WESTERN GATE PRIVATE INVESTMENTS LIMITED
A/A

c/o
Uría Menéndez Abogados, S.L.P.
A/A

Las Rozas, 27 June 2024

Dear Sirs,

We refer to your communication dated 12 June 2024 sent by burofax and addressed to the members of the Board of Directors of Distribuidora Internacional de Alimentación, S.A. ("**DIA**" or the "**Company**").

In the aforementioned communication, invoking its right to information as a shareholder of the Company, the shareholder Western Gate Private Investments Limited ("**WG**") requested certain information or clarifications regarding (i) matters included on the agenda of the annual general shareholders' meeting to be held on 28 June 2024 at 12:30 p.m. and (ii) the inside information communication nº 2,275 published by DIA on 31 May 2024.

Pursuant to Articles 197 and 520 of the current Spanish Companies Act ("**LSC**"), Article 19 of DIA's Articles of Association and Article 13.4 of DIA's General Shareholders' Meeting Regulation, the following is a response to the requests made by WG in its letter. For ease of reference, the questions are listed in the same order as in your letter.

Finally, it is noted that this reply, together with the request for information, will be made available to shareholders on the Company's website.

1. <u>Item 4 on the agenda</u>

(i) Does this Board of Directors believe that the current stock price, as well as the price over the last 6 months, reflects the fair value of the Company after the management carried out by the Board of Directors and its management team and the financial results reported to the market?

The Board of Directors considers that investors have yet to fully recognise the benefits of the latest transactions carried out by the Company to rationalise its portfolio or the excellent performance of DIA Spain in the first quarter of the financial year, and more generally.

(ii) Does the Board of Directors agree that DIA is significantly undervalued and that it does not reflect the Board's management of the Company?

See the answer to the previous question.

(iii) Could you explain in detail what actions the Company has taken to encourage the involvement of shareholders, other than the majority shareholder, in the management of the Company as recommended by best corporate governance practices?

The Company has a policy of information, communication and contact with shareholders, institutional investors and proxy advisors which is accessible on its corporate website (www.diacorporate.com). The actions taken by the Company on these matters follow such policy.

(iv) What was the decision-making process of the Company following WG's approach and requests for collaboration? Why did the Board of Directors refuse outright to work with WG to promote DIA's awareness and impact among analysts and the market?

The Board of Directors is acting with diligence and transparency in its relations with analysts and regarding the information released to the market (for more details, please see answer to question (vi) below). The Board of Directors cannot work with a minority shareholder who is not represented on the Board of Directors in activities that fall within the Board of Directors' competence (such as promoting DIA's awareness and impact among analysts and the market), since this would be inappropriate.

(v) Is the Company considering adopting a genuine shareholder engagement policy, beyond the existing policy of information, communication and contact with shareholders, institutional investors, and proxy advisors?

The Company has a policy on information, communication and contact with shareholders, institutional investors and proxy advisors which is accessible on its corporate website (www.diacorporate.com) and the Board of Directors does not currently consider that there are reasons to amend it or adopt a new policy.

(vi) Has the Company carried out any activities with analysts and/or investors in general to increase the awareness and impact of the Company's value and, consequently, the growth of the Company's stock price towards a value that is closer to what is understood to be reasonable?

The investor relations team (consisting of the Group's CFO, a Director and a Manager) is in continuous contact with the market through the following channels:

(i) Conferences: it has participated in two conferences so far this year. The first was the Santander Iberian Conference, held on 01/02, and the second was Alantra's Small Caps Conference, held on 09/05.

(ii) *Ad hoc* meetings: more than 25 meetings with analysts and investors were held in the first half of the year to discuss a broad spectrum of topics.

2. Items 6 to 12 on the agenda - General matters

(i) Does the Board of Directors believe that minority shareholders are adequately represented on the Board of Directors?

Yes. The Board of Directors of the Company considers that the interests of the minority shareholders (and, more generally, the corporate interest, understood as the common interest of all shareholders) are adequately represented on the Board of Directors through the four independent directors and the two directors with the status of other external directors who represent a total of six out of the eight members of the current Board of Directors of the Company.

