

Western Gate Private Investments Limited

Western Gate once again calls for a board member that safeguards the independence of the board and interests of minority shareholders

Western Gate Private Investments Limited ("Western Gate"), holder of 2.18% of DIA's share capital, wishes to comment on the evolution of share price driven by poor governance at the board level and lack of transparency.

Western Gate has been pushing the board to defend minority shareholders' interests, foster independence and widen the Board's skill matrix since September 2019 (see publication dated 3/09/2019), when the board put forward a resolution, which was subsequently approved at the AGM, that the board should be reduced from 10 to 8 members. As acknowledged at the time by Western Gate, being Letterone the majority shareholder, it has the right to appoint some proprietary directors, however this should not give this Company the right to ignore and disregard minority shareholders – especially the ones that have supported DIA through two capital increases.

It is adequate to note that the operational performance of the company is consistently improving since 2021. However, since the last capital increase in the summer of 2021, at which time the financial stability of the Company was restored, the stock price has fallen 35%, signalling the Companies poor governance and its inability to increase market value.

This lack of transparency and unwillingness to reinforce governance was evidenced most recently in a series of events that will be described below.

In early September 2023, Western Gate met with Chairman of the Board of Dia and with a representative of Letterone to discuss the possibility of filling the vacant seat at the Board with an independent director that would defend the interests of minority shareholders and bring some balance to the board.

Western Gate then received a formal letter from DIA on 3 October 2023 stating that they would consider Mr Luis Amaral as a potential board member and that he would be included in the organised selection process that would consider the skills matrix and profiles of candidates. The letter stated that the nomination committee would get back to Western Gate on the process.

On 19 January, DIA published that Letterone had appointed a new proprietary director (not independent). By this time, Western Gate had not received any updates. A call was then held on 23 January with the Chairman of the Board of DIA, in which it was informed that DIA was

still analysing the candidates and that it was their aim to have a face-to-face meeting with Mr Amaral in March 2024.

The meeting took place on 13 March with, where the Board and Nominations Representatives stated that DIA had a balanced board and therefore, they would not consider Mr Amaral to be proposed to be included at the Board.

Western Gate was surprised at this outcome for two reasons:

1. Mr Amaral, having built two of the top 5 largest retail companies in Poland, would significantly improve the skills matrix of the Board in the following categories: Vision, Strategy, Retail, FMCG, Entrepreneurship and Growth. Mr Amaral has won awards such as “Personality in the retail business for the last 30 years”; Forbes Business leader of the year; Forbes Player of the Year in Consumer Goods and Retail. It is difficult to envisage how Mr. Amaral would not contribute to a more balanced and skilled Board.
2. It was never explained why the Board did propose someone for the vacancy at the Board before even having interviewed or requested any information from Mr Amaral, knowing of his interest to contribute as a Board member of DIA.

This outcome eloquently evidences that the Board of Dia has no intention of increasing transparency, to take into consideration minority shareholder interests and finally no intention to enhance the skills and experience of the Boardroom.

Best practices of corporate governance indicate that the board should strive for the best possible combination of members possible in order to provide advice and drive value for all stakeholders – Mr Amaral would most certainly add value to the board. Best practice also indicates that the board should envisage to maintain a significant independent presence but also consider the equity capital division. In this case, Western Gate has 10% of the company's free float, which is another case for Mr Amaral to be included on the board.

The Company is improving operationally; however the share price and market value does not reflect any such improvement due to what Western Gate considers to be its lack of transparency, and the strategy driven by the majority shareholder Letterone. It seems to Western Gate that Letterone is not interested in ensuring that the market value of the Company corresponds to the improvements in the operation, but on the other hand, does seem interested in keeping a closed board without outside input.

Western Gate calls on the board to answer the following question: What is the board going to do to increase liquidity, transparency, and the market value of the Company?

1 April 2024