks related to these matters and obtain the necessary information for our external review.
- ▶ Analysis of the scope, relevance and integrity of the content included in the NFS for the year 2023 based on the materiality analysis made by DIA Group and described in section 4.1 Materiality Analysis, considering the content required by prevailing mercantile regulations.
- ▶ Analysis of the processes for gathering and validating the data included in the 2023 NFS.
- ▶ Review of the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2023 NFS.

- ▶ Check, through tests, based on a selection of a sample, the information related to the content of the 2023 NFS and its correct compilation from the data provided by the information sources.
- ▶ Obtaining a representation letter from the Board of Directors and Management.

Emphasis of Matter paragraph

Pursuant to Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and pursuant to the Delegated Acts enacted in accordance with the provisions of that Regulation, undertakings shall disclose information on how and to what extent the undertaking's activities are associated with eligible economic activities in relation to the following environmental objectives: the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems (other environmental objectives). For certain new activities included in the climate change mitigation and adaptation objectives, undertakings shall disclose for the first time for the year 2023 additional information on eligible and aligned activities that was already required in 2022 in relation to the climate change mitigation and adaptation objectives. As a result, no comparative information on eligibility has been included in the accompanying NFS in relation to other environmental objectives listed above or to the new activities included in the climate change mitigation and adaptation objectives. Additionally, to the extent that the information relating to 2022 was not required with the same level of detail as in 2023, the information disclosed in the accompanying NFS is not strictly comparable, either. Furthermore, it should be noted that DIA Group directors have included information on the criteria that, in their opinion, allow for better compliance with the aforementioned obligations. These criteria are defined in Note 10. Taxonomy of the accompanying NFS. Our conclusion is not modified in respect of this matter.

Conclusion

Based on the limited assurance procedures conducted and the evidence obtained, nothing has come to our attention that causes us to believe that DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A. and Subsidiaries NFS for the year ended December 31, 2023 has not been prepared, in all material respects, in accordance with the contents required by current commercial regulation and the criteria of the selected GRI standards, as well as other criteria, described as explained for each subject matter in the "Appendix 2. Table Of Contents of Law 11/2018 vs GRI Indicators/ Reporting Criteria" of the aforementioned NFS.

Use and distribution

This report has been prepared as required by current mercantile regulation in Spain, thus it may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Elena Fernández García

February 29, 2024