Auditor's Report on Eroski, S. Coop. and Subsidiaries

(Together with the consolidated annual accounts and consolidated directors' report of Eroski, S. Coop. and subsidiaries for the year ended 31 January 2022)

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores, S.L.
Torre Iberdrola
Plaza Euskadi, 5
Planta 17
48009 Bilbao

Independent Auditor's Report on the Consolidated Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Members of Eroski, S. Coop.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of Eroski, S. Coop. (the Parent) and subsidiaries (the Group), which comprise the consolidated statement of financial position at 31 January 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 January 2022 and of its consolidated 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 of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverable amount of goodwill (Euros 818,411 thousand)

See notes 8 and 9 to the consolidated annual accounts

Key Audit Matter	*How the Matter was Addressed in Our Audit*
At each reporting date the Group estimates the recoverable amount of goodwill, regardless of whether or not there are indications of impairment. The recoverable amount is determined considering the value in use of the cash-generating units, as applicable. To estimate this amount, the Group used valuation techniques that require the Directors and management to exercise judgement and make assumptions and estimates. Due to the high level of judgement, the uncertainty associated with these estimates and the significance of the carrying amount of the goodwill has been considered a key matter of our audit.	Our audit procedures included the following: - assessing the design and implementation of the key controls relating to the process of estimating the recoverable amount of goodwill, - evaluating the methodology and assumptions used to estimate the recoverable amount using the value in use method based on discounted cash flows at cash-generating unit level, with the involvement of our valuation specialists to evaluate the adequacy of the discount rates used and the long-term growth rates, - comparing the cash flow forecasts estimated in prior years with the actual cash flows obtained, - assessing the sensitivity of certain assumptions to changes that are considered reasonable, - contrasting the information contained in the model used to calculate the recoverable amount with the Group's business plans approved by the Directors. We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

Recoverability of deferred tax assets (Euros 92,664 thousand)
See note 14 to the consolidated annual accounts

Key Audit Matter	*How the Matter was Addressed in Our Audit*
At 31 January 2022 the Group recognised deferred tax assets totalling Euros 92,664 thousand, mainly corresponding to the recognition of the tax effect of tax loss carryforwards and unused deductions. The recognition of deferred tax assets entails a high level of judgement by management and the Directors in assessing the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and tax planning opportunities. Due to the significance of the amount of deferred tax assets and the uncertainty associated with their recoverability, this has been considered a key audit matter.	Our audit procedures included the following: - assessing the design and implementation of the controls over the recognition and valuation of deferred tax assets, - contrasting the tax bases estimated in prior years with the actual tax bases obtained, - contrasting the information contained in the model used to estimate future taxable profit with the Group's business plans approved by the Directors, - assessing the sensitivity of certain assumptions to changes that are considered reasonable. We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

Other Information: Consolidated Directors' Report

Other information solely comprises the 2021 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility regarding the information contained in the consolidated directors' report is defined in the legislation regulating the audit of accounts, as follows:

a) Determine, solely, whether the consolidated non-financial information statement has been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.

b) Assess and report on the consistency of the rest of the information included in the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual accounts. Also, assess and report on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2021, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, 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 have no realistic alternative but to do so.

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 legislation regulating the audit of accounts 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 annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated annual accounts, 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 Parent's Directors' use 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 annual accounts 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 auditor's 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 annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

– 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 annual accounts. 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 planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

We also provide the Parent's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding 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 to the audit committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which 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 LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

We have examined the digital files of Eroski, S. Coop. and its subsidiaries for 2021 in European Single Electronic Format (ESEF), which comprise the XHTML file that includes the consolidated annual accounts for the aforementioned year and the XBRL files tagged by the Parent, which will form part of the annual financial report.

The Directors of Eroski, S. Coop. are responsible for the presentation of the 2021 annual financial report in accordance with the format and mark-up requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the “ESEF Regulation”).

Our responsibility consists of examining the digital files prepared by the Directors of the Parent, in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we plan and perform our audit procedures to determine whether the content of the consolidated annual accounts included in the aforementioned digital files fully corresponds to the consolidated annual accounts we have audited, and whether the consolidated annual accounts and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined fully correspond to the audited consolidated annual accounts, and these are presented and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

Additional Report to the Audit Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated 3 May 2022.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Contract Period

We were appointed as auditor of the Group by the members at the ordinary general assembly held on 16 June 2021 for a period of one year, beginning 1 February 2021.

Previously, we were appointed for a period of one year, by consensus of the members at their ordinary general assembly, and have been auditing the annual accounts since the year ended 31 January 1999.

KPMG Auditores, S.L.
On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

On the Spanish Official Register of Auditors ("ROAC") with No. 23,079

Eroski, S. Coop. and Subsidiaries

(Consolidated annual accounts and consolidated directors' report for the year ended 31 January 2022)

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

EROSKI, S. COOP. AND SUBSIDIARIES

Consolidated Statement of Financial Position

31 January 2022

(Expressed in thousands of Euros)

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

Assets	Note	31.01.22	31.01.21
Property, plant and equipment	6	737,192	709,758
Investment property	7	32,171	35,868
Rights of use	10	1,227,611	1,336,486
Goodwill and other intangible assets	8	845,326	885,280
Equity-accounted investees	11	6,315	6,094
Trade and other receivables	13	4,405	3,632
Financial assets	12	178,667	198,343
Deferred tax assets	14	284,799	336,915
Uncalled members' contributions		536	533
Total non-current assets		3,317,022	3,512,909
Inventories	15	368,275	380,697
Financial assets	12	10,713	34,799
Trade and other receivables	13	158,855	146,890
Current income tax assets		2,589	2,983
Unpaid calls on members' contributions	16	2,248	2,061
Cash and cash equivalents		213,359	317,563
Non-current assets held for sale	5	3,385	3,385
Total current assets		759,424	888,378
Total assets		4,076,446	4,401,287

Equity	Note	31.01.22	31.01.21
Capital	16	331,563	334,455
Share premium		3,808	3,808
Capitalised funds	16	95,525	95,525
Other comprehensive income		24,591	22,713
Retained earnings	16	(340,130)	(394,235)
Interim dividend	16	(2,147)	(2,408)
Equity attributable to equity holders of the Parent		113,210	59,858
Non-controlling interests		312,711	59,392
Total equity		425,921	119,250
Liabilities			
Financial liabilities	17	2,286,496	2,580,810
Government grants		2	4
Provisions	22	20,837	21,373
Other non-current liabilities	19	14,754	27,890
Deferred tax liabilities	14	196,092	212,803
Total non-current liabilities		2,518,181	2,842,880
Financial liabilities	17	139,071	359,106
Trade and other payables	19	989,088	1,072,284
Current income tax liabilities		4,185	7,767
Total current liabilities		1,132,344	1,439,157
Total liabilities		3,650,525	4,282,037
Total equity and liabilities		4,076,446	4,401,287

The accompanying notes form an integral part of the consolidated annual accounts.

EROSKI, S. COOP. AND SUBSIDIARIES

Consolidated Income Statement
for the year ended
31 January 2022

(Expressed in thousands of Euros)

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

	Note	31.01.22	31.01.21
Continuing operations			
Revenue	4	4,541,380	4,807,439
Other income	24	252,033	249,577
Raw materials and other consumables used	15	(3,295,186)	(3,498,119)
Personnel expenses	26	(655,849)	(673,810)
Amortisation and depreciation	6, 7, 8 & 10	(220,529)	(224,195)
Impairment of non-current assets	6, 7 & 8	(49,332)	(195,423)
Other expenses	25	(450,955)	(412,022)
Profit/(loss) before finance items and taxes		121,562	53,447
Finance income	27	149,407	6,461
Finance costs	27	(116,260)	(110,964)
Share of profit/(loss) of equity-accounted investees	11	221	233
Profit/(loss) before tax from continuing operations		154,930	(50,823)
Income tax expense	14	(50,316)	(26,740)
Profit/(loss) from continuing operations		104,614	(77,563)
Profit/(loss) from discontinued operations		-	-
Profit/(loss) for the year		**104,614**	**(77,563)**
Profit/(loss) for the year attributable to equity holders of the Parent			
Continuing operations	16	107,719	(96,457)
Discontinued operations		-	-
		107,719	(96,457)
Profit/(loss) for the year attributable to non-controlling interests			
Continuing operations		(3,105)	18,894
Discontinued operations		-	-
		(3,105)	18,894

The accompanying notes form an integral part of the consolidated annual accounts.

EROSKI, S. COOP.
AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income
for the year ended
31 January 2022

(Expressed in thousands of Euros)

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

	31.01.22	31.01.21
Profit/(loss) for the year	104,614	(77,563)
Other Comprehensive Income:		
Items to be reclassified in profit or loss		
Gains/(losses) on equity instruments at fair value through other comprehensive income	1,882	2,270
Tax effect	-	-
Share of net income/(expense) recognised in equity of equity-accounted investees	-	(50)
Other comprehensive income	1,882	2,220
Total comprehensive income for the year	**106,496**	**(75,343)**
Total comprehensive income attributable to:		
Equity holders of the Parent	109,597	(94,237)
Non-controlling interests	(3,101)	18,894

The accompanying notes form an integral part of the consolidated annual accounts.

EROSKI, S. COOP.
AND SUBSIDIARIES

Consolidated Statement of Changes in Equity
for the year ended
31 January 2022

(Expressed in thousands of Euros)

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

	Equity attributable to equity holders of the Parent									
	Capital	Share premium	Capitalised Funds	Capitalised funds acquired	Available-for-sale financial assets	Retained earnings	Interim dividend	Total	Non-controlling interests	Total equity
Balance at 31 January 2021	**334,455**	**3,808**	**125,372**	**(29,847)**	**22,713**	**(394,235)**	**(2,408)**	**59,858**	**59,392**	**119,250**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**1,878**	**107,719**	**-**	**109,597**	**(3,101)**	**106,496**
Distribution of profit										
Patronage returns										
Capitalised	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(2,408)	2,408	-	-	-
New contributions	2,234	-	-	-	-	499	-	2,733	-	2,733
Withdrawal of members	-	-	-	-	-	-	-	-	(585)	(585)
Change in investments in entities (note 1)	-	-	-	-	-	(56,899)	-	(56,899)	256,899	200,000
Transfers	(5,126)	-	-	-	-	5,126	-	-	-	-
Interim dividend	-	-	-	-	-	-	(2,147)	(2,147)	-	(2,147)
Other movements	-	-	-	-	-	68	-	68	106	174
Balance at 31 January 2022	**331,563**	**3,808**	**125,372**	**(29,847)**	**24,591**	**(340,130)**	**(2,147)**	**113,210**	**312,711**	**425,921**

The accompanying notes form an integral part of the consolidated annual accounts.

EROSKI, S. COOP.
AND SUBSIDIARIES

Consolidated Statement of Changes in Equity
for the year ended
31 January 2021

(Expressed in thousands of Euros)

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

	Equity attributable to equity holders of the Parent										
					Other comprehensive income						
	Capital	Share premium	Capitalised Funds	Capitalised funds acquired	Available-for-sale financial assets	Exchange differences	Retained earnings	Interim dividend	Total	Non-controlling interests	Total equity
Balance at 31 January 2020	**344,654**	**3,808**	**125,372**	**(29,847)**	**20,443**	**50**	**(293,031)**	**(2,584)**	**168,865**	**60,277**	**229,142**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**2,270**	**(50)**	**(96,457)**	**-**	**(94,237)**	**18,894**	**(75,343)**
Distribution of profit											
Patronage returns											
Capitalised	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(2,584)	2,584	-	-	-
New contributions	562	-	-	-	-	-	72	-	634	-	634
Withdrawal of members	(10,110)	-	-	-	-	-	(2,553)	-	(12,663)	(446)	(13,109)
Transfers	(651)	-	-	-	-	-	651	-	-	-	-
Interim dividend	-	-	-	-	-	-	-	(2,408)	(2,408)	(19,300)	(21,708)
Other movements	-	-	-	-	-	-	(333)	-	(333)	(33)	(366)
Balance at 31 January 2021	**334,455**	**3,808**	**125,372**	**(29,847)**	**22,713**	**-**	**(394,235)**	**(2,408)**	**59,858**	**59,392**	**119,250**

The accompanying notes form an integral part of the consolidated annual accounts.

EROSKI, S. COOP.
AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(Indirect method)
for the years ended
31 January 2022 and 2021

(Expressed in thousands of Euros)

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

	Note	31.01.22	31.01.21
Cash flows from operating activities			
Profit/(loss) for the year before tax		154,930	(50,823)
Adjustments for:			
Amortisation and depreciation	6, 7, 8 & 10	220,529	224,195
Impairment/impairment reversals	5,6,7 & 8	63,085	213,153
Change in provisions		1,227	2,499
Finance income		(149,398)	(6,429)
Exchange (gains)/losses		(9)	48
Finance costs		90,629	98,475
Share of profit/(loss) of equity-accounted investees	11	(222)	(233)
Losses on sale of property, plant and equipment, investment property, and other intangible assets		14,582	2,292
Proceeds from disposals of financial instruments		6,304	53
(Profit)/loss from non-current assets held for sale		-	1,248
Grants recognised in the income statement		(962)	(894)
		400,695	**483,584**
Change in operating assets and liabilities			
Increase/decrease in trade and other receivables		(18,036)	1,947
Increase/decrease in inventories		18,164	9,325
Increase/decrease in trade and other payables		(87,950)	56,715
Increase/decrease in provisions		(224)	(151)
Increase/decrease in other non-current assets and liabilities		(103)	631
Cash flows from operating activities		**312,546**	**552,051**
Income tax received/(paid)		(14,566)	(13,875)
Net cash from operating activities		**297,980**	**538,176**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		2,374	51,002
Proceeds from sale of intangible assets		7	43
Proceeds from sale of investment property		-	2,844
Proceeds from sale of non-current assets held for sale		9,911	12,764
Proceeds from sale of financial assets		16,555	35,478
Dividends received		213	205
Interest received		2,418	3,584
Proceeds from divestments in associates and joint ventures		-	7,092
Acquisition of property, plant and equipment		(123,155)	(97,628)
Acquisition of intangible assets		(6,983)	(14,802)
Acquisition of investment property		(10)	(148)
Payments for investments in associates and joint ventures		(1,452)	-
Acquisition of other financial assets		(1,057)	(2,600)
Net cash used in investing activities		**(101,179)**	**(2,166)**
Cash flows from financing activities			
From issue of capital		2,546	1,259
Redemption of own shares and other own equity instruments		(13,534)	(13,434)
Proceeds from sale of investments to non-controlling interests	1	200,000	-
From grants		834	452
From other financial liabilities	17	25	33,257
Repayment of bonds and other marketable securities		-	(10)
Repayment of loans and borrowings	17	(283,798)	(136,724)
Repayment of other financial liabilities		(4,643)	(2,871)
Repayment of lease liabilities	10	(130,297)	(129,735)
Interest paid	10	(67,583)	(80,458)
Dividends paid		(4,555)	(19,300)
Net cash used in financing activities		**(301,005)**	**(347,564)**
Net increase/(decrease) in cash and cash equivalents		(104,204)	188,446
Cash and cash equivalents at 1 February		317,563	129,717
Cash and cash equivalents at 31 January		**213,359**	**317,563**

The accompanying notes form an integral part of the consolidated annual accounts.

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

(1) Nature, Activities and Composition of the Group

Eroski, S. Coop. (hereinafter the Company or Eroski), Parent of the Eroski Group (hereinafter the Group or the Eroski Group), was incorporated under Spanish law on 11 August 1969. Its registered address is Barrio San Agustín, s/n with postcode 48230 in Elorrio (Vizcaya), Spain. Eroski, S. Coop. is the parent of the Group and a specially-protected cooperative. Eroski, S. Coop., is also the ultimate controller of the Group.

Since the end of the prior year, 31 January 2021, Eroski, S. Coop. has not made any modifications to its name.

The statutory activity of the Company, carried out in Spain, consists of obtaining goods and services for members and their immediate families under the best possible conditions of quality, information and price. These goods and services may be produced by the Company or acquired from third parties, and be grouped as follows:

a) Supplies of consumer goods, clothing, furniture and other household goods.

b) Sundry services, such as restaurants, transport, hospitalisation and others.

c) Cultural supplies, services and activities.

The Company also carries out activities to promote and defend the legitimate interests of consumers and to foster job creation, and has created a cooperative labour organisation for such purposes. To accomplish these objectives, the Company has cooperation and participation agreements with other companies.

The principal activity of the Company consists of retailing all types of consumer goods through its own commercial network in Spain, which at 31 January 2022 is comprised of 36 Eroski hypermarkets, 474 Eroski supermarkets (Eroski/Center, Eroski/City and Eroski/Merca), 75 Familia outlets, 210 Caprabo supermarkets, 119 Eroski/Viajes travel agencies, 37 Eroski service stations, 1 Caprabo service station, 50 Forum Sport stores, 18 Dooers establishments,18 Cash and Carry stores and 577 franchised points of sale. The Group also engages in property development, the operating cycle of which normally exceeds twelve months.

Information on the Company’s subsidiaries and associates is shown in Appendices I and II, which form an integral part of this note. None of the Parent’s subsidiaries are listed on the stock exchange.

(Continued)

Changes in the consolidated Group

During 2021, after signing the agreement with the holding investor EP Corporate Group on 7 September 2021, the Group company Newcobeco, S.A.U. sold 50% of its interest in Supratuc2020, S.L., which in turn is the sole shareholder of Caprabo S.A.U. and Cecosa Supermercados, S.L.U., while maintaining control over Supratuc2020, S.L.U., and therefore the net assets of this subgroup were once again fully consolidated in 2021.

Additionally, on 10 September 2021 the Group company Eroski Distribución, S.A.U. was merged by absorption into Peninsulaco, S.L.U.

During 2020, Supratuc2020, S.L.U. was incorporated. Also in 2020, Supermercados Picabo S.L.U. merged with Cecosa Supermercados S.L.U., while Gestión de Hipermercados Caprabo Eisa S.L.U. and Central de Serveis i Ciencies S.L.U merged with Caprabo S.A.U. On a separate note, Red Libra Trading Services, S.L., Coop. Global Sourcing Limited, Cecosa Gestión S.A. and Sociedad de Afiliados Eroski Contigo, S.L.U. were no longer consolidated as they were liquidated. Lastly, there was an 11.02% increase in the investment in Desarrollos Inmobiliarios Los Berrocales, S.L.U., meaning the Group gained control of this company, which went from being equity-accounted in the Group's 2019 consolidated annual accounts to being fully consolidated in 2021 and 2020. These changes in the consolidated Group did not have a significant effect on the consolidated annual accounts at 31 January 2021.

Relevant events in 2021

As mentioned previously, on 7 September 2021, once all the conditions precedent had been met, the agreement which the Eroski Group had reached with the holding investor EP Corporate Group on 28 March 2021, whereby the Group company Newcobeco, S.A.U. would sell 50% of its investment in Supratuc2020, S.L., was signed.

The incorporation of EP Corporate Group into the companies of the Catalonia and Balearic Islands regions will build confidence in the project and provide greater clout when facing the challenges of the coming years.

Also on 7 September 2021, the Eroski Group, with the cash from the aforementioned operation (approximately Euro 200 million), repaid the instalments on the syndicated loan falling due in December 2021, and even partially repaid early the July 2024 instalment (see note 17).

(Continued)

(2) Basis of Presentation

The consolidated annual accounts have been prepared on the basis of the accounting records of Eroski and the companies included in the Group. The consolidated annual accounts for the year ended 31 January 2022 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other applicable provisions of the financial reporting framework, to give a true and fair view of the consolidated equity and consolidated financial position of the Eroski Group at 31 January 2022, as well as its consolidated financial performance, consolidated cash flows and changes in consolidated equity for the year then ended. The Group adopted IFRS-EU on 1 February 2006 and applied IFRS 1, "First-time adoption of International Financial Reporting Standards" at that date.

The governors of the Parent consider that the consolidated annual accounts for the year ended 31 January 2022, authorised for issue on 28 April 2022, will be approved by the members at their general assembly with no changes.

(a) Basis of preparation of the consolidated annual accounts

These consolidated annual accounts have been prepared on a historical cost basis, except for the following:

- Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

- Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs of disposal.

