

**REPORT ISSUED BY THE BOARD OF DIRECTORS OF DISTRIBUIDORA
INTERNACIONAL DE ALIMENTACIÓN, S.A. ON THE PROPOSED REVERSE STOCK
SPLIT, SHARE CAPITAL REDUCTION THROUGH THE REDEMPTION OF SHARES AND
AMENDMENT OF ARTICLE 5 OF THE ARTICLES OF ASSOCIATION**

In Madrid, 4 December 2024

1. Purpose of this report

The Board of Directors of the company Distribuidora Internacional de Alimentación, S.A. (the “**Company**”) has resolved, at its meeting held today, to convene an Extraordinary Shareholders’ Meeting of the Company for the purpose of approving, among other matters: (i) the grouping and cancellation of the Company’s shares for their exchange for newly issued shares (reverse stock split) in the proportion of one (1) new share for every one thousand (1,000) pre-existing shares of the Company, increasing the nominal value of the shares from 0.01 euros to 10.00 euros, without amending the Company’s share capital (the “**Reverse Split**”), and (ii) for the purposes of implementing the Reverse Split, to previously reduce the Company’s share capital by 0.79 euros through the redemption of seventy-nine (79) treasury shares, each with a nominal value of 0.01 euros, in order to balance the aforementioned exchange ratio (the “**Technical Share Capital Reduction**”) and to reduce the share capital of the Company in order to redeem the excess shares or fractions of shares of the Company that may need to be acquired by the agent bank (the “**Redemption Capital Reduction**” and, together with the Technical Share Capital Reduction, the “**Capital Reductions**” and the Capital Reductions and the Reverse Split shall be jointly referred to as the “**Transaction**”).

In order for the Transaction to be approved by the General Shareholders’ Meeting of the Company, the Board of Directors shall submit this report containing the justification of the proposed resolutions, in accordance with the provisions of Articles 286 and 318 of the Consolidated Text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010, of 2 July (the “**Spanish Companies Act**”), since the resolutions relating to the Transaction necessarily entail the amendment of Article 5 of the Articles of Association.

2. Justification of the proposal

As a result of the Transaction, it is proposed that the share capital of the Company after the Technical Share Capital Reduction is set at EUR 580,655,340 (i.e. the share capital is only reduced by an amount of EUR 0.79), and the number of shares is reduced to 58,065,534 shares.

The Board of Directors considers that the proposed Transaction would: (i) set the Company’s stock price at a price that is aligned with comparable listed companies in Spain in terms of market capitalization and with other foreign listed companies in the retail sector, (ii) help improve the Company’s market’s perception and remove any perception of being a penny stock and associated risks in order to reflect the underlying value and the successful turnaround executed by the management team in the Company’s stock, (iii) limit share volatility and reduce the possibility of sharp movements in the share price, and (iv) reduce the total number of shares of the Company in circulation.

The Reverse Split to be approved by the General Shareholders’ Meeting will multiply the nominal value of the shares without altering the Company’s share capital (beyond the Capital Reductions), affecting only the number of shares and, therefore, having the immediate effect of a proportional increase in the share price of the Company.

The proposed exchange ratio (1 new share for every 1,000 pre-existing shares) has been set in order to achieve a nominal value per Company's share which, on the one hand, allows the purposes of the Transaction (indicated above), without, on the other hand, affecting the liquidity of the share. It should be noted that the Company currently has an extraordinarily large number of shares with a very low face value.

It is noted that the Company and the Board of Directors have been independently advised by PJT Partners, as financial advisor, and Société Générale as agent bank, for the purposes of setting the exchange ratio, and Pérez-Llorca, as legal advisor.

3. Specifications of the Transaction

The proposed exchange ratio (1 new share for every 1,000 pre-existing shares) would mean that the nominal value per share would increase from 0.01 euro to 10.00 euro.

It is proposed that, once the resolutions relating to the Reverse Split, the Technical Share Capital Reduction and the consequent amendment of the Articles of Association have been duly registered with the Commercial Registry of Madrid, the Board of Directors will set the specific date on which the Reverse Split will take effect (the "**Effective Date**"). The Effective Date will be communicated to the market through the publication of the corresponding communication of other relevant information.

Those shareholders of the Company who hold a number of shares which is not a multiple of the share exchange (1,000) may, until the Effective Date, acquire or transfer the shares necessary to hold a number of shares which is a multiple of the number of shares set out in the share exchange ratio.

