Limited Review Report on Eroski, S. Coop. and Subsidiaries

(Together with the condensed consolidated interim financial statements and the directors’ report of Eroski S. Coop. and subsidiaries for the six-month period ended 31 July 2023)

(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

Report on Limited Review of Condensed Consolidated Interim Financial Statements

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

To the Shareholders of Eroski S. Coop. commissioned by management

REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Introduction

We have carried out a limited review of the accompanying condensed consolidated interim financial statements (the "interim financial statements") of Eroski S. Coop. (the " Parent") and subsidiaries (together the "Group"), which comprise the statement of financial position as at 31 July 2023, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and the related explanatory notes (all condensed and consolidated). The Directors of the Parent are responsible for the preparation of these interim financial statements in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union, pursuant to article 12 of Royal Decree 1362/2007 as regards the preparation of condensed interim financial information. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

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

Conclusion

Based on our limited review, which can under no circumstances be considered an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 31 July 2023 have not been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union, pursuant to article 12 of Royal Decree 1362/2007 as regards the preparation of condensed interim financial statements.

Emphasis of Matters

We draw attention to note 2 (d) to the condensed consolidated interim financial statements, which indicates that total current liabilities exceed total current assets by Euros 813,743 thousand, mainly due to a substantial portion of the Group's bank loans and borrowings maturing in July 2024. In these circumstances, Group management is working to obtain sufficient financing from various sources to meet the debt commitments assumed at maturity, and this financing has yet to be finalised and formalised. As mentioned in said note, these events indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

We draw your attention to the accompanying note 2, which states that these interim financial statements do not include all the information that would be required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accompanying interim financial statements should therefore be read in conjunction with the Group’s consolidated annual accounts for the year ended 31 January 2023. This matter does not modify our conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The accompanying consolidated interim directors’ report for the six-month period ended 31 July 2023 contains such explanations as the Directors of the Parent consider relevant with respect to the significant events that have taken place in this period and their effect on the interim financial statements, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The consolidated interim directors’ report is not an integral part of the interim financial statements. We have verified that the accounting information contained therein is consistent with that disclosed in the interim financial statements for the six-month period ended 31 July 2023. Our work is limited to the verification of the consolidated interim directors’ report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Eroski, S. Coop. and subsidiaries.

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

Other Matter

This report has been prepared at the request of Eroski, S. Coop.'s management in relation to the publication of the half-yearly financial report required by article 100 of Law 6/2023 of 17 March 2023 on Securities Markets and Investment Services.

KPMG Auditores, S.L.

(Signed on original in Spanish)

Cosme Carral López-Tapia

5 October 2023

Eroski, S. Coop. and Subsidiaries

(Condensed Consolidated Interim Financial Statements for the six-month period ended 31 July 2023)

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

EROSKI, S. COOP. & SUBSIDIARIES

Condensed Consolidated Interim Statement of Financial Position
as at 31 July 2023

(Expressed in thousands of euros)

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

Asset	Note	31.07.2023	31.01.2023
Property, plant and equipment	6	717,401	741,870
Investment property		31,352	31,349
Rights of use	8	895,329	1,050,438
Goodwill and other intangible assets	7	845,184	846,086
Equity-accounted investee		7,669	6,398
Trade and other receivables	10	7,273	6,733
Financial assets	9	156,154	176,109
Deferred tax assets	14	255,247	275,482
Uncalled members' contributions		542	600
Total non-current assets		**2,916,151**	**3,135,065**
Inventories		441,184	400,556
Financial assets	9	45,777	10,864
Trade and other receivables	10	155,155	146,713
Current income tax assets		7,198	4,343
Unpaid calls on members' contributions		2,286	2,253
Cash and cash equivalents		224,399	216,033
Non-current assets held for sale	11	16,802	21,738
Total current assets		**892,801**	**802,500**
Total assets		**3,808,952**	**3,937,565**

Equity	Note	31.07.2023	31.01.2023
Equity	12		
Capital		323,762	332,939
Share premium		3,808	3,808
Capitalised funds		95,525	95,525
Other comprehensive income		25,531	26,238
Retained earnings		(260,355)	(309,871)
Interim dividend		(3,137)	(2,206)
Equity attributable to equity holders of the Parent		185,134	146,433
Non-controlling interests		333,157	213,025
Total equity		**518,291**	**359,458**
Liabilities			
Financial liabilities	13	1,371,460	2,176,901
Provisions		27,026	27,131
Other non-current liabilities		13,123	13,117
Deferred tax liabilities	14	172,508	190,371
Total non-current liabilities		**1,584,117**	**2,407,520**
Financial liabilities	13	696,669	178,772
Trade and other payables		991,999	969,882
Current income tax liabilities		17,876	5,552
Liabilities associated with non-current assets held for sale	11	-	16,381
Total current liabilities		**1,706,544**	**1,170,587**
Total liabilities		**3,290,661**	**3,578,107**
Total equity and liabilities		**3,808,952**	**3,937,565**

The accompanying explanatory notes form an integral part of the condensed consolidated interim financial statements for the six-month period ended 31 July 2023.

EROSKI, S. COOP. & SUBSIDIARIES

Condensed Consolidated Interim Income Statement
for the six-month period ended
31 July 2023

(Expressed in thousands of euros)

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

	Note	31.07.2023	(Restated) 31.07.2022
Continuing operations			
Revenue	4	2,526,702	2,313,533
Other income		142,977	125,603
Self-constructed non-current assets		124	-
Raw materials and other consumables used		(1,860,486)	(1,696,132)
Personnel expenses		(346,641)	(327,843)
Amortisation and depreciation		(134,548)	(114,778)
Provisions/(reversals) for impairment of non-current assets		1,546	1,694
Other expenses		(187,725)	(209,702)
Profit before finance items and taxes		141,949	92,375
Finance income	15	5,992	3,053
Finance costs	15	(64,506)	(45,339)
Share of profit/(loss) of equity-accounted investees		1,272	61
Profit/(loss) before tax from continuing operations		84,707	50,150
Income tax expense		(14,821)	(8,292)
Profit/(loss) from continuing operations		69,886	41,858
Profit/(loss) from discontinued operations		-	-
Profit/(loss) for the period		**69,886**	**41,858**
Profit/(loss) for the period attributable to equity holders of the Parent			
Continuing operations		48,676	31,387
Discontinued operations		-	-
		48,676	31,387
Profit/(loss) for the period attributable to non-controlling interests			
Continuing operations		21,210	10,471
Discontinued operations		-	-
		21,210	10,471

EROSKI, S. COOP.
AND SUBSIDIARIES

Condensed Consolidated Interim Statement of Comprehensive Income
Results for the six-month period ended
31 July 2023

(Expressed in thousands of euros)

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

	31.07.2023	(Restated) 31.07.2022
Profit/(loss) for the period	69,886	41,858
Other Comprehensive Income:		
Items to be reclassified to profit and loss		
Gains/(losses) on equity instruments at fair value through other comprehensive income	(706)	1,655
Tax effect	-	-
Share of net income/(expense) recognised in equity of equity-accounted investees	-	-
Other comprehensive income	(706)	1,655
Total comprehensive income for the period	**69,180**	**43,513**
Total comprehensive income attributable to:		
Equity holders of the Parent	47,969	33,040
Non-controlling interests	21,211	10,473
	69,180	**43,513**

The accompanying explanatory notes form an integral part of the condensed consolidated interim financial statements for the six-month period ended 31 July 2023.

