INDITEX

Translation of consolidated annual accounts originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see below and Note 35). In the event of a discrepancy, the Spanish-language version prevails.

CONSOLIDATED ANNUAL ACCOUNTS 2022

Consolidated income statement

(Amounts in millions of euros)	**(Notes)**	**2022**	**2021**
Net sales	(4)	32,569	27,716
Cost of sales	(5)	(14,011)	(11,902)
GROSS PROFIT		**18,559**	**15,814**
		57.0 %	57.1 %
Operating expenses	(6)	(9,867)	(8,596)
Other losses and income, net	(7)	(43)	(35)
GROSS OPERATING PROFIT (EBITDA)		**8,649**	**7,183**
Other results	(33)	(231)	-
Amortisation and depreciation	(8)	(2,899)	(2,901)
NET OPERATING PROFIT (EBIT)		**5,520**	**4,282**
Financial results	(9)	(214)	(142)
Results of companies accounted for using the equity method	(18)	53	58
PROFIT BEFORE TAXES (PBT)		**5,358**	**4,199**
Income tax	(25)	(1,211)	(949)
NET PROFIT		**4,147**	**3,250**
NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**17**	**7**
NET PROFIT ATTRIBUTABLE TO THE PARENT		**4,130**	**3,243**
EARNINGS PER SHARE, euros	**(10)**	**1.327**	**1.042**

Consolidated statement of comprehensive income

(Amounts in millions of euros)	(Notes)	2022	2021
Net profit		4,147	3,250
Items that will be reclassified to the income statement in future years			
Other comprehensive income recognised directly in equity:			
Translation differences related to financial statements of foreign operations		126	122
Cash flow hedges			
Profit	(26)	-	6
Loss	(26)	(14)	-
Tax effect		2	(1)
Total		**114**	**127**
Transfers to the income statement:			
Cash flow hedges			
Profit	(26)	(6)	-
Loss	(26)	-	3
Tax effect		2	-
Total		**(4)**	**3**
Total comprehensive income for the year		**4,257**	**3,380**
Total comprehensive income attributable to:			
Equity holders of the Parent		4,240	3,373
Non-controlling interests		17	7
Total comprehensive income for the year		**4,257**	**3,380**

Consolidated balance sheet

(Amounts in millions of euros)	(Notes)	31/01/2023	31/01/2022
ASSETS			
NON-CURRENT ASSETS		**15,344**	**15,343**
Rights of use	(16)	4,910	5,224
Other intangible assets	(15)	810	589
Goodwill	(17)	193	202
Property, plant and equipment	(14)	7,591	7,481
Investment property		24	21
Financial investments	(18)	334	307
Other non-current assets	(19)	278	340
Deferred tax assets	(25)	1,203	1,179
CURRENT ASSETS		**14,639**	**13,602**
Non-currents assets held for sale	(33)	183	-
Inventories	(13)	3,191	3,042
Trade and other receivables	(12)	851	842
Income tax receivable	(25)	238	219
Other current assets		85	82
Other financial assets	(26)	8	22
Current financial investments	(21)	4,522	2,374
Cash and cash equivalents	(21)	5,561	7,021
TOTAL ASSETS		**29,983**	**28,945**

EQUITY AND LIABILITIES			
EQUITY		**17,033**	**15,759**
Equity attributable to the Parent		17,008	15,733
Equity attributable to non-controlling interests		25	26
NON-CURRENT LIABILITIES		**4,813**	**5,157**
Provisions	(22)	283	287
Other non-current liabilities	(23)	222	248
Financial debt	(21)	-	1
Non-current lease liability	(16)	3,924	4,262
Deferred tax liabilities	(25)	385	359
CURRENT LIABILITIES		**8,137**	**8,030**
Financial debt	(21)	13	35
Other financial liabilities	(26)	46	22
Current lease liability	(16)	1,517	1,562
Income tax payable	(25)	264	211
Trade and other payables	(20)	6,297	6,199
TOTAL EQUITY AND LIABILITIES		**29,983**	**28,945**

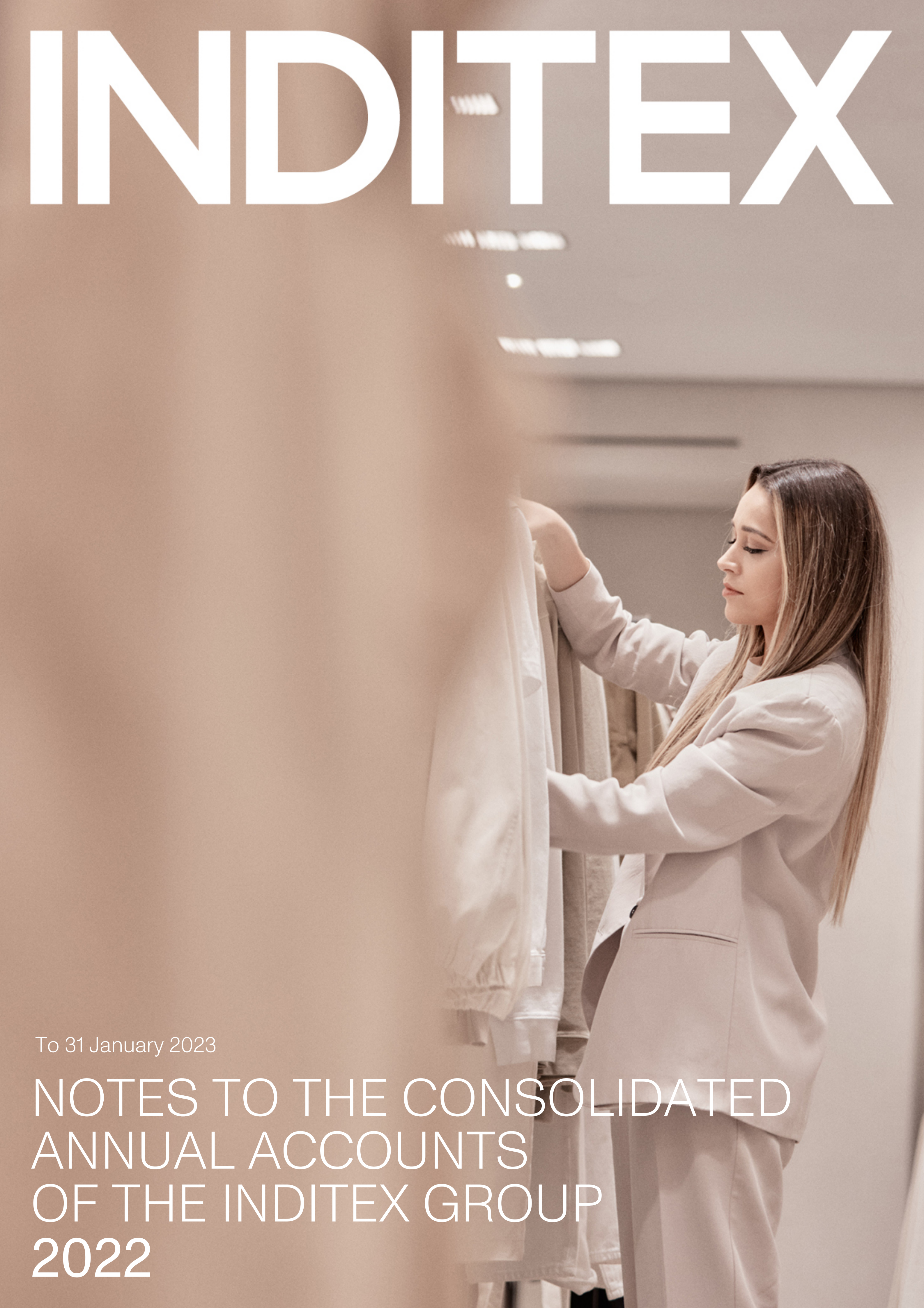
Consolidated statement of cash flows

(Amounts in millions of euros)	(Notes)	2022	2021
Profit before taxes and non-controlling interest		**5,358**	**4,199**
Adjustments to profit			
Amortisation and depreciation	(8)	2,899	2,901
Provisions for impairment		28	51
Results from companies consolidated by equity method	(18)	(53)	(58)
Lease financial expenses	(9)	116	92
Other		170	81
Income tax paid		(1,176)	(734)
Funds from operations		**7,343**	**6,530**
Variation in assets and liabilities			
Inventories		(193)	(759)
Receivables and other current assets		(58)	(154)
Current payables		(418)	1,136
Changes in working capital		**(669)**	**223**
Cash flows from operating activities		**6,674**	**6,754**
Payments relating to investments in intangible assets		(388)	(460)
Payments relating to investments in property, plant and equipment		(1,027)	(666)
Collections relating to investments in other financial investments		27	25
Payments relating to investments in other financial investments		(3)	-
Payments relating to investments in other assets	(19)	(18)	(8)
Collections relating to investments in other assets	(19)	54	54
Changes in current financial investments		(2,148)	(2,198)
Cash flows from investing activities		**(3,504)**	**(3,253)**
Payments relating to non-current financial debt		(1)	(5)
Payments relating to acquisition treasury shares		(61)	(71)
Changes in current financial debt		(17)	27
Lease payments fixed charge		(1,621)	(1,668)
Dividends		(2,914)	(2,192)
Cash flows used in financing activities		**(4,614)**	**(3,909)**
Net increase in cash and cash equivalents		(1,443)	(408)
Cash and cash equivalents at the beginning of the year	(21)	7,021	7,398
Effect of exchange rate fluctuations on cash and cash equivalents		(17)	31
Cash and cash equivalents at the end of the year	**(21)**	**5,561**	**7,021**

Consolidated statement of changes in equity

(Amounts in millions of euros)	Equity attributable to the Parent										
	Capital	Share premium	Retained earnings	Other reserves	Reserves of companies accounted for using the equity method	Treasury shares	Translation differences	Cash flows	Subtotal	Non-controlling interests	Total equity
Balance at 1 February 2021	**94**	**20**	**14,703**	**221**	**240**	**(51)**	**(704)**	**(3)**	**14,520**	**30**	**14,550**
Profit for the year	-	-	3,243	-	-	-	-	-	3,243	7	3,250
Profit distribution	-	-	(283)	250	33	-	-	-	-	-	-
Dividends distribution	-	-	19	-	(19)	-	-	-	-	-	-
Transfers	-	-	(53)	-	-	-	53	-	-	-	-
Hyperinflaction and Other movements	-	-	13	-	4	-	-	-	17	1	18
Other comprehensive income for the year	-	-	-	-	-	-	122	8	130	-	130
· Translation differences related to foreign operations	-	-	-	-	-	-	122	-	122	-	122
· Cash flow hedges	-	-	-	-	-	-	-	8	8	-	8
Operations with equity holders or owners	-	-	(2,180)	74	-	(71)	-	-	(2,177)	(12)	(2,189)
· Treasury shares	-	-	-	-	-	(71)	-	-	(71)	-	(71)
· Share-based payments recognition	-	-	-	74	-	-	-	-	74	-	74
· Share-based payments exercise	-	-	-	-	-	-	-	-	-	-	-
· Dividends	-	-	(2,180)	-	-	-	-	-	(2,180)	(12)	(2,192)
Balance at 31 January 2022	**94**	**20**	**15,462**	**545**	**258**	**(122)**	**(529)**	**5**	**15,733**	**26**	**15,759**
Balance at 1 February 2022	**94**	**20**	**15,462**	**545**	**258**	**(122)**	**(529)**	**5**	**15,733**	**26**	**15,759**
Profit for the year	-	-	4,130	-	-	-	-	-	4,130	17	4,147
Profit distribution	-	-	(58)	-	58	-	-	-	-	-	-
Dividends distribution	-	-	35	-	(35)	-	-	-	-	-	-
Transfers	-	-	(66)	-	-	-	66	-	-	-	-
Hyperinflaction and Other movements	-	-	(150)	1	(2)	-	93	-	(58)	1	(57)
Other comprehensive income for the year	-	-	-	-	-	-	126	(16)	110	-	110
· Translation differences related to foreign operations	-	-	-	-	-	-	126	-	126	-	126
· Cash flow hedges	-	-	-	-	-	-	-	(16)	(16)	-	(16)
Operations with equity holders or owners	-	-	(2,893)	(6)	-	(8)	-	-	(2,907)	(19)	(2,926)
· Treasury shares	-	-	-	-	-	(61)	-	-	(61)	-	(61)
· Share-based payments recognition	-	-	-	64	-	-	-	-	64	-	64
· Share-based payments exercise	-	-	2	(70)	-	53	-	-	(15)	-	(15)
· Dividends	-	-	(2,895)	-	-	-	-	-	(2,895)	(19)	(2,914)
Balance at 31 January 2023	**94**	**20**	**16,460**	**540**	**279**	**(130)**	**(244)**	**(11)**	**17,008**	**25**	**17,033**

INDITEX



To 31 January 2023

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS OF THE INDITEX GROUP 2022

1. Activity and description of the Group

Industria de Diseño Textil, S.A. with registered office in Spain (Avenida de la Diputación s/n, Edificio Inditex, Arteixo, A Coruña), is the Parent of a fashion global group of companies present in 5 continents, in both hemispheres, north and south, the Inditex Group (hereinafter also "the Group", "the Inditex Group" or "the Company").

Inditex is listed on all the four Spanish stock exchanges.

Its main activity consists of offering the latest fashion trends (clothing, footwear, accessories and household textile products) to meet customer demands, using high quality and sustainability standards and at attractive prices.

This activity is carried out through different retail concepts: Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho and Zara Home. Each format operates through an online and store model that is managed directly by companies over which Inditex exercises control through the ownership of all or the majority of the share capital and of the voting rights, except in certain markets where, for several reasons, the business is carried out through franchises.

Certain franchise agreements entered into by the Group include purchase options which, if exercised, would essentially enable the Group to have access to the lease rights over the premises in which the franchised stores operate and the assets associated with these stores. These options may be exercised after a certain period of time has elapsed since the signing of the franchise agreement.

The Group holds joint ownership interests in the entities making up the Tempe Group. Based on an analysis of the contractual arrangements giving it joint control, the Group classified its ownership interest in the Tempe Group as a joint venture. The interest in the Tempe Group was accounted for using the equity method.

The Group does not have any other significant non-controlling interests.

In order to offer the latest fashion trends at the right time, meeting high standards of sustainability and with the required quality, at Inditex we have developed an integrated and flexible business model that is clearly customer-oriented.

This model helps face business environment challenges. The strong competitiveness in the sector, driven by new technologies and an increasingly awareness of environmental challenges, defines a context with a constantly evolving customer profile.

Furthermore, geopolitical, demographic and socioeconomic changes in supplier or distribution countries, or the retraction in consumption in certain markets, are, among others, factors which could affect the optimal achievement of our business targets. Business can also be affected by potential consequences of climate change, which could influence consumer demand patterns and the supply and demand of textile raw materials used to manufacture the garments, among others.