(b) Comparative information

The consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and notes for 2021 include comparative figures for the prior year, which formed part of the consolidated annual accounts approved by members at the general assembly held on 16 June 2021.

(Continued)

(c) Relevant accounting estimates, assumptions and judgements used when applying accounting principles

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying the Group's accounting principles to prepare the consolidated annual accounts in conformity with IFRS-EU. Accordingly, a summary of issues involving a greater degree of judgement, complexity or in which assumptions and estimates are significant for the preparation of the consolidated annual accounts is as follows:

(i) Relevant accounting estimates and assumptions

- The assumptions used in determining the value in use of cash-generating units (CGUs) to assess the impairment of goodwill or other assets (see note 9), require the application of value judgements by the governors.

- Deferred tax assets are recognised for all deductible temporary differences, unused tax loss carryforwards and unused deductions for which it is probable that the companies comprising the Group will have future taxable profit against which these assets can be utilised. In order to determine the amount of deferred tax assets that can be recognised, the amounts and dates on which the future taxable profit will be obtained and the reversal period of temporary differences are estimated.

- The assumptions used to determine the term of the leases when valuing right-of-use assets and the incremental interest rate on the debt require the application of value judgements by the governors.

- The calculation of the fair values of transactions included in the sale and leaseback agreement on properties.

(ii) Relevant judgements when applying accounting principles

- Relevant judgements led the Eroski Group to conclude in the year ended 31 January 2021 on the transfer of risks and rewards on the sale and leaseback transaction detailed in note 6.

- On 7 September 2021, the Eroski Group's 100% interest in the subgroup Supratuc2020, S.L. was reduced to 50%.

(Continued)

Based on the main agreements in relation to managing this subgroup, and in particular the casting vote on relevant matters held by the chair of the board of directors, appointed by Eroski, the governors have concluded that the Eroski Group has the ability to direct the relevant activities of this subgroup, and therefore maintains control. In the event certain decisions on relevant matters were adopted with the opposition of all directors appointed by the investor, the investor may execute a put option on its investment, which, in the opinion of the directors, has no effect on the Eroski Group's control over the subgroup, providing the eventual strike prices match their fair value at year end.

This analysis of maintaining control will be performed annually by the governors.

(iii) *Changes in accounting estimates*

Although estimates are calculated by the Company's governors based on the best information available at 31 January 2022, future events may require changes to these estimates in subsequent years. Any effect on the consolidated annual accounts of adjustments to be made in subsequent years would be recognised prospectively.

(iv) *Determination of fair values*

Certain Group accounting policies and disclosures require the fair value of assets and liabilities, both financial and non-financial, to be determined.

The Group has established a control framework for determining fair values. This framework includes personnel who are tasked with reporting directly to financial management and who are generally responsible for overseeing all relevant fair value calculations.

The personnel regularly review significant, unobservable inputs and valuation adjustments. If third party information such as pricing services or broker quotes is used when determining fair values, the assessment team checks whether this information complies with IFRS-EU and the fair value hierarchy level in which these valuations should be classified.

(Continued)

Where possible, the Group uses observable market data to measure the fair value of an asset or liability. The fair values are classified in different levels of the fair value hierarchy based on the inputs used in the valuation techniques, as follows:

- Level 1: listed price on active markets for identical assets or liabilities.

- Level 2: observable inputs other than the listed prices used in Level 1 for assets or liabilities, directly (i.e., such as prices) or indirectly (i.e., derived from prices).

- Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

(d) Adoption of International Financial Reporting Standards (IFRS)

(i) First-time application of standards

The Group first-time adopted the following standards and interpretations for its consolidated annual accounts beginning 1 February 2021:

- Amendments to IFRS 16 “Rent concessions derived from COVID-19”.
- Interest rate benchmark reform - IBOR (amendment to IFRS 9, IAS 39 and IFRS 7) – stage 2

These new standards have not entailed a change in accounting policy in the Group. Additionally, the Company has not early-applied any standards.

(ii) Standards, amendments and interpretations available for early adoption

On the date on which these consolidated annual accounts were authorised for issue, the standards, amendments and interpretations issued which the Group expects to adopt for annual periods beginning on or after 1 February 2022, are as follows:

- Amendment to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets: Provisions for Onerous Contracts”.
- References to the IFRS conceptual framework in IFRS 3.
- Amendment to IAS 1 “Presentation of Financial Statements”.
- Amendment to IAS 8 “Accounting policies, Changes in accounting estimates and errors: definition of accounting estimates”.

(Continued)

The Group is analysing these standards, although it considers that the effect of the application of new standards, amendments or interpretations on the consolidated annual accounts when they are first applied will not be relevant to the Group.

(iii) *Standards, amendments and interpretations of existing standards that have not been adopted by the European Union*

At the date on which these consolidated annual accounts were authorised for issue, the IASB and the IFRS Interpretations Committee had published the following standards, amendments and interpretations, which are pending adoption by the European Union:

- Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”.
- Amendment to IAS 1 and amendment to IFRS Practice Statement 2 “Disclosures on Accounting Policies”.
- Amendment to IAS 8 “Definition of Accounting Estimates”.
- Amendments to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”.

The Group is analysing these standards, although it considers that given the Group's activities, the effect of the application of new standards, amendments or interpretations on the consolidated annual accounts when they are first applied will not be relevant to the Group.

(3) Accounting Principles

(a) Consolidation criteria

- Subsidiaries

Subsidiaries are entities, including structured entities, over which the Company, either directly or indirectly through subsidiaries, exercises control. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Company has power over a subsidiary when it has existing substantive rights that give it the ability to direct the relevant activities. The Company is exposed, or has rights, to variable returns from its involvement with the subsidiary when its returns from its involvement have the potential to vary as a result of the subsidiary’s performance.

(Continued)

The income, expenses and cash flows of subsidiaries are included in the consolidated annual accounts from the date of acquisition, which is when the Group takes control, until the date that control ceases.

Transactions and balances with Group companies and unrealised gains or losses have been eliminated on consolidation. The subsidiaries' accounting policies have been adapted to Group accounting policies for like transactions and events in similar circumstances.

The annual accounts or financial statements of the subsidiaries used in the consolidation process have been prepared as of the same date and for the same period as those of the Parent.

Details of the consolidated subsidiaries comprising the Eroski Group and the Parent's direct and/or indirect interest therein at 31 January 2022, together with their registered addresses and the activity carried out by each one, are shown in Appendix I.

- Associates

Associates are entities over which the Company, either directly or indirectly through subsidiaries, exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over the investee. The existence of potential voting rights that are exercisable or convertible at the end of each reporting period, including potential voting rights held by the Group or other entities, are considered when assessing whether an entity has significant influence.

Investments in associates are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases. However, if on the acquisition date all or part of the investment qualifies for recognition as non-current assets or disposal groups held for sale, it is recognised at fair value less costs of disposal.

The excess of the cost of the investment over the Group's share of the fair values of the identifiable net assets is recognised as goodwill, which is included in the carrying amount of the investment.

The Group's share of the profit or loss of an associate from the date of acquisition is recognised as an increase or decrease in the value of the investments, with a credit or debit to share of profit/losses of equity accounted investees in the consolidated income statement. The Group's share of other comprehensive income of the associate obtained from the date of acquisition is recognised as an increase or decrease in the value of the associate with a balancing entry on a separate line in other comprehensive income. The distribution of dividends is recognised as a decrease in the value of the investment.

Losses of an associate attributable to the Group are limited to the extent of its net investment, except where the Group has legal or constructive obligations or when payments have been made on behalf of the associate. For the purpose of recognising impairment losses in associates, net investments are considered as the carrying amount of the investment after applying the equity method plus any other item which in substance forms part of the investment in the associate. The excess of the losses over the equity investment is applied to the remaining items in reverse order of settlement. Subsequent profits obtained by associates for which impairment losses are limited to the value of the investment are recognised to the extent that they exceed previously unrecognised losses.

Unrealised gains and losses on transactions between the Group and associates are only recognised when they relate to interests of other unrelated investors. This does not apply to the recognition of unrealised losses which provide evidence of an impairment loss. However, all profits and losses resulting from transactions between the Group and associates of assets constituting a business are recognised.

If the Group carries out transactions with an associate that generate a profit, and the portion of that profit attributable to the Group is higher than the investment in the associate, deferred income is recognised for that portion which will later be eliminated when the associate generates a profit.

The accounting policies of associates have been harmonised in terms of timing and measurement, applying the policies described for subsidiaries.

Details of associates and their registered office and activity at 31 January 2022 are shown in Appendix II.

(Continued)

(b) Property, plant and equipment

(i) Initial recognition

Property, plant and equipment are recognised at cost or deemed cost, less accumulated depreciation and any accumulated impairment losses. The cost of self-constructed assets is determined using the same principles as for an acquired asset, while also considering the criteria applicable to production costs of inventories.

(ii) Investments in leased properties

Non-current investments in property leased to third parties are recognised using the same criteria as for property, plant and equipment. Assets are depreciated over the shorter of the lease term and their useful life. The lease term is determined in line with the classification criteria used.

(iii) Depreciation

Property, plant and equipment are depreciated by allocating the depreciable amount of the asset on a systematic basis over its useful life. The depreciable amount is the cost or deemed cost of an asset, less its residual value.

Depreciation is provided on a straight line basis over the estimated useful lives of the assets as follows:

	Estimated years of useful life
Buildings and other constructions	10 - 50
Technical installations and machinery	5 - 12
Other installations, equipment and furniture	4 - 16
Motor vehicles	4 - 10
Information technology equipment	4
Other property, plant and equipment	4 - 10

The Group reviews residual values, useful lives and depreciation methods at each reporting date. Changes to initially established criteria are accounted for as a change in accounting estimates.

(Continued)

(iv) *Subsequent costs*

Subsequent to initial recognition of the asset, only those costs incurred which will generate probable future profits and for which the amount may reliably be measured are capitalised. Costs of periodic servicing are recognised in profit or loss as incurred.

(v) *Impairment*

The Group measures and determines impairment to be recognised or reversed based on the criteria in section (g).

In the real estate sector, identified CGUs correspond to each property being developed. Given the current situation of the real estate sector, it is understood that there are indications of impairment and, therefore, appraisals are regularly requested from independent experts in order to determine recoverable amounts.

(c) Right-of-use assets

At inception of a contract, the Group assesses whether the contract contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The period of time during which the Group uses an asset includes consecutive and non-consecutive periods of time. The Group only re-evaluates the conditions when there is an amendment to the contract.

(i) *Lessee accounting*

The Group has elected not to apply the accounting policies indicated below for short-term leases and leases in which the value of the underlying asset is less than Euros 5 thousand. For these types of contracts the Group recognises payments on a straight-line basis over the lease term.

At the commencement date of the lease the Group recognises a right-of-use asset and a lease liability. The right-of-use asset comprises the amount of the lease liability, any lease payments made at or before the commencement date, less incentives received, the initial direct costs incurred and an estimate of any dismantling or restoration costs to be incurred.

(Continued)

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date. The Group discounts the lease payments using the appropriate incremental interest rate, unless the interest rate implicit in the lease can be readily determined.

Outstanding lease payments comprise fixed payments, less any incentive receivable, variable payments that depend on an index or rate, initially measured using the index or rate as at the commencement date, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of purchase options if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, providing the lease term reflects the lessee exercising the option to terminate the lease.

The Group measures right-of-use assets at cost, less accumulated depreciation and accumulated impairment losses, adjusted for any remeasurement of the lease liability.

If the contract transfers ownership of the asset to the Group by the end of the lease term or if the cost of the right-of-use asset includes a purchase option, the Group applies the depreciation criteria set out in the section on property, plant and equipment from the commencement date to the end of the useful life of the asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies the impairment criteria for non-current assets to the right-of-use asset.

The Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group recognises variable payments not included in the initial measurement of the lease liability in profit or loss in the period in which the event or condition that triggers those payments occurs.

The Group recognises remeasurements of the lease liability as an adjustment to the right-of-use asset, until the latter is reduced to zero, after which, it is taken to profit or loss.

The Group remeasures the lease liability by discounting the lease payments at a revised discount rate, if there has been a change in the lease term or a change in the assessment of an option to purchase the underlying asset.

(Continued)

The Group remeasures the lease liability if there is a change in the amounts expected to be payable under a residual value guarantee or a change in the index or rate used to determine those payments, including a change to reflect changes in market rental rates following a market rent review.

(ii) *Lessor accounting*

Leases in which, upon inception, the Group transfers to third parties substantially all the risks and rewards incidental to ownership of the assets are classified as finance leases, otherwise they are classified as operating leases.

The Group recognises operating lease income in income on a straight-line basis over the lease term, unless another systematic basis is more representative of the pattern in which the benefit deriving from the use of the asset is diminished.

(iii) *Subleases*

The Group classifies a sublease as an operating lease, if the host lease is a short-term lease. Otherwise, the Group classifies the subleases as an operating or finance lease by reference to the right-to-use asset of the host lease and not by reference to the underlying asset.

(iv) *Sale and leaseback transactions*

The Group applies the criteria for the recognition of revenue from customer contracts to assess whether the sale of an asset should be recognised.

If the sale recognition criteria are met, the Group recognises the right-to-use asset derived from the subsequent lease as a proportion of the previous book value of the related asset related to the portion held. Consequently, the Group only recognises a gain or loss that relates to the rights transferred to the buyer. The Group determines the portion of the right-of-use held by multiplying the proportion represented by the expected lease payments, discounted at the lease discount rate over the fair value of the underlying asset, by the carrying amount of the underlying asset.

(Continued)

If the lease payments include variable payments these are considered for the purpose of determining the aforementioned proportion and recognising the lease liability. Subsequently, the lease liability is reduced taking into consideration the variable payments initially considered. If a change in the lease term or a lease modification occur, the Group re-estimates the variable payments on that date.

If the fair value of the consideration for the sale does not equal the fair value of the asset or if the payments for the lease are not at market rates, the Group recognises any below-market terms as a prepayment of lease payments and any above-market terms as additional financing.

If sale recognition criteria are not met, the Group continues to recognise the asset and recognises a financial liability for the consideration received applying the criteria indicated in the accounting policy for financial instruments.

The above-mentioned criteria are applied in sale and leaseback contracts wherein the Group is the lessor and obtains control of the asset. If the Group does not obtain control of the asset, an account receivable is recognised for the amount of the consideration paid applying the accounting policy for financial instruments.

(d) Intangible assets

(i) Goodwill

Goodwill is determined on the basis of the difference between the cost of a business combination and the net amount of assets acquired and liabilities assumed.

Goodwill is not amortised but is tested for impairment annually or more frequently where events or circumstances indicate that an asset may be impaired. Goodwill on business combinations is allocated to the cash-generating units (CGUs) or groups of CGUs which are expected to benefit from the synergies of the business combination and the criteria described in note 9 are applied. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Internally generated goodwill is not recognised as an asset.

(Continued)

(ii) *Other intangible assets*

Intangible assets are carried at cost, less any accumulated amortisation and impairment losses.

(iii) *Useful life and amortisation*

Intangible assets are amortised according to their cost of acquisition on a straight-line basis over their estimated useful lives as follows:

	Estimated years of useful life
Patents, trademarks and brand names	3 - 10
Computer software	3 - 6
Leaseholds	5 - 35
Licences	7
Other intangible assets	5 - 20

The Group reviews the residual value, useful life and amortisation method for intangible assets at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates.

(iv) *Impairment*

The Group measures and determines impairment to be recognised or reversed based on the criteria in section (g).

(e) Non-current assets held for sale

Non-current assets or disposal groups are classified as non-current assets held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. Non-current assets or disposal groups are classified as held for sale, provided that they are available for sale in their present condition subject to terms that are usual and customary for sales of such assets and that the disposal is highly probable.

(Continued)

Non-current assets or disposal groups classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell and are not amortised.

Impairment losses on initial classification and subsequent remeasurement of assets classified as held-for-sale are recognised under profit or loss from continuing operations in the consolidated statement of comprehensive income, unless it is a discontinued operation. Impairment losses on cash-generating units (CGU) are allocated first to reduce the carrying amount of goodwill and then to reduce the other assets of the unit.

(f) Investment property

Investment property is property, including that which is under construction or being developed for future use as investment property, which is earmarked totally or partially to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services, for administrative purposes or for sale in the ordinary course of business. Investment property is initially recognised at cost, including transaction costs.

After initial recognition, investment property is measured using the cost or deemed cost criteria applicable to property, plant and equipment. Details of the depreciation methods and useful lives are provided in that note.

(g) Impairment of non-financial assets subject to amortisation or depreciation

The Group evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount.

The Group tests goodwill for impairment at least annually, irrespective of whether there is any indication that the assets may be impaired.

The recoverable amount of the assets is the higher of their fair value less costs to sell and their value in use. An asset’s value in use is determined based on the future cash flows the Group expects to derive from use of the asset, expectations about possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset and other factors that market participants would reflect in pricing the future cash flows the Group expects to derive from the asset.

(Continued)

Negative differences resulting from the comparison of the carrying amounts of the assets with their recoverable amount are recognised in the consolidated income statement.

Recoverable amount 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.

Impairment losses for cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to the unit and then to the other assets of the unit pro rata with their carrying amounts. The carrying amount of each asset may not be reduced below the highest of its fair value less costs to sell, its value in use and zero.

At the end of each reporting period the Group assesses whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. Impairment losses on goodwill are not reversible. Impairment losses on other assets are only reversed if there has been a change in the estimates used to calculate the recoverable amount of the asset.

A reversal of an impairment loss is recognised in the consolidated income statement. The increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

A reversal of an impairment loss for a CGU is allocated to the assets of each unit, except goodwill, pro rata with the carrying amounts of those assets. The carrying amount of an asset may not be increased above the lower of its recoverable amount and the carrying amount that would have been disclosed, net of amortisation or depreciation, had no impairment loss been recognised.

(Continued)

(h) Financial instruments

(i) Recognition and classification of financial instruments

The Group classifies financial instruments into the following categories: financial assets and financial liabilities at fair value through profit or loss, showing separately those designated as such upon initial recognition from those that are held for trading or mandatorily measured at fair value through profit or loss, financial assets and financial liabilities measured at amortised cost, and financial assets measured at fair value through other comprehensive income, showing separately equity instruments designated as such from other financial assets. The Group classifies financial assets, other than those designated as at fair value through profit or loss and equity instruments designated as at fair value through other comprehensive income, according to the business model and the contractual cash flow characteristics. The Group classifies financial liabilities as measured at amortised cost, except those designated as at fair value through profit or loss and those held for trading.

The Group classifies a financial asset or liability as held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument; or
- It is an obligation to deliver financial assets that the Group has borrowed and does not yet own.

The Group classifies a financial asset as at amortised cost when it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

The Group classifies a financial asset as at fair value through other comprehensive income when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

The business model is determined by key personnel of the Group and at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model refers to how it manages its financial assets in order to generate cash flows.

Financial assets and financial liabilities for contingent consideration arising from a business combination are classified as financial assets and financial liabilities measured at fair value through profit or loss.

(ii) *Financial assets and financial liabilities at amortised cost*

Financial assets and financial liabilities at amortised cost are initially recognised at fair value, plus or minus transaction costs, and are subsequently measured at amortised cost using the effective interest method.

(iii) *Financial assets carried at cost*

Investments in equity instruments for which there is insufficient information to measure them, or for which there is a wide range of valuations, and derivative instruments that are linked to them and must be settled by delivery of such investments, are measured at cost. Nonetheless, if the financial assets or contract can subsequently be reliably measured, they are accounted for at fair value and any gain or loss is recognised in profit or loss or in other comprehensive income if the instrument is designated at fair value through other comprehensive income.

(Continued)

(iv) *Impairment*

The Group recognises in profit or loss a loss allowance for expected credit losses on financial assets measured at amortised cost and contract assets.

At each reporting date the Group measures the loss allowance at an amount equal to 12-month expected credit losses if the credit risk on the financial assets has not increased significantly since initial recognition or when it is considered that the credit risk on a financial asset has not increased significantly.

Nevertheless, the Group recognises expected credit losses over the life of the instrument for trade receivables or contract assets.

(iv) *Derecognition and modifications of financial liabilities*

The Group derecognises all or part of a financial liability when it either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor.

The exchange of debt instruments between the Group and the counterparty or substantial modifications of initially recognised liabilities are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, providing the instruments have substantially different terms.