EROSKI, S. COOP.
AND SUBSIDIARIES

Condensed Consolidated Interim Statement of Changes in Equity
for the six-month period ended
31 July 2023

(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	Equity instruments at fair value	Retained earnings	Interim dividend	Total	Non-controlling interests	Total equity
Balance as at 31 January 2023	332,939	3,808	125,372	(29,847)	26,238	(309,871)	(2,206)	146,433	213,025	359,458
Total comprehensive income for the period	-	-	-	-	(707)	48,676	-	47,969	21,211	69,180
Distribution of profits										
Dividends	-	-	-	-	-	(2,206)	2,206	-	(21,300)	(21,300)
New contributions	1,187	-	-	-	-	292	-	1,479	-	1,479
Withdrawal of members	(10,364)	-	-	-	-	2,807	-	(7,557)	-	(7,557)
Transfers (note 2c and 13)	-	-	-	-	-	-	-	-	120,221	120,221
Interim dividend (note 12)	-	-	-	-	-	-	(3,137)	(3,137)	-	(3,137)
Other movements	-	-	-	-	-	(53)	-	(53)	-	(53)
Balance as at 31 July 2023	323,762	3,808	125,372	(29,847)	25,531	(260,355)	(3,137)	185,134	333,157	518,291

	Equity attributable to equity holders of the Parent								(Restated)	(Restated)
	Capital	Share premium	Capitalised funds	Capitalised funds acquired	Equity instruments at fair value	Retained earnings	Interim dividend	Total	Non-controlling interests	Total equity
Balance as at 31 January 2022	331,563	3,808	125,372	(29,847)	24,591	(340,130)	(2,147)	113,210	312,711	425,921
Total comprehensive income for the period	-	-	-	-	1,653	31,387	-	33,040	10,473	43,513
Distribution of profits										
Dividends	-	-	-	-	-	(2,147)	2,147	-	-	-
New contributions	87	-	-	-	-	8	-	95	-	95
Withdrawal of members	-	-	-	-	-	-	-	-	(1,090)	(1,090)
Interim dividend (note 12)	-	-	-	-	-	-	(1,094)	(1,094)	-	(1,094)
Other movements	(457)	-	-	-	-	(4,330)	-	(4,787)	4,354	(433)
Balance as at 31 July 2022	331,193	3,808	125,372	(29,847)	26,244	(315,212)	(1,094)	140,464	326,448	466,912

The accompanying explanatory notes form an integral part of the condensed consolidated interim financial statements for the six-month period ended 31 July 2023.

EROSKI, S. COOP. AND SUBSIDIARIES

Condensed Consolidated Interim Statement of Cash Flows
(Indirect method)
for the six-month period ended
31 July 2023

(Expressed in thousands of euros)

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

	31.07.2023	(Restated) 31.07.2022
Cash flows from operating activities		
Profit for the period before income tax	84,707	50,150
Adjustments for:		
Amortisation and depreciation	134,548	114,778
Impairment losses	104	231
Change in provisions	5	-
Exchange (gains)/losses	29	9
Finance income	(5,266)	(3,053)
Finance cost	62,649	44,490
Share of profit/(loss) of equity-accounted investees	(1,272)	(61)
Net result on sale of property, plant and equipment, investment property and other intangible assets	(822)	3,647
Gain due to loss of control of a subsidiary	(7,665)	-
Proceeds from disposals of financial instruments	(726)	-
Allocation of subsidies to profit and loss	(199)	(351)
	266,092	**209,840**
Change in operating assets and liabilities:		
Increase/decrease in trade and other receivables	(9,761)	2,065
Increase/decrease in inventories	(40,628)	(59,048)
Increase/decrease in trade and other payables	22,784	122,190
Increase/decrease in provisions	(111)	(322)
Increase/decrease in other non-current assets and liabilities	599	937
Cash flows from operating activities	**238,975**	**275,662**
Income tax received/(paid)	(1,774)	(1,472)
Net cash from operating activities	**237,201**	**274,190**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	7,975	477
Proceeds from sale of intangible assets	31	10
Proceeds from the sale of financial assets	4,122	744
Interest received	5,528	2,597
Proceeds from disposals of investments in associate and joint ventures	-	4
Proceeds from the sale of subsidiaries net of cash and cash equivalents	9,575	-
Acquisition of property, plant and equipment	(57,513)	(68,572)
Acquisition of intangible assets	(3,804)	(2,959)
Acquisition of investment property	(30)	(11)
Payments for investments in associate and joint ventures	(1,547)	(110)
Acquisition of other financial assets	(18,575)	(1,554))
Net cash used in investing activities	**(54,238)**	**(69,374)**
Cash flows from financing activities		
From the issue of capital	1,588	483
Redemption of own shares and other own equity instruments	(4,309)	(4,612)
From subsidies	105	183
From other financial liabilities	5,350	208
Repayment of loans and borrowings	(35,010)	(15,567)
Repayment of other financial liabilities	(733)	(253)
Repayment of lease liabilities	(87,920)	(69,627)
Interest paid	(41,668)	(30,716)
Dividends paid	(12,000)	-
Net cash used in financing activities	**(174,597)**	**(119,901)**
Net Increase/(decrease) in cash and cash equivalents	8,366	84,915
Cash and cash equivalents at 1 February	216,033	213,359
Cash and cash equivalents at 31 July	**224,399**	**298,274**

The accompanying explanatory notes form an integral part of the condensed consolidated interim financial statements for the six-month period ended 31 July 2023.

Notes to the Condensed Interim Consolidated Financial Statements for the six-month period ended 31 July 2023

(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 2022, 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 July 2023 is comprised of 36 Eroski Hypermarkets, 475 Eroski Supermarkets (Eroski/Center and Eroski/City), 76 Familia establishments, 180 Caprabo establishments, 39 Eroski petrol stations, 1 Caprabo petrol station, 17 Cash & Carry, 615 franchised shops, 49 Forum Sport shops and 17 Dooers shops. In the past, the Group was active in property development and still owns certain assets of this nature, which are currently undergoing the necessary steps and developments to enable them to be sold. The operating cycle of this activity exceeds twelve months.

During the six-month period ended 31 July 2023 the changes in the consolidation perimeter relate to the sale, to a third party, of 100% of the shares of Viajes Eroski S.A. in February 2023 (see note 11). The impact of the sale gave rise to a gain of 7,665 thousand euros, recognised under other income in the condensed consolidated interim income statement as of 31 July 2023.

Information on the Company's subsidiaries, jointly controlled entities and associates is shown in Annexes I and II, which form an integral part of this note. None of the Parent Company's investees are listed on a stock exchange.