(ii) Do you consider that the Board of Directors could benefit from the voice of a true minority representative, who would serve as a counterbalance to the influence that the majority shareholder exercises over the Board of Directors, in addition to the existing independent directors (who can be removed by the majority shareholder at any time)?

As stated in the answer to the previous question, the minority shareholder (and, more generally, the corporate interest, understood as the common interest of all shareholders) is adequately represented on the Board of Directors. The Board of Directors has only two external proprietary directors appointed at the request of the majority shareholder, which, by definition, means that the external proprietary directors appointed at the request of the majority shareholder do not have the power to impose any decisions on the Board of Directors on their own. It is the independent directors, together with the other external directors, who can do so. Moreover, the independent directors alone -if they were all to agree to vote in the same way- have the capacity to prevent the approval of any resolutions by the Board of Directors by blocking the formation of a favourable majority within the Board of Directors. In the end, DIA's largest shareholder is considerably underrepresented on the Board of Directors in proportion to its shareholding in the Company. Therefore, the Board of Directors does not consider it necessary to seek a counterbalance to the representation of the majority shareholder on the Board of Directors through its two external proprietary directors.

Regarding the last part of the question, the ability to remove directors belongs exclusively to the general shareholders' meeting, if so decided by the corresponding majority, and cannot be imposed by a decision of one or more shareholders without the approval of the general shareholders' meeting. In any case, as there are only two external proprietary directors on the Board of Directors, they would be unable, on their own, to propose the removal of independent directors to the general shareholders' meeting. To do so, they would need the favourable vote of at least some of the independent directors. In this respect, it should be noted that (i) under Article 13.5 of the Board of Directors Regulation (in accordance with Recommendation 21 of the Good Governance Code of Listed Companies), the Board of Directors should not propose the removal of an independent director before the expiration of the statutory period for which he/she has been appointed, except when there is fair cause, determined by the Board of Directors on the basis of a report from the Appointments and Remuneration Committee, and (ii) no independent or other external directors have been removed (nor has the removal of such directors even been proposed to the general shareholders' meeting) since the entry of the current majority shareholder in the share capital of the Company.

(iii) What plans does the Board of Directors have to increase the number of women on the Board of Directors?

The Board of Directors is well aware of Recommendation 15 of the Good Governance Code of Listed Companies regarding the percentage of female directors and takes measures to promote the number of women within the Board of Directors. Under the provisions arising from the amendments to the LSC on corporate governance matters, the Appointments and Remuneration Committee has set a target for the representation of women, as the underrepresented gender, on the Board of Directors, and has developed guidelines on how to achieve this target. In this regard, the Director Selection Policy (approved by the Company on 11 December 2015, and inspired by Article 11 of the Board of Directors Regulation), provides that, in order not to hinder the selection of female directors, the Company shall deliberately seek and include among potential

candidates, women who meet the professional profile requirements with the objective that in the following years the number of female directors represents at least 30% of the total number of members of the Board of Directors. In addition, within the DIA Group's internal regulations, the binding rule on hiring people, which affects the recruitment processes for senior management, establishes that, under equal conditions, the hiring of the underrepresented gender will be given priority in the recruitment process. In line with the foregoing, and as reflected in the reports made available to the shareholders in all director selection processes (except for those proposed by significant shareholders), the guidelines established in the Director Selection Policy have been followed and the principles established above have been observed, resulting in the gender diversity objectives having been partially met during the 2023 financial year.

Finally, it should be noted that on the only two committees of the Company's Board of Directors (the Audit and Compliance Committee and the Appointments and Remuneration Committee), a different woman has been appointed as the Chairperson of each of them, thus helping to increase the prominence and relevance of female directors on the committees of the Board of Directors. Specifically, Ms Luisa Delgado is the Chairwoman of the Appointments and Remuneration Committee, and Ms Gloria Hernández is the Chairwoman of the Audit and Compliance Committee.