The internationalisation policy, the Group's multi-brand format, its sustainable production commitments and the support for total integration of channels and new technologies as alternatives for customer communication and sales, represent a means of risk diversification that mitigates our overall exposure to risks in the market.

The operation of this business model would not be feasible without the integration and flexibility of every stage of our value chain: design, production, logistics, stores and customers (with integrated points of sale, both physical and online).

The sales and design teams are strongly focused on the customer and firmly committed to sustainability in the processes and materials used in our products. The permanent contact with stores and online teams by our team of designers, through the Product Management Department, helps them to learn about customer preferences. In addition, their active promotion and search for more sustainable materials and production processes help to raise standards of quality and to reduce the social and environmental impact of our activity.

Manufacturing and procurement is based on environmentally and socially responsible management of the supply chain which ensures dignified working conditions for all the employees of suppliers and manufacturers. Our supply chain has a global presence, organised via 12 supplier clusters that concentrate 98% of total production (12 clusters and 97% of production in 2021), albeit with a very significant weighting of procurement in areas of proximity to the design centres. Accordingly, we have the capacity to adapt our commercial range to any change of trend that emerges, so as to immediately adjust the number of garments to actual demand, a factor which has proved crucial in 2022 and 2021.

The logistics and distribution system enables the Company to make continuous shipments to physical and online stores from the logistics centres of every retail concept throughout every season. This system operates mainly with centralised logistics centres for every chain, where stocks are kept and which distribute the products to physical and online stores worldwide.

The people working in our Company make the sustained and sustainable development of this model possible: a diverse human team with 182 nationalities (177 nationalities in 2021), marked by its creative talent, its passion for fashion, teamwork, an enterprising spirit, permanent innovation and responsible effort.

The Group's goal is to provide fashion products that meet the most demanding sustainability and health and safety criteria, built on respect and promotion of human rights, transparency and continuous dialogue with stakeholders.

At 31 January 2023, the various Group concepts had stores in operation with the following geographical distribution:

Number of stores

	Company Managed	Franchised	Total
Spain	1,187	38	1,225
Rest of Europe	2,486	157	2,643
Americas	597	153	750
Rest of the World	457	740	1,197
Total	**4,727**	**1,088**	**5,815**

At 31 January 2022, the geographical distribution of stores was as follows:

Number of stores

	Company Managed	Franchised	Total
Spain	1,229	38	1,267
Rest of Europe	3,044	156	3,200
Americas	601	156	757
Rest of the World	539	714	1,253
Total	**5,413**	**1,064**	**6,477**

The majority of company-managed store premises are held under leases. Information on the main terms of the leases is provided in Note 16.

2. Basis for preparation

The consolidated annual accounts of the Inditex Group, which Parent is Industria de Diseño Textil, S.A., for 2022 were prepared by the Board of Directors on 14 March 2023 and will be submitted for approval at the corresponding Annual General Meeting. It is considered that they will be approved without any changes. The consolidated annual accounts for 2021 were approved by the shareholders at the Annual General Meeting held on 12 July 2022.

These consolidated annual accounts were prepared in accordance with the International Financial Reporting Standards (IFRS) and related interpretations (IFRIC and SIC) adopted by the European Union (IFRS-EU) and with the other provisions of the applicable regulatory financial reporting framework.

Inditex's financial year and that of most of its subsidiaries starts on 1 February of each year and ends on 31 January of the following year. The twelve-month period ended 31 January 2023 will hereinafter be referred to as “2022”, the twelve-month period ended 31 January 2022 as “2021”, and so on.

The consolidated financial statements are presented in euros, since the euro is the Group's presentation currency.

Unless otherwise stated, the amounts shown in these consolidated annual accounts are expressed in millions euros.

The separate annual accounts of the Parent (Inditex) for 2022 were prepared by the Board of Directors in a separate document to these consolidated annual accounts.

These consolidated annual accounts present fairly the equity and financial position of the Inditex Group at 31 January 2023, as well as the results of its operations, the changes in equity and the cash flows for the year then ended.

The consolidated annual accounts of the Inditex Group for 2022 were prepared on the basis of the accounting records of Inditex and of the other Group companies.

The Group uses certain performance measures additional to those defined in IFRS, since these measures include information that is essential to assess the evolution of the Group.

In the consolidated income statement, gross profit, EBITDA, EBIT and PBT are defined as follows:

- Gross profit: the difference between sales and the cost of sales. Note 4 and Note 5 contain detailed information on the items included in these line items in the consolidated income statement. The percentage gross profit is calculated as the gross profit in absolute terms as a percentage of net sales.
- Gross operating profit (EBITDA): earnings before financial results, results from companies consolidated by equity method, taxes and depreciation and amortisation, calculated as the gross profit less operating expenses and other gains and losses, net.
- Net operating profit (EBIT): earnings before financial results, results from companies consolidated by equity method and taxes, calculated as EBITDA less depreciation and amortisation and other results.
- Profit before taxes (PBT): calculated as EBIT less financial results and results from companies consolidated by equity method.

Other alternative measures of performance are as follows:

- Return on capital employed (ROCE): defined as PBT divided by average capital employed in the year (average of equity attributable to the Parent plus net financial debt for the year). The average capital employed considered for the ROCE calculation by concept relates to the non-current assets, excluding the deferred tax assets, of the concept.
- Return on equity attributable to the Parent (ROE), defined as net profit attributable to the Parent divided by average shareholders' equity for the year.

- Working capital: defined as inventories plus receivables minus current payables in the consolidated balance sheet.

- Net financial position: defined as Cash and Cash Equivalents and Current financial investments less Current and Non-current financial debt, with explicit interest (without considering lease debt).

- Average net financial debt: defined as Current and Non-Current Financial Debt with explicit interest (without considering lease debt), less Cash and Cash equivalents and Current financial investments (considered zero if the result is negative).

- Store operating profit: income generated by sales, at both physical stores and online, as well as all expenses directly attributable and necessary to generate said income.

- Quarterly results: calculated as the difference between the cumulative income statement at the end of each quarter less the cumulative income statement at the end of the immediately preceding quarter.
- Sales growth at constant exchange rates: year-on-year change in like-for-like sales growth, eliminating the exchange rate effect. This is defined as the calculation of sales in both periods, applying the exchange rate for the comparable period.

- Sales in comparable stores: those stores that have remained open continuously, without closures or refurbishments, throughout the entire period for comparison.

These consolidated annual accounts have been prepared on a going concern basis, in the absence of doubts as to the Group's ability to continue its operations. The assessment that there are no material uncertainties affecting the Group's capacity to continue with its operations was based on the following information:

- The Group obtained positive results in 2022 overall and in all of its operating segments (Note 11).

- Performance forecasts for Spring/Summer 2023.

- The capacity to adapt the supply chain to changing conditions.

- The flexibility of the model based on sales channel integration.

- The capacity to manage the financial risks to which the Group is exposed (Note 26 Financial instruments and risk management policy).

- The positive net financial position and the existence of sufficient undrawn financing facilities to fund the Group's activities.

Impacts of Covid-19

The Covid-19 pandemic continued to affect business performance in 2022, albeit more moderately, as almost all restrictions have now been lifted and the situation in most of the Group's markets has normalised, boosting the economic recovery and reinvigorating consumer spending.

The comparison of fiscal year 2022 with the same period of the previous year is somewhat skewed by the pandemic, due to the latter's most significant impact in the first and fourth quarters of 2021 as a result of restrictions in important markets for the Group.

Some of the supply markets have continued to face sporadic disruptions as a result of the pandemic, including temporary factory closures, shipping delays, etc., but much less so than in previous years.

The flexibility of the business model has enabled the Group to soften the impact of these disruptions. By leveraging its highly diverse supply sources, along with its technological infrastructure, digitalisation initiatives and integration of the physical and online store on which the Group's integrated strategy hinges, it was able to continue operating as normal in this context. Business model flexibility, efficient management of the integrated inventory, and control over operating expenses have been and continue to be crucial to the group's operational and financial performance in the period.

The main judgements and estimates used to measure certain items of the financial statements were updated to take into account the impact of the pandemic. Moreover, the specific impacts associated with the pandemic were recognised in the income statement of the year, as part of operating profit:

- Rent concessions obtained from lessors were booked as negative variable lease payments (Note 3.2.o).

- Costs linked to the increase in Group store and workplace health and safety measures form a part of operating expenses in accordance with their nature.

- Payments received in various countries from social security systems or other government departments in order to maintain employment and safeguard economic activity were booked reducing the amount of the expense they are aimed at offsetting.

The Group’s long-term business plan is still in force, as the pandemic is considered to be a temporary situation that does not alter its long-term expectations. Accordingly, during the year, the Group has continued to implement the fully integrated store and online based on key strategic lines: product proposal, customer experience, sustainability and talent retention.

Conflict in Ukraine

As a result of the war in Ukraine, which began on 24 February 2022, the Group temporarily suspended operations in both Ukraine (from that very moment) and the Russian Federation (from 5 March), as the conflict prevented normal operations throughout the region. The Group's operations in Ukraine remain suspended to date and in the Russian Federation operations have been terminated (Note 33).

Macroeconomic environment

The uncertain and challenging macroeconomic and geopolitical environment were hallmarks of the year. Numerous markets have seen a widespread increase in interest rates, as well as a significant rise in inflation, affecting the cost of many of the goods and services in our value chain. In particular, commodity markets, especially energy and certain textile fibres, experienced a generalised uptick in the year. Energy costs, both in the sales markets and in supplying countries linked to the transformation processes in our value chain, have risen sharply.

The situation in the transportation market tended to normalise in the final months of the year, although it has not yet returned to pre-pandemic conditions. Restrictions on commercial traffic and rising fossil fuel prices, mainly as a result of geopolitical tensions, have added complexity to an already stressed environment.

In this very challenging context, once again the flexibility of our business model has come to the fore. Spending has been systematically and rigorously controlled. In addition, in anticipation of potential supply chain stress, and harnessing the flexibility of our business model, during the year the Group brought inventory inflows forward, a situation that normalised throughout the year.

Material estimates and measurement of uncertainty

In preparing the consolidated financial statements as at 31 January 2023 judgements and estimates were made in order to measure certain assets, liabilities, income, expenses and obligations reported herein. Below are the estimates and assumptions most exposed to uncertainty:

- The assessment of possible impairment losses on certain non-current, non-financial assets. In determining the recoverable value of non-current assets (in accordance with the methodology described in Note 3.2.f), estimates are made of the cash flows at cash-generating units (CGUs) for which purpose assumptions are made such as estimated sales growth at comparable stores, the performance of operating expenses and the gross margin of each of the CGUs. These estimates are based on the Group's prior experience and on macroeconomic indicators, and the costs incurred by the Group in relation to implementing the sustainability strategy are also considered. Accordingly, these estimates are affected by uncertainty to the extent that they depend on the future performance of each cash-generating unit and on the possibility of there being events outside the Group’s control in relation to the Covid-19 pandemic (such as mandatory temporary closures of physical stores for health reasons), the evolution of the conflict in Ukraine itself or a general decline in the economic environment that worsens revenue forecasts, as well as the costs increase.

- The determination of inventory costs and its net realisable value. In establishing the recoverable value of inventories (in accordance with the methodology described in Note 3.2.h), estimates of net realisable value are used, based on assumptions linked primarily to the success of the collections, which determines sales performance, stock rotation, the volume of discounted units and the percentage discount. These estimates are affected by uncertainty to the extent that they depend on future events associated with the collections’ commercial success.

- The opinions related to the determination of the lease term, as well as the estimation of the discount rates applied in the measurement of the liability under IFRS 16.

- Assessment of counterparty credit risk of financial institutions in which the Group holds Cash and cash equivalents and Current financial investments.

The remaining estimates, judgements and assumptions considered in preparing these consolidated annual accounts are as follows:

- The consideration of the online business in the model of the non-current assets impairment test.

- The useful life of property, plant and equipment, intangible assets and investment property.

- The fair value of certain assets, mainly financial instruments.

- The assumptions used in the actuarial calculation of liabilities for pensions and other obligations with employees.

- The calculation of the provisions required for contingencies relating to litigation in progress and doubtful debts.
- The recovery of deferred tax assets on the basis of the existence of future taxable profits.

The estimates used took into account the risks deriving from climate change. The costs linked to the Sustainability Strategy are factored into the Group's budgets and business plans which generally cover a 3-year period, and are used to test the impairment of the Group's non-financial assets (Note 3.2.f). However, given the nature of the Group's assets and the mitigation measures that it is implementing as part of its Sustainability strategy (Note 32), the risk deriving from climate change is not considered to have a material impact on the estimates of the useful lives of assets, the realisable value of inventories or the analyses in the impairment testing of non-financial assets.

These estimates were made using the best information available at the time of preparation of this consolidated annual accounts. However, events that take place in the future might make it necessary to change these estimates. Changes in accounting estimates would be applied prospectively in accordance with IAS 8.

In preparing these consolidated annual accounts the Group omitted any information or disclosures which, not requiring disclosure due to their qualitative importance, were considered not to be material in accordance with the concept of materiality defined in the IFRS Conceptual Framework.

The basis of consolidation and accounting policies applied are disclosed in Note 3.

3. Selected accounting policies

3.1. Basis of consolidation

i) Subsidiaries

Subsidiaries are entities over which the Parent has control and, therefore, the power to govern their financial and operating policies (Note 1). Subsidiaries are consolidated by aggregating the total amount of their assets, liabilities, income, expenses and cash flows, after making the adjustments and eliminations relating to intra-Group transactions. The results of subsidiaries acquired during the year are included in the consolidated annual accounts from the effective acquisition date. A detail of the subsidiaries is provided in Annex I.

For business combinations any excess of the consideration transferred plus the value assigned to non-controlling interests over the net amounts of the assets acquired and the liabilities assumed is recognised as goodwill.

Or, where appropriate, the deficiency, after assessing the amount of the consideration transferred, the value assigned to the non-controlling interests and the identification and valuation of the net assets acquired, is recognised in profit or loss.

Acquisitions of equity interests in businesses subsequent to obtaining control and partial disposals that do not result in a loss of control are recognised as transactions with shareholders in equity.

The non-controlling interests shown in the consolidated statement of changes in equity relate to non-controlling interests in subsidiaries, and they are presented in consolidated equity separately from the equity attributable to shareholders of the Parent.

The profit or loss and each component of other comprehensive income are allocated to the equity attributable to shareholders of the Parent and to non-controlling interests in proportion to their interests, even if this results in the non-controlling interests having a deficit balance. Agreements entered into between the Group and non-controlling interests are recognised as a separate transaction.