(Continued)

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

(2) Basis of Presentation

These condensed consolidated interim financial statements have been prepared on the basis of the accounting records of Eroski, S. Coop. and the companies included in the Group and have been prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union (EU-IFRS). In accordance with this standard, the interim financial information is prepared solely for the purpose of updating the content of the latest consolidated annual accounts prepared by the Group, with emphasis on new activities, events and circumstances occurring during the six-month period and not duplicating the information previously published in the consolidated annual accounts for the year ended 31 January 2023. Therefore, for a proper understanding of the information included in these condensed consolidated interim annual accounts, they should be read in conjunction with the consolidated annual accounts for the year ended 31 January 2023 prepared in accordance with EU-IFRS.

The Group's consolidated annual accounts for the year ended 31 January 2023 were approved by the General Meeting of Shareholders held on 25 May 2023. The condensed consolidated interim financial statements for the six-month period ended 31 July 2023 have been prepared by the Board of Directors of Eroski S.Coop. on 4 October 2023.

The information included in the explanatory notes, unless otherwise stated, is expressed in thousands of euros.

(a) Significant accounting estimates and significant assumptions and judgements made in the application of accounting policies

The preparation of the condensed consolidated interim financial statements in conformity with IFRS-EU requires the application of significant accounting estimates and the making of judgements, estimates and assumptions in the process of applying the Group's accounting policies. In this regard, in the preparation of these interim financial statements, there have been no significant changes in the accounting judgements and estimates used by the Group's management with respect to its consolidated annual accounts for the year ended 31 January 2023.

Although the estimates made by the directors of the Company have been calculated on the basis of the best information available as at 31 July 2023, it is possible that future events may require changes to be made in future periods. The effect of any changes arising from adjustments to be made in future periods would be recognised prospectively.

(Continued)

(b) Materiality

In deciding how to recognise, measure, classify or disclose information about items in the condensed consolidated interim financial statements, the Group has assessed materiality in relation to the half-year financial data.

(c) Comparison of the information

The information contained in these condensed consolidated interim financial statements for the six-month period ended 31 July 2022 is presented solely and exclusively for comparative purposes with the information relating to the six-month period ended 31 July 2023.

As indicated in note 2b) of the consolidated annual accounts for the 2022 financial year (year ending 31 January 2023), the Governing Board decided to record a financial liability at the suggestion of the Spanish National Securities Market Commission (CNMV as per the Spanish acronym), on 31 January 2023, by restating the Consolidated Financial Position Statement as at 31 January 2022. The Shareholders' Agreement that regulates the governance of Supratuc2020, S.L. a Group company, hereinafter Supratuc, in which the Eroski Group holds a 50% stake (see Annex I) included a clause stating that both parties undertook to vote in favour of the distribution of a dividend of 90% of Supratuc's profits, provided that there was sufficient cash, and that it was compatible with the cash requirements of this company and its subsidiaries established in the latest business plans and budgets approved by Supratuc's Board of Directors. The intention with which both parties established this clause was not to establish a minimum dividend or an obligation to pay dividends, but rather a dividend policy that would maximise the distribution of surplus cash under the control of the Board of Directors, the body that approves the business plans and annual budgets. This understanding of the clause, endorsed by both partners of Supratuc, led the directors to consider that the non-controlling interest was not a compound instrument, but an equity instrument, and therefore it was not appropriate to record a financial liability in the consolidated annual accounts for 2021. However, after several meetings with the Spanish Securities and Exchange Commission (CNMV), given that the wording of the clause, according to their advice, could lead to the interpretation that there was an obligation to distribute a dividend, a financial liability was recorded for the estimated fair value as at 31 January 2022 and 2023, in the amounts of 107,629 thousand euros and 117,521 thousand euros, respectively. In this regard, the Condensed Consolidated Interim Income Statement for the six-month period ended 31 July 2022 presented for comparative purposes has been restated to reflect the financial expense accrued in that period in respect of such financial liability.

(Continued)

Condensed Consolidated Interim Income Statement for the six-month period ended 31 July 2022

	Thousands of euros		
	31.07.2022	Adjustments	31.07.2022 Restated
Finance costs	(40,393)	(4,946)	(45,339)
Profit/(loss) before tax from continuing operations	55,096	(4,946)	50,150
Profit for the period from continuing operations	46,804	(4,946)	41,858
Profit for the period attributable to equity holders of the Parent Company	15,417	(4,946)	10,471

On 25 April 2023, the shareholders of Supratuc2020, S.L. amended the shareholders' agreement, which stated that the distribution of dividends of the company was an intentional rather than compulsory distribution and, therefore, the financial liability, which at that date had a value of 120,221 thousand euros, was transferred to external shareholders (note 13 c).

(d) Going concern principle

As indicated in note 13 b) Financial liabilities for debts with credit institutions, an amount of approximately 500 million euros of the debts corresponding to the framework restructuring agreement signed with a group of financial institutions in July 2019, mature on 31 July 2024, and are therefore classified as at 31 July 2023 as short term. As a result, total current liabilities exceed total current assets by 813,743 thousand euros. To the extent that, at the date of preparation of these Condensed Consolidated Interim Financial Statements, the Group does not have sufficient available financing, nor are the cash flows generated in its ordinary ongoing activities sufficient to meet the payment of the aforementioned debt when due, significant doubts could arise as to the Group's ability to meet all its obligations and to continue as a going concern.

(Continued)

As stated in Note 18 Financial Liabilities for Bank Borrowings in the Annual Accounts for the year ended 31 January 2023, the Group has been working on various alternatives for meeting its commitments. In this regard, the above-mentioned alternatives are being defined, which will probably take the form of a combination of bank loans and funds raised on the capital markets, for the formalisation of which the relevant authorisation has been requested from the General Assembly of Eroski, S. Coop. which has been called for 10 October 2023. The directors consider that the General Assembly will give its approval and that the instruments required to meet the aforementioned commitments will be able to be subscribed.

Based on the above, the directors have prepared these Condensed Consolidated Interim Financial Statements on the going concern basis, as they believe that in the coming months the actions in progress will be completed and the necessary agreements will be formalised to enable the Group to obtain the financing to enable it to pay its debts and continue in business.

(3) Relevant Applied Accounting Principles

In preparing the condensed consolidated interim financial statements, the same accounting principles and valuation rules were followed as described in the Group's consolidated annual accounts as at 31 January 2023, prepared in accordance with EU-IFRS and its interpretations (EU-IFRIC) as adopted by the European Union (EU-IFRS).

The standards approved by the European Union for application on 1 January 2023 have had no material impact on the Eroski Group's condensed consolidated interim financial statements.

(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 condensed consolidated interim financial statements.

Practically all sales are made on the domestic market.

The Group identifies the operating segments according to the different products or services. As at 31 July 2023, the Eroski Group's main operating segments are as follows:

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

(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 and other retail lines of business.

Inter-segment sales prices are set according to the normal commercial terms and conditions that are available to unrelated third parties.