(iv) What were the reasons for the Board of Directors' rejection of the candidate proposed by WG, apart from the fact that WG does not hold the necessary shareholding to have the right to their appointment through the proportional representation system

As indicated in your question, WG does not hold the minimum shareholding required to be entitled to request the appointment of a director by the proportional representation system, since it holds a 2.1988% stake in the Company's share capital, and in view of the current number of directors (eight), in order to be able to exercise such right it would be necessary for WG to hold a stake of, at least, 12.5% (without taking into account the legal obligation of listed companies to have a minimum number of independent directors, which could mean that the aforementioned minimum percentage required would not even be sufficient to be able to appoint through the proportional representation system). Therefore, there is no reason to accept the request to appoint a candidate proposed by WG.

This is fully consistent with applicable corporate governance recommendations, and in particular with (i) Principle 11 of the Good Governance Code of Listed Companies, as the appointment by WG of an external proprietary director to the Board of Directors would be inconsistent with the recommendation of proportionality between a shareholders' shareholding percentage and its representation on the Board of Directors under the aforementioned Principle 11, and (ii) Recommendation 19 of the Good Governance Code of Listed Companies, which provides that in the event of appointment of external proprietary directors at the request of a shareholder holding less than 3% in the share capital, an explanation of the reasons for such appointment must be included in the annual corporate governance report.

(v) In this regard, why did the Board of Directors not decide to propose an increase in the number of members of the Board of Directors to the General Shareholders Meeting to give

access to the candidate proposed by Letterone, as well as the candidate from WG, who would represent the interests of the minority?

The Board of Directors considers that the current number of eight directors is adequate and that there is no reason to increase it. As indicated above, the interests of minority shareholders are duly represented on the Board of Directors through the large majority of independent and other external directors on the Board of Directors, who, together, represent 75% of the total number of members of the Board of Directors. The Company considers that this majority of independent and other external directors is the safest guarantee for minority shareholders in the event of any potential agency conflict that may arise between the shareholders represented and not represented on the Board of Directors.

Regarding the specific question as to why an increase in the number of members of the Board of Directors has not been proposed in order to give access to the candidate proposed by the current first shareholder, on the understanding that the question refers to item 12 of the agenda, the Board of Directors considers it unnecessary to increase the number of members of the Board of Directors, since Mr Alberto Gavazzi was appointed by the Board of Directors by co-optation (*cooptación*) to fill a vacancy that existed at that time, and pursuant to Article 244 of the LSC, the appointment of directors appointed by co-optation (*cooptación*) must be ratified by the first general shareholders' meeting held after their appointment by co-optation (*cooptación*) in order for such director to be able to continue in such position after such general shareholders' meeting.

3. <u>Item 8 on the agenda</u>

(i) Concerning the profile of Ms Luisa Delgado, it has been stated that she does not exceed the maximum number of Boards of Directors of which she is a member. However, according to publicly available information, Ms Delgado would be present on the Board of Directors of DIA, Fortum, Ingka, Barclays Bank Suisse, Breitling, Telia, Swarovsky and Schleich, which would exceed the maximum allowed by the Board of Directors Regulation. Could you clarify this point? How many boards of directors is she part of? If she is on more than six, why has there been a failure to comply with the provisions of the Board of Directors Regulation and, consequently, the Articles of Association, which require the composition to comply with the previously mentioned regulation?

As stated in the report on the proposals for ratification and re-election of directors that has been made available to all shareholders together with the announcement of the call of the next annual shareholders' meeting of the Company, prepared jointly by the Appointments and Remuneration Committee and the Board of Directors, Ms Luisa Delgado does not exceed the maximum number of boards of directors of which a director of the Company may be a member under Article 25.4 of the Board of Directors Regulation.

According to the information provided, Ms Luisa Delgado is a member of the board of directors of Telia, Fortum, INGKA, Barclays Bank Suisse, Swarovski and Jose de Mello (as of 1 June 2024). With regard to Breitling, Ms Luisa Delgado exited its board on 30 April 2024.