The Group considers the terms to be substantially different if the discounted present value of the 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 discounted present value of the remaining cash flows of the original financial liability.

If the exchange is accounted for as an extinguishment of the financial liability, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange is not accounted for as an extinguishment, the modified flows are discounted at the original effective interest rate, and any difference in the previous carrying amount is recognised in the income statement. Any costs or fees incurred adjust the carrying amount of the financial liabilities and are amortised using the amortised cost method over the remaining term of the modified liability.

(Continued)

If the entity revises its estimates of collections and payments of financial liabilities, the amortised cost of the financial liability is adjusted to reflect the revised estimated contractual cash flows. The entity recalculates the amortised cost of the financial liability as the present value of the contractual future cash flows discounted at the original effective interest rate, and recognises the adjustment as income or expense for the year.

(i) Inventories

The Group has two types of inventory depending on the business segment: property and other segments. Consequently, land and other property held for sale during the ordinary course of business, and not for capital appreciation or future rental, are treated as inventories.

Properties are measured at the lower of cost, which includes all costs incurred in acquiring and transforming the property, direct and indirect costs incurred in bringing the inventories to their present location and condition, and their net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost for each type of inventory is calculated as follows:

- Land: cost of acquisition plus any costs inherent in acquiring the asset.

- Work in progress and buildings under construction: at the cost of acquiring the land, plus construction costs. Construction costs correspond to progress billings issued by construction firms contracted, direct costs attributable to the project and attributable interest.

Any decreases and subsequent recoveries in the net realisable value of inventories are recognised in the consolidated income statement in the year in which they arise.

Due to the nature of the business, the realisation period of properties usually exceeds twelve months.

(Continued)

Food segment inventories and, in general, goods for resale are measured at the lower of cost and net realisable value. Cost comprises all acquisition costs and other costs incurred in bringing the inventories to their present location and condition, including those incurred until the inventories reach their points of sale.

Volume discounts granted by suppliers are recognised as a reduction in inventory costs when it is probable that the discount conditions will be met. Prompt payment discounts are deducted from the cost of the inventories acquired.

When the cost of inventories exceeds net realisable value, they are written down against profit and loss through the creation of a provision for impairment, if the decline in value is reversible. If the decline is irreversible, the cost of acquisition or production of the inventories is derecognised.

Inventories are classified as current when they are expected to be realised in the Group's normal operating cycle, which for real estate inventories is over one year, and for the inventories of other operating segments is less than one year.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a maturity of less than three months from the date of acquisition.

The Group classifies cash flows from interest paid as financing activities and interest and dividends received as investing activities.

(Continued)

(k) Employee benefits

(i) Other long-term employee benefits

According to the collective labour agreement, employees from certain Group companies who opt for early retirement are entitled to a bonus based on their age and their wages or salaries at the date early retirement is requested. The annual accounts include the corresponding provision.

(ii) Termination benefits

Termination benefits paid that do not relate to restructuring processes underway are recognised when the Group is demonstrably committed to terminating the employment of current employees prior to retirement date.

(iii) Short-term employee benefits

The Group recognises the expected cost of short-term employee benefits in the form of accumulating paid absences when the employees render service that increases their entitlement to future paid absences. In the case of non-accumulating compensated absences, the expense is recognised when the absences occur.

(l) Provisions

(i) General criteria

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated.

(Continued)

The financial effect of provisions is recognised as a finance cost in the consolidated income statement.

If it is more likely than not that an outflow of resources will be required to settle an obligation, the provision is reversed. The provision is reversed against the consolidated income statement caption where the corresponding expense was recorded, and any excess is recognised as other income in the consolidated income statement.

(m) Recognition of income and expenses

Income and expenses are recognised on an accruals basis, irrespective of collections and payments.

Income is recognised at the consideration the Group expects to receive in exchange for the promised goods or services, excluding amounts collected on behalf of third parties (e.g., certain sales taxes). The consideration can include fixed amounts, variable amounts or both. The consideration can vary due to discounts, returns, reimbursements, credits, price reductions, incentives, performance bonuses, penalties or other similar items.

In these annual accounts, income from contracts with customers is called revenue.

The Group has customer loyalty programmes that do not generate credits as they consist of granting discounts that materialise at the time of sale and are recognised as a reduction in the amount of the transaction to which they apply.

(i) Sale of property inventories

Revenue is recognised when the risks and rewards of the property are transferred, which normally occurs when the asset is delivered and legal title passes to the buyer.

(ii) Supplies and non-trading income

As a general rule, there are price lists with suppliers, to which commercial discounts are applied depending on the volumes agreed each year. These discounts are recognised as a decrease in raw materials and other consumables used when the purchases are recognised.

Contributions negotiated with suppliers based on the products included in flyers and displays are recognised as income under other income.

(n) Income tax

The income tax expense or tax income for the year comprises current tax and deferred tax.

Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Current and deferred tax are recognised as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity, or from a business combination.

The Group recognises deductions for investments by applying the recognition and measurement criteria for current or deferred tax assets, unless they are grants. Deductions in the form of grants are recognised, presented and measured applying the corresponding accounting policy. To this end, the Group considers as grants any deductions that may be applied irrespective of whether the Group has gross tax payable and which have substantive operating terms in addition to the undertaking or maintenance of the investment.

Current tax is the amount of income taxes payable or recoverable in respect of the consolidated taxable profit or tax loss for the period. Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

(Continued)

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused tax credits. Temporary differences are differences between the carrying amount of an asset or liability and its tax base.

(i) *Recognition of deferred tax liabilities*

The Group recognises deferred tax liabilities in all cases except where:

- They arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

- They are associated with investments in subsidiaries and joint ventures for which the Group is able to control the timing of the reversal of the temporary difference and it is not probable that the difference will reverse in the foreseeable future.

(ii) *Recognition of deferred tax assets*

The Group recognises deferred tax assets provided that:

- It is probable that sufficient taxable income will be available against which they can be utilised or when tax legislation envisages the possibility of converting deferred tax assets into a receivable from public entities in the future. Nonetheless, assets arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income, are not recognised.

- The temporary differences are associated with investments in subsidiaries and joint ventures that will reverse in the foreseeable future and sufficient taxable profit is expected to be generated against which the temporary differences can be offset.

(Continued)

Assets that could be deemed uncertain as their realisation depends on future uncertain events in the very long term, such as the generation of profits, or which could depend on future actions by the Group that are not currently envisaged or contemplated, are not recognised. However, if Group companies are generating recurrent taxable income, and realisation of the asset does not depend on future actions to be adopted that are not envisaged and it is not reasonable to believe that they will be adopted, there are no time limits for recognising deferred tax assets beyond taxes under prevailing tax legislation.

The Group recognises the conversion of a deferred tax asset into a receivable from public entities when it becomes enforceable in accordance with prevailing tax legislation. For this purpose, the deferred tax asset is derecognised with a charge to the deferred tax expense and the receivable is recognised with a credit to current tax.

It is considered probable that the Group will generate sufficient taxable profit to recover deferred tax assets when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which are expected to reverse in the same tax period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from a deductible temporary difference can be carried back or forward.

In order to determine future taxable profit the Group takes into account tax planning opportunities, provided it intends or is likely to adopt them.

(iii) *Measurement*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or practically enacted. The tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities.

The Group reviews the carrying amount of deferred tax assets at the reporting date and reduces this amount to the extent that it is not probable that sufficient taxable profit will be available against which to recover them.

(Continued)

Deferred tax assets that do not comply with the above conditions are not recognised in the consolidated statement of financial position. At year end the Group reassesses whether conditions are met for recognising previously unrecognised deferred tax assets.

(iv) *Offset and classification*

The Group only offsets current tax assets and liabilities if it has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The Group only offsets deferred tax assets and liabilities if it has a legally enforceable right to offset the recognised amounts, and they relate to income taxes levied by the same taxation authority on the same taxable entity or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

(o) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(p) Environmental issues

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

The Company complies with an integrated waste management system for used packing and packaging run by Ecoembalajes España, S.A. (ECOEMBES), which allows the Company to use the “El Punto Verde” (recycling symbol) logo and trademark on its products.

The Company participates in an electronic and electrical appliances integrated waste management system run by the Ecotic Foundation. This system ensures that waste from appliances sold by the Company is selectively collected and appropriately managed from an environmental standpoint.

Likewise, the Company participates in the integrated waste management system for lamps set out in category 5 of Appendix I of Royal Decree 208/2005 of 25 February 2005, led by Asociación Ambilamp.

The Company also participates in an integrated waste management system for batteries and storage batteries run by the Ecopilas Foundation. This system ensures that producers of batteries and storage batteries comply with obligations relating to the selective collection and correct management of battery and storage battery waste for products sold in the domestic market.

Lastly, the Company participates in an integrated waste management system for used oil (SIGAUS). This system ensures that producers of industrial oil comply with obligations relating to the collection and correct management of used oil placed for the first time on the domestic market by the Company.

Through these integrated systems, the Company ensures that the waste derived from the products it sells is collected selectively and is properly managed from an environmental perspective.

Costs related to participation in these management systems are recognised under other operating expenses in the year in which they are incurred.

Provision is made for environmental expenses which at year end are considered likely or certain to be incurred although the exact amount or the date they will materialise is undetermined. Consequently, these provisions are best estimates made on the basis of the information available at the reporting date.

Property, plant and equipment acquired for long-term use to minimise the environmental impact of its activity and protect and improve the environment, including the reduction and elimination of future pollution from the Group's activities, are recognised as assets applying the measurement, presentation and disclosure criteria described in section (b) of this note.

(Continued)

(q) Classification of assets and liabilities as current and non-current

The Group classifies assets and liabilities in the consolidated statement of financial position as current and non-current. Current assets and liabilities are determined as follows:

- Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within 12 months after the reporting date or are cash or a cash equivalent, unless the assets may not be exchanged or used to settle a liability for at least 12 months after the reporting date.

- Liabilities are classified as current when they are expected to be settled in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within 12 months after the reporting date or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

- Financial liabilities are classified as current when they are due to be settled within 12 months after the reporting date, even if the original term was for a period longer than 12 months, and an agreement to refinance or to reschedule payments on a long-term basis is completed after the reporting date and before the consolidated annual accounts are authorised for issue.

- The operating cycle for the real estate segment normally exceeds twelve months.

(4) Segment Reporting

The Group reports internally by operating segments, some of which are not relevant enough to be reported on a separate basis in these consolidated annual accounts. Practically all sales are made on the domestic market. Details of segment reporting are shown in Appendix III, which forms an integral part of this note. The Group identifies operating segments according to the different products or services. The main operating segments of the Eroski Group are as follows:

- Food: includes the distribution of consumer products through supermarkets, hypermarkets and service stations across Spain.

(Continued)

- Real estate: includes real estate projects for the sale and/or operation of shopping centres.

- Other: other lines of business such as the sale of sports equipment, travel agencies and other retail lines of business.

Inter-segment sales prices are established based on the normal commercial terms and conditions with unrelated third parties.

(5) Non-current Assets Held for Sale

At 31 January 2022 and 2021, non-current assets held for sale refer to a disposal group comprising one hypermarket with a sale price, net of costs to sell, of Euros 3,385 thousand, and which according to the agreement is expected to be delivered during 2022.

During 2020, assets with a value of Euros 3,505 thousand were transferred to property, plant and equipment (note 6) and items totalling Euros 14,012 thousand were sold. The gains/losses on these transactions were not significant.

At 31 January 2022 and 2021, all non-current assets held for sale are mortgaged to secure repayment of bank loans obtained by Group companies (see note 18).

(6) Property, Plant and Equipment

Details and movement in property, plant and equipment for the years ended 31 January 2022 and 2021 are shown in Appendix IV, which forms an integral part of this note.

The main additions in 2021 and 2020 comprise installations and furniture necessary to open various centres.

The main disposals in 2020 basically corresponded to the sale and leaseback of 27 supermarkets and their ancillary facilities to a third party for a total of Euros 85 million. The gain on this operation, based on the difference between the fair value of the transaction and the carrying amount of the assets sold, amounted to Euros 2,918 thousand (see note 24). These supermarkets will be leased for an initial mandatory period of 20 years for both parties, which may be extended for 5 consecutive terms of 5 years each at the option of the lessee. The different considerations of the agreement were analysed, and the governors, based on independent expert reports on the value of the buildings, and on rent paid for leasing similar premises, concluded that the fair value of the sale amounted to Euros 52 million, and recognised a financial liability of Euros 32 million with 20-year maturity (see note 17), the balance of which at 31 January 2022 was Euros 33 million.

The clauses in these lease contracts are generally those found in the market, and ownership of the property does not pass to the Company upon expiry of the contracts.

The Company did not extend any guarantees to the buyers to cover potential losses resulting from early cancellation of the contracts, or possible fluctuations in the residual value of the buildings.

The estimated useful economic life of the assets under these contracts is considerably higher than the contractual rental periods, and in no case does the present value of the minimum lease payments substantially approximate the fair value of the leased assets.

The disposal of these assets entailed a subsequent addition in right-of-use assets (see note 10).

During the years ended 31 January 2022 and 2021, no borrowing costs have been capitalised under property, plant and equipment, and the total amount capitalised at 31 January 2022 is Euros 11,066 thousand (Euros 11,066 thousand at 31 January 2021).

(a) Property, plant and equipment pledged as collateral

At 31 January 2022 property, plant and equipment totalling Euros 170,468 thousand (Euros 203,479 thousand at 31 January 2021) was mortgaged to secure repayment of bank loans obtained by Group companies (see note 18).

(Continued)

(b) Insurance

The Group has taken out insurance policies to cover the risk of damage to its property, plant and equipment. The coverage of these policies is considered sufficient.

(c) Fully depreciated assets

At 31 January 2022 the cost of fully depreciated buildings, machinery, installations and information technology equipment amounts to approximately Euros 1,364 million (Euros 1,246 million at 31 January 2021).

(d) Commitments

At 31 January 2022 the Company has commitments to purchase property, plant and equipment totalling Euros 12,004 thousand (Euros 18,981 thousand at 31 January 2021).

(e) Impairment

The Eroski Group has management systems in place that enable it to obtain information on results and profitability for each store and considers there are indications of impairment when operating margins are negative. Operating margin is understood to be the result of subtracting the cost of sale of goods for resale and store operating expenses from income obtained. The information obtained from the management systems is regularly reviewed by an oversight committee with a view to taking the necessary measures in stores with results that do not meet forecast levels of profitability and making any provisions considered necessary. The most important non-current assets assigned to stores are proprietary land and buildings and other installations and equipment assigned to the Group's points of sale. If provisions have to be made for stores, the Group uses the higher of appraisals of the properties made by independent experts and the present value of estimated cash flows. None of these appraisals are more than eight months old. During the year ended 31 January 2022 the Group made a charge to impairment of property, plant and equipment of Euros 9,334 thousand (a charge of Euros 8,852 thousand at 31 January 2021) under impairment of non-current assets. The key assumptions used in calculating impairment in terms of average sales growth in the projected period, growth rate and discount rate were 2.63%, between 0.3% and 1.2%, and between 8.63%, and 9.94%, respectively (2.4%, between 0.3% and 0.8%, and between 8.04% and 9.94%, respectively, in 2020).

(Continued)

(7) Investment Property

Details of investment property and movement during the years ended 31 January 2022 and 31 January 2021 are as follows:

	Thousands of Euros			
	31.01.21	Additions	Disposals	31.01.22
Cost	81,128	10	-	81,138
Depreciation	(8,378)	(369)	-	(8,747)
Impairment losses	(36,882)	(3,338)	-	(40,220)
	35,868	(3,697)	-	32,171

	Thousands of Euros			
	31.01.20	Additions	Disposals	31.01.21
Cost	84,730	147	(3,749)	81,128
Depreciation	(9,711)	(374)	1,707	(8,378)
Impairment losses	(36,929)	47	-	(36,882)
	38,090	(180)	(2,042)	35,868

Details of the cost of investment property at 31 January 2022 and 2021 are as follows:

	Thousands of Euros	
	31.01.2022	31.01.2021
Land	60,685	60,675
Buildings	20,453	20,453
	81,138	81,128

At 31 January 2022 and 2021 the Group has not assumed any purchase commitments related to investment property.

The fair value of investment property is based on appraisals made by independent experts. None of these appraisals are more than eight months old. The appraisals were essentially carried out by Grupo Tasvalor, S.A., Vazquez Martinez Construcciones y Reformas, S.A., Tasaciones Inmobiliarias, S.A. (TINSA), VALTECSA and Krata Sociedad de Tasación, S.A.

The valuations of investment property are classified as level 2, as the assumptions used to obtain the fair value are inputs other than the listed prices included in level 1, but which are observable for the asset in question.

At 31 January 2022 the Group has recognised rental income from investment property of Euros 9,764 thousand (Euros 7,310 thousand at 31 January 2021) under revenue in the consolidated income statement.

During the years ended 31 January 2022 and 2021, no borrowing costs were capitalised in the cost of investment property.

Accumulated impairment is a result of appraisals carried out on the different items of investment property, which reflect the particular situation of each building. During 2021 an amount of Euros 3,338 thousand (Euros 47 thousand in 2020) was reversed.

At 31 January 2022, investment property totalling Euros 31,496 thousand (Euros 35,116 thousand at 31 January 2021) is mortgaged to secure repayment of bank loans obtained by Group companies (see note 18).

(8) Goodwill and Other Intangible Assets

Details of intangible assets and movement are shown in Appendix V, which forms an integral part of this note.

(9) Impairment and Allocation of Goodwill

(a) Evaluation of goodwill impairment

There is a clear differentiation between Gestión Eroski and Gestión Caprabo commercial policies, business strategy, brand equity and management, thus giving rise to two different management units in the food segment.

Details of the allocation of the Group’s most significant goodwill at management unit level at 31 January 2022 and 2021, classified according to the aforementioned definition, are as follows:

	Thousands of Euros	
	Food	
	31.01.2022	31.01.2021
Gestión Eroski	658,461	672,733
Gestión Caprabo	159,950	182,442
	818,411	855,175

The change in goodwill of the Eroski CGU is mainly due to the transfer of stores between companies, which had allocated goodwill amounting to Euros 7 million and which now form part of the Caprabo CGU. Additionally, goodwill allocated to stores of the Eroski CGU has been impaired in an amount of Euros 7 million due to goodwill written off.

The change in the Caprabo CGU is due to the transfer of the Euros 7 million and the subsequent Euros 29 million impairment recognised during the year.

During 2021, the Eroski Group drew up and approved the 2022 Management Plan. This plan formed the basis for projecting the expected cash flows of the Group's two goodwill management units for that period.

Recoverable amount is calculated according to value in use based on cash flow projections from the financial budgets approved by the governors for a period of five years. Cash flows beyond this five-year period are extrapolated using the estimated growth rates indicated below in section (b). The growth rate does not exceed the average long-term growth rate for the business in which each management unit, indicated in section (b), operates.

The carrying amount of assets grouped to determine the recoverable amount of goodwill attributable to the Gestión Eroski and Gestión Caprabo units mainly includes assets in stores, mainly proprietary land and premises, and logistic platform assets.

When calculating impairment, the Group also includes the current assets necessary to carry out the operations of the Group's businesses.

(Continued)

(b) Key assumptions used to calculate value in use

Details are as follows:

	31.01.22	31.01.21
Eroski Domain		
Average increase in sales in the projected period	2.03%	2.40%
Growth rate	1.2%	0.8%
Discount rate	8.63%	8.04%
Caprabo Domain		
Average increase in sales in the projected period	4.74%	2.40%
Growth rate	1.2%	0.8%
Discount rate	9.13%	9.04%

The variations in the discount rates and perpetual growth rates used in the sensitivity analyses are those that Eroski Group management considers reasonably possible. The discount rates used to determine the Caprabo CGU impairment reflects an additional risk premium considering the new market situation and greater uncertainty in the projections.