The shares of the shareholders of the Company who are registered as such, according to the accounting records of Iberclear and its participating entities, at the market close on the business day following the Effective Date, would be automatically exchanged for the new shares.

In the event that on the Effective Date any shareholder holds a number of shares which is not a multiple of one thousand (1,000), the excess shares or fractions of shares shall be acquired by the agent bank on behalf of the Company for simultaneous redemption (or as soon as practically possible), within the framework of the Redemption Capital Reduction referred to in section 4 below.

The Board of Directors has appointed Société Générale as the agent bank to acquire the excess shares or fractions of shares on behalf of the Company and to make the corresponding payments. The purchase price shall be the share price at the market close of the trading day immediately preceding the Effective Date, and the sale transaction shall entail no additional cost to the shareholders holding such excess shares or fractions of shares, except for any costs and brokerage fees that may be applied on to them by the respective depositary entities and/or brokers.

The purchase price of the excess shares or fractions of shares will be paid by the Company or by the agent bank on behalf of the Company to the entities participating in Iberclear in the accounts of the shareholders who have their shares in the Company deposited with such entities. Such payments are expected to be made by the agent bank on the second trading day following the Effective Date.

4. Capital reductions

In order to be able to implement the Reverse Split, it is proposed to the General Shareholders' Meeting to approve the following:

- (i) prior to the execution of the Reverse Split, the Technical Share Capital Reduction consisting of reducing the Company's share capital by the amount of 0.79 euros through the redemption of seventy-nine (79) treasury shares, each with a nominal value of 0.01 euros, given that the total

number of pre-existing shares to be grouped (58,065,534,079) is not a multiple of the number established in the proposed exchange ratio for the grouping of shares (1,000). Consequently, after the Technical Capital Reduction and immediately prior to the implementation of the Reverse Split, the share capital of the Company would be established at an amount of 580,655,340.00 euros, divided into 58,065,534,000 ordinary shares, each with a nominal value of 0.01 euros; and

- (ii) the Redemption Capital Reduction for the purposes of redeeming the excess shares or fractions of shares of the Company acquired by the agent bank on behalf of the Company through execution of the capital reduction. Such redemption shall take place simultaneously, or as soon as practically possible from the Effective Date, in the amount ultimately required to redeem the excess shares or fractions of shares acquired by the agent bank.

Pursuant to the provisions of article 335 c) of the Spanish Companies Act, the Company would set aside a restricted reserve for an amount equal to the nominal value of the shares redeemed in the Capital Reductions, which may only be disposed under the same conditions as those required for the reduction of share capital, pursuant to the provisions of article 335 c) of the Capital Companies Act. Consequently, in accordance with the provisions of said article, the creditor's right to oppose to the transaction referred to in article 334 of the Spanish Companies Act, would not apply.

The Capital Reductions covered by this report shall be implemented within a maximum period of one (1) year from, if applicable, the date of their approval by the General Shareholders' Meeting.

5. Delegation to the Board of Directors

It is proposed to delegate to the Board of Directors, with express authority to delegate to the Chairman, Secretary or Vice-secretary of the Board of Directors, the authorities to (i) execute the proposed resolutions within a period of one (1) year and to fix all the conditions of the Transaction within the limits established by the General Shareholders' Meeting, including in particular, (a) setting the Effective Date, and (b) the final amount of the Redemption Capital Reduction, once the excess shares or fractions of shares have been acquired by the agent bank, or (ii) if applicable, the decision not to execute the proposed resolutions if the Board of Directors, in a reasoned manner, understands that it could be detrimental or contrary to the Company's interest, in which case it shall disclose to the market as a communication of inside information or other relevant information.

It is also proposed to delegate to the Board of Directors, with express authority to delegate to the Chairman, Secretary or Vice-secretary of the Board of Directors, the performance of all acts necessary for the purposes of complying with the requirements in accordance with applicable laws (i) to apply for trading the new shares on the Madrid, Barcelona, Bilbao and Valencia Stock of Exchange through the Automated Quotation System (*Sistema de Interconexión Bursátil*), and for registration thereof with *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.* (Iberclear), and simultaneously cancellation of the existing shares, and (ii) to consider the Reverse Split and the Capital Reductions duly executed and implemented and, as such, to amend Article 5 of the Articles of Association of the Company accordingly.