It should be noted that, under Article 25.4 of the Board of Directors Regulation, the maximum number of boards of directors of commercial companies on which a director may sit is seven (six, plus the seat on the Board of Directors of the Company itself), and those boards on which the director sits as a proprietary director proposed by the Company or by any company in its group, or those which do not require from the director a real and proper dedication to a

commercial business, shall not be counted for this purpose. Similarly, holding companies or companies which are merely investment vehicles are also excluded for these purposes. Furthermore, companies belonging to the same group shall be considered a single company for these purposes.

As detailed in the aforementioned report, within the framework of Recommendation 14 of the Good Governance Code of Listed Companies, the Appointments and Remuneration Committee has concluded that the proposed reappointment of Ms Luisa Delgado is in the best interest of the Company not only because of the quality of her academic and professional profile and, in particular, her experience and merits (all of which are described in more detail in the aforementioned report), but also because of her honour, solvency and competence, and precisely concerning the question asked, because of her availability to hold the position. Regarding her availability, it has been confirmed by the effective performance of her duties until the date hereof, and furthermore, as indicated in the report, her actual availability has been confirmed with her.

4. <u>Item 9 on the agenda</u>

(i) Has external advice been obtained to conclude that there is no current or potential competition involving the proposed candidate?

The analysis carried out on this matter by the Appointments and Remuneration Committee and the Board of Directors is described in detail in the report on the proposals for ratification and reappointment of directors, which has been made available to shareholders together with the announcement of the call of the next annual general shareholders' meeting of the Company.

(ii) Has analysis been conducted on the relevant markets in which DIA and JBS USA Holdings, S.A. are present, from a competition law perspective, to determine if they compete in the same markets, either currently or potentially?

We reiterate the answer to the previous question. The analysis carried out on this matter by the Appointments and Remuneration Committee and the Board of Directors is described in detail in the report on the proposals for ratification and reappointment of directors, which has been made available to shareholders together with the announcement of the call of the Company's next annual general shareholders' meeting.

(iii) You have only made reference to the outputs, but has there been an analysis of possible competition from a perspective of the suppliers, human resources or the business' assets, such as locations?

We reiterate the answer to the previous question. The analysis carried out on this matter by the Appointments and Remuneration Committee and the Board of Directors is described in detail in the report on the proposals for ratification and reappointment of directors, which has been made available to shareholders together with the announcement of the call of the Company's next annual general shareholders' meeting.

5. Item 10 on the agenda

(i) How many boards of directors is Mr Sergio Antonio Ferreira Dias part of, and which are they?

Mr Sergio Antonio Ferreira Dias is a member of the board of directors of a company called Distilled Spirits Holding in Port Louis, Republic of Mauritius, and of a wholly owned subsidiary in Singapore called Distillers And Traders PTE. Ltd. According to the information provided by Mr Dias, both companies have been dormant for several years and are expected to be wound up within the next 12 months.

(ii) Does he have commercial relations or relations of any other kind with Letterone group? Does he receive any remuneration from Letterone group's companies or does he have a right to receive remuneration from any of them, current or potential, whether related to DIA or not?

Since 1 April 2023, Mr Sergio Antonio Ferreira Dias has had no relationship with Letterone group companies (other than his relationship as a director of DIA) and he is not entitled to receive any remuneration from them (other than that arising from his position as director of DIA).

6. Item 11 on the agenda

(i) How many boards of directors is Mr Marcelo Maia Tavares de Araújo part of, and which ones?

According to the information provided by Mr Marcelo Maia Tavares de Araújo, he is a member of the board of directors of a Brazilian construction company called Pacaembu Construtora and of ABF (Brazilian Franchise Association).

7. Item 14 on the agenda

(i) What are the reasons for limiting, again and according to what has been the practice over the last years, the rights of the shareholders regarding the notice period for calling the General Shareholders' Meeting?

