

11 September 2024

DIA's minority shareholders launch campaign urging DIA's Board to better represent their interests

- Minority shareholders at DIA form Coalition to urge DIA to act in the best interests of all shareholders
- DIA's share price has been in freefall since 2019
- Minority shareholders are seriously concerned about DIA's lack of engagement with the market and the detrimental effect this has had on the Company's valuation
- DIA has repeatedly rejected offers to collaborate, raise its profile in the market and build positive momentum around the business
- Coalition is calling for the appointment of a Board member with relevant and recent sector experience to represent minority shareholder interests
- Coalition urges DIA to align Board and executive compensation with share price performance
- Link to website: www.valuingdia.com

The Coalition ("Coalition") is a group of supportive minority shareholders in Distribuidora Internacional De Alimentación, S.A. ("DIA" or "the Company"), led by Western Gate, that have serious concerns about DIA's lack of stakeholder engagement and the damaging effect this has had on the Company.

Since LetterOne, DIA's majority shareholder, increased its stake to 74.8% in 2019, DIA's market valuation has been in freefall, and the stock remains materially undervalued. In recent years DIA has gone through a significant transformation; the management team have focused on the core convenience store business and the sale of non-strategic assets. DIA is finally in a position of strength, and recent financial results show market improvements in all of its core markets. Despite this positive performance, the Company has made little effort to communicate progress to potential investors, analysts and the broader market.

The Coalition of minority shareholders cannot understand why DIA, and its Board, which is chaired by LetterOne's representative, would not want to proactively promote DIA's turnaround to the market. Minority shareholders have repeatedly asked for greater engagement, most recently at the ordinary General Meeting of shareholders on 28th June 2024. Such appeals have been ignored and, as a result, the Company remains significantly undervalued. In terms of operational performance, DIA is converging on its competitors, but its share price does not reflect this, signifying that the market does not recognise the Company's turnaround. As a Coalition, the participating minority shareholders are urging DIA to act in the interests of all stakeholders and promote its turnaround to the wider market.

Shareholders have formally expressed concerns to the Board regarding governance, transparency, and advocating for the protection of all shareholders. The current Board of Directors has only two members with experience in retail, and no Board member has worked in the food retail sector for more than ten years. Furthermore, none of the Board members have any experience in proximity food retail in Europe, which is DIA's principal business model. The Coalition is seeking the appointment of a Board member with relevant, recent sector experience to represent minority shareholder interests. Additionally, the Board members' interests are not aligned with those of shareholders and the Coalition urges DIA to properly incentivise its Board by aligning Board and executive total compensation with share price performance. The members of the Coalition remain fully independent shareholders, without any commitments on how to vote.

During a meeting on 4 June between DIA's investor relations team and other investors, including Western Gate, it was discussed that LetterOne should consider selling some of its stake in DIA to increase market liquidity. The Coalition are highly supportive of this idea and encourage LetterOne to do so as soon as possible as they believe limited liquidity, due to LetterOne's large holding in the Company, is a contributing factor to DIA's low market valuation.

Members of the Coalition are long-standing and supportive shareholders of DIA and firmly believe in the capabilities of the employees and the wider organisation, however the Company's lack of engagement with investors has left its members seriously concerned about DIA's position in the market.

The Coalition aims to improve transparency, raise awareness of DIA's significant potential and build positive momentum for the Company's future.

This group urges other minority shareholders who believe in DIA's potential to join them in advocating for greater transparency and value creation for all stakeholders. More details on the Coalition and its aims can be found at: www.valuingdia.com

Luís Amaral, Western Gate

"We are frustrated that DIA's Board of Directors has repeatedly rejected offers from Western Gate to work together to better promote the Company's successful turnaround. As a Coalition, we call for DIA's Board to act in the interests of all stakeholders and not just the majority shareholder. The Board requires more experienced and relevant sector expertise, and closer alignment with minority shareholder interests. The Board's unwillingness to address its shortcomings has had a detrimental effect on the Company's perception in the market and it is time for the Company to change."

-ENDS-

Notes to editors:

About Western Gate

Western Gate Private Investments Limited is an investment branch belonging to the Family Office of Luis Amaral and invests in private and listed companies principally in the retail and consumer goods sector.

About the Coalition

The Coalition, led by Western Gate, is a group of independent shareholders, without any commitments on how to vote, who are seriously concerned about DIA's languishing share price and a lack of action from DIA's Board to address the fact that the Company is woefully undervalued vs. its peers. The Coalition is calling for the Board to act in the interests of all stakeholders and not just the majority shareholder by taking steps to better engage with the market and appoint an independent Board member with expertise directly relevant to DIA's business model, to represent minority shareholders.

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