Total assets by segment have not changed significantly compared to the consolidated annual accounts for the year ended 31 January 2023. Details of revenue by segment and reconciliation to profit or loss for the period ended 31 July 2023 and 31 July 2022 are as follows:

(Continued)

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

	Thousands of euros									
	Food		Real estate		Other segments		Other operations		Consolidated	
	31.07.2023	31.07.2022	31.07.2023	31.07.2022	31.07.2023	31.07.2022	31.07.2023	31.07.2022	31.07.2023	(Restated) 31.07.2022
Revenue from external customers	2,465,953	2,244,055	6,323	5,502	54,426	63,976	-	-	2,526,702	2,313,533
Inter-segment revenue	-	-	-	-	147	806	(147)	(806)	-	-
Total revenue from the segments	2,465,953	2,244,055	6,323	5,502	54,573	64,782	(147	(806)	2,526,702	2,313,533
Segment profit/(loss)	135,500	97,112	381	(1,624)	6,477	(3,182)	(409)	69	141,949	92,375
Unallocated profit/(loss)									(57,242)	(42,225)
Profit before income tax									84,707	50,150
Income tax									(14,821)	(8,292)
Profit for the period from continuing operations									69,886	41,858
Profit after income tax for discontinued operations									-	-
Profit for the period									69,886	41,858

(Continued)

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

The following table shows the breakdown of the Group's revenue by geographic market and type of service, as well as a reconciliation of the disaggregated income according to the Group's segments:

Thousands of euros	Segments									
	Food		Real estate		Other segments		Other operations		Consolidated	
Main geographic markets	31.07.2023	31.07.2022	31.07.2023	31.07.2022	31.07.2023	31.07.2022	31.07.2023	31.07.2022	31.07.2023	31.07.2022
Basque Country	790,002	753,166	330	174	31,883	37,628	(147)	(806)	822,068	790,162
Galicia	665,457	510,015	1,069	768	490	849	-	-	667,016	511,632
Catalonia	345,017	314,972	29	27	1,078	1,227	-	-	346,124	316,226
Balearic Islands	286,161	248,459	-	-	-	-	-	-	286,161	248,459
Navarre	155,483	147,780	687	577	3,720	5,332	-	-	159,890	153,689
Others	223,833	269,663	4,208	3,956	17,402	19,746	-	-	245,443	293,365
	2,465,953	2,244,055	6,323	5,502	54,573	64,782	(147)	(806)	2,526,702	2,313,533

(Continued)

(5) Seasonality of the Interim Period Transactions

The Group's commercial activities and results are affected by a certain degree of seasonality, with the second half of the year historically showing a better performance than the first half; the demand for the Christmas campaign is the main factor behind this different performance between the two interim periods. Nevertheless, this seasonality does not significantly affect the comparability of the information and therefore no specific disclosures are required in these explanatory notes to the condensed consolidated interim financial statements as at 31 July 2023.

However, the real estate segment does not follow the same pattern, with the realisation of operations being subject to the circumstances of each individual transaction, and there is no regular behaviour in the interim periods.

(6) Property, plant and equipment

The main movements in this heading during the six-month period ended 31 July 2023 and 2022 are as follows:

	Thousands of euros	
	31.07.23	31.07.22
Balance as at 31 January	741,870	737,192
Additions	32,576	36,527
Net disposals	(4,378)	(822)
Depreciation	(40,558)	(39,432)
Reversal of impairment	1,467	1,587
Transfer to non-current assets held for sale (note 11)	(13,417)	-
Transfers	(159)	(6)
Balance as at 31 July	717,401	735,046

The main additions in the period relate to technical installations, machinery and furniture necessary for the opening and refurbishment of various centres.

As at 31 July 2023 there were firm commitments for the acquisition of property, plant and equipment amounting to 7,772 thousand euros (10,680 thousand euros as at 31 July 2022).

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

(7) Goodwill and Other Intangible Assets

The commercial policies, business strategy, brand image and administrative management are clearly differentiated between Eroski Management, Supratec Management and Vegalsa Management and therefore give rise to three distinct managements in the food segment.

The amount at cash generating unit level (CGU) of the Group's most significant goodwill as at 31 July 2023 and 31 January 2023, classified in accordance with the above definition, is presented below:

	Thousands of euros	
	Food	
	31.07.2023	31.01.2023
Eroski CGU	391,584	391,584
Supratuc CGU	273,048	273,048
Vegalsa CGU	153,779	153,779
	818,411	818,411

There were no movements in this item during the six-month period ended 31 July 2023.

The Group's management is developing a new business plan for the coming years, which is expected to improve the results of the current plan. Additionally, no impairment indicators have been identified as at 31 July 2023, therefore the directors have decided not to carry out a new analysis, which will be carried out, in compliance with the applicable regulations, at the end of the financial year.

(8) Rights of Use

The main movements under this heading during the six-month period ended 31 July 2023 and 31 July 2022 are as follows:

- Additions of 60,958 thousand euros (82,162 thousand euros as at 31 July 2022) arising from changes in the estimated future cash flows from various contract renegotiations in which the lease term has been increased and/or there have been changes in the rental amounts.

- 2,231 thousand euros for new contracts signed by the Group for openings mainly of food shops (32,913 thousand euros as at 31 July 2022)

(Continued)

- Derecognitions amounting to approximately 121,248 thousand euros correspond to changes in estimates with respect to the length of stay in supermarkets and hypermarkets, estimating a term of 5 years (the period in which the Group makes projections) for long-term leases and which include cancellation clauses without penalty. These changes have not had a significant impact on consolidated results for the period.

- Derecognitions of approximately 8,022 thousand euros (5,940 thousand euros as at 31 July 2022) mainly related to contract terminations as at 31 July 2023 and changes in estimated lease payments for contracts renegotiated during the current financial year as at 31 July 2023.

- Amortisations amounting to 89,113 thousand euros (70,476 thousand euros as at 31 July 2022).

(Continued)

(9) Financial Assets

Details of current and non-current financial assets as at 31 July 2023 and 31 January 2023 are as follows:

	Thousands of euros			
	31.07.2023		31.01.2023	
	Non-current	Current	Non-current	Current
Financial assets at fair value through other comprehensive income				
Unlisted equity instruments				
Caja Laboral Popular, Coop. de Credito	40,709	-	40,709	-
Other investments	2,125	-	2,105	-
MCC Inversiones S.P.E., S. Coop.	33,968	-	33,968	-
Other holdings	1,898	23	1,898	23
Total	78,700	23	78,680	23
Financial assets at amortised cost				
Loans and other receivables	30,206	26,965	51,555	7,719
Loans to associates and joint ventures	53,652	31,938	52,105	31,938
Interest accrued on loans to associates and joint ventures	2,623	4,549	2,623	4,788
Receivables from sales of non-current assets	823	182	823	222
Security and other deposits	39,972	20,295	39,581	2,397
Other financial assets	168	1,318	168	2,006
Total	127,444	85,247	146,855	49,070
	206,144	85,270	225,535	49,093
Impairment of loans and other receivables	(25,614)	(6,710)	(25,612)	(6,435)
Impairment of loans to associates	(24,376)	(32,783)	(23,814)	(31,794)
Total financial assets	156,154	45,777	176,109	10,864

(Continued)

Accrued income from financial assets amounted to 5.992 thousand euros (3,053 thousand euros as at 31 July 2022).