Under Article 515 of the LSC, extraordinary general shareholders' meetings of listed companies may be convened by the board of directors with at least fifteen days' notice, provided that the following requirements are met (i) the company provides all shareholders with the effective possibility to vote electronically, and (ii) the annual general shareholders' meeting approves it by a majority of at least two-thirds of the share capital, the validity of which may not exceed the date of the next meeting.

The Board of Directors of the Company considers it appropriate to have the possibility to reduce the minimum notice period for convening a general shareholders' meeting in order to have greater flexibility and agility in convening extraordinary general shareholders' meetings. The Board of Directors does not consider that having this flexibility, or making use of it, entails a limitation of shareholders' rights (as presupposed in the question asked). Moreover, this is not an uncommon practice in other listed companies (as can be seen, for example, from the notices of annual general shareholders' meetings of other listed companies such as FCC, Indra or Acciona for the current financial year).

As regards the reasons why it has become a practice in recent years to adopt this resolution, as stated above, Article 515 of the LSC (i) requires the resolution to be adopted by the annual

shareholders' meeting, and (ii) provides that the duration of the effectiveness of such resolution may not exceed the date of the next annual shareholders' meeting. Therefore, if the Board of Directors wants to have such flexibility at all times, it is necessary for the annual shareholders' meeting to approve this resolution every year.

(ii) What kind of resolutions are they considering proposing in the future that would allow the General Shareholders' Meeting to be convened with only 15 days' notice and not be held in the ordinary course, with all the shareholder rights?

As of today, there are no plans to convene an extraordinary shareholders' meeting with a shortened notice period, but the Board of Directors considers it reasonable and diligent to reserve such possibility in the event of a potential future need.

(iii) Has this proposal been recommended by any employee or collaborator of Letterone, or by the proprietary directors of Letterone? Could you please explain in detail how this proposed resolution has been developed?

The proposed resolution has been adopted by the unanimous approval of the members of the Board of Directors of the Company, under the provisions of the LSC, the Articles of Association and the Company's regulations.

8. <u>Communication of Inside Information Nº. 2,275 (in relation to the sale of DIA Brasil Sociedade Limitada - Em Recuperaçáo Judicial ("DIA Brasil"), communicated on 31 May 2024)</u>:

(i) According to the 2023 individual annual accounts, the book value (excluding subsequent impairments) of the Company's stake in Dia Brazil would represent nearly 90% of the Company's individual net assets as of 31 December 2023 (and 26% of the consolidated net assets). Do you consider that it is appropriate to submit this transaction to the General Shareholders' Meeting? Do you consider this to be an essential asset?

As shown in the 2023 financial statements, which are being submitted to approval of the annual general shareholders' meeting scheduled for 28 June 2024, the recoverable amount of the Company's investment in DIA Brazil on 31 December 2023 was estimated to be zero, and an impairment loss of EUR 152,791,000 was recognised. As a result of the impairment recognised in 2023 and the various impairment losses recognised in previous years, the value of the Company's interest in DIA Brazil was zero euros at the end of 2023.

Taking into account the book value of the Company's stake in DIA Brazil resulting from the annual accounts for financial year 2023, the Board of Directors considers that DIA Brazil cannot be considered an essential asset under the provisions of Article 160 f) of the LSC (according to which, the essential nature of the asset is presumed when its value exceeds 25% of the value of the total assets shown in the last approved balance sheet), as the book value of the stake in DIA Brazil amounts to zero euros, and the total value of the Company's assets at end of financial year 2023 amounts to EUR 789,049,000.

(ii) The Inside Information establishes that the sale and purchase provides, among other issues, the sale of 100% of DIA Brazil to Lyra II Fundo de Investimento em Participações Multiestratégia. What are these other issues?

All material terms of the transaction that could have a significant effect on the share price, or that could be considered necessary to safeguard the protection of the Company's shareholders, were duly disclosed to the market in the communication of inside information published on 31 May 2024 under number 2,275.

(iii) You talk about a clean exit. What are exactly the terms of the Company's liability under the agreement? In addition to the Fund's contributions stated in the relevant Inside Information -which implies a negative price-, will the Company retain any debt, guarantees provided, or any future exposure to DIA Brazil once the transaction has been completed?