Caprabo Domain

The analysis consisted of stressing EBITDA by -/+ 10%, the perpetual growth rate by 0.2 basis points and the discount rate by 0.5 basis points, which resulted in the following additional impairment charges/reversals:

Assumption	Sensitivity	
WACC (Discount rate)	+ 0.5 %: would increase impairment by Euros 13 million	- 0.5 %: would reduce impairment by Euros 7 million
g (Perpetual growth)	+ 0.2 %: would reduce impairment by Euros 6 million	- 0.2 %: would increase impairment by Euros 5 million
EBITDA	+10%: would reduce impairment by Euros 32 million	-10 %: would increase impairment by Euros 7 million

Eroski Domain

In relation to the goodwill allocated to Gestión Eroski, a sensitivity analysis has been performed on the key assumptions: EBITDA, the discount rate (WACC) and the perpetual growth rate (g) generated by each investee. The analysis consisted of stressing EBITDA by -/+ 2%/-5%, the perpetual growth rate by 0.2 basis points and the discount rate by 0.5 basis points, which resulted in no additional impairment charges/reversals:

Management determines budgeted gross margin based on past experience and forecast market performance. The weighted average growth rates are consistent with the forecasts included in industry reports. The discount rates used are net of tax and reflect the specific risks of the relevant segments.

(Continued)

(10) Right-of-Use Assets and Lease Liabilities

Details of right-of-use assets in 2021 and 2020 and movement are as follows:

	Thousands of Euros			
	31.01.21	Additions	Disposals	31.01.22
Cost				
Buildings	1,581,122	93,258	(80,814)	1,593,566
Technical installations and machinery	4,952	379	(6)	5,325
Motor vehicles	2,260	418	(20)	2,658
	1,588,334	94,055	(80,840)	1,601,549
Accumulated depreciation				
Buildings	(248,111)	(131,124)	10,791	(368,444)
Technical installations and machinery	(2,585)	(1,196)	-	(3,781)
Motor vehicles	(1,152)	(561)	-	(1,713)
	(251,848)	(132,881)	10,791	(373,938)
	1,336,486	(38,826)	(70,049)	1,227,611

	Thousands of Euros			
	31.01.20	Additions	Disposals	31.01.21
Cost				
Buildings	1,272,868	324,177	(15,923)	1,581,122
Technical installations and machinery	4,498	884	(430)	4,952
Motor vehicles	1,598	823	(161)	2,260
	1,278,964	325,884	(16,514)	1,588,334
Accumulated depreciation				
Buildings	(116,963)	(136,176)	5,028	(248,111)
Technical installations and machinery	(1,490)	(1,491)	396	(2,585)
Motor vehicles	(633)	(676)	157	(1,152)
	(119,086)	(138,343)	5,581	(251,848)
	1,159,878	187,541	(10,933)	1,336,486

Additions totalling Euros 74 million have been recognised derived from changes in estimated future cash flows from different contract renegotiations in which the lease term has increased and /or there have been changes in the indices used to determine such payments (CPI) (Euros 146 million at 31 January 2021).

Additionally, additions include Euros 20 million derived from new contracts signed during the year (Euros 143 million at 31 January 2021, with the most significant contracts being the lease of two logistics platforms).

(Continued)

The remaining additions in 2020 amounting to approximately Euro 37 million corresponded to contracts signed by the Group for the sale and leaseback of 27 supermarkets together with their ancillary facilities (parking spaces, service stations etc.), under a lease for an initial mandatory period of 20 years for both parties, which may be extended for 5 consecutive terms of 5 years each at the option of the lessee. The amount paid by the counterparty at the time of the transaction was Euros 85 million. The different considerations of the agreement were analysed, and the governors, based on independent expert reports on the value of the buildings, and on rent paid for leasing similar premises, concluded that the fair value of the sale amounted to Euros 52 million (see note 6), and a financial liability of Euros 33 million with 20-year maturity was recognised (see note 17).

Disposals in 2021 and 2020 mainly correspond to changes in the estimates of lease payments due to contracts renegotiated each year.

The Eroski Group had approximately 1,707 property leases subject to IFRS 16 at 31 January 2022 (1,732 lease contracts at 31 January 2021), mainly for commercial premises. These leases generally establish payment of fixed monthly rent, adjusted annually for inflation (CPI). In general, the leases entered into by the Group do not contain clauses relating to variable amounts based on sales figures or contingent rent.

(a) Details of lease payments and liabilities

Movement in lease liabilities in 2021 and 2020 was as follows:

	Thousands of Euros	
	31.01.22	31.01.21
Balance at 1 February (note 17)	1,361,830	1,173,852
Additions	94,055	325,884
Disposals	(70,014)	(8,171)
Finance costs (note 27)	15,942	20,183
Payments	(146,239)	(149,918)
	1,255,574	1,361,830

An analysis of the contractual maturity of lease liabilities is as follows:

	Thousands of Euros	
	31.01.22	31.01.21
Less than one year	119,076	123,742
Between 1 and 5 years	392,320	408,488
More than five years	744,178	829,600
	1,255,574	1,361,830

Lease contracts lasting less than 12 months or the asset of which is less than Euros 5,000 fall outside the scope of IFRS 16. The related expense for the year was Euros 64,877 thousand (Euros 62,010 thousand in 2020) (see note 25).

(b) Income from leases and subleases

At 31 January 2022 and 2021 the Group has conveyed the right to use certain shopping centres to third parties under operating leases.

Minimum future collections from non-cancellable operating lease contracts are as follows:

	Thousands of Euros	
	31.01.22	31.01.21
Maturity		
Less than one year	4,886	4,452
Between one and five years	17,456	16,982
More than five years	13,244	16,648
	35,586	38,082

(11) Equity-accounted Investees

Movement in equity-accounted investees during the years ended 31 January 2022 and 2021 was as follows:

	Thousands of Euros	
	31.01.22	31.01.21
Opening balances	6,094	13,038
Additions	-	11
Disposals	-	(781)
Other movements	-	-
Share of other equity items	-	(50)
Distribution of dividends	-	(6,357)
Share of profit/(loss)	221	233
Impairment losses (note 12)	-	-
Closing balances	6,315	6,094

In 2020, the associate Inmobiliaria Armuco, S.L. distributed a dividend recognised in the Parent as a recovery of cost since it did not derive from profits generated since its acquisition, and which corresponded in full to the share premium that this company had on its balance sheet. On account of the Eroski Group's percentage investment, it received Euros 6.3 million.

Details of equity-accounted investees are included in Appendix II.

Details of the key financials of equity-accounted investees are as follows:

	Thousands of Euros	
	31.01.22	31.01.21
Assets	190,226	201,490
Liabilities	265,963	267,086
Equity	(75,737)	(65,596)
Revenue	25,374	26,511
Profit/(loss) for the year	(10,141)	(13,019)
Share of profit/(loss)	221	233

(Continued)

(12) Financial Assets

Details of current and non-current financial assets at 31 January 2022 and 2021 are as follows:

	Thousands of Euros			
	31.01.22		31.01.21	
	Non-current	Current	Non-current	Current
Financial assets at fair value through other comprehensive income				
Unlisted equity instruments				
Caja Laboral Popular, Coop. de Crédito	40,234	-	38,411	-
Other investments	2,112	-	2,051	-
MCC Inversiones S.P.E., S. Coop.	33,968	-	35,828	-
Other investments	1,871	29	1,453	30
Total	78,185	29	77,743	30
Financial assets at amortised cost				
Loans and other receivables	51,662	8,658	46,297	24,014
Loans to associates and joint ventures (note 28)	52,607	30,300	52,347	28,585
Interest accrued on loans to associates (note 28)	2,623	4,091	3,146	3,420
Receivables from sales of non-current assets	920	633	1,683	9,997
Security and other deposits	39,414	1,970	43,021	1,813
Other financial assets	222	1,777	251	2,554
Total	147,448	47,429	146,745	70,383
	225,633	47,458	224,488	70,413
Impairment of loans and other receivables	(25,681)	(6,352)	(7,486)	(14,993)
Impairment of loans to associates	(21,285)	(30,393)	(18,659)	(20,621)
Total financial assets	178,667	10,713	198,343	34,799

Financial assets at fair value through other comprehensive income include the following investments:

- Caja Laboral Popular Coop. de Crédito - Lan Kide Aurrezkia was incorporated on 16 July 1959. Its registered office is located in Mondragón (Guipuzcoa, Spain). Its statutory activity is to serve the financing requirements of its members and third parties in its capacity as a financial institution. This investment is stated at the accumulated value of the rights acquired by Eroski, S. Coop. in this cooperative. These investments have a restricted market in terms of sale, limited to the cooperative members of Caja Laboral. In all transactions between cooperative members, the sale value used is that of accumulated returns up to the date of the sale.

(Continued)

These rights include the corresponding annual returns.

- MCC Inversiones, S.P.E., S. Coop. was incorporated on 28 April 1998. Its registered office is located in Mondragón (Guipuzcoa, Spain). Its statutory and principal activity consists of promoting and developing companies.

- A series of minority interest investments made by various Group companies.

Loans and other receivables and loans for the sale of non-current assets comprise transactions carried out with third parties which accrue variable annual interest at market rates.

There are no significant differences between the carrying amount and their fair value.

As regards impairment, movement in 2021 corresponds to a charge of Euros 9,772 thousand (Euros 12,356 thousand in 2020) (see notes 27 and 28), mainly corresponding to associates related to real estate projects. Additionally, in 2021 an charge of Euros 9,554 thousand was made in respect of receivables from third parties.

The latest estimates of cash flows from sales of associates' real estate assets (appraisals) are insufficient to recover all loans extended.

In 2020, the Group also derecognised loans and other receivables of approximately Euros 40 million which were fully impaired.

Net losses and gains by category of financial asset mainly comprise finance income from loans and other receivables (see note 27).

(Continued)

(13) Trade and Other Receivables

Details of current and non-current trade and other receivables at 31 January 2022 and 2021 are as follows:

	Thousands of Euros			
	31.01.2022		31.01.2021	
	Non-current	Current	Non-current	Current
Trade receivables	-	57,068	-	54,627
Volume discounts and other promotions	-	63,473	-	69,040
Advances to suppliers	2,443	3,826	2,020	3,667
Advances and loans to personnel	-	217	-	254
Advances to Group companies and associates (note 28)	-	304	-	304
Receivables from Group companies and associates (note 28)	-	1,167	-	1,182
Other receivables	1,962	42,627	1,612	32,088
Public entities	-	16,422	-	15,890
	4,405	185,104	3,632	177,052
Impairment due to uncollectibility	-	(26,249)	-	(30,162)
Total	4,405	158,855	3,632	146,890

Balances receivable from public entities are as follows:

	Thousands of Euros	
	31.01.22	31.01.21
Taxation authorities, sundry		
VAT	14,698	15,012
Grants	957	731
Other items	767	147
	16,422	15,890

Movement in impairment due to uncollectibility is as follows:

	Thousands of Euros	
	31.01.22	31.01.21
Opening balance	(30,162)	(26,736)
Impairment charges (note 25)	(5,322)	(5,316)
Impairment reversals (note 24)	5,154	1,162
Cancellations	4,081	728
Closing balance	(26,249)	(30,162)

(Continued)

(14) Income Tax

Details at 31 January 2022 and 2021 of deferred tax assets and liabilities by type of asset and liability are as follows:

	Thousands of Euros					
	Assets		Liabilities		Net	
	31.01.22	31.01.21	31.01.22	31.01.21	31.01.22	31.01.21
Property, plant and equipment	3,212	4,179	(3,039)	(4,154)	173	25
Right-of-use assets and lease liabilities (note 10)	178,432	192,738	(174,539)	(189,010)	3,893	3,728
Goodwill and intangible assets	1,080	1,076	(13,266)	(13,459)	(12,186)	(12,383)
Inventories	95	95	(21)	(21)	74	74
Provisions	4,383	4,304	(3,258)	(3,258)	1,125	1,046
Available-for-sale financial assets	1,891	1,960	(1,969)	(2,183)	(78)	(223)
Other	3,042	2,552	-	(718)	3,042	1,834
	192,135	206,904	(196,092)	(212,803)	(3,957)	(5,899)
Tax loss carryforwards	64,079	83,321	-	-	64,079	83,321
Rights to tax deductions and credits	28,585	46,690	-	-	28,585	46,690
Net assets and liabilities	284,799	336,915	(196,092)	(212,803)	88,707	124,112
Movement during the year					(35,405)	

The governors of the Group consider that the majority of deferred tax assets and liabilities will be reversed or realised in a period exceeding twelve months, except for an amount of approximately Euros 3 million in tax loss carryforwards and deductions, which are expected to be recovered in the short term (approximately Euros 8 million in tax loss carryforwards and deductions in 2020).

(Continued)

The Parent files annual income tax returns. The standard rate of tax is 20% of general taxable income. In application of Provincial Law 6/2018 of 12 December 2018 on the tax regime for cooperatives in Vizcaya (although this was already mandatory since the year beginning 1 January 2009 as a result of the amendment to Provincial Law 9/1997), the Company must differentiate between two types of taxable income: general taxable income and special taxable income. Special taxable income comprises investment yields earned by the Cooperative, except those not subject to withholding taxes, and dividends which entitle application of the exemption on dividends of 100% of taxable income, providing the payer is a related individual or entity. Special taxable income is taxed at 19%. The remaining companies of the consolidated group are taxed at a rate of 25% and 24%. The tax liability may be reduced by certain credits for investment and expenses. Due to its status as a specially protected cooperative, Eroski, S. Coop. is entitled to the following income tax benefits:

a) Taxable income is reduced by 50% of the amount which must be transferred to the Mandatory Reserve Fund.

b) Deductible expenses are considered to include the mandatory amounts allocated to the COFIP and interest accrued on members' contributions to equity within certain limits established in Provincial Law 6/2018 of 12 December 2018 on Cooperative Tax Regimes.

c) Contributions by the Company to Intercooperative Cooperation Institutions, which have been previously recognised by the taxation authorities and which are used to financially assist, promote or develop cooperatives or new activities, are also deemed tax deductible.

d) As a result of its special protected status, the Cooperative's total tax liability may be reduced by 50%.

On 27 March 2018, Provincial Law 2/2018 of 21 March 2018 was published, which introduces amendments to Provincial Income Tax Law, the Tax Regime for Cooperatives in Vizcaya and other tax legislation, and is effective for accounting periods beginning on or after 1 January 2018. The measures approved include limiting the application of tax loss carryforwards to 50% of taxable income, reducing the application of deductions limit to 35% of the tax expense, and extending the time limit for application to 30 years for accounting periods beginning on or after 1 January 2014. A minimum tax rate of 4.5% has also been maintained for Eroski, S. Coop.

(Continued)

Details of the income tax expense are as follows:

	Thousands of Euros	
	31.01.22	31.01.21
Current tax		
Present year	15,056	21,835
Prior years	(145)	(205)
Deferred tax		
Source and reversal of temporary differences	(1,624)	(1,793)
Impairment of tax credits	33,761	6,903
Previously unrecognised tax credits	(247)	-
Tax credits applied	4,713	-
Deferred from prior years	(1,198)	-
	35,405	5,110
	50,316	26,740

The relationship between the tax expense and profit from continuing operations is as follows:

	Thousands of Euros	
	31.01.22	31.01.21
Profit/(loss) for the year before tax from continuing operations, general base	147,821	(71,753)
Profit for the year before income tax from continuing operations, special base	7,109	20,930
	154,930	(50,823)
Tax calculated at the tax rate for each company	14,844	(10,360)
Non-taxable income	(549)	(412)
Non-deductible expenses	4,078	2,113
Uncapitalised tax credits	902	28,847
Impaired tax credits	33,761	6,770
Capitalisation of prior years' tax credits	(271)	-
Changes in tax rates	11	-
Deductions generated and applied during the year	(1,107)	(720)
Share in profit/(loss) of equity-accounted associates	(22)	573
Prior years' differences	(1,331)	(71)
Income tax expense	50,316	26,740

(Continued)

The Company and other Group companies have applied the exemption on reinvestment of extraordinary gains provided for in article 22 of Provincial Income Tax Law 3/1996, article 36 ter of Income Tax Law 43/1995 and article 42 of Royal Legislative Decree 4/2004 on Income Taxes, to the following amounts, having reinvested the selling price which gave rise to the exemption in property, plant and equipment in each of the years in which the gain was generated:

	Thousands of Euros	
Year of origin	Amount subject to exemption/deduction	Reinvestment period
2003	2,958	2003
2004	1,273	2004
2005	7,948	2005
2006	55,679	2006
2007	97,503	2007
2008	174,788	2008
2009	19,838	2009 & 2010
2010	103,510	2010, 2011, 2012 & 2013
2011	45,410	2012
	508,907	

The Company and certain Group companies have unused deductions for investments and job creation.

In accordance with provincial and state income tax legislation, losses declared may be carried forward to be offset against profits (i) of the 30 subsequent accounting periods (for losses declared prior to 1 January 2014 by companies filing taxes under the provincial regime (Vizcaya), the 30-year period is calculated as of that date), (ii) indefinitely for companies filing taxes under the common tax regime, although in both cases, provincial and state, providing the quantitative limits established in prevailing income tax legislation are observed. Losses are offset when the tax declarations are filed, without prejudice to the taxation authorities' power of inspection.

(Continued)

On the basis of income tax returns filed or to be filed at 31 January 2022 and 31 January 2021, Group companies have the following accumulated loss carryforwards to be offset against future profits.

	Thousands of Euros		
Year	31.01.22	31.01.21	Available through (*)
2001	8,549	8,549	No limit/2044
2002	48,227	48,227	No limit/2044
2003	53,607	53,607	No limit/2044
2004	80,106	80,106	No limit/2044
2005	34,567	34,567	No limit/2044
2006	66,290	66,290	No limit/2044
2007	134,582	134,582	No limit/2044
2008	252,716	251,840	No limit/2044
2009	172,108	173,166	No limit/2044
2010	249,648	249,648	No limit/2044
2011	223,958	223,958	No limit/2044
2012	174,231	221,366	No limit/2044
2013	277,057	277,057	No limit/2044
2014	325,048	326,160	No limit/2044
2015	40,914	42,351	No limit/2045
2016	80,943	81,396	No limit/2046
2017	167,536	167,536	No limit/2047
2018	91,901	91,900	No limit/2048
2019	328,488	310,015	No limit/2049
2020	1,371,766	1,364,554	No limit/2050
2021 (estimated)	228,611	-	No limit/2051
	4,410,853	4,206,875	

(*) In accordance with provincial tax regulations, the period of offset is 30 years from the entry into force of the corresponding regulations, and any quantitative limits are applicable.

In accordance with Spanish state tax legislation, there is no time limit for offsetting tax loss carryforwards, although quantitative limits must be observed.

In 2021, Eroski S.Coop. applied uncapitalised tax loss carryforwards totalling Euros 47,135 thousand.

2020 included tax loss carryforwards generated by the different holding companies (Newcobeco S.A.U, Cecogoico S.A.U and Eroski S.Coop.), which impaired their investments in Group companies in accordance with the criteria mentioned in note 9.

(Continued)

At 31 January 2022 capitalised tax credits for loss carryforwards amount to Euros 64,079 thousand (Euros 83,321 thousand at 31 January 2021).

At 31 January 2022, of the tax loss carryforwards included in the Group's tax returns filed (or to be filed), deferred tax assets amounting to Euros 844,399 thousand (Euros 768,941 thousand at 31 January 2021) have not been recognised.