6. Amendment of Article 5 of the Articles of Association

In the event that the General Shareholders' Meeting of the Company approves the Reverse Split and the Technical Share Capital Reduction in accordance with the terms envisaged in this report, Article 5 of the Company's Articles of Association shall be redrafted as follows:

“Article 5.- Capital stock

1. *The capital stock amounts to FIVE HUNDRED AND EIGHTY MILLION SIX HUNDRED AND FIFTY-FIVE THOUSAND THREE HUNDRED AND FORTY EUROS (580,655,340.00 euros) and is fully subscribed and paid up.*

2. *The capital stock consists of FIFTY-EIGHT MILLION SIXTY-FIVE THOUSAND FIVE HUNDRED AND THIRTY-FOUR (58,065,534) shares, with a face value each of ten euros (10.00 euros), belonging to the same class and series.”.*

Following the implementation of the Redemption Capital Reduction, Article 5 of the Company’s Articles of Association relating to share capital will be amended to reflect the new share capital and the total number of Company’s shares after the redemption of the excess shares or the fractions of shares acquired by the agent bank to comply with the proposed resolution.

7. Full text of the proposed resolution to the General Shareholders’ Meeting

The resolution that the Board of Directors proposes for the approval of the General Shareholders’ Meeting is transcribed below:

“Approval of the reverse split of the Company’s shares. Grouping and cancellation of the shares into which the Company’s share capital is divided at the time when this resolution is implemented, for the exchange of the existing shares for new shares, in the ratio of one (1) new share for every one thousand (1,000) pre-existing shares, increasing the nominal value of each share from EUR 0.01 to EUR 10.00. Capital reductions resulting from the grouping and cancellation of shares. Amendment of Article 5 of the Articles of Association. Delegation of powers.

1. Grouping of shares

It is resolved to group and cancel all the shares into which the Company’s share capital is divided at the time when this resolution is implemented, for the exchange of the existing shares for new shares, in the ratio of one (1) new share for every one thousand (1,000) pre-existing shares, increasing the nominal value of each share from EUR 0.01 to EUR 10.00, without affecting the total amount of the Company’s share capital.

*The new shares issued and put into circulation will be ordinary shares, represented by book entries, corresponding to the accounting entries in Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (“**Iberclear**”) and its participating entities.*

The new shares will be of the same series and class and will have the same economic and voting rights as the existing shares, in proportion to their nominal value.

1.1. Effective date and exchange ratio

The execution of the reverse stock split and the amendment of the Articles of Association shall be made public through announcements in the Official Gazette of the Commercial Registry, on the Company’s website and in the Spanish Stock Exchanges.

*The exchange of the shares will take effect on a date to be determined by the Board of Directors (“**Effective Date**”) after the reverse stock split resolution and the amendment to the Articles of Association have been registered with the Commercial Registry. The Effective Date will be made public through the publication of the relevant communication of inside information or other relevant information.*

Any shareholders of the Company registered as such with Iberclear and its participating entities on the trading day following the Effective Date, shall have the right to receive one (1) new share for every one thousand (1,000) old shares. This exchange shall proceed automatically. The new shares will be delivered to the shareholders on the second trading day following the Effective Date.

The exchange of shares shall further proceed pursuant to the procedures established for securities in book-entry form, through the relevant participating entities, in accordance with the instructions issued by Iberclear and by the agent bank.

1.2. Treatment of fractions of shares

Those shareholders who, after applying the exchange ratio resulting from the reverse stock split, hold a number of shares which is not a multiple of one thousand (1,000) may acquire or transfer the necessary shares in the Company to complete a number of shares which is a multiple of the exchange ratio (1,000) in the shares and make the corresponding payments.

In the event that, as described above, on the trading day following the Effective Date any shareholder still holds a number of shares which is not a multiple of one thousand (1,000), the excess shares shall be acquired by an agent bank engaged by the Company, on behalf of the Company, for immediate redemption in execution of the share capital reduction provided for in section 4 below.

The purchase price shall be the share price at the market close of the trading day immediately preceding the Effective Date, and the sale transaction shall entail no additional cost to the shareholders holding such excess shares or fractions of shares, except for any costs and brokerage fees that may be applied on to them by the respective depositary entities and/or brokers.