We reiterate the answer to the previous question. All material terms of the transaction that could have a significant effect on the share price, or that could be considered necessary to safeguard the protection of the Company's shareholders, were duly disclosed to the market in the communication of inside information published on 31 May 2024 under number 2,275.

(iv) How much do you expect the transaction to cost the Company (or any entity within its group) in terms of cash outflows?

We reiterate the answer to the previous question. All material terms of the transaction that could have a significant effect on the share price, or that could be considered necessary to safeguard the protection of the Company's shareholders, were duly disclosed to the market in the communication of inside information published on 31 May 2024 under number 2,275.

(v) Could you provide more complete information about the buyer? Does any member of the Board of Directors, or any of its related persons, have any contractual relationship (including fees) or a significant business relationship with the buyer or any company of the group to which it belongs?

The information on the buyer has been duly disclosed in the communication of inside information published on 31 May 2024 under number 2,275. The Company is not aware of any member of the Board of Directors of the Company or any of its related persons that has a contractual or business relationship with the purchaser or the group to which it belongs.

(vi) Are there any risks, after the closing of the transaction, that any creditor or employee of DIA Brazil may be entitled to claim any amount from the Company?

We reiterate the answer to the previous question. All material terms of the transaction that could have a significant effect on the share price, or that could be considered necessary to safeguard the protection of the Company's shareholders, were duly disclosed to the market in the communication of inside information published on 31 May 2024 under number 2,275.

(vii) Is there any consequence based on the share sale and purchase agreement if the financial institutions do not approve the transaction, and consequently, the deal falls through? Has any sort of break-up fee been agreed?

The transaction has already been duly approved by the financial institutions.

(viii) Is there any other condition precedent, apart from the approval from the financial institutions? If this is the case, what are the other conditions precedent?

As indicated in the inside information published on 31 May 2024 under number 2,275, the only condition precedent to which the transaction was subject was obtaining the approval from the financial institutions of the syndicated financing.

(ix) Does any employee or collaborator of the Company or its affiliates, including DIA Brazil, receive a bonus or extraordinary compensation, as a consequence of the signing or execution of the transaction? If applicable, please state the number of people and the overall amount and please provide information on an individual basis in case of advisors or senior executives

No employee, collaborator or director of the Company or its subsidiaries will receive any bonus or extraordinary compensation as a consequence of the execution of the transaction, apart from the incentives to which the members of the management team of DIA Brazil are entitled to receive, which were previously agreed with them with the aim of reversing the situation and finding the best exit alternative for the Company from DIA Brazil.

(x) What is the total amount of the contributions made in favour of DIA Brazil in the last three years, distinguishing between cash or contributions of other assets or debt forgiveness?

The contributions made by the Company in favour of DIA Brazil in the last three financial years are duly reflected in the Company's annual accounts for those years. Contributions made by the Company after the end of the last financial year will be reflected in due course in the Company's financial information for the current financial year.

(xi) Will any contractual relationship between the Company and DIA Brazil survive after the transaction?

As is standard in this type of transactions, following completion of the transaction and for a limited period of time, the DIA Group has reached an agreement to license a trademark and provide certain transitional services standard in this type of transaction in favour of DIA Brazil to facilitate the transition and operation of the DIA Brazil business in favour of the buyer.

(xii) Is the Company obliged to continue to provide any type of services to DIA Brazil or the buyer after the completion of the sale? If so, how has the price for these services been calculated, and for how long will they be provided?

See the answer to the previous question. The price for the provision of transitional services has been agreed in the context of the transaction between independent parties and is in line with the price agreed for the provision of transitional services in another recent divestment made by the Company.

(xiii) Have you agreed to any type of *earn-out* that would allow the Company to recover part of the substantial investment made in DIA Brazil over the past few years?

All relevant terms of the transaction are summarised in the communication of inside information published on 31 May 2024 under number 2,275.