The Company and certain Group companies have the following unused deductions for investment and job creation:

Unused deductions at 31 January 2021 and 2021 by nature:

	Thousands of Euros				
	31.01.22				
Year of origin	Double taxation	Investments	R&D&i	Other	Total
1998	-	5,322	-	-	5,322
1999	-	1,519	-	-	1,519
2000	-	2,444	-	-	2,444
2001	-	10,790	-	159	10,949
2002	16	2,620	-	1,085	3,721
2003	42	1,450	213	1,040	2,745
2004	36	1,264	390	352	2,042
2005	-	1,888	100	625	2,613
2006	55	3,321	170	1,214	4,760
2007	65	15,092	-	101	15,258
2008	374	7,802	-	219	8,395
2009	532	22	1,861	70	2,485
2010	379	-	872	43	1,294
2011	762	-	693	98	1,553
2012	6,114	-	563	870	7,547
2013	2,874	-	403	1,010	4,287
2014	1,299	-	147	1,022	2,468
2015	46	-	106	1,115	1,267
2016	41	-	62	1,376	1,479
2017	10	2,157	332	2,151	4,650
2018	12	2,391	303	1,422	4,128
2019	12	3,068	216	236	3,532
2020	14	2,444	234	216	2,908
2021	-	-	-	-	-
	12,683	63,594	6,665	14,424	97,366

(Continued)

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

	Thousands of Euros 31.01.21				
Year of origin	Double taxation	Investments	R&D&i	Other	Total
1998	-	5,322	-	-	5,322
1999	-	1,519	-	-	1,519
2000	-	2,444	-	-	2,444
2001	-	10,879	-	159	11,038
2002	16	2,620	-	1,085	3,721
2003	42	1,450	213	1,040	2,745
2004	36	1,264	390	352	2,042
2005	-	1,888	100	625	2,613
2006	55	13,862	170	1,215	15,302
2007	65	15,092	-	102	15,259
2008	166	7,802	-	219	8,187
2009	530	22	1,861	70	2,483
2010	379	-	872	43	1,294
2011	8,041	-	693	98	8,832
2012	8,262	-	563	870	9,695
2013	2,874	-	403	1,010	4,287
2014	1,299	-	147	1,022	2,468
2015	46	-	106	1,115	1,267
2016	41	-	62	1,376	1,479
2017	10	2,161	332	2,151	4,654
2018	12	2,402	303	1,422	4,139
2019	12	3,208	216	236	3,672
2020	-	-	-	-	-
	21,886	71,935	6,431	14,210	114,462

(Continued)

Unused deductions at 31 January 2022 and 2021 by maturity:

	Thousands of Euros										
	31.01.22										
Year	Available through		Available through		Available through		Available through		Available through		Total
1998	2044	5,322	2016	-	2013	-	2008	-	no limit	-	5,322
1999	2044	1,519	2017	-	2014	-	2009	-	no limit	-	1,519
2000	2044	2,444	2018	-	2015	-	2010	-	no limit	-	2,444
2001	2044	10,949	2019	-	2016	-	2011	-	no limit	-	10,949
2002	2044	3,720	2020	-	2017	-	2012	-	no limit	-	3,720
2003	2044	2,745	2021	-	2018	-	2013	-	no limit	-	2,745
2004	2044	2,042	2022	-	2019	-	2014	-	no limit	-	2,042
2005	2044	2,613	2023	-	2020	-	2015	-	no limit	-	2,613
2006	2044	4,717	2024	-	2021	43	2016	-	no limit	-	4,760
2007	2044	12,200	2025	-	2022	3,058	2017	-	no limit	-	15,258
2008	2044	4,669	2026	-	2023	3,627	2018	-	no limit	99	8,395
2009	2044	2,274	2027	-	2024	-	2019	-	no limit	212	2,486
2010	2044	924	2028	69	2025	-	2020	-	no limit	302	1,295
2011	2044	825	2029	46	2026	-	2021	-	no limit	682	1,553
2012	2044	4,705	2030	85	2027	-	2022	776	no limit	1,980	7,546
2013	2044	381	2031	136	2028	-	2023	951	no limit	2,819	4,287
2014	2044	186	2032	20	2029	-	2024	1,006	no limit	1,256	2,468
2015	2045	129	2033	43	2030	-	2025	1,006	no limit	89	1,267
2016	2046	119	2034	-	2031	-	2026	1,147	no limit	213	1,479
2017	2047	2,518	2035	-	2032	-	2027	1,919	no limit	214	4,651
2018	2048	2,707	2036	-	2033	-	2028	1,205	no limit	215	4,127
2019	2049	3,316	2037	-	2034	-	2029	-	no limit	216	3,532
2020	2050	2,691	2038	-	2035	-	2030	-	no limit	217	2,908
2021	2051	-	2038	-	2035	-	2030	-	no limit	-	-
		73,715		**399**		**6,728**		**8,010**		**8,514**	**97,366**

	Thousands of Euros										
	31.01.21										
Year	Available through		Available through		Available through		Available through		Available through		Total
1998	2044	5,322	2016	-	2013	-	2008	-	no limit	-	5,322
1999	2044	1,519	2017	-	2014	-	2009	-	no limit	-	1,519
2000	2044	2,444	2018	-	2015	-	2010	-	no limit	-	2,444
2001	2044	11,038	2019	-	2016	-	2011	-	no limit	-	11,038
2002	2044	3,720	2020	-	2017	-	2012	-	no limit	-	3,720
2003	2044	2,745	2021	-	2018	-	2013	-	no limit	-	2,745
2004	2044	2,042	2022	-	2019	-	2014	-	no limit	-	2,042
2005	2044	2,613	2023	-	2020	-	2015	-	no limit	-	2,613
2006	2044	4,718	2024	-	2021	10,584	2016	-	no limit	-	15,302
2007	2044	12,201	2025	-	2022	3,058	2017	-	no limit	-	15,259
2008	2044	4,461	2026	-	2023	3,627	2018	-	no limit	99	8,187
2009	2044	2,271	2027	-	2024	-	2019	-	no limit	212	2,483
2010	2044	924	2028	69	2025	-	2020	-	no limit	302	1,295
2011	2044	8,104	2029	46	2026	-	2021	-	no limit	682	8,832
2012	2044	6,853	2030	85	2027	-	2022	776	no limit	1,980	9,694
2013	2044	381	2031	136	2028	-	2023	951	no limit	2,819	4,287
2014	2044	185	2032	20	2029	-	2024	1,006	no limit	1,256	2,467
2015	2045	130	2033	43	2030	-	2025	1,006	no limit	89	1,268
2016	2046	119	2034	-	2031	-	2026	1,147	no limit	213	1,479
2017	2047	2,522	2035	-	2032	-	2027	1,919	no limit	214	4,655
2018	2048	2,718	2036	-	2033	-	2028	1,205	no limit	215	4,138
2019	2049	3,456	2037	-	2034	-	2029	-	no limit	216	3,672
2020	2050	-	2038	-	2035	-	2030	-	no limit	-	-
		80,486		**399**		**17,269**		**8,010**		**8,297**	**114,461**

(Continued)

At 31 January 2022 capitalised tax credits for unused deductions amount to Euros 28,585 thousand (Euros 46,690 thousand at 31 January 2021). Eroski S.Coop. has applied capitalised deductions for double taxation amounting to Euros 4,713 thousand in the income tax estimate for 2021.

The governors of the Parent and, where applicable, their tax advisors have calculated the income tax for 2021 and for the years open to inspection in accordance with fiscal legislation prevailing at the end of each year. Due to the treatment permitted by fiscal legislation of certain transactions, additional tax liabilities could arise in the event of inspection. In any event, the Parent's governors do not consider that any such liabilities that could arise would have a material effect on the consolidated annual accounts.

As explained in note 3 (n), the Group recognises tax loss carryforwards, credits and deductions providing their realisation or future application is probable. To do so, management uses prudent estimates approved by the governors which reflect a growth rate of 0% in the years beyond the budgeting period for the business (5 years). Based on these estimates, this year the Parent's governors have decided to impair tax credits for loss carryforwards and deductions recognised in previous years by Euros 33,761 thousand (Euros 6,770 thousand in 2020).

The Group has performed a sensitivity analysis by stressing the key EBITDA assumption by -2%/-10%, and no significant differences arose.

In accordance with current legislation, taxes cannot be considered definitive until they have been inspected and agreed by the taxation authorities or before the prescription period of four years from presentation of the corresponding settlements has elapsed. At 31 January 2022 the Company and its subsidiaries, in general, have open to inspection by the taxation authorities all main applicable taxes since 1 January 2018, except for income taxes, which are open to inspection since 1 January 2017. The governors do not expect that significant additional liabilities would arise in the event of inspection.

(Continued)

(15) Inventories

Details of inventories are as follows:

	Thousands of Euros	
	31.01.22	31.01.21
Goods for resale	328,277	345,869
Property		
Land	35,917	30,778
Buildings under construction	3,782	3,751
	367,976	380,398
Advances of property inventories	299	299
	368,275	380,697

Property inventories at 31 January 2022 and 2021 are expected to be sold in more than twelve months. No borrowing costs have been capitalised in property inventories in 2021 and 2020.

Net realisable value has been estimated using independent expert appraisals and/or fair values obtained from signed sale-purchase contracts less estimated costs to sell, all of which were obtained within the last 12 months.

The total cost of materials consumed during the years ended 31 January 2022 and 2021 was as follows:

	Thousands of Euros	
	31.01.22	31.01.21
Net purchases	3,282,764	3,491,331
Changes in inventories	18,118	5,568
Provision (reversal) for inventory obsolescence	(5,696)	1,220
	3,295,186	3,498,119

(Continued)

During the years ended 31 January 2022 and 2021 movement in inventories compared to the prior year is as follows:

	Thousands of Euros
Inventories at 31 January 2020	387,489
Change in goods for resale	(9,474)
Change in property inventories	3,906
Inventory (impairment)/reversals	(1,220)
Transfers to property, plant and equipment	-
Other movements	(4)
Inventories at 31 January 2021	380,697
Change in goods for resale	(18,316)
Change in property inventories	198
Inventory (impairment)/reversals	5,696
Inventories at 31 January 2022	368,275

Net purchases at 31 January 2022 include Euros 8,944 thousand corresponding to purchases made in foreign currencies (Euros 12,649 thousand at 31 January 2021).

(a) Insurance

Group companies have taken out insurance policies to cover the risks to which their inventories are exposed. The coverage of these policies is considered sufficient.

(b) Inventories pledged as collateral

At 31 January 2022, no inventories were pledged as collateral (Euros 31,000 thousand at 31 January 2021).

(c) Purchase commitments

At 31 January 2022 and 2021 there are no commitments to acquire property inventories.

(Continued)

(16) Equity

Details of equity and movement during the year are shown in the statement of changes in equity.

(a) Members' contributions

Details of members' contributions at 31 January 2022 and 2021 are as follows:

	Thousands of Euros	
	31.01.22	31.01.21
Mandatory contributions		
Worker members	329,962	332,915
Consumer members	1,601	1,540
	331,563	334,455

Members' contributions consist of voluntary and mandatory contributions made by consumer and worker members, patronage returns on the distribution of results, capitalisation of interest on contributions and the capitalisation of revaluation reserves, when distributable, as established in relevant legislation.

Each year the members at their general assembly approve the mandatory contributions to be made by new worker members. For each year the general assembly decides whether or not to pay interest on worker members' contributions and, if so, establishes the interest rate applicable, which may not exceed gross annual interest of 7.5% or a % of gross ordinary profit if the cooperative complies with certain ratios established in the By-Laws. In any case, remuneration will not exceed the legal limits and a lower interest rate may be agreed. In any event, returns on members' contributions are dependent on the existence of sufficient net profit or freely distributable reserves.

The mandatory contribution for consumer members is Euros 1.20.

Contributions are transferable between members of the same category in accordance with conditions established by the board of governors and by succession "mortis causa".

(Continued)

In the event of a loss of membership, members or their beneficiaries may request reimbursement of their contribution. The value of their contribution will be calculated based on the statement of financial position for the year in which the member requests to leave. However, the governors reserve the right to reduce the mandatory contribution by a certain percentage, depending on the reason for loss of membership. It is the general assembly that agrees or not to reimburse contributions in the event of a loss of membership.

If the general assembly does not agree to reimburse all contributions requested, the following obligations come into play:

- Half of the Cooperative's available profit will be earmarked for the mandatory reserve fund.

- No return on worker member contributions may be made.

- The Cooperative may not agree returns for worker members.

- If there is sufficient net profit (profit after offsetting prior years' losses) or sufficient distributable reserves to cover its accrual, and the Cooperative agrees to accrue a return below the legal interest rate in favour of contributions whose reimbursement has not been approved by the assembly, the par value of these contributions is increased by at least an amount equal to the difference between this interest and that accrued prior to any return on worker members' contributions. This will also be the case if no agreement is reached.

Pursuant to the agreement by the general assembly on the reimbursement of contributions in the event of a loss of membership, the payment period will be decided by the board of governors and may not exceed five years from the reimbursement date agreed by the general assembly, and the contribution not paid will be entitled to accrue interest equivalent to the legal rate.

At 31 January 2022 unpaid calls on members' contributions amount to Euros 2,248 thousand (Euros 2,061 thousand at 31 January 2021).

(Continued)

The main aim of the Group in managing its members' contributions and equity items is to provide the necessary base for attracting external financing in order to increase activity from a reasonably balanced financial perspective. Included in this are issues of Eroski Subordinated Financial Contributions (ESFCs), irrespective of their classification as equity or liabilities, as their characteristics of perpetuity and subordination mean they fulfil the same function.

Capital management strategy centres on maintaining an equity to total liabilities ratio of over 0.20.

At 31 January 2022 and 2021 the ratio has been calculated as follows:

	Thousands of Euros	
	31.01.22	31.01.21
Equity	425,921	119,250
ESFCs in financial liabilities	124,752	124,752
Equity considered	550,673	244,002
Total liabilities (net of ESFCs and lease liabilities)	2,270,199	2,795,455
Equity/total liabilities ratio	0.24	0.09

(Continued)

(b) Retained earnings

Details of retained earnings are as follows:

	Thousands of Euros	
	31.01.22	31.01.21
Parent reserves		
Transition reserves	22,766	22,766
Prior years' profit and loss	(300,370)	(48,068)
Other reserves		
Mandatory reserve fund	18,189	17,690
Statutory reserves	34,203	166,866
Merger reserves	109	109
Other reserves	2,657,428	2,269,796
Reserves in fully consolidated companies	(2,885,096)	(2,731,650)
Reserves in equity-accounted investees	4,922	4,713
Profit/loss attributable to equity holders of the Parent	107,719	(96,457)
	(340,130)	(394,235)

(c) Mandatory Reserve Fund

In accordance with Law 11/2019 of 20 December 2019 governing cooperatives in the Basque Country, the net surplus for each year, after taxes and amounts used to offset loss carryforwards, constitutes the available surplus. At least 30% of available surpluses is taken annually to the Mandatory Reserve Fund and the Contribution for Education and Cooperative Promotion and Other Public Interest Initiatives (COFIP), with a minimum of 10% to the latter and 20% to the former.

Until the Mandatory Reserve Fund reaches 50% of members' contributions, the minimum appropriation to the COFIP may be reduced by half.

(Continued)

The Mandatory Reserve Fund, earmarked for the consolidation, development and guarantee of the Cooperative, is not distributable to members, except to the extent permitted by Law 11/2019 of 20 December 2019 governing cooperatives in the Basque Country. This fund comprises percentage appropriations made as explained above, deductions from mandatory contributions in the event of loss of membership and admission fees.

(d) Distribution of Parent profit/Application of Parent loss

The application of losses for 2020 approved by the members at the general assembly held on 16 June 2021, and the proposed distribution of profit for 2021, which the board of governors of Eroski, S. Coop. will propose to the members at their general assembly, are as follows:

	Thousands of Euros	
	31.01.22	31.01.21
Basis of allocation:		
Profit/(loss) for the year	58,684	(442,206)
Appropriation to the Contribution for Education and Cooperative Promotion and Other Public Interest Initiatives	-	-
Cooperative profit/(loss)	58,684	(442,206)
Distribution:		
Interest on 2007 issue of ESFCs	2,740	3,073
Mandatory Reserve Fund	-	(132,662)
Voluntary reserves	-	(61,756)
Individualised special reserve	55,944	(250,861)
	58,684	(442,206)

(e) Declaration of governors' responsibility

Pursuant to article 8 of Royal Decree 1362/2007, all the members of the board of governors declare and sign that, to the best of their knowledge, the consolidated annual accounts for 2021, authorised for issue at the meeting held on 28 April 2022, have been prepared using applicable accounting principles, give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of Eroski, S. Coop. and its consolidated subsidiaries, taken as a whole, and that the consolidated directors' report for 2021 includes a fair analysis of the performance, results and position of Eroski, S. Coop. and its consolidated subsidiaries, taken as a whole, and contains a description of the main risks and uncertainties facing the Group.

(Continued)

(f) Capitalised funds

This caption comprises Eroski Subordinated Financial Contributions (ESFCs). On 9 July 2007, and pursuant to article 60.6 of Law 11/2019 of 20 December 2019 governing cooperatives in the Basque Country, as worded in Law 1/2000 of 29 June 2000, the Company issued ESFCs for a nominal amount of Euros 300,000 thousand, divided into 12,000,000 units of Euros 25 par value each. The interest paid in cash on this issue includes the following conditions:

a) Eroski worker members will receive cash if returns are paid in the year prior to the interest being accrued.

b) Otherwise, and unlike ESFCs recognised under financial liabilities (see note 17), the general assembly of Eroski can decide whether to pay ESFC holders in cash (in whole or in part), or increase the par value of the ESFCs by the same amount.

Given the subordinate nature of the ESFCs and the conditions for settling interest described previously, these financial instruments are classified as equity instruments.

As stipulated in article 60.6 of the law governing cooperatives in the Basque Country, ESFCs shall not be redeemed until cooperative approval is obtained for settlement. Without prejudice to the aforementioned, when at least five years have elapsed from the payment date, Eroski, S. Coop. members at their annual general assembly may agree to the partial or total redemption of the ESFC issue by reducing the par value of all the ESFCs issued.

Under the financial restructuring framework contract signed on 15 January 2015 (see note 18), holders must be given the option to exchange ESFCs for a cash equivalent of 15% of the nominal amount of the contributions, plus a bond with a nominal value equal to 55% of the par value of the exchanged contributions. This bond is a subordinated instrument, with 12-year maturity, extendible for an additional 5 years at the discretion of the holder, and remunerated at interest pegged to Euribor + 300 basis points.

On 14 January 2016 Eroski presented the prospectus of the ESFC Exchange Offering and simultaneous 2016 Eroski Subordinated Bond (ESB) Public Offering. The acceptance and subscription period ended on 27 January 2016, with 62% of holders tendering instruments in the offer. On 1 February 2016, Eroski exchanged 63.59% of ESFCs issued to third parties between 2002 and 2004 (recognised as a liability) and 60% of ESFCs issued to third parties in 2007 (recognised under equity).

The effect of the exchange at 31 January 2016 was the redemption via exchange of Euros 162 million in ESFCs in equity and Euros 218 million under liabilities. The difference resulting from the ESFC exchange in equity, which included Euros 22 million corresponding to the change in fair value of the bonds, was recognised directly in reserves.

ESFCs in equity not exchanged accrue annual interest pegged to 12-month Euribor +2.5%, which will be paid in cash if the above conditions for interest payments are met. At 31 January 2022 the annual interest rate applied was 1.987% (2.222% at 31 January 2021). During the year ended 31 January 2022, interest of Euros 2,147 thousand (Euros 2,408 thousand at 31 January 2021) was accrued (as they are equity instruments, they are treated as dividends) and settled in cash on 31 January 2022 as the terms of section a) above were fulfilled. This amount has been recognised under interim dividends in the consolidated statement of financial position.

ESFCs are considered marketable securities, are freely transferable and are represented by book entries in a single series. Since issue, they have been traded on the AIAF (Spanish Association of Brokers and Securities Dealers) Fixed Income Market, and on 6 July 2012 they were incorporated into the electronic SEND trading platform, as recommended by the Securities Market Regulatory Body and following the practice of issuers of fixed income securities directed at retailers. The quoted price of ESFCs can fluctuate in line with their quoted price on this market. At 31 January 2022 this quoted price is 17.81% of the par value (12.5% at 31 January 2021).

At 31 January 2022 and 2021 the Group has acquired ESFCs totalling Euros 29,847 thousand.

(Continued)

Details of these equity instruments at 31 January 2022 and 2021 are as follows:

	Thousands of Euros	
	31.01.22	31.01.21
Equity instruments issued	125,372	125,372
Own equity instruments acquired	(29,847)	(29,847)
	95,525	95,525

(17) Current and Non-current Financial Liabilities

Details of current and non-current financial liabilities at 31 January 2022 and 2021 are as follows:

	Thousands of Euros			
	31.01.22		31.01.21	
	Non-current	Current	Non-current	Current
Financial liabilities from issuing bonds and marketable securities	303,344	5,197	299,192	5,704
Financial liabilities from loans and borrowings (note 18)	797,406	10,581	992,910	221,476
Third party loans	17,174	3,056	17,425	7,230
Lease liabilities (note 10)	1,136,498	119,076	1,238,088	123,742
Payables to associates (note 28)	575	154	689	-
Other payables	30,763	1,007	31,770	954
Other financial liabilities	736	-	736	-
Total	2,286,496	139,071	2,580,810	359,106

During the period 2002-2004 the Company issued three lots of ESFCs for a total par value of Euros 360,000 thousand, divided into 14,400,000 securities of Euros 25 par value each.