Current deposits and guarantees at 31 July 2023 include short term bank deposits amounting to 18 million euro.

(10) Trade and Other Receivables

Details of trade and other receivables as at 31 July 2023 and 31 January 2023 are as follows:

	Thousands of euros			
	31.07.2023		31.01.2023	
	Non-current	Current	Non-current	Current
Trade receivables	-	56,640	-	56,740
Volume discounts and other promotions	-	64,156	-	62,368
Advances to suppliers	1,883	2,536	3,877	3,123
Advances and loans to personnel	-	301	-	306
Advances to Group and associates	-	304	-	304
Receivable from Group companies and associates	-	286	-	626
Other receivables	5,390	37,946	2,856	31,092
Public entities	-	14,535	-	14,809
	7,273	176,704	6,733	169,368
Impairment due to uncollectibility	-	(21,549)	-	(22,655)
Total	7,273	155,155	6,733	146,713

(11) Non-current assets held for sale

Non-current assets held for sale and liabilities directly associated with non-current assets held for sale as at 31 January 2023, amounting to 18,353 thousand euros and 16,381 thousand euros, respectively, included the assets and liabilities corresponding to Viajes Eroski S.A. on the basis of the sale and purchase agreement signed with a third party in November 2022. On 28 February 2023, once all the conditions precedent had been fulfilled, the sale and purchase agreement was notarised, giving rise to a gain of 7,665 thousand euros (note 1). As this is not considered a significant line of business, the Company concluded that it does not meet the criteria to be reported as discontinued operations.

(Continued)

As at 31 July 2023, this heading includes 13,417 thousand euros (see note 6) for several supermarkets for which Eroski, S. Coop. has entered into a sale and purchase agreement with leaseback on 1 August 2023 (see note 17). Under the agreement, those supermarkets are expected to be delivered in the second half of 2023. At 31 July 2023 negotiations were at an advanced stage and the directors therefore considered it probable that they would be sold in order to reclassify them under this heading.

(12) Equity and Dividends paid

The composition and movement of equity are presented in the statement of changes in equity.

(a) Cooperative subscribed capital

Cooperative subscribed capital is basically made up of compulsory and voluntary contributions made by members, both working and consumer, cooperative returns from distributions of profits, capitalisations of interest on contributions and capitalisations of revaluation reserves covered by revaluation laws when they are available.

Each year the General Meeting of Members approves the amount of the compulsory contributions to be subscribed by new working members. For each financial year, the General Meeting decides whether or not interest is to be paid on the contributions of working members, establishing, where appropriate, the applicable annual interest rate, which may not exceed 7.5% gross annual interest, nor a % of the gross ordinary profit figure if the cooperative complies with certain ratios laid down in the Articles of Association. In any case, the remuneration shall not exceed the legal limits and a lower interest rate than the aforementioned may be agreed. In any case, the remuneration of members' contributions is conditional upon the existence of positive net profits or sufficient unrestricted reserves to meet these contributions.

For consumer members, the compulsory contribution is set at 1.20 euros.

Contributions are transferable between members of the same status by inter vivos acts in accordance with the conditions laid down by the Governing Board and by "mortis causa" succession.

In the event of loss of membership, the member or his or her successors in title are entitled to request reimbursement of their contribution. The value of the contribution shall be calculated on the basis of the balance sheet of the financial year in which the cancellation is requested. However, by decision of the Governing Council, the compulsory contributions may be reduced by a certain percentage depending on the reason for the loss of membership. The General Assembly shall decide whether or not to reimburse the contributions of members who have ceased to be members.

If the General Assembly does not agree to the reimbursement of the entire amount of the contributions for which a refund has been requested, the following obligations are stipulated:

- Allocation of half of the Co-operative's available profit to the Mandatory Reserve Fund.

- No remuneration may be agreed for the capital contributions of the working members.

- The Cooperative cannot agree to any return to the working members.

- If, when it has net profit (profit after offsetting losses from previous years) or sufficient reserves available to allow for the accrual, the Cooperative agrees to pay a remuneration lower than the legal interest rate for contributions for which the repayment has not been approved by the Assembly, it shall increase the nominal value of these contributions by at least an amount equal to the difference between this interest and that accrued prior to any remuneration of the contributions to the share capital of the working members. The same will be the case if no agreement is reached on this issue.

In accordance with the resolution of the General Assembly for the reimbursement of the contributions of members who have left, the payment period shall be fixed by the Governing Board, which may not exceed five years from the date of the reimbursement resolution of the General Assembly, and the unpaid contribution shall be entitled to accrue interest at the legal rate of interest.

(b) Capitalised funds

Corresponds entirely to Eroski Subordinated Financial Contributions (AFSE).

As at 31 July 2023, the annual interest rate applied to the Equity AFSEs not redeemed was 5.868% (2.041% as at 31 July 2022) and interest of 3,137 thousand euros (1,094 thousand euros as at 31 July 2022) was accrued (which, being an equity instrument, is treated as a dividend) and is recorded under interim dividends in the accompanying condensed consolidated interim statement of financial position. This interest was pending payment as at 31 July 2023.

As at 31 July 2023, the listed price of the AFSE was 27.80% of the nominal value (28.00% of the nominal value as at 31 January 2023).

(c) Dividends paid

During the six-month period ended 31 July 2023 and 2022 the Parent Company did not pay dividends.

(13) Current and Non-Current Financial Liabilities

Details of current and non-current financial liabilities are as follows:

	Thousands of euros			
	31.07.2023		31.01.2023	
	Non-current	Current	Non-current	Current
Financial liabilities at amortised cost				
Financial liabilities from issuing bonds and marketable securities	309,890	6,587	307,736	5,310
Financial liabilities from loans and borrowings	234,645	522,343	770,601	10,641
Third party loans	29,652	4,004	26,909	1,524
Lease liabilities	766,789	162,643	923,115	160,234
Payables to associates	606	-	589	-
Other payables	29,147	1,092	29,700	1,063
Other financial liabilities	731	-	118,251	-
Total	1,371,460	696,669	2,176,901	178,772

(a) Financial liabilities from loans and borrowings

This heading includes part of the issues of Eroski Subordinated Financial Contributions (AFSE) made by the Company in the period 2002-2004.

During the six-month period ended 31 July 2023, an amount of 3,931 thousand euros (1,572 thousand euros for the six-month period ended 31 July 2022) has accrued from the AFSEs, equivalent to 6.368% annual interest (2.541% for the six-month period ended July 2022) which is recorded under finance cost in the accompanying condensed consolidated interim income statement (note 15).

As at 31 July 2023, the listed price of the AFSEs was 29.50% of the nominal value (31.066% of the nominal value in January 2023).

This heading also includes the Eroski Subordinated Bonds 2016 (ESB) issued by the Company in 2015.

From the date of their disbursement until their redemption, if applicable, the ESB accrue an annual interest on a daily basis, not conditional on the obtaining of profits, calculated on their nominal value, equivalent to the one-year Euribor interest rate increased by three percentage points.