The share of non-controlling interests of the equity and income of the subsidiaries is presented under 'Equity attributable to non-controlling interests' and 'Net profit attributable to non-controlling interests', respectively.

ii) Jointly controlled entities

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual arrangement. As indicated in Note 1, on the basis of the analysis performed of the contractual arrangements, the Group classified these interests as joint ventures. Pursuant to IFRS 11, Joint Arrangements, these entities are accounted for using the equity method in the consolidated financial statements.

iii) Harmonisation of criteria

Each of the companies included in the scope of consolidation prepares its annual accounts and other accounting records in accordance with the corresponding reporting standards, based on the legislation in force in the country of origin. Where these recognition and measurement criteria differ from those adopted by the Inditex Group in preparing its consolidated annual accounts, they are adjusted in order to present the consolidated annual accounts using uniform accounting policies.

iv) Intra-Group eliminations

All intra-Group receivables, payables and transactions, and any intra-Group gains or losses not yet realised vis-à-vis third parties, are eliminated in the consolidation process.

v) Translation of financial statements denominated in foreign currencies

The financial statements of companies with a functional currency other than the euro, except in the case of hyperinflationary countries, have been translated as follows:

- Assets and liabilities are translated to euros at the exchange rates prevailing at year-end.
- Items composing the equity of these companies are translated to euros at the historical exchange rates (or, for retained earnings, at the average exchange rates for the year in which they were generated).
- Income and expenses are translated to euros at the exchange rates prevailing at the dates on which they were recognised, while average exchange rates are used in those cases in which the application of this simplifying criterion does not generate significant differences.

The differences arising from the application of these exchange rates are included in consolidated equity under 'Translation differences'.

However, exchange differences arising from trade balances payable and receivable and financing transactions between Group companies, with foreseeable settlement, are recognised in income statement for the year.

vi) Financial statements in hyperinflationary economies

Since 1 August 2018 and 31 July 2022 Argentina and Turkey, respectively, have been considered hyperinflationary economies. Consequently, the Group's financial statements of Argentine and Turkish subsidiaries (see Annex I) have been integrated into the consolidated financial statements by making the hyperinflation adjustments provided for in IAS 29 in order to reflect changes in the overall purchasing power of their currencies; that is, the financial statements that were at historical values have been restated to current values, applying the corresponding general price index and converted to the Group's presentation currency, considering the closing exchange rate between the euro and the Argentine peso/Turkish lira.

General price indexes of general acceptance in Argentina and Turkey have been used to restate the financial statements at current values. Specifically, the Wholesale Price Index for the balances prior to 2017 (IPM) and the Consumer Price Index (CPI) for the balances from 2017 onwards have been used in Argentina. The Consumer Index Price (CPI) has been used in Turkey.

In relation to the conversion to presentation currency, a closing exchange rate of 203.46 Argentine pesos and of 20.45 Turkish liras per euro was applied.

These adjustments were made retrospectively from 1 February 2018 in Argentina and 1 February 2022 in Turkey. Hyperinflation adjustment has not been significant in the Net profit attributable to the Parent or the net equity of the Group.

There are no other companies in the consolidation perimeter of the Group, with the exception of the aforementioned, which have been considered hyperinflationary economies.

vii) Companies with a reporting date that differs from that of the Group

Companies with a reporting date that differs from that of the consolidated annual accounts were consolidated using the annual accounts at their respective reporting dates (see Annex I). Temporary adjustments are made to reflect the effect of significant transactions occurring between the reporting date of these subsidiaries and that of the consolidated annual accounts.

viii) Changes in the scope of consolidation

Annex I details all the companies in the consolidation perimeter.
In 2022, the following companies were merged:

Acquiring Company	Acquired Company
G.Zara Uruguay, S.A.	G.Zara Home Uruguay, S.A.
Inditex Österreich Gmbh	Massimo Dutti Österreich Clothing, Gmbh
	Pull & Bear Österreich Clothing, Gmbh
	Bershka Osterreich Clothing, Gmbh
	Zara Home Österreich Clothing Gmbh
ITX Turkey P.IT.IH.TIC.LTD.STI	Oysho Giyim Ltd.
	Massimo Dutti Giyim Ltd.
	Pull & Bear Giyim Ltd.
	Bershka Giyim Ltd.
	Stradivarius Giyim Ltd.
	Zara Home Ev Teks. Aks. Mob.
Itx Retail Suisse Sarl	Oysho Suisse Sàrl
	Massimo Dutti Suisse, S.A.R.L.
	Pull & Bear Suisse, Sárl
	Bershka Suisse, S.A.R.L.
	Zara Home Suisse Sàrl.
Zara Chile, S.A.	Zara Home Chile Spa
Itx Magyarország Kft.	Oysho Magyarorszag, Kft
	Massimo Dutti Magyarország Kft.
	Pull & Bear Magyarország, Kft.
	Bershka Magyarorszag, Kft
	Stradivarius Magyarorszag, Kft
	Zara Home Magyarorszag Kft.
Itx Bulgaria Eood	Oysho Bulgaria, Ltd.
	Massimo Dutti Bulgaria, Ltd.
	Pull & Bear Bulgaria, Ltd.
	Bershka Bulgaria, Ltd.
	Stradivarius Bulgaria, Ltd.
	Zara Home Bulgaria Eood
Massimo Dutti Limited Liability Company	Uterque Cis Limited Liability Company
Itx Retail Mexico, S.A. De C.V.	Robustae Mexico, S.A De C.V.
	Oysho Mexico, S.A. De C.V.
	Massimo Dutti Mexico, S.A. De C.V.
	Pull & Bear Mexico, S.A. De C.V.
	Stradivarius Mexico, S.A. De C.V.
Zara España, S.A.	Born, S.A.
	Kiddy's Class España, S.A.
Confecciones Fios, S.A.	Hampton, S.A.

3.2. Accounting policies

Standards effective for application in reporting periods beginning on or after 1 January 2022

The accounting policies used to prepare these consolidated annual accounts are the same as those applied to the consolidated annual accounts for the year ended 31 January 2022, since none of the standards, interpretations or amendments that are applicable for the first time this year have had an impact on the Group's accounting policies.

Standards and amendments issued and approved for application in the EU in reporting periods beginning on or after 1 January 2023

The Group is analysing the impact of the new standards and amendments to the existing ones entering into force in the European Union from 1 January 2023 onwards, although they are not expected to have a material effect on the consolidated annual accounts on the date on which their application becomes mandatory in the European Union.

Standards issued and pending approval for use in the European Union

The Group intends to adopt the standards, interpretations and amendments to standards issued by the IASB, which are not mandatory in the European Union, as soon as they enter into force, if they are applicable to it. Although the Group is currently analysing their impact, based on the analyses carried out to date, the Group estimates that their initial application will not have a material impact on its consolidated annual accounts on the date when their application becomes mandatory in the European Union.

a) Translation of foreign currency balances and transactions

Foreign currency transactions are translated by applying the exchange rates prevailing at the date of the transaction (except in the case of hyperinflationary countries). Monetary assets and liabilities denominated in foreign currencies are translated to euros at the end of the reporting period using the closing rate. Exchange differences arising on translating these items at those exchange rates are recognised in the consolidated income statement for the year as financial result.

In presenting the consolidated statement of cash flows, cash flows arising from transactions in a foreign currency are translated to euros by applying the exchange rates at the date of the cash flow. The effect of exchange rate changes on cash and cash equivalents denominated in foreign currency is presented separately in the consolidated statement of cash flows under "Effect of exchange rate changes on cash and cash equivalents".

b) Property, plant and equipment

Items of property, plant and equipment are stated at cost, including any additional costs incurred until the assets are ready for their intended use, less accumulated depreciation and any impairment losses or write-downs that have to be recognised (Note 3.2.f).

Depreciation is taken on a straight-line basis over the estimated useful lives of the assets.

The estimated average useful lives are as follows:

Description	Useful life (years)
Buildings	25 to 50
Fixtures, furniture and machinery	8 to 20
Other property, plant and equipment	4 to 13

The Group reviews the useful lives of its property, plant and equipment at each financial year-end. Any change in the initially established estimates is accounted for as a change in an accounting estimate.

After initial recognition of an asset, only those costs that it is probable will give rise to future economic benefits and that can be measured reliably are capitalised.

Periodic maintenance, upkeep and repair expenses are recognised in profit or loss as they are incurred.

c) Other intangible assets

/ Industrial property: intellectual property is charged for the amounts paid for the acquisition of title to or the right to use the related items, or for the expenses incurred in registration of the rights developed by the Group. It is amortised on a straight-line basis over a maximum period of ten years.

/ Computer software: software is stated at cost and is amortised on a straight-line basis over a five to ten-year period.

/ Industrial designs: these items are reflected at their production cost, which includes the cost of samples, staff costs and other directly or indirectly attributable costs, and are amortised on a straight-line basis over an estimated useful life of two years.

/ Intellectual property: stated at cost and includes costs of right-of-use and development of online content. Amortised on a straight-line basis in less than one year.

The Group reviews the useful lives of its intangible assets at each reporting date. Any change in the initially established estimates would be accounted for as a change in an accounting estimate.

d) Equity holdings or instruments

Investments in companies over which the Group does not exercise significant influence are recognised at fair value through income statement.

e) Investment property

Investment property consists of assets held to generate rental income or for capital appreciation or both, and is stated at cost of acquisition less accumulated depreciation and any impairment losses that have to be recognised (Note 3.2.f). Investment property is depreciated on a straight-line basis over the useful lives of the corresponding assets.

f) Impairment of non-current assets

The Group periodically assesses whether there are any indications that its non-current assets, including goodwill, might have become impaired, in order to determine whether their recoverable amount is lower than their carrying amount (impairment loss). In the case of goodwill the impairment tests are performed at least once a year or more frequently if there are indications of impairment.

Impairment of non-current assets (property, plant and equipment and intangible assets) other than goodwill

The Group has developed a general, systematic procedure for carrying out these impairment tests based on the monitoring of certain events or circumstances, principally an analysis of commercial premises that have passed the initial period of consolidation determined by the Group for the generation of profits and which are incurring operating losses, as well as operating decisions regarding the continuity of a particular location, or other circumstances which indicate that the value of an asset may not be recovered in full. This methodology is applied to all the stores, except for those which, because of their importance, are considered to generate flows at a higher aggregation level (concept-country), as is the case of flagship stores and corporate assets. Flagship stores are those whose characteristics (basically their being in Premium locations) globally contribute to the overall set of the same brand's cash-generating units located in the country. For the impairment test, flagship stores are considered together with the other cash-generating units of a single concept and country.

Corporate assets essentially refer to the distribution centres, and the impairment tests are performed grouping together the cash generating units of each operating segment.

The operating profit is defined as total sales revenue less all the directly attributable expenses required to generate that revenue.

For those cash-generating units (CGUs) that are scheduled to be closed, an impairment loss is recognised using the same methodology.

In determining the assets with each CGU, the Group includes the net carrying amount of property, plant and equipment and intangible assets associated with that CGU, and the rights of use stemming from the lease agreements. Directly-related lease liabilities are not taken into account when determining the carrying amount of the CGU. Hence, in order to ensure consistency, the lease payments associated with this liability are not treated as cash outflows in calculating the cash flows associated with each CGU.

The recoverable amount of assets is the higher of fair value less costs to sell and value in use. Value in use is determined on the basis of the expected future cash flows for the period in which these assets are expected to generate revenue, 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 consider in pricing the future cash flows to be derived from the asset.

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, recoverable amount is determined for the CGU to which the asset belongs. Based on the actual management of operations, the Group has defined each of the commercial premises in which it carries out its activities (stores) as basic cash-generating units, although these basic units can be aggregated at concept-country level, or even at the level of all the companies located in a given country or all the companies corresponding to a given concept (concept level). Group assets which are not clearly assignable under this structure (for example industrial or logistics assets) are treated separately in a manner consistent with this general policy but considering their specific nature. In this case, the aforementioned indicator of impairment is applied at a higher aggregation level (concept-country, country or concept) and if it is necessary to calculate the impairment, all the cash flows generated at that aggregation level must be capable of ensuring the recovery of all the assets associated therewith.

The Group uses the budgets and business plans, which generally cover a period of three years, of the various cash-generating units to which the assets are assigned. The key assumptions on which the budgets and business plans are based are estimated sales growth in comparable stores and the evolution of the operating expenses and gross profit of each of the cash-generating units, based on experience and knowledge of the trends in each of the markets in which the Group operates and on the macroeconomic indicators that reflect the current and foreseeable economic situation for each market. Considering the Group's business model, online sales and associated costs by concept/country are attributed proportionally to the cash-generating units of each concept/country.

The estimated cash flows are extrapolated to the period not covered by the business plan using a growth rate and expense structure that are similar to those of the last year of the business plan in the remaining term of the leases for the commercial premises or without any time limit in the case of company-managed premises (perpetual income). Where the growth rates exceed the industry or country rates, the latter reflect Group's best estimates regarding the business performance, based on its understanding of each market.

The discount rate applied is usually a after-tax measure based on the risk-free rate for 30-year bonds issued by the governments in the relevant markets (or similar instruments, if no 30-year bonds have been issued), adjusted by a risk premium to reflect the increase in the risk of the investment per country and the systematic risk of the Group. The lease liability is considered to calculate the risk premium.

The average discount rate, resulting from those applied by the Group in the various markets, used for the purpose of calculating the present value of the estimated cash flows was as follows:

	2022 Average	2021 Average
Spain	8.41 %	7.29 %
Rest of Europe	8.95 %	8.34 %
Americas	12.29 %	12.17 %
Asia and rest of the world	7.47 %	7.17 %

The recoverable value of the assets calculated with pre-tax discount rates would not differ, as they are at an average of 8.55% for Spain, 9.06% for the rest of Europe, 12.51% for Americas and 7.58% for Asia and rest of the world.

Although the Group's business and profits for the years 2021 and, to a lesser extent, 2022 have been affected by the pandemic, its long-term business plan remains in effect as the pandemic is considered to be a temporary situation that does not alter its long-term expectations.

In testing the impairment of fixed assets, the key assumptions on which the budgets and business plans are built have been updated with the most recent information available, which factors in the uncertainty generated by the current macroeconomic and geopolitical environment, the Covid-19 pandemic, the demand for the products sold by the Group and other considerations affecting the estimated operating margin of each of the cash-generating units.

The results obtained from the 2022 impairment test performed on non-current assets (property, plant and equipment and intangible assets) are shown in the tables of changes included in Notes 14, 15 and 16 to the consolidated annual accounts relating to property, plant and equipment, other intangible assets and leases.

The related charge for the period amounting to 64 million euros (52 million euros in 2021) (Notes 8, 14, 15 and 16) is due primarily to the impairment corresponding to the closures scheduled and the impairment calculated based on the methods described previously.

Impairment losses reversed in the period amounting to 11 million euros (70 million euros in 2021) (Notes 8, 14, 15 and 16) correspond to those CGUs for which impairment had been recognised in prior years and for which, due to their earnings performance, the calculation for the year shows that the estimated flows make it possible to recover the value of the assets associated with the CGU and, consequently, the impairment losses recognised in prior years are fully or partially reversed.