As stipulated in article 60.6 of the law governing cooperatives in the Basque Country, ESFCs shall not be redeemed until cooperative approval is obtained for settlement. Without prejudice to the aforementioned, when at least five years have elapsed from the payment date, Eroski, S. Coop. members at their annual general assembly may agree to the partial or total redemption of the ESFC issue by reducing the par value of all the ESFCs issued (see note 16 (f)).

After Order EHA/3360/2010 of 21 December 2010, which approves the accounting standards for cooperatives, became effective on 1 January 2011, these ESFCs are classified as financial liabilities, and are thus recognised under non-current liabilities in the consolidated statement of financial position.

(Continued)

ESFCs will accrue annual interest on a daily basis between the date of payment and, as the case may be, their redemption date, irrespective of profits earned, calculated on the basis of their par value, equivalent to 12-month Euribor +3%.

During the year ended 31 January 2022, Euros 3,103 thousand has been accrued (Euros 3,405 thousand at 31 January 2021), equivalent to annual interest of 2.487% at 31 January 2022 (2.722% at 31 January 2021), which is recognised under finance costs and payables on subordinated financial contributions in the consolidated income statement (see note 27). This interest was paid on 31 January 2022, (at 31 January 2021 it was payable and was thus recorded as current liabilities).

The three ESFC issues are considered marketable securities, are freely transferable and are represented by book entries in a single series. Since issue, they have been traded on the AIAF (Spanish Association of Brokers and Securities Dealers) Fixed Income Market, and on 6 July 2012 they were incorporated into the electronic SEND trading platform, as recommended by the Securities Market Regulatory Body and following the practice of issuers of fixed income securities directed at retailers. The quoted price of ESFCs can fluctuate in line with their quoted price on this market. At 31 January 2022 this quoted price is 22.477% of the par value (14.000% at 31 January 2021).

As indicated in note 16, on 14 January 2016 Eroski presented the prospectus of the ESFC Exchange Offering and simultaneous 2016 ESB Public Offering, and on 1 February 2016, it exchanged 63.59% of ESFCs issued to third parties between 2002 and 2004.

As indicated in note 16 (f), the effect of the exchange at 31 January 2016 was the derecognition of exchanged debt ESFCs amounting to Euros 218 million. The balancing entry of the exchange of these ESFCs and the ESFCs recognised as equity of Euros 162 million, was recognised as a payable for subordinated bonds issued for a nominal amount of Euros 209 million and recognised at its fair value of Euros 157 million.

The ESBs will accrue annual interest on a daily basis between the date of payment and, as the case may be, their redemption date, irrespective of profits earned and calculated on the basis of their par value, equivalent to 12-month Euribor +3%. On 1 February 2022, an amount of Euros 5,197 thousand, equivalent to 2.487%, was paid, and Euros 9,349 thousand was recognised under finance costs (on 1 February 2020 Euros 5,704 thousand, equivalent to 2.722%, was paid, and Euros 9,613 thousand was recognised under finance costs) corresponding to the effective interest rate calculated at the time of valuation, which the Company estimated at 5.8% (see note 27). At 31 January 2022 this quoted price is 41.749% of the par value (25.200% at 31 January 2021).

(Continued)

As indicated in note 6, in 2020 a financial liability was recognised for the agreement entered into between the Group and a third party for the sale and leaseback of 27 supermarkets for an initial amount of Euros 32,955 thousand, the balance of which at 31 January 2022 was Euros 31,770 thousand) (Euros 32,724 thousand at 31 January 2021). This liability matures when the lease contracts expire, i.e. 30 October 2040.

At 31 January 2022, the Company's governors estimate that the fair value of loans and borrowings corresponding to the Framework Agreement, represent 90%-95% of their carrying amount, based on transactions carried out in respect of its debt with financial institutions. The fair value of the remaining financial liabilities does not differ significantly from their carrying amount.

(18) Loans and Borrowings

Details at 31 January 2022 and 2021 are as follows:

	Thousands of Euros			
	31.01.22		31.01.21	
	Non-current	Current	Non-current	Current
Syndicated credit facilities				
Framework Agreement	737,755	10,570	936,319	221,452
Bank loans and credit facilities	59,651	11	56,591	24
	797,406	10,581	992,910	221,476
	(note 17)	(note 17)	(note 17)	(note 17)

On 16 July 2019 the Eroski Group signed a financial restructuring agreement with a consortium of financial institutions (for a total amount of Euros 1,503 million and working capital financing facilities), extending the maturity of its financial debt.

The agreement reached divided the nominal amount of the Eroski Group's debt into two tranches. On the one hand, one tranche amounting to approximately Euros 1,022 million bearing interest at Euribor +2.5% and, on the other hand, a tranche amounting to approximately Euros 509 million bearing interest at a fixed rate of 0.5% until 31 July 2024. These tranches were initially for Euros 1,003 million and Euros 500 million, respectively, but were increased in 2019 due to guarantees totalling Euros 28 million extended by the Group to related and non-related parties.

(Continued)

Eroski, S. Coop was initially the debtor of both tranches. Of the second tranche, and with sole condition of meeting the December 2021 repayment, which was repaid in September 2021, the contract establishes that an amount of Euros 200 million accrues 0% interest as of this payment in December 2021. Additionally, it establishes that the subsidiary Cecogoico S.A.U. is the debtor of this sub-tranche.

In 2019, the governors analysed whether the conditions on the new debt differ substantially from those in place when the agreement was signed. They concluded that they represented a substantial modification of the debt as the value of the future cash flows of the new loan, discounted at the effective interest rate of the previous loan, differed by more than 10% of the current debt. Consequently, it was necessary to estimate the fair value of the new debt.

Based on the foregoing, the initial fair value of the debt was determined to be Euros 1,247 million, resulting in the recognition of Euros 256 million in finance income at 31 January 2020, reflecting the difference with the carrying amount of the previous debt at the time of the refinancing. The effective rate of interest of the new debt is 4%.

Additionally, the refinancing contract contemplates waiving part of the debt for a maximum amount of around Euros 152 million if a series of requisites are met, including repayment of the 31 December 2021 instalment, accreditation of certain divestments, compliance with the contractual conditions, including financial ratios, and a minimum equity reduction. As all the requirements were met at 31 January 2022, the Company has recognised finance income of approximately Euros 141 million under finance income at 31 January 2022 (see note 27), corresponding on the one hand to the Euros 152 million waiver, and on the other, the effect of discounting this amount at the original interest rate. For all intents and purposes, this waiver has retroactive effectiveness at the December 2021 repayment date, including the accrual and payment of interest.

Additionally, on 4 November 2021, the condition precedent for Eroski S. Coop to obtain a waiver of Euros 5 million from a financial institution was relinquished under the Restructuring Framework Agreement and the execution of a financial guarantee extended in 2019. As certain milestones were met, the debt could be reduced by this amount. As a result of this waiver, the nominal of the outstanding debt at 31 January 2022 has been reduced, with a balancing entry under finance income at 31 January 2022.

(Continued)

The Parent and other companies of the Eroski Group are jointly and severally liable for the obligations deriving from these facilities and have agreed with the lending entities to fulfil a series of financial ratios based on the consolidated annual accounts and consolidated half-yearly financial statements as of the 31 January 2020 close. During 2021, a modification in the calculation of these ratios was approved due to the sale of 50% of the share capital of Supratuc2020, S.L. mentioned in note 1. The governors of the Company consider that at 31 January 2022 the aforementioned ratios have been met.

The new agreement involved the reorganisation of the Group such that most of the trading companies become investees of a new trading company that is, in turn, owned by Eroski, S. Coop. To ensure fulfilment of some of the payment obligations, the option is granted to convert part of the outstanding debt into shares in the aforementioned trading company at the fair value of the shares, as calculated by independent experts at the conversion date. To this end, Cecogoico S.A.U. was incorporated during 2019. As the aforementioned option did not include any option for acquiring shares on more favourable terms than their market value and as Group management did not consider their value to be significant, it was not considered necessary to carry out a valuation thereof.

Additionally, repayment of this financing is secured by a mortgage on certain property, plant and equipment, investment property and non-current assets held for sale by various Group companies, as well as first-ranking pledges on investments in certain subsidiaries in favour of the lenders on credit rights to fully comprehensive insurance policies and the bank accounts of certain Group companies, and second-ranking pledges on subsidiaries already pledged to ensure compliance with commitments of the pre-existing syndicated financing facility. Lastly, a chattel mortgage was taken out on the "Eroski" and "Caprabo" brands. In 2021, due to the sale of 50% of Supratuc2020, S.L. mentioned in note 1, the guarantees on the assets of this company were lifted, as well as those of its subsidiaries Caprabo, S.A.U. and Cecosa Supermercados S.A.U., including that of the Caprabo brand. At 31 January 2022, the guarantees extended by these three companies would only be the pledge of the shares of that the Eroski Group has over them.

(Continued)

The par value of syndicated debt at the 2021 close amounts to Euros 1,105 million (Euros 1,394 million at the 2020 close). Regarding the nominal amount pending at 31 January 2022, the aforementioned waiver has not been deducted as it will not be reflected in the contractual nominal amount until certain administrative procedures with the financial institutions have been completed. The reason for the change in the nominal amount are the ordinary repayments amounting to Euros 245 million, early repayments on the 2024 instalment of Euros 39 million made during the year, and the Euros 5 million waiver explained earlier. Early repayments were largely made with cash surpluses generated from the higher volume of activity in 2020, and the aforementioned sale of 50% of Supratuc2020, S.L. by the Group company Newcobeco, S.A.U. to the holding investor EP Corporate Group (see note 1).

Group management's estimate of payments of principal (in millions of Euros), which includes compliance with all the agreements included in the refinancing contract, is as follows:

2022	2023	2024	2027
31	31	539	200

Total estimated principal payments were reduced by Euros 443 million compared to those of the prior year.

During 2021, the Group made interest payments of Euros 21.7 million (Euros 27.3 million in 2020).

The refinancing agreement includes the following negative covenants regarding the distribution of interest and profits:

- Distribute interest on member contributions, make payments to or monetarise Eroski members (expressly excluding wage and salary payments to worker members and remuneration on voluntary member contributions, and settlements to members on departure)

(Continued)

Payment of interest on the subordinated financial contributions exceeding the minimum amount stipulated in the prospectuses for the above subordinated financial contributions or to pay in cash when capitalisation is permitted, under the terms of the issue, in both cases, unless an enhanced majority of the creditor entities expressly give their unanimous consent. If this obligation is not met, the debtors must pay the agent in cash for distribution of an amount of compensation among the financial institutions equivalent to (i) the excess interest paid on the subordinated financial contributions (in excess of the statutory minimum) or, if applicable, (ii) any interest paid in cash to the ESFCs were capitalisation possible.

At 31 January 2022 and 2021 the Company has met these obligations.

Non-current loans and credit facilities mainly include a subordinated credit facility arranged with several financial institutions in January 2016 to meet the cash payment offered in the ESFC exchange.

Given the particular features of this loan, including the fact that it is subordinated, its 12-year maturity and favourable interest rates, it was recognised at its fair value of Euros 43 million (see note 16 (f)). At 31 January 2022, this loan has been recognised at amortised cost of Euros 60 million (Euros 57 million at 31 January 2021).

(19) Trade and Other Payables

Details of trade and other payables at 31 January 2022 and 2021 are as follows:

	Thousands of Euros			
	Non-current		Current	
	31.01.22	31.01.21	31.01.22	31.01.21
Suppliers	-	-	636,495	704,706
Group companies and associates (note 28)	-	-	1,450	2,585
Distributable income	1,342	1,813	-	-
Payables for services rendered	-	-	144,894	138,650
Advances from customers	-	-	32,033	31,043
Other payables				
- Salaries payable	-	-	34,602	35,679
- Public entities	-	-	35,675	45,393
- Suppliers of fixed assets	-	-	78,398	77,903
- Other payables	8,182	8,306	5,504	6,184
- Accruals	-	-	9,373	12,516
- Dividend payable (note 16)	-	-	-	2,408
- Interest ESFCs (note 17)			-	3,405
- Payables to members	5,111	17,652	10,664	11,812
Other non-current payables	119	119	-	-
	14,754	27,890	989,088	1,072,284

Contribution for Education and Cooperative Promotion and Other Public Interest Initiatives

According to Law 11/2019 of 20 December 2019 governing cooperatives in the Basque Country, at least 10% of the net surplus will be appropriated to the COFIP, once interest on capital contributions and other funds have been deducted, and prior to the available surplus. Amounts appropriated to the fund are applied the following year to the purposes for which the fund was created.

This fund is not subject to seizure, and in addition to the surplus, it also comprises disciplinary fines and penalties imposed by the Cooperative on its members, and other amounts agreed by the general assembly with a charge to available surpluses.

Appropriations to the COFIP should be used, inter alia, to train and educate members and workers in cooperative principles, their values and matters relating to cooperative work and other activities, to promote intercooperative relations and cultural, professional and assistance-related matters, as well as to spread the philosophy of cooperativism. Due to losses from prior years, no surpluses were available and therefore no expenses were recognised in relation to this appropriation in 2021 and 2020.

(Continued)

The balance of the fund which has not been applied must be invested in not-for-profit organisations in the financial year after the appropriation was made, and used for public interest initiatives established for the contribution.

Balances payable to public entities are as follows:

	Thousands of Euros	
	31.01.22	31.01.21
Taxation authorities		
VAT	6,034	17,808
Withholdings	10,323	8,031
Other items	10,074	10,221
Social Security	9,244	9,333
	35,675	45,393

Current and non-current payables to members relate to the contributions of members who have left the Cooperative, which are refunded within five years after the member's request to leave is approved. The capital accrues interest of 3%, payable annually.

(20) Late Payments to Suppliers. "Reporting Requirement", Third Additional Provision of Law 15/2010 of 5 July 2010

Information on the average supplier payment period is as follows:

	Days	
	2021	2020
Average supplier payment period	53.35	52.50
Transactions paid ratio	55.43	54.63
Transactions payable ratio	37.76	36.94
	Amount (thousands of Euros)	
Total payments made	4,197,787	4,324,890
Total payments outstanding	559,744	591,739

(Continued)

(21) Risk Management

Risk management at the Eroski Group is a process which aims to reasonably ensure that objectives are accomplished, factors which could ultimately result in a breach are identified, and mechanisms to address the consequences are established.

A description of the risk management system implemented in the Eroski Group is contained in section E of the Annual Corporate Governance Report.

Risks linked to financial management are controlled by the Company's financial and economic management in accordance with policies approved by the governors.

Currency risk

The Eroski Group does not make significant purchases in currencies other than the Euro.

The Eroski Group has no foreign currency accounts.

Credit risk

The Eroski Group is not exposed to significant credit risk as most transactions are paid in cash or by credit card.

Credit risk largely derives from sales to franchises and rental income from leased premises located in proprietary shopping centres. Credit risk in the first scenario is managed through ongoing assessment of the risk associated with the debtor, the establishment of reasonable collection periods that mitigate the accumulation of this risk, and the procurement of bank guarantees to cover a substantial portion of the risk.

Liquidity risk

The Eroski Group applies a prudent policy to cover its liquidity risks based on having sufficient cash and marketable securities, as well as sufficient financing through credit facilities, to settle market positions.

Details of the Group's exposure to liquidity risk at 31 January 2022 and 2021 are shown in Appendix VI.

Although the Group's working capital, defined as the difference between current assets and current liabilities (maturing in less than 12 months in both cases), is usually negative, this is mainly because of the way the business operates, resulting in the average collection period being shorter than the average payment period, which is common practice in the sector in which the Group operates.

Interest rate risk

Interest rate risk arises from drawdowns on variable rate borrowings and their effect on cash flows.

Increases in applicable interest rates would lead to a rise in the cost of this financing.

An increase of 50 basis points in Euribor would raise annual finance costs by Euros 5.0 million in the consolidated annual accounts (Euros 6.4 million in 2020).

(22) Provisions

Details of other provisions are as follows:

	Thousands of Euros	
	Non-current	
	31.01.2022	31.01.2021
Provision for liabilities	14,671	12,707
Provision for risks	-	2,626
Provision for employee benefits	6,166	6,040
Total	20,837	21,373

(Continued)

Movement in current and non-current provisions during the years ended 31 January 2022 and 2021 is as follows:

	Thousands of Euros					
	Balances at 31 January 2021	Charges	Reversals	Provisions used	Other movements	Balances at 31 January 2022
Provisions for liabilities	12,707	2,110	(1,172)	(141)	1,167	14,671
Provision for risks	2,626	-	-	-	(2,626)	-
Provision for employee benefits	6,040	373	(84)	(83)	(80)	6,166
Total	21,373	2,483	(1,256)	(224)	(1,539)	20,837

	Thousands of Euros					
	Balances at 31 January 2020	Charges	Reversals	Provisions used	Other movements	Balances at 31 January 2021
Provisions for liabilities	10,320	2,583	-	117	(313)	12,707
Provision for risks	3,858	-	(1,232)	-	-	2,626
Provision for employee benefits	5,330	339	(32)	(34)	437	6,040
Other provisions	-	-	-	-	-	-
Total	19,508	2,922	(1,264)	83	124	21,373

The provision for liabilities and the provision for risks at 31 January 2022 and 2021 correspond to charges made to cover potential sundry risks based on the best estimate of the Directors of the Company and those of its subsidiaries.

(Continued)

(23) Environmental Information

During the year ended 31 January 2022, the Group has incurred expenses and made investments for minimising the environmental impact of its activities and for protecting and improving the environment of Euros 1,326 thousand and Euros 22,801 thousand, respectively (Euros 1,409 thousand and Euros 18,713 thousand, respectively, at 31 January 2021).

The Group has not received any environment-related grants or income during the years ended 31 January 2022 and 2021.

At 31 January 2022 and 2021 the Group considers that no significant contingencies exist concerning possible litigation, indemnities or other items connected with the environment and, accordingly, no provision has been made in this regard.

(24) Other Income

Details of other income at 31 January 2022 and 2021 are as follows:

	Thousands of Euros	
	31.01.22	31.01.21
Insurance compensation	825	552
Operating lease income	10,942	10,854
Government grants	963	894
Gains on sale of property, plant and equipment (note 6)	1,023	4,010
Gains on sale of other intangible assets	-	1,137
Gains on sale of investment property	-	802
Reversal of impairment losses and impairment of trade and other bad debts (note 13)	5,154	1,162
Surplus of unapplied provisions	84	31
Income from promotional contributions	181,889	190,032
Income from home delivery and service commissions	5,732	7,130
Other operating income	45,421	32,973
	252,033	249,577

(Continued)

(25) Other Expenses

Details of other expenses at 31 January 2022 and 2021 are as follows:

	Thousands of Euros	
	31.01.22	31.01.21
Operating lease expenses (note 10)	64,877	62,010
Research and development expenses	214	388
Repairs and maintenance	58,887	55,537
Independent professional services	64,125	62,464
Transport	18,831	19,642
Insurance premiums	4,770	4,678
Banking and similar services	3,613	3,507
Advertising and publicity	38,071	38,241
Utilities	78,378	49,127
Other services	73,961	77,681
Taxes	15,105	16,686
Losses on sale of property, plant and equipment	15,414	6,502
Losses on sale of other intangible assets	191	1,739
Losses on sale of non-current assets held for sale	-	1,248
Losses from impairment and trade and other bad debts (note 13)	5,322	5,316
Other expenses	9,196	7,256
	450,955	412,022

The increase in supplies is mainly due to the rise in electricity prices in 2021.