The amount corresponding to the purchase of the excess shares will be paid by the agent bank to the entities participating in Iberclear in the accounts of the shareholders who have their shares in the Company deposited with such entities. Such payment is expected to be made by the agent bank on the second trading day following the Effective Date.

The shares acquired by the agent bank will be redeemed by the Company as part of the capital reduction described in section 4 below, simultaneously (or as soon as practically possible) after their acquisition by the agent bank.

1.3. Application for admission to trading

It is resolved to request that, following registration with the Commercial Registry of the notarial deed regarding the reverse stock split and the amendment to Articles of Association, the old shares and the new shares to be simultaneously excluded and admitted, respectively, from and to trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, where the security is currently listed, on the Spanish Automated Quotation System (Sistema de Interconexión Bursátil), as well as to carry out any actions and complete any procedures before the relevant regulatory bodies required to have any new shares issued as a result of the foregoing resolution admitted to trading.

It is expressly stated that the Company is subject to the rules that exist or may be issued in relation to the Stock Exchange and, in particular, on trading, continued listing and delisting. For these purposes, it is hereby stated that pursuant to articles 1.4.e) and 1.5.d) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to

be published when securities are offered to the public or admitted to trading on a regulated market, the obligation to publish a prospectus does not apply, as the new shares are issued in replacement of shares of the same class already issued and this does not entail any increase in the share capital issued.

2. Technical share capital reduction

Prior to the execution of the reverse stock split referred to in section 1 of this resolution, it is resolved to reduce the share capital of the Company by the amount of 0.79 euros through the redemption of seventy-nine (79) treasury shares, each with a nominal value of 0.01 euros.

The purpose of the capital reduction is to enable the number of shares to be adjusted in order to be able to carry out the reverse stock split in accordance with section 1 above of this resolution, so that the total number of pre-existing shares to be grouped is a multiple of that established in the exchange ratio, i.e. one thousand (1,000).

Pursuant to the provisions of article 335 c) of the Spanish Companies Act, the Company shall set aside a restricted reserve for an amount equal to the nominal value of the shares redeemed in the Capital Reductions, which may only be disposed under the same conditions as those required for the reduction of share capital, pursuant to the provisions of article 335 c) of the Capital Companies Act. Consequently, in accordance with the provisions of said article, the creditor's right to oppose to the transaction referred to in article 334 of the Spanish Companies Act shall not apply.

Following the capital reduction and immediately before the shares are grouped, in accordance with section 1 above of this resolution, the share capital is set at 580,655,340.00 euros, divided into 58,065,534,000 ordinary shares, with a nominal value of 0.01 euros each.

The capital reduction shall in any case be implemented within one (1) year from the date of this resolution.

3. Amendment of Article 5 of the Articles of Association

Following the capital reduction provided for in section 2 above and the reverse stock split to be approved by this resolution, Article 5 of the Company's Articles of Association relating to share capital shall be amended accordingly, in order to adjust its content to the new nominal value and number of shares of the Company. The new wording of the article shall be as follows:

“Article 5.- Capital stock

1. The capital stock amounts to FIVE HUNDRED AND EIGHTY MILLION SIX HUNDRED AND FIFTY-FIVE THOUSAND THREE HUNDRED AND FORTY EUROS (580,655,340.00 euros) and is fully subscribed and paid up.

2. The capital stock consists of FIFTY-EIGHT MILLION SIXTY-FIVE THOUSAND FIVE HUNDRED AND THIRTY-FOUR (58,065,534) shares, with a face value each of ten euros (10.00 euros), belonging to the same class and series.”.

4. Reduction of share capital to redeem fractions of shares

Simultaneously or, as soon as practically possible after the acquisition by the agent bank of the excess shares or fractions of shares resulting from the reverse stock split referred to in section 1.2 above, (acquired in execution of the resolution approving the share capital reduction), it is resolved to reduce the share capital of the Company by redeeming the shares of the Company acquired by the agent bank. Since it is not possible at this time to determine the exact amount of such capital reduction or the number

of shares that may need to be redeemed, it is resolved to delegate the determination of this matter to the Board of Directors, following the aforementioned acquisition by the agent bank.

The purpose of the capital reduction is to redeem the shares acquired by the agent bank in execution of this capital reduction resolution.