In addition, considering the current macroeconomic context and the upward trend in interest rates, the Group has performed a sensitivity analysis on the result of the impairment test in the light of the following assumptions:

- Increase of 200 basis points in the discount rate.
- 10% reduction in future cash flows.

The sensitivity analysis evidences the existence of an additional asset impairment amounting to 2.3 and 6.5 million euros for each of the assumptions, respectively.

Impairment of goodwill

Goodwill acquired through a business combination is allocated to the group of basic cash-generating units aggregated at concept-country level, for the purpose of performing the related impairment tests. This aggregation is made on the basis of:

- The degree of independence of the cash flows in each case.
- How the Group monitors the economic performance of its operations, and the model with which its operations are conducted.
- The degree to which the CGUs are subject to the same macroeconomic circumstances.
- The level with which the goodwill would be naturally associated on the basis of the business model.

In any case, this aggregation is never larger than an operating segment, as defined in IFRS 8.

Each year, or more often if there are indications of impairment, an impairment test is performed, using the methodology described in the preceding point, unless, if the CGU in question is an acquired company, the cash flow analysis is performed considering a period of five years, after which perpetual income is projected using a perpetuity growth rate of 2% with respect to the growth of the preceding period. The impairment tests for 2022 and 2021 did not give rise to the recognition of any impairment loss on goodwill.

In addition, the Group has performed a sensitivity analysis similar to the one described in the section on non-current fixed assets.

This sensitivity analysis does not imply any additional impairment in 2022.

Reversals of impairment losses

Reversals of impairment losses on fixed assets are recognised with a credit to "Depreciation and amortisation charge" in the consolidated income statement, up to the limit of the carrying amount that the asset would have had, net of depreciation or amortisation, had the impairment loss never been recognised, solely in those cases in which, once the internal and external factors have been assessed, it can be concluded that the indications of impairment that led to the recognition of the impairment losses have ceased to exist or have been partially reduced.

The reversal of an impairment loss for a CGU is allocated to the assets of the unit, except for goodwill, pro rata with the carrying amounts of those assets and taking into account the limit for the reversal referred to in the preceding paragraph.

An impairment loss recognised for goodwill must not be reversed in a subsequent period.

g) Trade and other receivables

Receivables are initially recognised at fair value and subsequently at their amortised cost in accordance with the effective interest rate method, less the provision for losses through impairment.

A provision for impairment losses of trade receivables is established when the requirements set out in section l) Financial instruments are complied with. The amount of the provision is recognised in the income statement.

h) Inventories

Inventories are measured at the lower of acquisition or production cost and net realisable value.

The cost of inventories comprises all costs of purchase and costs of conversion, as well as design, logistics and transport costs and any directly allocable costs incurred in bringing the inventories to their present location and condition.

The costs of conversion comprise the costs directly related to the units of production and a systematically calculated portion of indirect, variable and fixed costs incurred during the conversion process.

Cost is calculated on a FIFO basis and includes the cost of materials consumed, labour and manufacturing expenses.

At each accounting close, the Group calculates the provision corresponding to the inventories that are estimated to be sold below their acquisition price. This provision is made for each campaign and for each retail concept.

Net realisable value is understood to be:

- Raw materials and other supplies: replacement cost. However, raw materials and other supplies are not written down below cost if the finished goods in which they will be incorporated are expected to be disposed of at or above production cost.
- Goods in progress: the estimated selling price for the corresponding finished goods, less estimated costs of completion.
- Finished goods for sale: estimated selling price in the normal course of business. In this regard, the Group's goods are sold in stores and online. Additionally, and to a very limited extent, goods not sold in stores or online are sold through third parties.

The selling price of goods varies over the course of their commercial lifetime, and during sale season a part of the various collections is sold at a discount.

To determine net realisable value, all costs necessary for the realisation of the sale, both incremental and direct costs specific to the realisation of the sale, are taken into account. In this regard, the Group does not have notable direct and specific costs linked to the sale of provisioned items. However, the Group incurs indirect selling costs such as staff or store lease expenses. Following an accounting treatment similar to that of IAS 36 (definition of 'costs of disposal') and IFRS 5 (definition of 'costs to sell'), the Group considers that these costs should not be taken into account in the determination of the net realisable value provision, as they are not considered direct and specific costs.

Furthermore, the determination of net realisable value is influenced by the evolution of various commercial variables, linked primarily to the success of the collections, which determines sales performance, stock rotation, the volume of discounted units and the discount percentage.

The Group's methodology for estimating the performance of these commercial variables consists of taking as a basis the historical information, the actual performance of the current collection up to the date on which these estimates are made and the end-of-campaign forecasts, i.e. considering not only the performance of the various commercial variables of similar campaigns in previous years, but also the actual data and forecasts of how the current campaign will develop in order to evaluate and consider the impacts associated with possible deviations from the historical performance. This analysis is carried out for each concept to ensure maximum reliability of the estimates.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits at banks. 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, on initial investment. Investments which mature in less than three months from the acquisition date are also included.

In the statement of cash flows, bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents. Bank overdrafts are recognised in the consolidated balance sheet as financial liabilities relating to bank borrowings.

j) Employee benefits

Obligations to Group personnel to be settled in the long term are estimated based on the dates on which they vest through the application, where appropriate, of actuarial assumptions. The Group has allocated a provision to cover the liability corresponding to the estimated portion vested at year end.

The staff costs incurred in the year are determined based on the best estimate of the degree to which the conditions giving entitlement to payment have been met and the period that has elapsed since the commencement of the vesting period for each of the obligations.

The staff costs incurred in relation to the beneficiaries of the plans referred to in Note 27 to the consolidated annual accounts are recognised with a credit to liability and equity accounts in the period in which the costs are incurred.

k) Provisions and contingent liabilities

Provisions are recognised in the balance sheet when:

- the Group has a present obligation (legal or constructive) as result of a past event;
- it is probable 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.

Provisions are quantified on the basis of the best information available at the date of preparation of the annual accounts and are reviewed at the end of each reporting period.

If it is no longer probable that an outflow of resources will no longer be required to settle the obligation, the provision is reversed. The provision is reversed against the consolidated income statement item where the corresponding expense was recognised.

There are no risks that might give rise to significant future contingencies affecting the Group that have not already been taken into account in these consolidated annual accounts.

On the other hand, contingent liabilities are possible obligations that arise as a result of past events, whose future materialisation is conditioned by whether or not one or more future events beyond the control of the Group occur. Unlike provisions, contingent liabilities are not recognised in the consolidated balance sheet, but are disclosed in the accompanying Notes to the annual accounts, unless the possibility of an outflow in settlement is considered to be remote.

The Group guarantees the debts of certain companies in the Netherlands, pursuant to the provisions of Article 403.1, Book 2, Part 9 of the Civil Code of the Netherlands.

l) Financial instruments

Financial assets

The Group's financial assets are maintained within a business model that aims to collect the contractual cash flows of financial assets, which are exclusively the principal and interest. For this reason, all of the Group's financial assets are valued after the initial recording at amortised cost, with the exception of bonds and derivative financial instruments, which are valued at their fair value.

Financial assets recognised at amortised cost: The amortised cost is determined using the effective interest rate method, which is the discount rate that equals the value of all future expected cash flows of a financial asset during its remaining life, excluding losses for impairment, to the value of said financial asset at the time of initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is initially recognised, less the repaid principal amounts, plus interest recognised by the effective interest rate method, less any impairment loss. The interest income derived from the application of the effective interest rate method is recognised as a financial result in the consolidated income statement. However, given that most of the Group's financial assets valued at amortised cost correspond to accounts receivable from customers and temporary financial investments, with maturities in the short term, the impact on the consolidated income statement for the years 2022 and 2021 of the effective interest rate method is not relevant.

Financial assets measured at fair value: Investment funds, as well as derivative financial instruments, which are maintained within the exchange rate risk hedging policy, are valued at their fair value. On the other hand, securities (which for the most part correspond to the guarantees of compliance with lease contracts for premises), are valued at their fair value, which does not differ significantly from the value of the consideration given.

Impairment of financial assets

The Group recognises a provision for impairment for financial assets recognised at amortised cost. This provision is updated at each closing date to reflect changes in the credit risk of each financial instrument since its initial recognition.

The Group's policy is to recognise the credit losses expected at 12 months, provided that:

- The credit risk is low at the time of initial recognition of the financial asset.
- The credit risk has not increased significantly since recognition date.

Otherwise, the Group would recognise the expected loss during the life of the financial asset. In such case, interest is calculated on the gross value of the financial asset. Additionally, if after the significant increase in credit risk, objective evidence of impairment of the financial asset is shown, interest is calculated considering the value of the financial asset, net of the recognised impairment. On the other hand, it is considered that a financial asset is unpaid when its expiration date has not been reimbursed.

To measure credit losses expected at 12 months on financial instruments other than trade receivables (Note 26) a methodology is used based on probability of default (PD), loss given default (LGD) and exposure at default (EAD), using market information. This methodology enables expected credit losses from the counterparty to be measured at the time of the initial recognition of the financial assets and allows it to be determined whether, at each accounting close date, there has been a significant increase in the risk of these financial assets or if the counterparty has incurred in default. This information is subject to periodic review by the Group's Management, which determines when there has been a significant increase in the counterparties' estimated credit losses. The estimated impairment loss is not significant, since almost all financial assets have a low risk.

In turn, for accounts receivable of commercial origin (Note 12), the Group has a methodology analogous to the one described above (Note 26), although in this case the measurement of credit risk of the counterparties is based on factors that affect the ability of debtors to meet payment obligations, such as factors of the economic environment where they operate or the history of defaults of the counterparty with the Group.

Likewise, a commercial debtor is considered to have incurred non-payment when it has not met its obligations at maturity, in which case a provision is established based on seniority for the past due balances held with said debtor.

Derecognition of financial assets

Financial assets are derecognised from the consolidated balance sheet when the contractual rights to receive cash flows from the asset expire or when substantially all the risks and benefits associated with their property are transferred to another entity.

m) Derivatives and hedging operations

Financial instruments acquired by the Group to hedge forecast transactions in foreign currencies are initially recognised at fair value.

Foreign currency hedges relating to forecast transactions are treated as cash flow hedges, and therefore any gains or losses derived from measuring the hedging instrument at fair value which correspond to the effective portion of the hedge are recognised in equity. The ineffective portion is charged to finance costs or credited to finance income, as appropriate.

Amounts recognised in equity are taken to income when the forecast transaction takes place with a charge or credit to the income statement heading under which it was recognised. Also, gains or losses recognised in equity are reclassified to finance income or costs when the forecast transaction is no longer expected to occur. The fair value of the hedges is recognised, depending on whether it is positive or negative, under "Other financial assets" or "Other financial liabilities" in the accompanying consolidated balance sheet.

In order for these financial instruments to qualify for hedge accounting, they are initially designated as hedging instruments and the hedging relationship is documented. Also, the Group verifies, both at inception and periodically over the term of the hedge, using "effectiveness tests", that the hedging relationship is effective, i.e. that it is prospectively foreseeable that the changes in the fair value or cash flows of the hedged item (attributable to the hedged risk) will be almost fully offset by those of the hedging instrument. Also, the ineffective portion of the hedging instrument is recognised immediately in the consolidated income statement.

Any gains or losses from changes in the fair value of financial instruments that are not considered to be accounting hedges are recognised directly in the income statement.

The fair value of the instruments was calculated using valuation techniques based on the spot exchange rate and yield curves, according to the fair value hierarchy shown below:

Level 1

Fair value is calculated on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Fair value is calculated on the basis of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

A fair value measurement in which some significant variable is based on unobservable inputs for the asset or liability.

The measurement methodology, based on the aforementioned hierarchy, is as follows:

Level 2 instruments

The Group assigns the assets and liabilities associated with its OTC derivative positions to this level and measures them using observable market inputs.

Level 3 instruments
The Group allocates assets and liabilities related to its derivative positions where there are no observable market inputs. They are estimated through implicit market forward curves and extrapolations of observable market data. In the case of options, pricing models based on Black & Scholes formulas are used.

The Group does not have financial instruments included in Level 1.

Accordingly, the fair value of the instruments arranged by the Group is calculated as follows:

Foreign currency forwards
Fair value measurement

Foreign currency forwards are basically measured by comparing the contract strike price (agreed delivery price) with the market forward rate for the maturity of the contract. Once the estimated future settlement of the contract has been obtained based on the aforementioned comparison (in euros), the settlement is discounted using the risk-free zero coupon yield curve (or the interbank yield curve). This risk free valuation is subsequently adjusted to include each party's credit risk, both the risk corresponding to the counterparty (Credit Value Adjustment or "CVA" or counterparty default risk) and own risk (Debit Value Adjustment or "DVA" or own default risk).

The CVA and the DVA are calculated by multiplying the estimated exposure by the probability of default and the loss severity (which measures the loss given default). Where possible, the probability of default and the assumed recoverable amount in the event of default are obtained from quoted CDSs or from other observable market inputs. The CVA and the DVA calculations are netted for each counterparty with which the entity has an ISDA master agreement providing for the netting of the derivative positions in the event of default.

Options purchased
Fair value measurement:

The determination of the fair value of the ("Plain Vanilla") options is based on a modified version of the Black-Scholes formula (Garman-Kohlhagen). Fair value is a function of the price of the underlying, the strike price, the time to maturity and the volatility of the underlying. The credit adjustment is carried out by direct discounting with credit spread method curves.

Options sold
Fair value measurement:

The determination of the fair value of the options is based on a modified version of the Black-Scholes formula (Black 76 Model). Fair value is a function of the price of the underlying, the strike price, the time to maturity and the volatility of the underlying.

n) Revenue recognition

Revenue from sales is recognised when the commitment obligations with the customers have been satisfied and which, in general, occurs when the goods are given to the customer. Revenue is recognised by the value of the consideration received. Sales returns, actual and anticipated, are considered part of the total price of each sale transaction. The amount of the provision for expected refunds at the end of the fiscal year is not relevant in the accompanying consolidated income statement.

Sales of goods to franchises are recognised when control of the goods is transferred to the franchises. On the other hand, income from royalties received from franchisees is recognised as the franchisee makes use of the rights obtained through the franchise agreement.

In the accompanying consolidated balance sheet no assets nor liabilities have been recorded by contract, as they are not considered significant.

There are no significant contracts with financing components.

o) Leases

The Group actively manages a large number of lease contracts (more than 6,500 contracts).

The leases recognised in which the Group acts as the lessee relate mainly to the premises where the stores are located. It has also been determined that certain contracts for logistics services are leases based on the terms of said contracts which grant the Group exclusive access to the logistics facilities where these services are provided.