(26) Personnel Expenses

Details of personnel expenses incurred during the years ended 31 January 2022 and 2021 are as follows:

	Thousands of Euros	
	31.01.22	31.01.21
Salaries and wages	476,230	488,242
Termination benefits	5,443	6,291
Contributions to defined contribution plans	373	339
Employee benefits expense and taxes	173,803	178,938
	655,849	673,810

(Continued)

The average headcount of the consolidated Group during the years ended 31 January 2022 and 2021 is as follows:

Professional category	Average headcount 31.01.22	31.01.21
Senior management	75	60
Middle management	295	311
Junior management	1,155	1,153
Professionals	23,439	24,482
Section heads	2,789	2,801
Technicians	1,098	1,093
	28,851	29,900

At the 2021 and 2022 reporting dates the distribution by gender of Group personnel is as follows:

	31.01.22		31.01.21	
	Male	Female	Male	Female
Senior management	55	20	42	17
Middle management	165	129	182	124
Junior management	399	747	424	729
Professionals	4,752	17,953	5,079	19,059
Supervisors	530	2,239	566	2,217
Technicians	485	603	485	606
	6,386	21,691	6,778	22,752

(Continued)

(27) Finance Income and Costs

Details of finance income and costs are as follows:

	Thousands of Euros	
Finance income	31.01.22	31.01.21
Interest on loans	2,172	3,655
Other finance income	703	1,838
Finance income from:		
financial assets at fair value through other comprehensive income	487	731
Dividend income	213	205
Amortised cost income (notes 17 and 18)	145,823	-
Gain on sale of Group companies and associates	-	32
Exchange gains	9	-
Total finance income	149,407	6,461

	Thousands of Euros	
	31.01.22	31.01.21
Finance costs		
Finance costs on loans and borrowings	44,871	48,093
Finance costs on other loans	2,239	1,212
Finance costs of subordinated financial contributions (note 17)	3,103	3,405
Interest ESBs (note 17)	9,349	9,613
Losses on sale of financial assets	6,305	13
Losses on sale of Group companies and associates	-	72
Finance costs of lease liabilities (note 10)	15,942	20,183
Other finance costs	15,125	15,969
Impairment losses on financial assets (note 12)	19,326	12,356
Exchange losses	-	48
Total finance costs	116,260	110,964

(Continued)

(28) Related Party Balances and Transactions

The Group carries out transactions, generally on an arm's length basis, with certain companies in which it has an interest.

(a) Group balances and transactions with entities

Group balances with related parties are as follows:

	Thousands of Euros	
	Current	
31.01.2022	Receivables (note 13)	Payables (note 19)
Goods for resale		
Llanos de San Julian, S.A.	304	-
Air Miles España, S.A.	100	1,450
Inmobiliaria Armuco, S.L.	764	-
Unibail Rodamco Benidorm, S.L.	303	-
	1,471	1,450

	Thousands of Euros			
	Non-current		Current	
31.01.2022	Payables (note 17)	Receivables (note 12)	Payables (note 17)	Receivables (note 12)
Financial				
Desarrollos Comerciales y de Ocio Algeciras, S.L.	-	14,676	-	31,281
Unibail Rodamco Benidorm, S.L.	-	36,198	-	475
Artunzubi, S.L.	-	-	-	191
Llanos San Julián, S.A.	575	4,356	154	2,444
	575	55,230	154	34,391

(Continued)

31.01.2021	Thousands of Euros Current Receivables (note 13)	Thousands of Euros Current Payables (note 19)
Goods for resale		
Llanos de San Julian, S.A.	304	-
Air Miles España, S.A.	96	2,585
Inmobiliaria Armuco, S.L.	764	-
Unibail Rodamco Benidorm, S.L.	322	-
	1,486	2,585

31.01.2021	Thousands of Euros Non-current Payables (note 17)	Thousands of Euros Non-current Receivables (note 12)	Thousands of Euros Current Receivables (note 12)
Financial			
Desarrollos Comerciales y de Ocio Algeciras, S.L.	-	17,350	27,695
Unibail Rodamco Benidorm, S.L.	-	34,357	2,252
Artunzubi, S.L.	-	-	189
Llanos San Julián, S.A.	689	3,786	1,869
	689	55,493	32,005

2021 corresponds to advertising and consultancy expenses of Euros 9,307 thousand with Air Miles España, S.A.. In 2020, the most relevant transactions with associates corresponded to the dividends detailed in note 11.

(Continued)

(b) Information on the Parent's governors and key Group management personnel

During the years ended 31 January 2022 and 2021 the members of the board of governors of the Parent have not received any remuneration in their capacity as such. However, as worker members they have received remuneration advances totalling Euros 528 thousand during the year ended 31 January 2022 (Euros 524 thousand during the year ended 31 January 2021). They also received per diem allowances totalling Euros 2 thousand (Euros 2 thousand at 31 January 2021).

As worker members, members of the management committee have also received remuneration advances totalling Euros 1,393 thousand during the year ended 31 January 2022 (Euros 861 thousand during the year ended 31 January 2021).

At 31 January 2022 the board of governors is made up of 12 members: 6 women, 3 of whom are consumer members and 3 worker members, and 6 men, 3 of whom are consumer members and 3 worker members (12 members at 31 January 2021, 6 women, 3 of whom were consumer members and 3 worker members, and 6 men, 3 of whom were consumer members and 3 worker members).

At 31 January 2022 and 2021 the Group has no balances payable to or receivable from the board of governors.

At 31 January 2022 and 2021 the Group has no obligations with current or former members of the board of governors in respect of pension plans or life insurance schemes, nor has it extended any guarantees on their behalf.

During 2021 and 2020 the Company did not pay any civil liability insurance premiums for the members of the board of governors for damage or loss caused by actions or omissions in the performance of their duties.

(Continued)

(c) Transactions other than ordinary business or under terms differing from market conditions carried out by the governors or key management personnel of the Parent

During the years ended 31 January 2022 and 2021 neither the members of the Parent's board of governors nor key Group management personnel have carried out any transactions other than ordinary business or under terms differing from market conditions with the Company or with Group companies.

(29) Audit Fees

Fees corresponding to services rendered by the firm (KPMG Auditores, S.L.) auditing the annual accounts of the Company for the years ended 31 January 2022 and 2021, irrespective of the invoice date, are as follows:

	Thousands of Euros	
	31.01.22	31.01.21
Audit services	450	462
Other assurance services	76	75
	526	537

Other assurance services mainly include those related to limited reviews.

Other KPMG International group companies have invoiced the Group the following fees and expenses for professional services during the years ended 31 January 2022 and 2021:

	Thousands of Euros	
	31.01.22	31.01.21
Tax advisory services	-	29
Other services	522	233
	522	262

(Continued)

Other auditors have invoiced the Group the following fees and expenses for professional services during the years ended 31 January 2022 and 2021:

	Thousands of Euros	
	31.01.22	31.01.21
Audit services	83	77
Other services	4	7
	87	84

(30) Events after the Reporting Period

On 21 March 2022, the members of Eroski Hipermercados S. Coop. at an extraordinary general assembly agreed to voluntarily wind up the Company by virtue of article 66.a) of its articles of association, pursuant to article 70.1b) of Cooperatives Law 27/1999.

As a result of the dissolution agreement adopted by the entity, it was agreed that all members of the governing board would step down and the liquidation period would commence. Cecosa Institucional, S.L. was appointed liquidating partner with effect as of acceptance of the appointment.

It was also agreed that the activity of the cooperative Eroski Hipermercados S.Coop. would cease as of 30 April 2022 and its working members subject to fair compulsory dismissal.

This does not affect the valuation of the Groups' consolidated net assets

EROSKI, S. COOP. AND SUBSIDIARIES

Details of Subsidiaries

31 January 2022 and 2021

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

	Percentage ownership					
	31.01.22		31.01.21			
Investments in Group companies	Direct	Indirect	Direct	Indirect	Registered Address	Activity
Cecosa Hipermercados, S.L	60.00%	37.67%	60.00%	36.52%	Madrid	(vi)
Cecosa Supermercados, S.L.U.	-	50.00%	-	100.00%	Palma de Mallorca	(vi)
Cecosa Diversificación, S.L.	100.000%	-	100.00%	-	Elorrio (Vizcaya)	(ii)
Cecosa Institucional S.L.	100.00%	-	100.00%	-	Elorrio (Vizcaya)	(ii)
Aportaciones Financieras Eroski, S.A.	-	60.00%	-	60.00%	Elorrio (Vizcaya)	(v)
Caprabo, S.A.U.	-	50.00%	-	100.00%	El Prat de Llobregat (Barcelona)	(i)
Equipamiento Familiar y Servicios, S.A.	-	97.67%	-	96.52%	Elorrio (Vizcaya)	(i)
Eroski Hipermercados, S. Coop.	89.33%	4.84%	86.62%	4.69%	Madrid	(ix)
Forum Sport, S.A.	-	95.65%	-	95.68%	Basauri (Vizcaya)	(i)
Gestión de participaciones Forum, S.C.P.	-	66.60%	-	66.78%	Basauri (Vizcaya)	(ii)
Inmobiliaria Recaré, S.A.	-	97.67%	-	96.52%	Vigo (Pontevedra)	(iii)
Cecogoico, S.A.U.	100.00%	-	100.00%	-	Elorrio (Vizcaya)	(ii)
Newcobeco, S.A.U.	-	100.00%	-	100.00%	Elorrio (Vizcaya)	(ii)
Peninsulaco S.L.U.	-	100.00%	-	100.00%	Madrid	(vi)
Grupo Eroski Distribución, S.A. (note 1)	-	-	-	100.00%	Elorrio (Vizcaya)	(i)
Supratuc2020, S.L. (note 1)	-	50.00%	-	100.00%	Elorrio (Vizcaya)	(ii)

This Appendix forms an integral part of note 1 to the consolidated annual accounts for the year ended 31 January 2022, in conjunction with which it should be read.

EROSKI, S. COOP. AND SUBSIDIARIES

Details of Subsidiaries

31 January 2022 and 2021

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

	Percentage ownership					
	31.01.22		31.01.21			
Investments in Group companies	Direct	Indirect	Direct	Indirect	Registered Address	Activity
Vegonsa Agrupación Alimentaria S.A and subsidiaries	-	50.00%	-	50.00%	Vigo (Pontevedra)	(i)
Viajes Eroski, S.A.U	-	100.00%	-	100.00%	Elorrio (Vizcaya)	(iv)
Desarrollos Comerciales de Ocio e Inmobiliarios de Orense S.A.	-	97.71%	-	94.59%	Madrid	(iii)
Jactus Spain S.L.U.	-	100.00%	-	100.00%	Madrid	(v)
Sociedad Franquicias Eroski Contigo S.L.U.	-	100.00%	-	100.00%	Elorrio (Vizcaya)	(i)
Desarrollos Inmobiliarios Los Berrocales, S.L. (note 1)	-	58.60%	-	57.91%	Madrid	(iii)

(i) Distribution and sale of goods and services.
(ii) Investment in companies involved in the distribution and sale of goods and services.
(iii) Property holdings.
(iv) Travel agency.
(v) Purchase, sale and holding of securities and other financial assets for own use and equity management.
(vi) Distribution and sale of goods and services and direct and indirect sale of petrol, automotive diesel and similar fuels.
(vii) Company management and the promotion, development and execution of goods and services distribution activities.
(ix) Personnel placement and supply services.
(x) Head office activities.

This Appendix forms an integral part of note 1 to the consolidated annual accounts for the year ended 31 January 2022, in conjunction with which it should be read.

EROSKI, S. COOP. AND SUBSIDIARIES

Details of Associates

31 January 2022 and 2021

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

	Percentage ownership					
	31.01.22		31.01.21			
Investments in associates	Direct	Indirect	Direct	Indirect	Registered Address	Activity
Air Miles España, S.A.	20.42%	6.10%	20.42%	6.03%	Alcobendas (Madrid)	(iii)
Artunzubi, S.L.	35.00%	-	35.00%	-	Bilbao (Vizcaya)	(i)
Inmobiliaria Armuco, S.L.	45.00%	-	45.00%	-	Bilbao (Vizcaya)	(i)
Llanos San Julián, S.A.	-	48.35%	-	47.78%	Torremolinos (Malaga)	(i)
Inmobiliaria Gonuri Harizartean, S.L.	45.00%	-	45.00%	-	Lejona (Vizcaya)	(i)
Desarrollos Comerciales y de Ocio Algeciras, S.L.	-	48.83%	-	48.26%	Madrid	(i)
Unibail Rodamco Benidorm, S.L.	-	28.51%	-	28.18%	Madrid	(i)

(i) Property holdings.
(ii) Coordination of activities of the Des Mousquetaires Group, the Eroski Group and other international groups.
(iii) Implementation and management of customer loyalty programmes.
(iv) Investment holdings and merchandising services.
(v) Provision of negotiation services for the acquisition of distributor brand products

This Appendix forms an integral part of notes 1 and 11 to the consolidated annual accounts for the year ended 31 January 2022, in conjunction with which it should be read.

EROSKI, S. COOP.
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Segment Reporting

31 January 2022 and 2021

(Expressed in thousands of Euros)

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

	Food		Real estate		Other		Other operations		Consolidated	
	31.01.22	31.01.21	31.01.22	31.01.21	31.01.22	31.01.21	31.01.22	31.01.21	31.01.22	31.01.21
Segment assets										
Property, plant and equipment	658,885	629,282	38,178	38,748	23,633	24,943	16,496	16,786	737,192	709,757
Rights of use	1,118,876	1,222,878	83,540	88,349	24,913	24,910	283	348	1,227,611	1,336,486
Goodwill	818,411	855,175	-	-	1,215	1,215	-	-	819,626	856,390
Other intangible assets	14,019	15,063	-	-	1,884	2,060	9,797	11,767	25,700	28,890
Other non-current assets	-	-	28,821	32,453	3,350	3,415	-	-	32,171	35,868
Inventories	291,344	304,829	39,762	34,593	37,168	41,276	-	-	368,275	380,698
Trade and other receivables	180,657	181,111	2,542	1,703	34,684	37,360	(54,623)	(69,650)	163,260	150,523
Non-current assets classified as held for sale	3,385	3,385	-	-	-	-	-	-	3,385	3,385
Equity-accounted investees	-	-	-	-	-	-	-	-	6,315	6,094
Unallocated assets	-	-	-	-	-	-	-	-	692,911	893,196
Total assets	**3,085,578**	**3,211,723**	**192,842**	**195,846**	**126,847**	**135,179**	**(28,047)**	**(40,749)**	**4,076,446**	**4,401,287**
Segment liabilities										
Trade and other payables	(951,621)	(1,036,356)	(5,580)	(8,819)	(65,683)	(69,247)	33,796	42,136	(989,088)	(997,577)
Other liabilities	(13,846)	(14,670)	(2,928)	(5,621)	(1,412)	(1,708)	(17,408)	(27,268)	(35,594)	(48,410)
Financial liabilities	-	-	-	-	-	-	-	-	(2,425,567)	(2,939,915)
Undistributed liabilities	-	-	-	-	-	-	-	-	(200,276)	(220,570)
Total liabilities	**(965,467)**	**(1,051,026)**	**(8,508)**	**(14,440)**	**(67,095)**	**(70,955)**	**16,388**	**14,868**	**(3,650,525)**	**(4,282,037)**

This Appendix forms an integral part of note 4 to the consolidated annual accounts for the year ended 31 January 2022, in conjunction with which it should be read.

EROSKI, S. COOP.
AND SUBSIDIARIES

Segment Reporting

31 January 2022 and 2021

(Expressed in thousands of Euros)

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

	Food		Real estate		Other		Other operations		Consolidated	
	31.01.22	31.01.21	31.01.22	31.01.21	31.01.22	31.01.21	31.01.22	31.01.21	31.01.22	31.01.21
Revenue										
Sales	4,395,531	4,687,398	-	-	132,362	111,644	-	-	4,527,894	4,799,042
Services rendered	-	-	-	-	3,722	1,086	-	-	3,722	1,086
Operating leases	5,947	4,098	3,818	3,213	-	-	-	-	9,765	7,311
Total external revenue	4,401,478	4,691,496	3,818	3,213	136,085	112,730	-	-	4,541,380	4,807,439
Group revenue/segment	-	-	-	-	1,138	982	(1,138)	(982)	-	-
Total revenues	**4,401,478**	**4,691,496**	**3,818**	**3,213**	**137,222**	**113,712**	**(1,138)**	**(982)**	**4,541,380**	**4,807,439**
Inventories, consumables and raw materials used	**(3,212,968)**	**(3,420,751)**	**4,972**	**(14)**	**(87,460)**	**(77,675)**	**270**	**321**	**(3,295,186)**	**(3,498,119)**
Other income	241,860	272,384	9,766	2,580	85,634	113,502	(85,228)	(138,889)	252,003	249,577
Personnel expenses	(584,786)	(602,554)	-	(2)	(18,736)	(16,227)	(52,327)	(55,027)	(655,849)	(673,810)
Depreciation and amortisation expense	(195,836)	(199,041)	(6,135)	(5,935)	(11,726)	(12,274)	(6,833)	(6,945)	(220,529)	(224,195)
Impairment and reversals for impairment of goodwill and non-current assets	(45,391)	(193,192)	(4,050)	(1,939)	110	(292)	-	-	(49,332)	(195,423)
Other expenses	(486,094)	(478,147)	(5,465)	(6,322)	(104,753)	(129,422)	145,356	201,869	(450,955)	(412,022)
Total other allocated income and expenses	**(1,070,247)**	**(1,200,550)**	**(5,884)**	**(11,618)**	**(49,470)**	**(44,713)**	**968**	**1,008**	**(1,124,632)**	**(1,255,873)**
Segment results	**118,263**	**70,195**	**2,905**	**(8,419)**	**292**	**(8,676)**	**101**	**347**	**121,562**	**53,447**
Operating profit/(loss)										
Net finance cost									**33,147**	**(104,503)**
Share of profit/(loss) for the year of equity-accounted investees									221	233
Profit/(loss) before tax from continuing operations									154,930	(50,823)
Income tax (expense)/income									(50,316)	(26,740)
Profit/(loss) after tax from continuing operations									104,614	(77,563)
Profit/(loss) after tax from discontinued operations									-	-
Profit/(loss) for the year									**104,614**	**(77,563)**

This Appendix forms an integral part of note 4 to the consolidated annual accounts for the year ended 31 January 2022, in conjunction with which it should be read.

EROSKI, S. COOP.
AND SUBSIDIARIES

Segment Reporting

31 January 2022 and 2021

(Expressed in thousands of Euros)

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

The following table shows a breakdown of Group income by geographical market and type of service, as well as a reconciliation of disaggregated income with the segments of the Group:

Thousands of Euros	Segments									
	Food		Real estate		Other segments		Other operations		Consolidated	
Principal geographical markets	31.01.22	31.01.21	31.01.22	31.01.21	31.01.22	31.01.21	31.01.22	31.01.21	31.01.22	31.01.21
Basque Country	1,512,741	1,600,240	312	225	81,825	71,116	(1,034)	(916)	1,593,844	1,670,665
Galicia	963,274	944,518	-	-	1,349	1,051	(104)	(66)	964,519	945,503
Catalonia	630,983	739,315	-	-	2,109	1,328	-	-	633,092	740,643
Balearic Islands	448,762	438,200	-	-	-	-	-	-	448,762	438,200
Navarre	296,387	320,032	975	569	10,381	8,402	-	(1)	307,743	329,003
Other	549,331	649,193	2,531	2,418	41,558	31,815	-	-	593,420	683,425
	4,401,478	4,691,498	3,818	3,212	137,222	113,712	(1,138)	(983)	4,541,380	4,807,439

Appendix IV

EROSKI, S. COOP. AND SUBSIDIARIES

Details of Property, Plant and Equipment and Movement
for the years ended
31 January 2021 and 2020

(Expressed in thousands of Euros)

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

	31.01.20	Additions	Disposals	Transfers	Transfers to/from assets held for sale and disposal groups (note 5)	31.01.21	Additions	Disposals	Transfers	31.01.22
Cost										
Land	248,687	5,783	(26,362)	-	1,002	229,110	4,197	(4,387)	785	229,705
Buildings	688,068	37,541	(62,747)	202	9,577	672,641	32,264	(5,602)	10,644	709,947
Technical installations and machinery	1,076,670	41,516	(38,766)	3,496	2,890	1,085,806	46,761	(15,212)	(10,249)	1,107,106
Other installations, equipment and furniture	452,087	19,025	(16,438)	21	2,145	456,840	23,973	(11,247)	(340)	469,226
Information technology equipment	214,017	10,341	(4,789)	(272)	309	219,606	11,665	(2,900)	-	228,371
Motor vehicles	6,096	106	(33)	-	-	6,169	12	(92)	-	6,089
Other property, plant and equipment	13,487	-	(62)	-	-	13,425	-	-	-	13,425
Advances and property, plant and equipment under construction	4,342	200	-	(3,734)	-	808	-	(3)	(805)	-
	2,703,454	114,512	(149,197)	(287)	15,923	2,684,405	118,872	(39,443)	35	2,763,869
Accumulated depreciation										
Buildings	(326,267)	(20,740)	32,788	1	(2,893)	(317,111)	(19,652)	3,022	(6,316)	(340,057)
Technical installations and machinery	(900,701)	(32,450)	37,106	(8)	(2,818)	(898,871)	(33,071)	13,703	6,116	(912,123)
Other installations, equipment and furniture	(381,763)	(14,174)	15,981	8	(2,139)	(382,087)	(15,511)	10,848	165	(386,585)
Information technology equipment	(197,407)	(7,807)	4,593	28	(262)	(200,855)	(8,808)	2,694	.	(206,969)
Motor vehicles	(5,402)	(140)	33	-	-	(5,509)	(158)	92	-	(5,575)
Other property, plant and equipment	(16,191)	(1)	46	-	-	(16,146)	(2)	-	-	(16,148)
	(1,827,731)	(75,312)	90,547	29	(8,112)	(1,820,579)	(77,202)	30,359	(35)	(1,867,457)
Accumulated impairment losses										
Land	(104,129)	(3,083)	2,627	-	437	(104,148)	(197)	921	-	(103,424)
Buildings	(32,370)	(2,772)	4,279	-	(4,744)	(35,607)	(4,356)	2,030	-	(37,933)
Technical installations and machinery	(8,971)	(2,745)	1,425	-	-	(10,291)	(2,507)	1,028	-	(11,770)
Other installations, equipment and furniture	(2,359)	(120)	360	-	-	(2,119)	(1,654)	110	-	(3,663)
Information technology equipment	(684)	(421)	56	-	-	(1,049)	(614)	92	-	(1,571)
Other property, plant and equipment	(1,139)	286	-	-	-	(853)	(6)	-	-	(859)
	(149,652)	(8,855)	8,747	-	(4,307)	(154,067)	(9,334)	4,181	-	(159,220)
	726,071	30,345	(49,903)	(258)	3,504	709,758	32,336	(4,903)	-	737,192

This Appendix forms an integral part of note 6 to the consolidated annual accounts for the year ended 31 January 2022, in conjunction with which it should be read.