Pursuant to the provisions of article 335 c) of the Spanish Companies Act, the Company shall set aside a restricted reserve for an amount equal to the face value of the shares redeemed in the Capital Reductions, which may only be disposed under the same conditions as those required for the reduction of share capital, pursuant to the provisions of article 335 c) of the Capital Companies Act. Consequently, in accordance with the provisions of said article, the creditor's right to oppose to the transaction referred to in article 334 of the Spanish Companies Act shall not apply.

The Capital Reductions covered by this report shall be implemented within a maximum period of one (1) year from, if applicable, the date of their approval by the General Shareholders' Meeting.

5. Delegation of powers

It is resolved to delegate to the Board of Directors, as broadly as is legally appropriate, with express powers to delegate to the Chairman, Secretary or Vice-secretary of the Board of Directors, the authorities to (i) execute the proposed resolutions within a period of one (1) year and to fix all the conditions of the transaction within the limits established by the General Shareholders' Meeting, including in particular, (a) setting the Effective Date, and (b) the final amount of the redemption share capital reduction, once the excess shares or fractions of shares have been acquired by the agent bank, or (c) if applicable, the decision not to execute the proposed resolutions if the Board of Directors, in a reasoned manner, understands that it could be detrimental or contrary to the interest of the Company, in which case it shall communicate this as a communication of inside information or other relevant information to the market; and (ii) without prejudice to any delegations or authorisations already existing, the power to carry out all actions and formalities that may be necessary or merely convenient to achieve the execution and successful completion of the reverse stock split, the increase in the nominal value thereof and the capital reductions, and in particular, by way of example, the following:

- (a) draft, notify and manage any documents, publications or certifications required in connection with the reverse stock split and the capital reductions;*
- (b) to amend article 5 of the Company's Articles of Association, relating to share capital, in accordance with the outcome of the reverse stock split and the capital reductions;*
- (c) take all the necessary steps to ensure that the new shares are registered in Iberclear's accounting records in accordance with the procedures established by law;*
- (d) to process, at such time as it deems appropriate, the application and management before the CNMV, the governing bodies of the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, the Sociedad de Bolsas, Iberclear and any other public or private, national or foreign body, entity or registry, for the admission to trading of all the shares comprising the share capital on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges, as well as the trading thereof on the Spanish Automated Quotation System and the simultaneous elimination of the old shares, as well as to carry out such formalities, actions or declarations as may be necessary or appropriate for the purposes, among others, of obtaining authorisation, verification and admission to trading of the shares;*
- (e) draft and publish any announcements in connection with the grouping of shares and capital reductions that may be necessary or desirable, including notices of inside information or other*

relevant information, announcement in the Official Gazette of the Commercial Registry, announcement on the Company's website, announcements in the press or in the Spanish Stock Exchanges;

- (f) to take such actions as may be necessary or advisable to execute and formalise the grouping of shares and the capital reductions before any public or private, Spanish or foreign, entities and bodies, including to make good any defects, errors or omissions that could prevent or hinder the full effectiveness of the foregoing resolutions;*
- (g) determine, where appropriate, the entities to be involved in the process by coordinating the operation and, in general, all the criteria to be followed in the process;*
- (h) draft and enter into such commitments, agreements, contracts or any other documents, on such terms as they deem appropriate, with any entity related in any way to the operation;*
- (i) to execute such public and private documents as may be appropriate for the total or partial implementation of the reverse stock split and the capital reductions and the power to carry out such acts as may be appropriate in relation to the foregoing resolutions in order to register them in the Commercial Registry, including, in particular, and among other authorities, to appear before the Notary Public to formalize whatever public and private documents are necessary or useful and, in particular, to make good, clarify, interpret, complete or specify, if necessary, the resolutions adopted that may be necessary or appropriate until full registration of the resolutions adopted by the General Shareholders' Meeting is achieved, without the need for a new resolution;*
- (j) carry out any payments in connection with the reverse stock split, as well as the payment of any expenses or fees, in particular those relating to the registration of the reverse stock split and the capital reductions in the Commercial Registry, the fees of the agent bank and the intervening lawyers, as well as any taxes or other expenses arising in connection with the reverse stock split and the capital reductions; and*
- (k) in general, the authority to carry out such acts and sign such public or private documents as may be necessary or advisable in the opinion of the Board of Directors or whoever may have received, as the case may be, its delegation, for the full effectiveness and fulfilment of the foregoing resolutions”.*

Las Rozas, Madrid 4 December 2024