The contracts are very heterogeneous and the clauses agreed depend to a large extent on the market, the concept, the lessor, the specific location, whether they are in shopping centres or are street level stores, etc.; in short, they depend on each location and lessor, although the Group's policy is to always seek maximum flexibility (for example, through the absence of mandatory compliance periods and penalties, the longest possible extension options, variable payments that depend on the performance of the leased asset, etc.).

At the start date of each contract, the Group assesses whether a contract is or contains a lease. For those contracts that qualify as such, the Group recognises a liability for the present value of the lease payments known at the inception, to be made over the term of the lease and an asset for the right to use the underlying asset over the lease term. Right of use assets are measured at cost (which includes initial direct costs incurred, any lease payments made before or at the inception of the lease less incentives received) less accumulated depreciation and impairment losses, and are adjusted for any remeasurement of lease liabilities. The rights of use are amortised on a straight-line basis over the term of the lease.

Lease incentives include amounts received from shopping centre developers or owners of commercial premises as consideration for entering into a lease contract. They mainly correspond to amounts for refurbishing the leased premises to ready them for their intended use (contributions to construction work).

In the case of leases with fixed rents or guaranteed minimum rents, the contributions to construction work diminish the right-of-use asset, whereas in the case of leases with variable rents (for which a right-of-use asset is not previously recognised), these contributions are recognised as a non-current liability under “Other non-current liabilities - Lease incentives” and the portion expected to be taken to income in the following year as a current liability under “Trade and other payables”. These contributions linked to variable rental lease contracts are credited to income as a reduction in lease expenses under “Operating expenses” over the lease term.

The right to use the asset is presented under the “Rights of use” heading in the consolidated balance sheet.

The lease liability is initially measured at the present value of the known lease payments, except for those made before or at the commencement date of the contract. The present value of the lease liability is determined using an incremental interest rate by country, term and currency, based on the type of assets leased.

The lease payments included in the liabilities comprise:

- Fixed payments (including fixed payments in essence), less any incentive to lease receivables;
- Variable lease payments, which depend on an index or rate;
- Amounts the lessee expects to pay as residual value guarantees;
- The exercise price of a call option if the lessee is reasonably sure of exercising that option;
- Payments for penalties resulting from lease termination, if the term of the lease reflects that the lessee will exercise an option to terminate the lease.

Variable lease payments, which do not depend on an index or rate, are not included in the measurement of the lease liability and or of the right-of-use asset, and are recorded as an operating expense as they accrue.

The contingent rents, common expenses and other expenses related to the lease do not form part of the determination of the lease liability and of the right of use, and are recognised as an expense in the income statement on an accrual basis.Fixed-rent payments are replaced by the depreciation of the right of use and the interest recognised over the lease liability.

The lease liability is presented in two separate lines on the consolidated balance sheet, “Long-term lease liability” for the liability to be settled over a period exceeding 12 months and “Short-term lease liability” for the portion to be settled in the next 12 months.

After the commencement date, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes the corresponding adjustment to the right of use) when:

- There is a change in the term of the lease or a significant change in facts and circumstances that results in a change in the assessment of the exercise of an extension option, in which case the lease liability is measured by discounting the revised payments at the revised discount rate.
- A change in future lease payments results from a change in an index or a change in the expected payables related to a residual value guarantee, in which case the lease liability is measured by discounting the changed payments at the discount rate before the change.
- A lease is amended and the amendment is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments at a revised discount rate.

The Group applies the exemption relating to leases whose underlying asset is considered to be of low value. For these contracts, the Group recognises the lease payments as an operating expense over the term of the contract.

The Group applies IAS 36 to determine whether the right to use the asset is impaired, following the procedures described in section f) “Impairment of non-current assets” of this note on accounting principles. In particular, the right of use arising under a lease agreement is deemed to be an asset of the cash-generating unit with which it is associated.

Application of IFRS 16 requires significant judgements regarding certain key estimates, such as determination of the lease term and the discount rate (Note 2).

There is also considerable diversity in the terms agreed in the lease contracts, although the Group's policy is always to seek maximum flexibility with short or even non-existent mandatory periods and unilateral extension options for the Group that are as long as possible.

The mandatory term agreed in lease contracts averages less than 3 years. After these non-cancellable periods, the Group can terminate the contract simply by means of notice, generally of between 6 months and one year.

To determine the lease term there is an assessment of whether the lessee has reasonable certainty that they will exercise the lease extension option, or that they will not exercise the option to terminate the lease. The Group determines the lease term as the non-revocable period of the lease plus those unilateral options for extensions over which there is reasonable certainty of execution, and for which the following aspects are considered:

- The costs related to contract termination. There are generally no penalties for contract termination, other than the payment of fixed rents for non-cancellable periods, and there are no residual value guarantees.

- The importance of the leased asset for the Group’s operations. The assets leased (individually) are not critical to the Group’s operations, although there are certain key locations which contribute to the Group’s image (flagship stores) or in which very significant investments have been made, where the degree of certainty regarding the execution of extension options or non-execution of cancellation options is higher.

- The conditions to be complied with in order to exercise or not exercise the options. Generally the required conditions are of an administrative nature, such as the deadline by which the intention to exercise the option needs to be notified, etc.

- The historical experience and the business plans approved by the Group’s Management, which generally cover a 3-year period. These business plans consider the Group’s strategic lines in order to anticipate and adapt to the transformation process currently underway in the sector as a result of the development of online sales. The Group periodically reviews these business plans and incorporates, among others, initiatives relating to the stores it plans to absorb or refurbish.

As mentioned above, the Group has a wide variety of lease contracts and has performed a case-by-case analysis to determine the lease term in each case. This analysis shows that the terms of leases vary widely, in a range of between 2 and 18 years. Stores earmarked for closure are not included in the above range and the term is adapted to the estimated date of closure.

The present value of the lease liability is determined using the implicit interest rate in the lease, and if this cannot be easily determined the lessee will use its incremental debt interest rate. Given the difficulty of determining the implicit interest rate of each lease, the Group uses its incremental interest rate by market, term and currency, based on the type of assets leased. The average weighted rate according to the lease of each contract by geographical area is as follows:

	2022	**2021**
Spain	2.20 %	0.23 %
Rest of Europe	2.43 %	0.91 %
Americas	4.80 %	3.80 %
Asia and rest of the world	3.10 %	2.03 %

As stated above, the Group performs very active management of its lease agreements, which leads to a high volume of additions, removals and contractual amendments. These amendments will add an additional variability factor to the Group’s trading figures.

The Group has no relevant commitments as lessee in respect of uncommenced leases or residual value guarantees. The Group has no material lease commitments for which it does not yet have the underlying asset at its disposal for use. In general, the lease contracts do not contain any restrictions or covenants with lessors other than those generally governing this type of contract.

During the first five months of the financial year 2022 and financial year 2021, as a result of rental renegotiations linked to Covid-19, the Group has applied to all rent concessions the practical expedient introduced by the amendment to IFRS 16 – Leases – concerning the accounting of rent concessions. The amounts recognised in this connection in the consolidated income statement for the years 2022 and 2021 were 26 and 203 million euros, respectively.

p) Finance income and costs

Interest income and interest expenses are recognised on an accrual basis using the effective interest method. Dividend income is recognised when the right to receive payment is established.

q) Income tax

The income tax expense for the year comprises current tax and deferred tax. Current and deferred tax is recognised as income or as an expense and included in net profit or loss for the period, except to the extent that the tax arises from a transaction which is charged or credited, in the same or a different period, directly to equity, or from a business combination.

Current tax is the tax expected to be paid or recovered in the year, using tax rates in force at the consolidated balance sheet date, in respect of the current period, and any adjustment to tax payable or recoverable in respect of prior periods.

Deferred tax is calculated using the balance sheet liability method, which provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax liabilities are the amounts of income taxes payable in the future in respect of taxable temporary differences, while deferred tax assets are the amounts of income taxes recoverable in the future due to the existence of deductible temporary differences, tax loss carryforwards or tax credit carryforwards.

The Group recognises deferred tax assets and liabilities for temporary differences, except where they relate to the initial recognition of an asset or liability in a transaction which is not a business combination and which at the time of the transaction affected neither gross accounting profit nor taxable profit (tax loss), or in the case of deferred tax liabilities, where the temporary differences relate to the initial recognition of goodwill. Deferred tax liabilities are also recognised for temporary differences associated with investments in subsidiaries, except to the extent that the Parent is able to control the timing of their reversal and it is probable that the temporary differences will not reverse in the foreseeable future.

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 laws that are in force at the consolidated balance sheet date, and reflecting the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the corresponding unused tax losses or tax credits can be utilised. Deferred tax assets, whether recognised or not, are reviewed at each consolidated balance sheet date.

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

Deferred tax assets and liabilities are recognised in the consolidated balance sheet under non-current assets and liabilities, irrespective of the expected date of realisation or settlement.

r) Current and non-current assets and liabilities

The Group classifies assets and liabilities as current and non-current items in the consolidated balance sheet. Assets and liabilities are classified as current when they are expected to be realised or settled within twelve months of the balance sheet date, and are otherwise classified as non-current.

Assets and liabilities are not offset, unless required or permitted by a standard or interpretation.

s) Treasury shares

Treasury shares acquired by the Group are presented separately at cost as a reduction of equity in the consolidated balance sheet, and no gains or losses are recorded as a result of transactions carried out with treasury shares.

Costs incurred in treasury share transactions are recorded as a reduction of equity, after consideration of any tax effect.

t) Grants

When relating to expenses in the year (such as the partial or total payment of salaries or social security contributions during the months of lockdown), grants are accounted for as a reduction in expense in the year under the heading which resulted in their recognition.

u) Non-current assets held for sale

The Group classifies non-current assets as held for sale if it determines that their carrying amount will be recovered mainly through a sale rather than through continuing use, provided that the sale is considered highly probable, the asset is available for immediate sale in its present condition and the sale is expected to be completed within one year from the date of classification.

Assets are measured at the lower of carrying amount and fair value less costs to sell, and are presented in the consolidated balance sheet under 'Non-current assets held for sale' in Current assets. Assets are no longer depreciated or amortised once they are classified as held for sale.

4. Net sales

Sales in the consolidated income statement include amounts received from the sale of goods and income from rentals, royalties and other services rendered in the ordinary course of the Group's business, net of VAT and other sales taxes.

The detail of this line item in 2022 and 2021 is as follows:

	2022	2021
Net sales in company-managed stores and online	29,498	25,302
Net sales to franchises	2,674	2,150
Other sales and services rendered	397	264
Total	**32,569**	**27,716**

Group Management believes there are no differentiated income categories with respect to the manner in which the nature, amount, timing and uncertainty of revenues from ordinary activities and cash flows are affected by economic factors. This consideration is consistent with the breakdown of revenues by operating segments (Note 11).

5. Cost of sales

The detail of this line item in 2022 and 2021 is as follows:

	2022	2021
Raw materials and consumables	14,159	12,623
Change in inventories	(171)	(773)
Change in provisions	23	52
Total	**14,011**	**11,902**

Raw materials and consumables include mainly amounts relating to the acquisition from or production by third parties of products held for sale or transformation, and other direct expenses related to the acquisition of goods (Note 3.2.h).

6. Operating expenses

The detail of "Operating expenses" and of the changes therein is as follows:

	2022	2021
Personnel costs	4,753	4,179
Operating leases (Note 16.3)	859	519
Other operating expenses	4,255	3,898
Total	**9,867**	**8,596**

The detail of "Personnel costs" is as follows:

	2022	2021
Wages, salaries and similar	3,980	3,498
Social contributions	773	681
Total	**4,753**	**4,179**

The detail, by category, of the headcount of the Group and its jointly controlled entities at 31 January 2023 is as follows:

	Gender		
Categories	**W**	**M**	**Total**
Manufacturing and logistics	4,515	5,743	10,258
Central services	6,917	4,457	11,374
Stores	111,769	31,596	143,365
Total	**123,201**	**41,796**	**164,997**

The detail, by category, of the headcount of the Group and its jointly controlled entities at 31 January 2022 is as follows:

	Gender		
Categories	**W**	**M**	**Total**
Manufacturing and logistics	4,501	5,666	10,167
Central services	6,868	4,415	11,283
Stores	113,624	29,968	143,592
Total	**124,993**	**40,049**	**165,042**

The detail of “Other operating expenses” is as follows:

	2022	2021
Indirect selling expenses	2,546	2,514
Administrative expenses	559	516
Maintenance, repairs and utilities	730	609
Other	420	259
Total	**4,255**	**3,898**

“Indirect selling expenses” includes mainly expenses relating to store and online operations, commissions on credit, debit card payments, logistics and shipping to customers. “Administrative expenses” includes all kinds of professional services, “Maintenance, repairs and utilities” includes maintenance and utilities expenses and “Other” includes mainly travel, communications and other operating expenses.

7. Other losses and income, net

This heading includes extraordinary staff costs incurred in the year as well as the changes in the prices of the debts recognised as a result of the existence of cross call and put options between the Group and the owners of some of the shares of certain of the subsidiaries, since these cross options are considered to be a deferred acquisition of the shares constituting the underlying. The estimated option strike price is recognised as a liability and changes are recognised in the consolidated income statement (Note 26).

Following there is a description of the main cross put and call options on those investments:

a) Subsidiary domiciled in South Korea

The Group holds a call option on 20% of the share capital of Zara Retail Korea, Ltd. This shareholding belongs to Lotte Shopping Co., Ltd., which in turn has a put option to sell the entire holding to Industria de Diseño Textil, S.A. The strike price is set on the basis of the non-controlling shareholder’s share of the equity of the investee when the call option is exercised.

b) Subsidiary domiciled in South Africa

The Group holds a call option on 10% of the share capital of ITX Fashion Retail South Africa (Proprietary), LTD. This shareholding belongs to Peter Vundla Retail (Propietary), LTD, which in turn has a put option to sell the entire holding to Industria de Diseño Textil, S.A. The strike price is set on the basis of the non-controlling shareholder’s share of the equity of the investee when the call option is exercised.

8. Amortisation and depreciation

The detail of "Amortisation and depreciation" is as follows:

	2022	2021
Amortisation and depreciation charge (Note 14, 15 and 16)	2,776	2,848
Changes in provisions (Note 14, 15 and 16)	53	(18)
Profit/(loss) on assets	145	61
Other (Note 33)	(75)	10
Total	**2,899**	**2,901**

9. Financial results

The detail of “Financial results” in the consolidated income statement for 2022 and 2021 is as follows:

	2022	2021
Finance income	85	4
Foreign exchange gains	47	43
Lease foreign exchange gains	-	1
Total income	**132**	**48**
Finance costs	(28)	(21)
Lease finance costs (Note 16)	(116)	(92)
Foreign exchange losses	(195)	(71)
Lease foreign exchange losses	(7)	(6)
Total expenses	**(346)**	**(190)**
Total	**(214)**	**(142)**

Finance income and costs comprise mainly (excluding Lease finance costs), the interest accrued on the Group’s financial assets and liabilities during the year (Note 21).