EROSKI, S. COOP. AND SUBSIDIARIES

Details of Goodwill and Other Intangible Assets and Movement
for the years ended
31 January 2022 and 2021

(Expressed in thousands of Euros)

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

	31.01.20	Additions	Impairment	Disposals	Transfers	Transfers from assets held for sale and disposal groups	31.01.21	Additions	Impairment	Disposals	31.01.22
Cost											
Goodwill	1,033,251	5,333	(181,765)	(625)	-	196	856,390	-	(36,607)	(157)	819,626
Development expenditure	1,977	-	-	-	-	-	1,977	-	-	(37)	1,940
Administrative concessions	8,933	-	-	(644)	-	-	8,289	-	-	-	8,289
Patents, trademarks and brand names	100,945	106		(1,070)	-	-	99,981	53	-	(4,703)	95,331
Leaseholds	3,592	-	-	-	-	-	3,592			(46)	3,546
Computer software	213,763	9,363	-	(832)	564	65	222,923	6,930	-	(1,233)	228,620
Other intangible assets	90,081	-	-	-	(276)	-	89,805	-	-	-	89,805
	1,452,542	14,802	(181,765)	(3,171)	288	261	1,282,957	6,983	(36,607)	(6,176)	1,247,157
Accumulated amortisation											
Development expenditure	(1,934)	(30)	-	-	-	-	(1,964)	(13)	-	37	(1,940)
Administrative concessions	(7,097)	(104)	-	581	-	-	(6,620)	(101)	-	-	(6,721)
Patents, trademarks and brand names	(100,456)	(107)	-	1,069	-	-	(99,494)	(94)	-	4,685	(94,903)
Leaseholds	(3,000)	(89)	-	-	-	-	(3,089)	(89)	-	46	(3,132)
Computer software	(186,265)	(9,833)	-	743	(46)	(23)	(195,424)	(9,781)	-	852	(204,353)
Other intangible assets	(89,805)	-	-	-	-	-	(89,805)	-	-	-	(89,805)
	(388,557)	(10,163)	-	2,393	(46)	(23)	(396,396)	(10,078)	-	5,620	(400,854)
Accumulated impairment											
Administrative concessions	(117)	-	14	63	-	-	(40)	-	(307)	-	(347)
Patents, trademarks and brand names	-	-	-	-	-	-	-	-	-	-	-
Leaseholds	-	-	-	-	-	-	-	-	-	-	-
Computer software	(728)	-	(582)	69	-	-	(1,241)	-	254	357	(630)
	(845)	-	(568)	132	-	-	(1,281)	-	(53)	357	(977)
	1,063,140	4,639	(182,333)	(646)	242	238	885,280	(3,095)	(36,660)	(199)	845,326

This Appendix forms an integral part of note 8 to the consolidated annual accounts for the year ended 31 January 2022, in conjunction with which it should be read.

EROSKI, S. COOP.
AND SUBSIDIARIES

31.01.22

Exposure to liquidity risk

(Expressed in thousands of Euros)

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

	31.01.2022					
	Up to one year	Up to two years	Up to three years	Up to four years	Other	Total
Financial liabilities from the issue of bonds and other						
marketable securities						
Fixed rate	-	-	-	-	208,977	208,977
Variable rate	9,011	10,013	10,847	11,681	11,681	53,233
Financial liabilities - loans and borrowings						
Fixed rate	157,186	2,873	156,915	2,610	270,974	590,558
Variable rate	46,080	44,524	542,277	-	-	632,881
Financial liabilities - loans from third parties						
Fixed rate	270	260	258	37	9	834
Trade and other payables						
Fixed rate	994,690	-	-	-	-	994,690
Other financial liabilities	106	106	106	-	-	318
Total	1,207,343	57,776	710,403	14,328	491,641	2,481,491

This Appendix forms an integral part of note 21 to the consolidated annual accounts for the year ended 31 January 2022, in conjunction with which it should be read.

EROSKI, S. COOP.
AND SUBSIDIARIES

31.01.21

Exposure to liquidity risk

(Expressed in thousands of Euros)

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

	31.01.2021					
	Up to one year	Up to two years	Up to three years	Up to four years	Other	Total
Financial liabilities from the issue of bonds and other marketable securities						
Fixed rate	-	-	-	-	208,977	208,977
Variable rate	8,811	8,945	9,078	9,679	9,679	46,192
Financial liabilities - loans and borrowings						
Fixed rate	2,547	2,547	2,547	510,593	66,247	584,481
Variable rate	265,730	48,255	47,554	593,955	2,140	957,634
Financial liabilities - loans from third parties						
Fixed rate	8,817	261	259	257	54	9,648
Trade and other payables						
Fixed rate	1,082,635					1,082,635
Other financial liabilities	368	368	368	-	-	1,104
Total	1,368,908	60,376	59,806	1,114,484	287,097	2,890,671

This Appendix forms an integral part of note 21 to the consolidated annual accounts for the year ended 31 January 2022, in conjunction with which it should be read.

EROSKI, S. COOP.
AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT
31.01.22
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

ECONOMIC OVERVIEW

The consolidated annual accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

With the progress of the vaccination campaign, consumer habits in 2021 began to recover to pre-pandemic levels. However, the various waves of cases throughout the year meant it could not be deemed a normal year. In fact, the year ended on a serious sixth wave, and restrictive measures on the leisure and hospitality sectors.

The volume of activity dropped compared to the prior year when lockdown resulted in a sharp rise in food sales. However, businesses and areas of business reliant on tourism have not returned to normal yet. Revenues for the year reached Euros 4,451 million, Euros 266 million less than the prior year.

The following table compares resources generated during the year compared to the prior period (in thousands of Euros):

ITEM	31.01.22	31.01.21	Performance
Profit before finance items and taxes	**121,562**	**53,447**	**68,115**
Impairment of non-current assets Gains and losses on the sale of assets (notes 6, 7, 8, 24 and 25)	(63,914)	(198,963)	135,049
Operating profit	**185,475**	**252,410**	**(66,935)**
Revenue	**4,541,380**	**4,807,439**	**(266,059)**
Operating profit/sales	**4.08**	**5.25**	**-1.17**

Ordinary activity generated a current operating profit of Euros 185.5 million, a drop of 26% on the prior year. Operating profit as a percentage of sales amounted to 4.08%, which is similar to pre-pandemic levels.

Asset impairment centred mainly involved the valuation adjustment to goodwill, considering the risk weighting and the performance of the different businesses.

Net finance cost amounted to Euros 33 million, reflecting borrowing costs on debt with financial institutions for the financing agreement signed in 2019, and costs incurred in the remuneration of Subordinated Financial Contributions (ESFCs) issued in 2003 and 2004 and Subordinated Bonds (ESBs) issued in 2016. As a result of the conditions derived from the financial restructuring framework contract signed in 2019 an amount of Euros 141 million has been recognised as finance income at 31 January 2022, corresponding to the Euros 152 million waiver, and the effect of discounting this amount at the original interest rate. As in prior years, lease expenses under IFRS 16 are recognised under net finance costs.

Pre-tax profits totalled Euros 154.9 million, compared with a loss of Euros 50.8 million in the prior year.

The significant reduction in financial debt of Euros 443 million during the year has substantially reduced gearing levels. The outstanding nominal of financial debt under the financial restructuring framework contract signed in 2019 has fallen to Euros 953 million.

During 2021, the Eroski Group continued with its operational transformation plan under the guidance of a transformation office, which is responsible for ensuring that the targets of the different strategic plan projects are met.

Based on their contribution to results for the year, the following projects carried out in 2021 should be highlighted:

- **Efficiency projects**: In 2021, the Eroski Group made substantial progress in projects related to expense items. The foundations for management and continuous improvement were laid, and work began in 2021. The project has enabled the Eroski Group to implement new specific cost saving measures and consolidate those already in place. The main lines of action identified for the next 4 years, on which significant progress was made in 2021, are: efficient point of sale operations, efficient supply, adjustment of overheads, indirect expenses and a safety plan. The progress and results of each line of action have been very positive.

- **Commercial appeal projects:**

    - Projects based on improving the range of products on offer and the evolution of Fresh Foods section models. Expansion of the product range, based on maximisation and efficiency, to offer our customers the broadest range of options possible has practically concluded. During 2021 the Eroski Group introduced changes in the design of our fresh produce and food sections, on the back of product range innovation and in-store implementation of the latest tendencies in each section demanded by our customers. Significant and relevant progress has been made in rising to the challenge of ensuring an innovative, efficient and differential product range.

  - As regards fresh produce, developments have been made and positive results achieved to ensure they stand out from the competition, and margin has increased, resulting in a considerably heightened perception of our quality and offering by our customers. Significant inroads have also been made in new formats, such a ready/eat in meals.

  - Establishment format adaptation projects: In 2021, we continued renewing our network by extending the supermarket models tested in previous years. We have transformed 35 stores in the SP North and Balearic Islands perimeter, 2 hypermarkets, 27 stores in VGS to the new model and have undertaken a further 77 transformations in Caprabo. The reforms have received a very positive response from our customers, leading to a qualitative leap in service, offering and therefore satisfaction, which translates into a substantial hike in activity.

- **Growth projects**: In 2021, the Group continued to expand its business, with the opening of 12 own stores and 65 franchised stores, 18 of which were in Caprabo. Planned openings have gathered pace this year, which will be of significant help in ensuring our leading position in our markets. Special mention should be given to the opening of the Lakua-Arriaga store, with over 2,000 m2 of retail space. From a commitment, energy and sustainability perspective, this is a model with substantial changes that will be transmitted across the entire network and considered as a basis for new openings.

RISK MANAGEMENT POLICY

Risk management at the Eroski Group is a process which aims to reasonably ensure that objectives are accomplished, factors which could ultimately result in a breach are identified, and mechanisms to address the consequences are established.

A description of the risk management system implemented in the Eroski Group is contained in section E of the Annual Corporate Governance Report, while financial risks are described in detail in note 21 to the consolidated annual accounts.

AVERAGE PAYMENT PERIOD

The Group's average payment period is 53 days.

ACQUISITION OF OWN SHARES

Eroski, S. Coop. does not have own shares as such, but does have equity instruments known as Eroski Subordinated Financial Contributions (ESFCs), issued on 9 July 2007 for a total nominal of Euros 300 million. After the exchange carried out in January 2016, the balance of these instruments fell to Euros 137.9 million. Within the context of liquidity commitments acquired upon issue, the Company, through its subsidiary AFERSA, acquired ESFCs totalling Euros 29.8 million, which is consistent with the liquidity commitment limit of 10% of the issue.

As in prior years, the holders of the different ESFC issues outstanding received interest payments for 2020 on 1 January 2021 for a gross amount of Euros 5.8 million, and on 31 January 2022, interest payments for 2021 for a gross amount of Euros 5.3 million.

ORGANISATION

As regards institutional organisation and strategic development, the Eroski Group forms part of one of the four divisions of the MONDRAGON Corporation, leading the Distribution division. The Corporation comprises the areas of Finance, Industry, Distribution and Knowledge. Membership of the Corporation is voluntary and is decided by the competent bodies of each cooperative, which in the case of Eroski, S. Coop. is the general assembly. Among other features, membership is characterised by holding investments in certain entities as a vehicle for carrying out the common activities of the Corporation.

R&D&i PROJECTS

During 2021 we have observed the consolidation of trends that the pandemic accelerated in 2020. For this reason, we at EROSKI have adapted to the tendencies identified in the sector and take them, our approach to daily activities and our response to stakeholders into consideration in our strategic decisions.

At EROSKI we respond to these demands with our EKINN innovation model, which we launched in 2019. This is a combination of innovation methodologies, tools and dynamics which have been incorporated into the organisation to drive its niche positioning. At EROSKI we focus on open innovation as one of the main drivers of change at the organisation, and collaboration with start ups, technological centres, universities, suppliers and customers as a linchpin of our way of doing business. In 2021, EROSKI earmarked over Euros 214 million for innovation and development projects, and participated in more than 16 collaborative innovation initiatives, five of which were in European collaboration projects with over 130 companies, technological centres, universities and start ups.

Innovation projects in 2021

Digitisation of services

- **APP scanner.** Incorporation of design tools and advanced prototypes for visualising information on food in EROSKI's app.
- **Figital.** Use of automatic voice recognition (with advanced analytical technology) for customer service.
- **Artificial Intelligence Talentum.** Development of a mobile application based on Artificial Intelligence that enables different areas of the food system to be addressed. The initiative, backed by EIT Food, is being spearheaded by the Spanish innovation and development laboratory Artificial Intelligence Talentum (Ai Talemtum) and, in addition to EROSKI, ART21 (Lithuania), a company dedicated to innovation in the agriculture and food sectors, is also involved.
- **Open innovation.** In 2021 we paid particular attention to maximising opportunities generated through EROSKI's collaboration with innovative entrepreneurial and K environments.

Efficiency of the value chain

- **Efficiency Lab Store.** Laboratory store for devising agile solutions to address point of sale efficiency challenges.
- **Industrialisation and Scaling of Point of Sale processes.** Rapid and agile roll-out of process changes across the entire store network.

Adaptation of the commercial offering

- **Product Range Innovation Cell.** Development of the new product range that will set EROSKI apart on account of its innovative offering.
- **New magnets.** Renovation and reassessment of the categories that are considered magnets in commercial policy.

Development of the environment and sustainability

- **FUSILLI.** 2020 Horizon Project to drive the transformation of urban food systems through the implementation of innovative living labs (real testing grounds).
- **FoodRUs.** 2020 Horizon Project for reducing waste and losses in the food supply chain through an innovative, circular collaborative system.
- **SISTERS.** Green Deal Project for improving the sustainability of packaging used to preserve foodstuffs and reduce their negative impact.
- **ZeroWaste.** Green Deal Project for implementing nine Systemic Innovation Living Labs (SILLs) in the value chain to achieve long-term environmental and economic sustainability.

SOCIAL RESPONSIBILITY

The EROSKI Group and the EROSKI Foundation have once again undertaken initiatives, either on their own or through collaboration agreements with third parties, for the social and cultural development of our environment.

In 2021 we consolidated the **permanent solidarity cents programme** launched in November 2020, through which we enable our customers to show their solidarity on a daily basis at our stores. Through this programme, EROSKI customers can make a small donation for good causes underway at any given time when they pay by card or mobile phone. The donation, always voluntary and confidential, is a small symbolic amount of 10 cents for purchases between Euros 5 and Euros 30, and 20 cents for purchases over Euros 30, which EROSKI supplements with its own contribution.

The more than Euros 2 million raised through the 14 million donations of solidarity cents reached 368,000 people through 260 special entities, which have financed projects such as infant aid, conservation of the environment, the fight against cancer, help the aged, people at risk of social exclusion, the disabled, the battle against degenerative diseases and assistance for victims of gender violence.

Furthermore, in 2021 we launched our **2022 Solidarity Plan** based on a listening and solidarity event to gather the opinions and proposals of social entities, workers, customers and the public in order to select social projects that would benefit from the solidarity cents programme, and add new entities which would receive food donated through the Zero Waste programme.

Over 12,400 people participated in and contributed to the listening event held in September 2021, while 289 social entities submitted 464 solidarity projects with a view to being admitted to EROSKI’s permanent programme, thus reinforcing its beneficial impact among the most needy.

On a separate note, in these times of pandemic and economic difficulties for many families, EROSKI has bolstered its solidarity initiatives so that those who are most in need have their basic nutrition and hygiene needs covered. In conjunction with our customers, we donated more than Euros 435,000 to those affected by the eruption of the **Cumbre Vieja volcano in La Palma** thanks to the emergency solidarity campaign that we launched across our entire commercial network. The funds raised, together with EROSKI’s additional contribution, were channelled through the Red Cross, an entity which is working directly to support the population affected by this catastrophe. We have also undertaken additional aid initiatives for people at risk of social exclusion such as **food collections** in aid of FESBAL, resulting in the donation of over 3 million meals to 1,200 families; our **social purchase card**, which enables assistance from town councils and social entities to be channelled, in a dignified and inclusive fashion, to citizens and families in emergency situations; or our Zero Waste programme, through which we donated 5,600 tonnes of food and basic products to the most disadvantaged through a hundred or so social organisations.

Once again, we also donated non-food consumer articles (including toys, footwear, clothes, classroom material and optical products) to children in Latin America through the **Federación Niños del Mundo**, an organisation that works towards sustainable human development and international cooperation. In 2021, donations totalled Euros 273,000.

All of the above are only some examples of the multiple initiatives we carry out as part of our social commitment to society. The non-financial statement includes more information in this regard.

EVENTS AFTER THE REPORTING PERIOD

On 21 March 2022, the members of Eroski Hipermercados S. Coop. at an extraordinary general assembly agreed to voluntarily wind up the Company by virtue of article 66.a) of its articles of association, pursuant to article 70.1b) of Cooperatives Law 27/1999.

As a result of the dissolution agreement adopted by the entity, it was agreed that all members of the governing board would step down and the liquidation period would commence. Cecosa Institucional, S.L. was appointed liquidating partner with effect as of acceptance of the appointment.

It was also agreed that the activity of the cooperative Eroski Hipermercados S.Coop. would cease as of 30 April 2022 and its working members subject to fair compulsory dismissal.

This does not affect the valuation of the Groups' consolidated net assets

ANNUAL CORPORATE GOVERNANCE REPORT

The 2021 Annual Corporate Governance Report, which forms part of the directors' report, was approved by the board of governors of Eroski, S.Coop on 28 April 2022 and is available on the Company's website (www.eroski.es) and that of the Spanish National Securities Market Commission (www.cnmv.es).

NON-FINANCIAL INFORMATION STATEMENT

In compliance with Law 11/2018 of 28 December 2018 on non-financial information and diversity, we have included the non-financial information statement.

ANNUAL CORPORATE GOVERNANCE REPORT

OTHER ENTITIES THAT ISSUE SECURITIES ADMITTED TO TRADING ON OFFICIAL SECONDARY MARKETS WHICH ARE NOT SAVINGS BANKS