As at 31 July 2023, an amount of 6,587 thousand euros was accrued, equivalent to the annual interest rate of 6.368%, having recorded financial expenses for a total amount of 8,741 thousand euros (2,633 thousand was accrued as at 31 July 2022, equivalent to the annual interest rate of 2.541%, having recorded financial expenses for a total amount of 4,830 thousand euros) corresponding to the effective interest rate that as at 31 July 2023 amounted to 9.6% (5.8% in the six-month period ended on 31 July 2022) (see note 15).

As at 31 July 2023, its listed price amounted to 50% of the nominal value (57.10% of the nominal value as at January 2023).

(b) Financial liabilities from loans and borrowings

The details are as follows:

	Thousands of euros			
	31.07.2023		31.01.2023	
	Non-current	Current	Non-current	Current
Syndicated credit facilities Framework Agreement	171,156	520,083	707,736	10,622
Bank loans and credit facilities	63,489	2,260	62,865	19
	234,645	522,343	770,601	10,641

(Continued)

The Parent and other Eroski Group companies are jointly and severally liable for the obligations arising from these loans and have undertaken a commitment with the lenders to comply with a series of financial ratios based on the data in the consolidated annual accounts and half-yearly consolidated financial statements since 31 January 2020. The directors of the Company have assessed that as at 31 July 2023 the above ratios are met.

The outstanding nominal value of the syndicated credit facilities as at 31 July 2023 was 874 million euros (31 January 2023: 909 million euros). The change in the nominal value was due to ordinary repayments of 16 million euros and early repayments of 19 million euros, mainly with cash from cash surpluses generated by the higher volume of activity in the period, as well as the sale of Viajes Eroski (see note 11). The early repayments, as established in the refinancing agreement, were used to reduce the amount of the payment scheduled for 31 July 2024.

The estimate of the principal payments (in millions of euros) made by the Group's management, which includes the fulfilment of all agreements included in the refinancing contract, is as follows:

2023 financial year	2024 financial year	2027 financial year
15	506	200

As stated in Note 18 Loans and Borrowings included in the Consolidated Annual Accounts for the year ended 31 January 2023, the Group has worked on various alternatives to meet the commitments undertaken, in particular those in the short term. As detailed in note 2d), these actions are expected to culminate in the formalisation of the necessary agreements to enable the Group to meet its outstanding commitments.

The current refinancing agreement also includes various non-performance obligations with respect to the distribution of interest and results, and the Group had met these obligations as at 31 July 2023 and 31 July 2022.

(Continued)

On the other hand, the contract establishes a final commission for a maximum amount of approximately 150 million euros, to be accrued in favour of the financial institutions, to be assessed no later than 31 July 2024, which would be effective if the individual results of Eroski S. Coop. for 2022 plus double the individual results of Eroski S. Coop. for the 2023 financial year were more than 20% higher than those envisaged in the Business Plan in place at the date of signing the contract. The directors consider this scenario to be unlikely and, therefore, it is estimated that this fee will not accrue. On 26 September 2023, and considering that as a result of the refinancing process mentioned in note 2d), a large part of the debt will be cancelled in advance, this clause was modified with regard to the results to be taken into account in this calculation, maintaining the directors' estimate that it will not accrue, and therefore without this modification having an impact on the consolidated financial statements at 31 July 2023 (see note 17).

The effective interest rate on the debt was 6% for the six-month period ended 31 July 2023 (31 July 2022: 4%). There were no additional changes to the debt flow estimates.

Non-current and current bank loans and credit facilities mainly comprise the amortised cost of a subordinated credit agreement signed in January 2016 with several financial institutions to cover the cash payment offered in the AFSE swap, which was recognised at fair value for an amount of 43 million euros. The outstanding nominal amount as at 31 July 2023, due to the capitalisation of interest, amounts to 70 million euros (57 million euros nominal amount in January 2016). This loan matures in February 2028 and bears interest at Euribor+3%,

(c) Other financial liabilities

Other financial liabilities at 31 January 2023 amounting to 117,521 thousand euros mainly comprise the dividend liabilities indicated in note 2c), the effective interest rate of which was estimated at 9.19%. The financial expenses accrued up to the date of cancellation (25 April 2023) amounted to 2,700 thousand euros.

(d) Lease liabilities

The analysis of the contractual maturity of lease liabilities as at 31 July 2023 and 31 January 2023 is as follows:

	Thousands of euros	
	31.07.2023	31.01.2023
Less than one year	162,643	160,234
1 to 5 years	483,049	501,082
More than five years	283,740	422,033
	929,432	1,083,349

The fair value of the financial liabilities does not differ significantly from their book value.

(14) Tax situation

The Group has significant deferred tax assets, mainly from the Parent Company and several companies that form a tax group for corporate income tax purposes. As at 31 July 2023 no indications of impairment had been detected and the estimates of future tax bases that guarantee the recoverability of capitalised tax credits and tax loss carried forward had not been modified.

The change in deferred tax assets and liabilities in the six-month period ended 31 July 2023 relates mainly to the tax effect of the additions of right-of-use assets and lease liabilities.

On the other hand, in July 2023, several Group companies received notifications from the Tax Authority - Tax and Customs Control Unit - informing them of the initiation of verification and investigation proceedings in relation to the main tax items applicable to them, for the years 2018 to 2020 in the case of corporate income tax and from August 2019 to December 2021 in the case of VAT and withholding tax.

Since the Tax Audit has not been completed, there are no conclusions on the procedure. The Company's directors do not consider that there is any risk of possible tax contingencies arising as a result of the inspection.

(Continued)

(15) Finance income and costs

The details of finance income and costs are as follows:

	Thousands of euros	
Finance income	31.07.2023	31.07.2022
Interest on loans	2,222	818
Other finance income	232	339
Finance income from:		
Financial assets at fair value through other comprehensive income	2,812	1,896
Profit on sale of financial assets at fair value through other comprehensive income	726	-
Total finance income	5,992	3,053

	Thousands of euros	
	31.07.2023	(Restated) 31.07.2022
Finance costs		
Finance costs on loans and borrowings	25,834	16,770
Finance costs on other loans	1,693	1,041
Finance costs of lease liabilities	12,165	7,545
Finance costs of subordinated financial contributions (note 13)	3,931	1,572
Interest ESBs (note 13)	8,741	4,830
Finance costs from dividend liabilities (notes 2c and 13c)	2,700	4,946
Other finance costs	7,585	7,786
Impairment losses on financial assets (note 9)	1,828	840
Negative exchange rate differences	29	9
Total finance costs	64,506	45,339

(16) Related Party Balances and Transactions

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

(Continued)

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

(a) Transactions outside the ordinary course of business or at other than arm's length by the directors of the parent company or their key management personnel

During the six-month period ended 31 July 2023, neither the members of the Board of Directors of the Parent Company nor its key management personnel have entered into transactions with the Company or Group companies outside the ordinary course of business or under non-market conditions.

(b) Information relating to Directors of the Parent Company and key Group management personnel

During the six-month period ended 31 July 2023 the Administrators o members of the Governing Board of the Company did not receive any remuneration in the performance of this position. However, in their capacity as working partners, they received remuneration in the form of consumption advances in the amount of 250 thousand euros (261 thousand euros during the six-month period ended 31 July 2022).