Net foreign exchange differences are due principally to fluctuations in the currencies with which the Group operates (Note 26) between the time when income, expenses and asset acquisitions or disposals are recognised and when the corresponding assets or liabilities are settled or measured in accordance with the applicable accounting principles, as well as the impact of the hyperinflaction adjustment amounting to 90 million euros (16 million euros in 2021)

10. Earnings per share

Basic earnings per share were calculated by dividing net profit for the year attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares held by the Group (Note 24), which totalled 3,112,455,405 in 2022 and 3,113,570,977 in 2021.

Diluted earnings per share are calculated based on the profit for the year attributable to the holders of equity instruments of the Parent and the weighted average of the ordinary shares outstanding for the dilutive effects of the potential ordinary shares.

As of 31 January 2023, taking into consideration treasury shares that are subject to the long-term incentive plans (Note 24), the calculation of diluted earnings per share would result in an amount of 1.326 euros per share (1.040 as of 31 January 2022).

11. Segment reporting

The principal activity of the Inditex Group comprises the retail and online distribution of clothing, footwear, accessories and household textile products through various retail concepts targeted at different sectors of the public.

The origin and predominant nature of the risks and rewards of the Inditex Group's business units are influenced mainly by the particular retail concept to which the units belong. The internal structure of the Inditex Group, the business decision-making process and the system for communicating information to the Board of Directors and Group Management are organised by retail concept and geographic area.

The key business indicators, understood as those that are part of the periodic segment reporting to the Board of Directors and the Group Management, and used in the decision-making process, are the sales figure and the profit before taxes by segment.

The segment liabilities, financial results and taxes are not disclosed as they do not form part of the key business indicators defined above or of the segment information reported periodically to the Board of Directors and to the Group Management.

Group Management believes there are no differentiated income categories with respect to the manner in which the nature, amount, timing and uncertainty of revenues from ordinary activities and cash flows are affected by economic factors.

The Inditex Group segment information is as follows:

2022

	Zara / Zara Home	Bershka	Other	Inter-segment	Total
Sales to third parties	23,902	2,396	6,451	(180)	32,569
Profit before taxes	4,002	326	1,030	-	5,358
Amortisation and depreciation	2,097	221	580	1	2,899
Segment total assets	24,826	1,432	3,725		29,983
ROCE	31 %	32 %	40 %		33 %
Number of stores	2,312	860	2,643		5,815

2021

	Zara / Zara Home	Bershka	Other	Inter-segment	Total
Sales to third parties	19,714	2,178	5,955	(131)	27,716
Profit before taxes	2,838	330	991	39	4,199
Amortisation and depreciation	2,040	233	623	5	2,901
Segment total assets	23,693	1,426	3,826		28,945
ROCE	25 %	32 %	37 %		28 %
Number of stores	2,489	971	3,017		6,477

For presentation purposes Inditex has integrated the reporting of Zara and Zara Home into a single segment due to the existing synergies between both concepts. The goal is to leverage the operational and brand management impact of the combined store and online platform.

In addition, the retail concepts other than Zara, Zara Home and Bershka have been grouped into a single reporting segment due to the similarities in the nature of the products sold and their management and monitoring model.

For the purpose of reconciliation with the consolidated financial statements, the sales to third parties relate to "Net sales" in the consolidated income statement and the depreciation and amortisation charge corresponds to "Amortisation and depreciation" in the consolidated income statement.

The segment's Profit before taxes refers to "Profit before taxes" in the consolidated income statement. Income and expenses which might be considered to be corporate in nature or as belonging to all segments were allocated to each of the segments based on distribution criteria considered reasonable by Group Management. Inter-segment transactions are carried out on an arm's length basis.

Total segment assets relate to "Total Assets" in the consolidated balance sheet.

The ROCE and ROE are calculated as defined in Note 2 to these consolidated annual accounts.

Zara was the first concept created by the Inditex Group and its positioning is based on a fashion offering featuring a wide range of products. Zara Home sells fashionable household products.

Bershka targets the younger consumers and its aim is to offer the latest fashion at affordable prices.

11.1. Geographical reporting

In the presentation of information by geographical segment, revenue is based on the geographical location of customers and segment non-current assets are based on the geographical location of assets. Segment non-current assets do not include deferred tax assets neither Other non-current assets.

	Net sales		Non-current assets	
	2022	**2021**	**31/01/2023**	**31/01/2022**
Spain	5,021	4,267	5,058	4,657
Rest of Europe	16,306	14,051	5,690	5,901
Americas	6,556	4,877	2,073	2,051
Asia and rest of the world	4,686	4,521	1,042	1,215
Total	**32,569**	**27,716**	**13,863**	**13,824**

12. Trade and other receivables

The detail of this line item at 31 January 2023 and 2022 is as follows:

	31/01/2023	31/01/2022
Trade receivables (Note 26)	267	267
Receivables due to sales to franchises (Note 26)	323	242
Public entities	147	251
Other current receivables (Note 26)	114	82
Total	**851**	**842**

Trade receivables are mainly customer debit/credit card payments pending collection.

Part of the Group's activity is carried on through franchised stores (Note 1). Sales to franchisees are made under agreed collection terms, which are partially guaranteed as described in Note 26.

Balances receivable from public authorities comprise VAT and other taxes and duties incurred by Group companies in the countries in which they operate.

Other current receivables include items such as rental incentives due from shopping centre developers (Note 16) and outstanding balances from sundry operations.

13. Inventories

The detail of this line item at 31 January 2023 and 2022 is as follows:

	31/01/2023	31/01/2022
Raw materials and consumables	228	199
Goods in process	65	59
Finished goods for sale	2,898	2,784
Total	**3,191**	**3,042**

The Group takes out insurance policies to cover the possible risks of material damage to its inventories.

14. Property, plant and equipment

The detail of the items composing “Property, plant and equipment” in the accompanying consolidated balance sheet and of the changes therein is as follows:

	Land and buildings	Fixtures, furniture and machinery	Other property, plant and equipment	Work in progress	Total
Cost					
Balance at 01/02/2021	2,263	11,086	844	248	14,442
Acquisitions	7	726	195	106	1,034
Hyperinflation adjustments	2	11	1	-	14
Disposals (Note 8)	(12)	(700)	(145)	-	(857)
Transfers	(3)	163	5	(171)	(6)
Foreign exchange translation differences	46	170	9	2	227
Balance at 31/01/2022	**2,303**	**11,456**	**909**	**185**	**14,854**
Balance at 01/02/2022	2,303	11,456	909	185	14,854
Acquisitions	3	932	207	199	1,341
Hyperinflation adjustments	3	152	15	-	170
Disposals (Note 8)	(14)	(716)	(182)	(10)	(922)
Transfers	(3)	(123)	(12)	(106)	(244)
Foreign exchange translation differences	16	(25)	(4)	1	(12)
Balance at 31/01/2023	**2,308**	**11,676**	**933**	**270**	**15,187**
Depreciation					
Balance at 01/02/2021	470	5,887	478	-	6,835
Depreciation charge for the year (Note 8)	41	800	198	-	1,039
Hyperinflation adjustments	1	8	1	-	10
Disposals (Note 8)	(5)	(556)	(137)	-	(698)
Transfers	(1)	(1)	-	-	(2)
Foreign exchange translation differences	6	96	8	-	110
Balance at 31/01/2022	**512**	**6,234**	**548**	**-**	**7,294**
Balance at 01/02/2022	512	6,234	548	-	7,294
Depreciation charge for the year (Note 8)	39	727	204	-	970
Hyperinflation adjustments	1	106	12	-	119
Disposals (Note 8)	(7)	(585)	(169)	-	(761)
Transfers	(8)	(71)	(9)	-	(88)
Foreign exchange translation differences	1	(23)	(3)	-	(25)
Balance at 31/01/2023	**538**	**6,388**	**583**	**-**	**7,509**
Impairment losses (Note 3.2.f)					
Balance at 01/02/2021	-	203	2	-	206
Charge for the year (Note 8)	-	36	-	-	36
Amounts charged to profit or loss (Note 8)	-	(68)	-	-	(68)
Disposals (Note 8)	-	(102)	-	-	(102)
Transfers	-	4	-	-	4
Foreign exchange translation differences	-	3	-	-	3
Balance at 31/01/2022	**-**	**76**	**2**	**-**	**79**
Balance at 01/02/2022	-	76	2	-	79
Charge for the year (Note 8)	-	41	5	-	46
Hyperinflation adjustments	-	1	-	-	1
Amounts charged to profit or loss (Note 8)	-	(8)	1	-	(7)
Disposals (Note 8)	-	(23)	(4)	-	(27)
Transfers	-	(4)	-	-	(4)
Foreign exchange translation differences	-	(1)	-	-	(1)
Balance at 31/01/2023	**-**	**83**	**4**	**-**	**87**
Carrying amount					
Balance at 31/01/2022	**1,791**	**5,146**	**359**	**185**	**7,481**
Balance at 31/01/2023	**1,770**	**5,205**	**346**	**270**	**7,591**

"Fixtures, furniture and machinery" includes mainly assets related to stores. "Other property, plant and equipment" includes, inter alia, information technology equipment and motor vehicles.

"Disposals" comprise mainly assets related to the commercial premises at which the Group carries out its commercial activities. "Transfers" correspond mainly to assets transferred to Non-current assets held for sale (Note 33).

Fully depreciated items of property, plant and equipment include mainly machinery, fixtures and furniture, with a gross cost value of 1,885 million euros at 31 January 2023 (1,970 million euros at 31 January 2022).

The Group performed an impairment test and a sensitivity analysis based on reasonably possible changes in the main variables used in asset measurement, and the results did not vary significantly (Note 3.2.f).

Through its corporate risk management policy, the Group identifies, assesses and controls damage and liability-related risks to which the Group companies are exposed. It does this by compiling and measuring the main risks of damage, loss of profits and liability affecting the Group and implements prevention and protection policies aimed at reducing, to the extent possible, the frequency and intensity of these risks. Likewise, standard measurement criteria are established at corporate level which enable the different risks to which the Group is exposed to be quantified and the assessment policies implemented for insurance purposes to be defined.

Lastly, the Group takes out insurance policies through corporate insurance programs to protect its assets from the various risks, and establishes suitable limits, excesses and conditions in view of the nature of the assets and the financial dimension of the Group.

15. Other intangible assets

"Other Intangible Assets" includes basically amounts paid for the registration and use of Group brand names, industrial designs of items of clothing, footwear, accessories and household goods created during the year, the cost of software applications and the cost of intellectual property development.

The detail of the items comprised under this paragraph in the consolidated balance sheet and of the changes therein in 2022 and 2021 is as follows:

	Industrial property	Computer software	Other intangible assets	Total
Cost				
Balance at 01/02/2021	35	578	197	810
Acquisitions	3	214	285	502
Disposals (Note 8)	-	(9)	(247)	(256)
Foreign exchange translation differences	-	-	(1)	(1)
Balance at 31/01/2022	**38**	**783**	**234**	**1,055**
Balance at 01/02/2022	38	783	234	1,055
Acquisitions	2	295	248	545
Disposals (Note 8)	-	(1)	(218)	(219)
Balance at 31/01/2023	**40**	**1,077**	**264**	**1,381**
Amortisation				
Balance at 01/02/2021	24	246	96	366
Amortisation charge for the year (Note 8)	2	100	253	355
Disposals (Note 8)	-	(9)	(247)	(256)
Transfers	-	-	1	1
Balance at 31/01/2022	**26**	**337**	**103**	**466**
Balance at 01/02/2022	26	337	103	466
Amortisation charge for the year (Note 8)	2	86	236	324
Disposals (Note 8)	-	-	(220)	(220)
Transfers	-	-	1	1
Balance at 31/01/2023	**28**	**423**	**120**	**571**
Carrying amount				
Balance at 31/01/2022	**12**	**446**	**131**	**589**
Balance at 31/01/2023	**12**	**654**	**144**	**810**

The Group performed an impairment test and a sensitivity analysis based on reasonably possible changes in the main variables used in asset measurement, and the results did not vary significantly (Note 3.2.f).

The Group capitalised 295 million euros in 2022 (214 million euros in 2021) corresponding to software development activities that meet the requirements for capitalisation under IAS 38. The Group also capitalised 248 million euros (285 million euros in 2021) in respect of the development of industrial designs and intellectual property, and other intangibles associated with the Group's activity that meet the requirements for capitalisation under IAS 38.

16. Leases

16.1. Right of use assets

This heading records the measurement of the right to use the asset underlying the lease contracts during the term of the contract, for those contracts in which the Group is the lessee.

Cost	
Balance at 01/02/2021	8,350
Acquisitions	1,422
Disposals (Note 8)	(533)
Foreign exchange translation differences	175
Balance at 31/01/2022	**9,414**
Balance at 01/02/2022	9,414
Acquisitions	1,392
Disposals (Note 8)	(551)
Foreign exchange translation differences	(16)
Balance at 31/01/2023	10,239

The Group leases commercial premises in which it carries out its business activity. New items for the year relate to additions amounting to 342 million euros (298 million euros in 2021) and sums associated with revaluations and renegotiations of contracts modifying the term and/or future rents amounting to 1,050 million euros (1,124 million euros in 2021).

Amortisation	
Balance at 01/02/2021	2,873
Amortisation charge for the year (Note 8)	1,454
Disposals (Note 8)	(220)
Transfers	(4)
Foreign exchange translation differences	68
Balance at 31/01/2022	**4,171**
Balance at 01/02/2022	4,171
Amortisation charge for the year (Note 8)	1,482
Disposals (Note 8)	(333)
Foreign exchange translation differences	(23)
Balance at 31/01/2023	**5,297**

Impairment losses	
Balance at 01/02/2021	-
Charge for the year (Note 8)	16
Amounts charged to profit or loss (Note 8)	(2)
Transfer	4
Foreign exchange translation differences	1
Balance at 31/01/2022	**19**
Balance at 01/02/2022	19
Charge for the year (Note 8)	18
Amounts charged to profit or loss (Note 8)	(4)
Foreign exchange translation differences	(1)
Balance at 31/01/2023	**32**
Carrying amount	
Balance at 31/01/2022	**5,224**
Balance at 31/01/2023	**4,910**

16.2. Lease liabilities

The breakdown of lease liabilities is as follows:

	31/01/2023	31/01/2022
Non-current	3,924	4,262
Current	1,517	1,562
Total	**5,441**	**5,824**

The breakdown of maturity is as follows:

	2022	2021
Less than one year	1,517	1,562
One to five years	3,656	3,674
Over five years	268	588

16.3. Other information

Amounts recognised in the consolidated income statement:

	2022	2021
Amortisation charge on right of use (Note 8)	1,482	1,454
Lease liabilities interest expenses (Note 9)	116	92
Variable rent payments (Note 6)	546	450
Others * (Note 6)	313	69

* Including mainly Common Expenses, other lease services and the rent concessions obtained pursuant to application of the practical expedient introduced by the amendment to IFRS 16

Some of the Group’s commercial premises leases contain conditions for the payment of variable rent that are linked to the sales generated in such stores, such that the payment for the lease is linked to the development of the store. Variable rent in these stores amounted to 388 million euros (387 million euros in 2021). The expense for leases to which the low value exemption has been applied is not significant.

The amount of income from leasing and subleasing is not significant. The Group has no relevant commitments for signed lease contracts that have not yet entered into force.

17. Goodwill

The detail of this line item in the consolidated balance sheet and of the changes therein in 2022 and 2021 is as follows:

	2022	2021
Opening balance	202	201
Transfers (Note 33)	(10)	-
Foreign exchange translation differences	1	1
Closing balance	**193**	**202**

Investee	**2022**	**2021**
Stradivarius España, S.A.	53	53
Itx Portugal - Confecções, S.A.	51	51
Zara Polska, S.p. Zo.o.	33	34
Massimo Dutti Benelux, N.V.	20	20
Itx Retail Mexico, S.A. de C.V.	12	12
Other	24	32
Closing balance	**193**	**202**

The goodwill arising from the acquisition or termination of franchise contracts corresponds to the amount of the intangible assets that did not meet the requirements established in IFRS 3 for separate recognition. These requirements related essentially to the capacity of the assets to generate future cash flows.

The recovery of the goodwill is adequately guaranteed through the profitability of the acquired companies, whose future cash flows support the carrying amount of goodwill at year-end (Note 3.2.f).

Also, sensitivity analyses were performed based on reasonably possible changes in the main variables used in asset measurement, and the recoverable amount is higher than the related carrying amount (Note 3.2.f).

18. Financial investments

The detail of this line item in the consolidated balance sheet and of the changes therein in 2022 and 2021 is as follows:

	Loans and other credit facilities	**Investments accounted for using the equity method**	**Other**	**Total**
Balance at 01/02/2021	-	258	2	261
Acquisitions	-	58	-	58
Disposals (Note 28)	-	(25)	-	(25)
Transfers	9	-	-	9
Foreign exchange traslation differences	-	4	-	4
Balance at 31/01/2022	**9**	**295**	**2**	**307**
Balance at 01/02/2022	9	295	2	307
Acquisitions	-	53	3	56
Disposals (Note 28)	-	(27)	-	(27)
Transfers	3	-	(1)	2
Foreign exchange translation differences	(1)	(3)	-	(4)
Balance at 31/01/2023	**12**	**317**	**5**	**334**

The carrying amount of the ownership interest in the Tempe Group in the accompanying consolidated balance sheet does not differ significantly from the value of the Group's share of the net assets of the Tempe Group (Note 28).

There are no significant restrictions of any kind on the Tempe Group's ability to transfer funds to the Group in the form of cash dividends or the repayment of loans or advances granted by the Group.

19. Other non-current assets

The detail of this line item in the consolidated balance sheet and of the changes therein in 2022 and 2021 is as follows:

	Guarantees	Other	Total
Balance at 01/02/2021	329	51	380
Acquisitions	6	2	8
Disposals	(54)	-	(54)
Transfers	5	(2)	3
Foreign exchange translation differences	4	(1)	3
Balance at 31/01/2022	**290**	**50**	**340**
Balance at 01/02/2022	290	50	340
Acquisitions	12	6	18
Disposals	(54)	-	(54)
Transfers	(6)	(17)	(23)
Foreign exchange translation differences	(3)	-	(3)
Balance at 31/01/2023	**239**	**39**	**278**

The guarantees and deposits relate mainly to security deposits paid to owners of leased commercial premises to ensure compliance with the conditions stipulated in the leases (Note 16), and to amounts paid to secure compliance with contracts in force.

20. Trade and other payables

The detail of this line item in the consolidated balance sheets at 31 January 2023 and 2022 is as follows:

	31/01/2023	31/01/2022
Trade payables	4,544	4,636
Personnel	683	569
Public entities	553	490
Other current payables	517	504
Total	**6,297**	**6,199**

The following table shows the information on the average period of payment to suppliers in fiscal year 2022 and 2021, required by Law 15/2010, of 5 July:

	2022	2021
	Days	
Average period of payment to suppliers	39.91	41.84
Ratio of transactions settled	40.22	42.39
Ratio of transactions not yet settled	36.42	35.48
	Amount	
Total payments made	4,672	3,705
Total payments outstanding	413	324

	2022	2021
No. of invoices paid within the legal term (in thousands)	318	271
% of total subject invoices (number)	98 %	97 %
Amount of invoices paid within the legal term	4,589	3,619
% of total subject invoices (amount)	98 %	98 %

This information relates to suppliers and creditors of Group companies domiciled in Spain.

21. Net financial position

The detail of the Group's net financial position is as follows:

	31/01/2023	31/01/2022
Cash in hand and at banks	2,530	3,588
Short-term deposits	2,830	2,388
Fixed-income securities	201	1,045
Total cash and cash equivalents	**5,561**	**7,021**
Current financial investments	4,522	2,374
Current financial debt	(13)	(35)
Non-current financial debt	-	(1)
Net financial position	**10,070**	**9,359**

“Cash on hand and at banks” includes cash on hand and in demand deposits at banks. “Short-term deposit” and “Fixed-income securities” include term deposits and units in money market investment funds that use unitholders' contributions to acquire fixed-income securities with maturities of less than three months that have a high credit rating, are highly liquid and convertible to known amounts of cash, and are subject to an insignificant risk of changes in value. All the balances under this line item are unrestricted as to their use and there are no guarantees or pledges attached to them.

“Current financial investments” on the asset side of the consolidated balance sheet relates mainly to investments in money market investment funds and fixed-income securities, with maturities ranging from three to twelve months, all of which have high credit ratings and are highly liquid.

The detail of the Group's bank borrowings and obligations under finance leases is as follows:

	Loans	Other financial operations	Total
Current	12	1	13
Non-current	-	-	-
Total 31/01/2023	**12**	**1**	**13**

	Loans	Other Financial operations	Total
Current	34	1	35
Non-current	-	1	1
Total 31/01/2022	**34**	**2**	**36**

The total limit of financing facilities available at 31 January 2023 for the Group amount to 8,083 million euros (7,665 million euros at 31 January 2022). Committed financing facilities amounts to 3,569 million euros (3,567 million euros at 31 January 2022), undrawn at year-end. As at 31 January 2023 the subsidiaries had very short-term financing of 12 million euros (34 million euros in 2021). The financing is remunerated at interest rates negotiated by the Group, which usually comprise a money market rate plus a spread according to the creditworthiness of the company holding the debt.

Financial debt is denominated in the following currencies:

	31/01/2023	31/01/2022
Euro	2	2
Turkish lira	-	1
Indian rupee	-	2
Rouble	-	27
Hryvnia	11	4
Total	**13**	**36**

The maturity schedule of the Group’s bank borrowings at 31 January 2023 and 2022 was as follows:

	31/01/2023	31/01/2022
Less than one year	13	35
One to five years	-	1
Total	**13**	**36**

In addition, through its main banks, the Group made 2,420 million euros (2,277 million euros at 31 January 2022) in supply chain financing programmes available to its suppliers in order to give them access to liquidity. This allows suppliers to choose, on a voluntary basis, to bring forward the collection of their invoices. The initially agreed payment terms remain unchanged, and this item is therefore recognised under trade payables and shown as operating cash flow. At 31 January 2023 usage of these programmes amounted to 1,025 million euros (1,263 million euros in 2021).

22. Provisions

The detail of this line item in the consolidated balance sheet and of the changes therein in 2022 and 2021 is as follows:

	Pensions and similar obligations with personnel	Liability	Other provisions	Total
Balance at 01/02/2021	59	110	83	252
Provisions recorded during the year	31	33	3	67
Disposals	(9)	(6)	(2)	(17)
Transfers	(6)	-	(8)	(14)
Foreign exchange translation differences	(1)	-	-	(1)
Balance at 31/01/2022	**74**	**137**	**76**	**287**
Balance at 01/02/2022	74	137	76	287
Provisions recorded during the year	45	13	-	58
Disposals	(1)	(23)	-	(24)
Transfers	(28)	(3)	(1)	(32)
Foreign exchange translation differences	(1)	(2)	(3)	(6)
Balance at 31/01/2023	**89**	**122**	**72**	**283**

Provision for pensions and similar obligations to personnel

Certain Group companies have undertaken to settle specific obligations to personnel. The Group has recorded a provision to cover the liability corresponding to the estimated vested portion of these obligations at 31 January 2023.

Provision for liabilities

The amounts shown here correspond to present obligations due to legal claims or constructive obligations arising from past events which will probably result in an outflow of resources and can be reliably estimated. At the date of preparation of these consolidated annual accounts there were no legal proceedings the final outcome of which could significantly affect the Group's equity position.

In estimating the amounts provisioned at year-end, the Group used the following hypotheses and assumptions:

- Maximum amount of the contingency
- Foreseeable evolution and factors on which the contingency depends

The estimated average payment period for the amounts provisioned depends largely on the local legislation of each of the markets in which the Group operates. An analysis is performed each year of the portion that will foreseeably have to be paid the following year and the related amount is transferred to current payables.

The Directors of Inditex consider that the provisions recorded in the consolidated balance sheet adequately cover the risks relating to litigation, arbitration and other contingencies and do not expect any liabilities additional to those recognised to arise therefrom.

23. Other non-current liabilities

The detail of this line item in the consolidated balance sheet and of the changes therein in 2022 and 2021 is as follows:

	Lease incentives	Other	Total
Balance at 01/02/2021	182	98	280
Acquisitions	86	-	86
Changes through profit or loss	(7)	17	10
Transfers	(103)	(21)	(124)
Foreign exchange translation differences	(4)	-	(4)
Balance at 31/01/2022	**154**	**94**	**248**
Balance at 01/02/2022	154	94	248
Acquisitions	59	-	59
Changes through profit or loss	(1)	7	6
Hyperinflation adjustments	15	-	15
Transfers	(83)	(21)	(104)
Foreign exchange translation differences	(2)	-	(2)
Balance at 31/01/2023	**142**	**80**	**222**

Lease incentives correspond to incentives received from developers of shopping centres or owners of commercial premises under lease contracts with variable rental payments.

24. Equity

Share capital

At 31 January 2023 and 2022, the Company's share capital amounted to 94 million euros, and was divided into 3,116,652,000 fully subscribed and paid shares of 0.03 euros par value each. All the shares are of a single class and series, carry the same voting and dividend rights.

The Parent's share premium at 31 January 2023 and 2022 amounted to 20 million euros, while retained earnings amounted to 20,028 million euros and 21,024 million euros, respectively. The Company's legal reserve, amounting to 19 million euros, was recognised in compliance with Article 274 of the Spanish Companies Act, which establishes that 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that sufficient other reserves are not available for this purpose, the reserve must be replenished with future profits. At 31 January 2023 and 2022, the Parent had appropriated to this reserve the minimum amount required by the Spanish Companies Act.

The total consolidated reserves at 31 January 2023 include restricted reserves amounting to 1,144 million euros (1,271 million euros at 31 January 2022) whose distribution is limited due to domestic legal requirements (basically bylaw reserves).

Inditex shares are listed on the four Spanish stock exchanges. The shares are represented by book entries. Moreover, pursuant to Article 497 of the Spanish Companies Act, Inditex has engaged the services of Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear) to provide the daily share ownership notification service. As per the Parent's shareholder register, the members of the Board of Directors directly or indirectly owned, at 31 January 2023 and 31 January 2022, 59.298% and 59,375%, respectively, of the Parent's share capital (Note 30). At 31 January 2023 and 2022, Pontegadea Inversiones, S.L. held 50.010% of the shares of Inditex.

Dividends

The dividends paid by the Parent in 2022 and 2021 amounted to 2,895 million euros and 2,180 million euros, respectively. These amounts correspond to payments of 0.93 euros per share and 0.70 euros per share, respectively.

The distribution proposed by the Board of Directors is shown in Note 29.

Treasury shares

The Annual General Meeting held on 16 July 2019, approved a 2019-2023 Long-Term Incentive Plan (Note 26 to the consolidated annual accounts for 2019) and authorised the Board of Directors to derivatively acquire treasury shares to cater for this plan. Likewise, the Annual General Meeting held on 13 July 2021 approved a new 2021-2025 Long-Term Incentive Plan (Note 26 to the consolidated annual accounts for 2021).

At 31 January 2022, the Company owned a total of 4,226,305 treasury shares, representing 0.136% of the share capital.

During the first half of 2022, the first cycle (2019-2022) of the 2019-2023 Long Term Incentive Plan was settled. The part of the incentive in shares was delivered to the Plan beneficiaries and charged to treasury shares already owned by the Company on the delivery date. 1,793,791 shares, representing 0.058% of the share capital were delivered.

On 12 July 2022, pursuant to a new Temporary Share Buy-back Programme and under the authorisation in force granted by the Annual General Meeting, 2,500,000 treasury shares were acquired, in order to enable the Parent to fulfil the requirements of shares delivery to beneficiaries of the second cycle of the 2019-2023 Long-Term Incentive Plan as well as to the beneficiaries of the first cycle, and if applicable, the second cycle of the 2021-2025 Long-Term Incentive Plan.

Consequently, at 31 January 2023, the Company owned a total of 4,932,514 treasury shares, representing 0.158% of the share capital.

Translation differences

Details and variations in translation differences are as follows:

Currency	Balance at 31/01/2023	Reclassification	Variation	Balance at 01/02/2022
Brazilian real	95	7	(11)	99
Turkish lira	59	(12)	(36)	107
Mexican peso	50	16	(29)	63
Polish zloty	12	(1)	2	11
British pound	10	(3)	12	-
Russian rouble	-	(41)	(135)	176
US Dollar	(34)	47	-	(81)
Other	51	(79)	(23)	154
Total	**244**	**(66)**	**(219)**	**529**

The accumulated translation differences of the Russian Rouble were charged to results in 2022 as a consequence of the termination of operations in this market (Note 33).

25. Income tax

Companies included in these consolidated annual accounts pay the corporate income tax individually, except for certain countries (like Spain or the Netherlands) where they pay taxes under the consolidated tax group regime.