The members of the Company's Governing Board, in their capacity as working partners, received remuneration in the form of consumption advances amounting to 722 thousand euros (733 thousand euros during the six-month period ended 31 July 2022).

(17) Subsequent events

On 1 August 2023, Eroski, S. Coop. entered into a sale and leaseback transaction of 10 supermarkets located in Gipuzkoa, Navarra, Araba and Bizkaia for 18,550 thousand euros. The result of the transaction is not expected to have a significant impact on the consolidated annual accounts as at 31 January 2024.

In addition, on 26 September 2023, Eroski, S. Coop. signed a novation of the financing agreement dated 16 July 2019, in which it amended the final commission clause (Note 13b), indicating how and when it would be accrued in the event of early termination of the agreement and the results for the fiscal year 2023 not being available. In this case, the individual results of Eroski S.Coop. for the twelve months prior to the first half of the 2023 financial year would be taken into consideration for the calculation. Given that with the results corresponding to those 12 months the calculations would not exceed 20% of the Business Plan existing at the date of signing the contract, no commission would be accrued.

(Continued)

EROSKI, S. COOP. & SUBSIDIARIES

Details of Subsidiaries

31 July 2023

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

	Percentage of holding					
	31.07.23		31.01.23			
Holdings in group companies	Direct	Indirect	Direct	Indirect	Registered Office	Activity
Cecosa Hipermercados Subgroup						
CECOSA HIPERMERCADOS, S.L.	60.00%	40.00%	60.00%	40.00%	Madrid	(vi)
Desarrollos Inmobiliarios Los Berrocales, S.L.	-	60.00%	-	60.00%	Madrid	(iii)
Desarrollos Comerciales de Ocio e Inmobiliarios de Orense S.A.	-	98.00%	-	98.00%	Madrid	(iii)
EQUIPAMIENTO FAMILIAR Y SERVICIOS, S.A.	-	100.00%	-	100.00%	Elorrio (Biscay)	(i)
Inmobiliaria Recaré, S.A.	-	100.00%	-	100.00%	Vigo (Pontevedra)	(iii)
Cecosa Diversificación Subgroup						
Cecosa Diversificación, S.L.	100.00%	-	100.00%	-	Elorrio (Biscay)	(ii)
Viajes Eroski S.A.	-	-	-	100.00%	Elorrio (Biscay)	(iv)
Cecosa Institucional Subgroup						
Cecosa Institucional, S.L.	100.00%	-	100.00%	-	Elorrio (Biscay)	(ii)
Aportaciones Financieras Eroski, S.A.	-	60.00%	-	60.00%	Elorrio (Biscay)	(v)
Gestión de participaciones Forum, S.C.P.	-	66.70%	-	66.70%	Basauri (Biscay)	(ii)
Jactus Spain, S.L.U.	-	100.00%	-	100.00%	Madrid	(v)
Cecogoico Subgroup						
Cecogoico, S.A.U.	100.00%	-	100.00%	-	Elorrio (Biscay)	(ii)
Newcobeco, S.A.U.	-	100.00%	-	100.00%	Elorrio (Biscay)	(ii)
Sociedad Franquicias Eroski Contigo, S.L.U.	-	100.00%	-	100.00%	Elorrio (Biscay)	(i)
Forum Sport, S.A.	-	95.67%	-	95.67%	Basauri (Biscay)	(i)
Peninsulaco, S.L.U.	-	100.00%	-	100.00%	Madrid	(vi)
Supratuc2020, S.L.	-	50.00%	-	50.00%	Elorrio (Biscay)	(ii)
Cecosa Supermercados, S.L.U.	-	50.00%	-	50.00%	Palma de Mallorca	(vi)
Caprabo, S.AU.	-	50.00%	-	50.00%	El Prat de Llobregat	(i)
Vegonsa Agrupación alimentaria, S.A.	-	50.00%	-	50.00%	Vigo (Pontevedra)	(i)
VEGO SUPERMERCADOS, S.A.U.	-	50.00%	-	50.00%	Vigo (Pontevedra)	(i)
Mercash-Sar, S.L.U.	-	50.00%	-	50.00%	Vigo (Pontevedra)	(i)
Eroski Hipermercados, S. Coop., (in liquidation)	94.86%	5.14%	94.86%	5.14%	Madrid	(ix)

(i) Distribution and sale of goods and services
(ii) Holdings in companies engaged in the distribution and sale of goods and services.
(iii) Property holdings.
(iv) Travel agency.
(v) Buying and selling and ownership of real estate and other financial assets for own purposes and asset management.
(vi) Distribution and sale of goods and services and direct and indirect exploitation of petrol, diesel and similar fuels.
(vii) Management of companies and promotion, development and exploitation of the activity of distribution of goods and services.
(ix) Workforce placement and supply services.
(x) Activities at headquarters

EROSKI, S. COOP. & SUBSIDIARIES

Details of Associates

31 July 2023

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

	Percentage of holding					
	31.07.23		31.01.23			
Holdings in associates	Direct	Indirect	Direct	Indirect	Registered Office	Activity
Artunzubi, S.L.	35.00%	-	35.00%	-	Bilbao (Biscay)	(i)
Inmobiliaria Armuco, S.L.	45.00%	-	45.00%	-	Bilbao (Biscay)	(i)
Inmobiliaria Gonuri Harizartean, S.L.	45.00%	-	45.00%	-	Lejona (Biscay)	(i)
Cecosa Hipermercados Subgroup						
Air Miles España, S.A.	20.42%	6.25%	20.42%	6.25%	Alcobendas (Madrid)	(iii)
Llanos San Julián, S.A.	-	49.50%	-	49.50%	Torremolinos (Malaga)	(i)
Desarrollos Comerciales y de Ocio Algeciras, S.L.	-	50.00%	-	50.00%	Madrid	(i)
Unibail Rodamco Benidorm, S.L.	-	29.19%	-	29.19%	Madrid	(i)

(i) Property holdings.
(ii) Coordination of activities of the Mousquetaires Group, Eroski Group and other international groups.
(iii) Establishment and management of a loyalty programme.
(iv) Investment holding company and merchandising services.
(v) Provision of negotiation services for the acquisition of distributor brand products

This annex forms an integral part of note 1 to the condensed consolidated interim financial statements for the six-month period ended 31 July 2023.

EROSKI, S. COOP. & SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT
31 July 2023

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

ECONOMIC OVERVIEW

EROSKI closed the first half of the financial year 2023 with revenue of 2,526,702 thousand euros. In comparative terms, this represents an increase of 213,169 thousand euros compared to the same period of the previous year, an increase of 9.21 points.

With regard to the resources generated, the table below shows, in thousands of euros, their comparative performance with respect to the previous year:

CONCEPT	31/07/2023	31/07/2022	Change (*)
Profit before finance items and taxes	141,949	92,375	49,574
Impairment of non-current assets and Gains and losses on sale of non-current assets and Subsidiaries	10,033	(1,952)	11,985
Operating Profit	131,916	94,327	37,589
Revenue	2,526,702	2,313,533	213,169
Operating Profit/Revenue	5.22	4.08	1.14

Ordinary activity yields a current operating profit of 131,916 thousand euros, which represents a sales ratio of 5.22%, 1.14 points lower than in July 2022.

The financial result (financial income less financial costs) reflects a loss of 58,514 thousand euros, which includes both the financial costs derived from the financial agreement signed in 2019 and the financial costs assimilable to leasing contracts due to the application of IFRS16. The financial costs show an increase compared to the previous year, despite the significant reduction in the Debt figure, due to the increase in interest rates.

Profit before tax amounted to 84,707 thousand euros, an improvement of 34,557 thousand euros over the same period of the previous year, as a result of the improvement in ordinary profit both due to the increase in activity and the improvement and cost reduction actions carried out.

As indicated in note 13 b) Financial liabilities for debts with credit institutions, an amount of approximately 500 million euros of the debts corresponding to the restructuring framework agreement signed with a group of financial institutions in July 2019, mature on 31 July 2024, and have therefore been reclassified to short term. As a result of this classification, working capital is negative in the amount of 813,743 thousand euros. To the extent that at the date of preparation of these condensed consolidated financial statements, the Group had not arranged sufficient financing to meet these commitments, nor were the cash flows generated by its continuing ordinary activities sufficient to meet debt repayments, significant doubts may arise as to the Group's ability to meet all its obligations.

As stated in Note 18 Financial Liabilities for Bank Borrowings in the Annual Accounts for the year ended 31 January 2023, the Group has been working on various alternatives for meeting its commitments. In this regard, the above-mentioned alternatives are being defined, which will probably take the form of a combination of bank loans and funds raised on the capital market, for the formalisation of which the relevant authorisation has been requested from the General Assembly of Eroski, S. Coop. which has been called for 10 October 2023. The directors consider that the General Assembly will give its approval and that the instruments required to meet the aforementioned commitments can be subscribed.

During the first semester of the 2023 financial year, the Eroski Group continued to implement its operational transformation plan, supervised by the Transformation Office, which ensures that the objectives identified for the various projects in the Strategic Plan are met.

Among the projects implemented in 2023 and in terms of their contribution to results in the first semester, the following are noteworthy:

- **Commercial attractiveness and service projects**:

  - Projects based on improving the assortment and the evolution of the fresh produce section models. Eroski has continued to make progress in 2023 in the redesign of our fresh produce and food sections, moving forward through innovation and optimisation in the assortment, in implementing the latest trends in each section demanded by our customers in our centres, as well as in the training and development of our teams. During the first part of this year, the group has continued to focus on the profitability of fresh produce, from a starting point that ensures the quality of our proposal.

    The large number of pilots that have been carried out in our network of shops continue to contribute significantly to this objective, and specifically, all the tests of commercial concepts that we have been trying out in reference and pioneering shops such as the Lakua shop and also the Salburua shop since its last refurbishment, which serve as embryos for the remodelling.

    All actions have been accompanied by significant efforts to improve our price competitiveness, with very satisfactory results that are highly valued by customers.

- Projects to adapt shop formats: In 2023 we continued with a firm commitment to the renewal of our network a through the extension of the Supermarket models tested in previous years. We have transformed 22 shops in SP Norte and the Balearics, 4 Hypermarkets, 3 shops in VGS and a further 14 transformations in Caprabo to the new model. The reforms continue to raise the quality of our shops, improving our commercial proposal and the satisfaction of our customers, whose response and reception has been very positive. The qualitative leap in service, quality, offer and commercial proposal has continued to position us at the forefront and as a reference in the areas in which we have operated. Differential attention projects. As a strategic pillar of the group in recent years, in this first part of the year the management model developed has been consolidated, which has led to a significant and robust evolution in the macro indicators associated with customer service and perception, with figures that continue to make Eroski the leader in this area once again.

- **Growth projects:** In the first semester of 2023, Eroski has continued with its commitment to business expansion, with the opening of 4 own shops and 49 franchised shops, of which 18 have been opened in Caprabo. The new openings, with a very positive performance, will significantly help us to secure our leading position in our markets.

- **Efficiency projects**: In 2023, Eroski has made very important and robust progress in projects related to expenditure items. The projects have made it possible to manage the impacts derived from the continuous rise in prices and economic instability. The projects have enabled Eroski to continue implementing savings initiatives in the following areas: more efficient point of sale operations with important results in productivity, efficiency and adjustment in platforms, efficient supply and logistics efficiencies, and indirect costs with important adjustments and negotiations. In all these areas the progress and results have been very positive, which is also necessary to be able to remain competitive.

EVENTS AFTER CLOSING

On 1 August 2023, Eroski, S. Coop. entered into a sale and leaseback transaction of 10 supermarkets located in Gipuzkoa, Navarra, Araba and Bizkaia for € 18,550 thousand. The result of the transaction will not have a significant impact on the consolidated annual accounts at 31 January 2024.

In addition, on 26 September 2023, Eroski, S. Coop. signed a novation of the financing agreement dated 16 July 2019, in which it amended the final commission clause (Note 13b), indicating how and when it would accrue in the event of early termination of the agreement and the results for 2023 not being available. In this case, the individual results of Eroski S.Coop. for the twelve months prior to the first half of the 2023 financial year would be taken into consideration for the calculation. Given that with the results corresponding to those 12 months the calculations would not exceed 20% of the Business Plan existing at the date of signing the contract, no commission would be accrued.

Declaration of those responsible for the Half-yearly
Information as at 31 July 2023

The members of the Board of Directors of Eroski, S.Coop. (the company), meeting on 4 October 2023, signed the interim condensed consolidated financial statements and the consolidated management report of Eroski S. Coop. and subsidiaries for the six-month period from 1 February 2023 to 31 July 2023. These documents are constituted by the annexes to this document.

Furthermore, the members of the Board of Directors of Eroski, S.Coop. state that, to the best of their knowledge, the condensed interim financial statements, prepared in accordance with the applicable accounting principles, give a true and fair view of the consolidated equity, consolidated financial position and consolidated results of the issuer and the companies included in the consolidation taken as a whole, and that the consolidated management report includes a fair analysis of the performance and results of the issuer's business and of the position of the issuer and of the subsidiaries included in its group taken as a whole, together with a description of the principal risks and uncertainties that they face.

Signatories:

Ms. Leire Muguerza Gárate (Chairperson)	Ms. Mª Asunción Bastida Sagarzazu (Vice-chair)
Mr. Oskar Goitia Zubizarreta (Member)	Ms. Maria Victoria Fernández Gómez (Member)
Ms. Mª Carmen Iñurria Landeras (Member)	Mr. Antton Tomasena Rodríguez (Member)
Mr. Javier Pascual Sánchez (Member)	Ms. Ana Isabel Zariquiegui Asiain (Member)
Mr. Edorta Herce Susperregui (Member)	Mr. Zulima Valdivieso Martínez (Member)
Mr. Carmelo Lecue Alberdi (Member)	Ms. Sonia Ortubai Balanzategui (Secretary)