In the case of Spain, the consolidated tax group includes Industria de Diseño Textil, S.A., as the Parent, and those Spanish subsidiaries that meet the requirements provided for in Spanish legislation regulating the taxation of the consolidated tax groups as subsidiaries. The subsidiaries composing the aforementioned Spanish tax group are as follows:

Bershka BSK España S.A.	Hampton S.A.	Oysho Logística S.A.	Zara Diseño S.L.
Bershka Diseño S.L.	Indipunt S.L.	Plataforma Cabanillas S.A.	Zara España S.A.
Bershka Logística S.A.	Inditex S.A.	Plataforma Europa S.A.	Zara Home Diseño S.L.
Born S.A.	Inditex Logística S.A.	Plataforma Logística León S.A.	Zara Home España S.A.
Choolet S.A.	Kiddys Class España S.A.	Plataforma Logística Meco S.A.	Zara Home Logística S.A.
Comditel S.A.	Lefties España S.A.	Pull&Bear Diseño S.L.	Zara Logística S.A.
Confecciones Fíos S.A.	Lefties Logística S.A.	Pull&Bear España S.A.	Zara S.A.
Confecciones Goa S.A.	Massimo Dutti Diseño S.L.	Pull&Bear Logística S.A.	Zintura S.A.
Denllo S.A.	Massimo Dutti Logística S.A	Inditex Renovables S.L.	
Fashion Logistic Forwarders S.A.	Massimo Dutti S.A.	Stear S.A.	
Fashion Retail S.A.	Nikole S.A.	Stradivarius Diseño S.L.	
Glencare S.A.	Nikole Diseño S.L.	Stradivarius España S.A.	
Goa-Invest S.A.	Oysho Diseño S.L.	Stradivarius Logística S.A.	
Grupo Massimo Dutti S.A.	Oysho España S.A.	Trisko S.A.	

The balance of the “Current Liability for Income Tax” heading in the consolidated balance sheet corresponds to the provision for Income Tax relating to the profits for the year 2022, net of withholdings and prepayments made in the period. The heading “Creditors” includes the liability corresponding to other applicable taxes.

The balance of “Current asset for income tax” in the consolidated balance sheet corresponds, mainly, to amounts to be recovered from tax authorities for such concept. The balance of the “Accounts receivable” heading in the accompanying consolidated balance sheet includes, among others, the amount by which the input VAT exceeded output VAT for the period.

The income tax expense includes both the part concerning expense for current tax and the corresponding expense for deferred tax. The current tax is the amount to be paid for the income tax related to the fiscal gain of the period and for other fiscal charges derived from compliance with the regulations that regulate the income tax. The deferred tax reflects the amounts of tax on the profits to be paid or recovered in future periods and arises from the recognition of deferred tax assets and liabilities.

The income tax expense comprises the following:

	2022	2021
Current taxes	1,225	880
Deferred taxes	(14)	69

The reconciliation of the income tax expense that would result from applying the standard tax rate in force in Spain to the profit before tax and the income tax expense recognised in the consolidated income statement for 2022 and 2021 is as follows:

	2022	2021
Consolidated accounting profit for the year before taxes	5,358	4,199
Tax expense at tax rate in force in the country of the Parent	1,339	1,050
Net permanent differences	(83)	(73)
Effect of application of different tax rates	(88)	(61)
Adjustments to prior years' taxes	(17)	(19)
Tax withholdings and other adjustments	88	76
Adjustments to deferred tax assets and liabilities	5	3
Tax withholdings and tax benefits	(33)	(27)
Income tax expense	**1,211**	**949**

The permanent differences correspond, mainly, to expenses not tax deductible and to tax revenues for the contribution of rights to use certain assets to a subsidiary.

The companies that make up the consolidated Group have benefited from the tax benefits provided for in the tax regulations in force in each country amounting to 33 million euros at 31 January 2023 (27 million euros at 31 January 2022). These deductions and bonuses derive, fundamentally, from investments, the correction of double taxation and, to a lesser extent bonuses.

Temporary differences correspond mainly to differences between the carrying amount of an asset or liability in the balance sheet and its tax base, the main difference relating to right-of-use as a result of application of IFRS 16. The consolidated balance sheet closed as of 31 January 2023 includes the assets and liabilities for deferred taxes existing at that date.

The detail of "Deferred tax assets" and "Deferred tax liabilities" in the accompanying consolidated balance sheet is as follows:

Deferred tax assets arising from:	2022	2021
Provisions	155	151
Non-current assets	174	191
IFRS 16	207	220
Valuation adjustments	64	72
Tax losses	36	50
Intra-Group transactions	210	186
Other	357	309
Total	**1,203**	**1,179**

Deferred tax liabilities arising from:	2022	2021
Intra-Group transactions	163	155
IFRS16	73	64
Non-current assets	72	69
Valuation adjustments	6	4
Other	71	67
Total	**385**	**359**

These balances were determined using the tax rates that, based on enacted tax laws, will be in force in the period when they are expected to reverse, and in some cases these tax rates may differ from the tax rates in force in the present year.

The expense for deferred income tax was adjusted for the difference between the balances calculated at the tax rate in force at the end of the present year and those calculated at the new tax rates at which they will reverse.

The changes in deferred tax assets and liabilities in 2022 and 2021 were as follows:

Deferred tax assets arising from:	2022	2021
Opening balance	1,179	1,276
Charge/Credit to income statement	45	(90)
Charge/Credit to equity	1	19
Transfers	(22)	(26)
Closing balance	**1,203**	**1,179**

Deferred tax liabilities arising from:	2022	2021
Opening balance	359	396
Charge/Credit to income statement	31	(21)
Charge/Credit to equity	5	10
Transfers	(10)	(26)
Closing balance	**385**	**359**

At 31 January 2023, the Group has tax losses subject to compensation with future benefits amounting to 296 million euros (453 million euros at 31 January 2022). The aforementioned breakdown of Deferred tax assets includes those corresponding to tax loss carryforwards pending offsetting, with a balance of 36 million euros at 31 January 2023 (50 million euros at 31 January 2022) that, for the most part, are not subject to a period of effective compensation. The Group, based on the methodology established to verify the existence of signs of impairment in its non-current assets (Note 3.2.f), constructs the hypotheses to analyse the existence of sufficient fiscal gains in the future that allow to offset such tax losses before they prescribe. Additionally, the reversal in the same entity of deferred tax liabilities related to the same tax authority that may give rise to taxable amounts in sufficient quantity to apply the unused tax losses against them is taken into account.

In addition, some companies that make up the consolidated group have reserves that could be subject to taxation should they be distributed. These consolidated financial statements include the tax effect associated with such distribution insofar as it is likely to occur in the foreseeable future. Temporary differences, associated with investments in subsidiaries, associates and permanent establishments, which have not been registered for the exception provided for in IAS 12, amount to 358 million euros (292 million euros in 2021).

On the other hand, in accordance with the tax legislation applicable to the Parent of the Group, the dividends proposed or declared to the shareholders of said company, before the financial statements have been formulated and that have not been recognised as liabilities, do not generate consequences in the Income tax of the Parent.

The years open to inspection in relation to the main taxes vary according to the tax legislation of each country in which the Group operates. Ordinary audits are currently being performed on Group companies in various markets. In any case, it is not expected that, as a consequence of the ongoing verification actions, as well as those that could be carried out in the future in relation to non-prescribed periods, liabilities will be revealed that significantly affect the equity situation or the Group's results.

26. Financial instruments and risk management policy

Financial risk management policy

The Group's activities are exposed to various financial risks: market risk (foreign currency risk, raw materials risk and interest rate risk) and other risks (credit risk, liquidity risk and country risk). The Group's financial risk management focuses on the uncertainty of financial markets and aims to minimise the potential adverse effects on the profitability of its business.

This note provides information on the Group's exposure to each of the aforementioned risks, the Group's objectives, policies and processes for managing risk, the methods used to measure these risks, any changes from the previous year and the financial instruments used to mitigate the risks.

Foreign currency risk

The Group operates in an international environment and, accordingly, is exposed to foreign currency risk on transactions in currencies, in particular the US dollar (the euro is the Group's reference currency and the functional currency of the Parent). Foreign currency risk arises on future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign currency risk is managed in line with the corporate risk management model guidelines, which establish the ongoing monitoring of exchange rate fluctuations and other measures designed to mitigate this risk, mainly through the optimisation of the Group's operations, including centralisation, in order to minimise the impact, using natural hedges, the benefits of diversification and the arrangement of financial hedges.

Merchandise and goods for resale are acquired partly through orders placed with foreign suppliers, mostly in US dollars. In accordance with prevailing foreign currency risk management policies, the Group's Management arranges derivatives, mainly foreign currency forwards, to hedge fluctuations in cash flows relating to the EUR-USD exchange rate. The Group also uses non-derivative financial instruments as hedges (e.g., deposits held in currencies other than the euro), and these instruments are recognised under "Current financial asset".

The Group's head companies supply their subsidiaries with finished goods for sale to the end customers. With a view to reducing the fluctuations in value of the expected foreign currency cash flows arising from these intra-Group transactions (denominated in currencies other than the euro), the Group occasionally uses financial derivatives such as purchased options, zero-premium option combinations and, occasionally, foreign currency forwards.

Certain Group subsidiaries are granted internal financing denominated in currencies other than the euro. In accordance with prevailing foreign currency risk management policies, derivatives are arranged, mainly forwards, to hedge the changes in fair value related to exchange rates.

As described in Note 3.2.m, the Group applies hedge accounting to mitigate the volatility that would arise in the consolidated income statement as a result of the existence of significant foreign currency transactions. Hedge accounting has been used because the Group meets the requirements described in Note 3.2.m on accounting policies in order to be able to classify financial instruments as hedges for accounting purposes.

The Group applies the hedge accounting rules established in the applicable reporting standards. As a result, certain financial instruments were formally designated as hedging instruments and the Group verified that the hedges are highly effective. The maturity dates of the hedging instruments were negotiated so that they coincide with those of the hedged items. In 2022, using hedge accounting, no significant amounts were recognised in consolidated income statement either as a result of transactions that ultimately did not occur or as a result of the ineffectiveness of the hedges. Approximately 71% of the cash flows associated with hedges in US dollars are expected to occur in the six months subsequent to year-end, while the remaining 29% are expected to fall due between six months and one year. Also, the impact on the consolidated income statement will foreseeably occur in those periods. The derivatives hedging the cash flows from intra-Group transactions to supply finished goods for sale to end customers have short-term time horizons aligned with the expected cash flows.

The fair value of the hedging instruments was calculated as described in Note 3.2.m.

Raw material risk

As a result of its business model, the Group is also exposed to potential cost volatility and inflation related to the impact resulting from price increases of the many raw materials (both textile and non-textile) consumed directly and indirectly in the Group's operations and in its procurement of goods, primarily our commercial products (clothing, footwear, accessories and household textile products), and services, especially in terms of supply and distribution transport, as well as energy consumption. This risk is measured using 'at risk' methodologies from a portfolio of exposures standpoint.

Economic risk measurement methodology

The Group uses the Cash-Flow-at-Risk (CFaR) methodology in order to estimate the potential impact of exchange rate and raw material price fluctuations on consolidated profit before tax and, if applicable, determine the relevant mitigation strategies. CFaR is a methodology widely used in risk management. It is an evolution of the Value-at-Risk (VaR) method focused on the possible loss related to future cash flows. Given a portfolio, exposed to one or more risks, the CFaR represents the maximum expected loss for a defined time horizon with a given confidence interval. The CFaR measures risk in aggregate terms, considering the potential diversification benefit resulting from the correlations between the components of the portfolio of exposures.

The underlying portfolio used in the CFaR calculation is composed of future flows denominated in the currency and/or raw material in which the underlying risk is expressed for up to one year. It is estimated that this portfolio represents substantially all of the Group's exposure to foreign currency and raw material price risk and that the possible adverse changes in exchange rates would affect the following year's consolidated profit. The main parameters and assumptions used in the CFaR calculation relate to the horizon of the estimated flows, the scenario simulation technique and the selected confidence interval. The cash flows considered have a duration of up to one year, taking as a time horizon the maturity date of each cash flow. Distributions are simulated using the Monte Carlo method by generating random scenarios based on market changes over the previous three years. A 95% confidence interval is selected. In addition, using the same methodology, the portfolio performance is analysed periodically and repeatedly under highly stressed scenarios based on market movements during historical periods of high volatility.

As regards the limitations of the calculation, it should be noted that the actual maximum loss could be higher than the estimated loss, since when opting for a 95% confidence level there are 5% of scenarios in which the expected loss is higher. In addition, future market changes do not necessarily coincide with the behaviour of the previous three years. It may also be the case that the estimated flows, i.e., the portfolio used for the calculation, differ from the actual flows. In addition, the Group uses the Value-at-Risk (VaR) method to manage foreign exchange risk in relation to the most relevant accounting items.

In accordance with the risk management framework, risk appetite and tolerance levels are set and residual risk is quantified. Furthermore, limits are set and monitored to ensure that residual risk is within the risk appetite and is also compliant with the established risk tolerance level.

It is estimated that the resulting negative impact on the 12-month expected cash flows, attributable to an adverse change in the exchange rate and raw material prices resulting from the CFaR calculation, could be 599 million euros at 31 January 2023 (381 million euros at 31 January 2022).

Credit risk

The Group is not exposed to significant concentrations of credit risk as policies are in place to cover sales to franchises and retail sales represent the vast majority of revenue. Collections are made primarily in cash or through credit card payments.

The Financial Risk Management Policy ensures the measurement, assessment, quantification and mitigation of the credit risk of investment products and the counterparty risk of financial institutions by establishing very detailed analysis criteria and Value-at-Risk (VaR) methodologies.

The VaR methodology implemented takes into account the counterparty's probability of default as estimated by the market, the time horizon of the investments, and the percentage of risk exposure that is not expected to be recovered in the event of default (loss given default). VaR represents the maximum expected loss for a defined time horizon with a given confidence interval. The exposures used are up to one year. Distributions are simulated using the Monte Carlo method by generating random scenarios based on market changes over the previous year. A 95% confidence interval is selected.

As regards the limitations of the calculation, it should be noted that the actual maximum loss could be higher than the estimated loss, since when opting for a 95% confidence level there are 5% of scenarios in which the expected loss is higher. In addition, future market changes do not necessarily coincide with the behaviour of the previous year.

In accordance with the risk management framework, risk appetite and target risk are set and residual risk is quantified. In addition, limits are set and monitored to ensure that residual risk is within the risk appetite and is also compliant with target risk.

Although credit risk increased as a result of the market conditions initially caused by Covid-19, credit risk in the market has since moderated. This, together with active management, allowed for its mitigation, thus returning the Group's residual risk to pre-pandemic levels.

It is estimated that the residual risk resulting from the Group's twelve-month cash investments could be up to 42 million euros at 31 January 2023 (15 million euros at 31 January 2022).

The credit risk resulting from the arrangement of financial derivatives is mitigated by the requirement that such instruments be subject to an ISDA master agreement.

Occasionally, where deemed necessary, the Group requests that additional security be provided in the form of pledged collateral.

In relation to accounts receivable of commercial origin, the Group estimates that at closing date there has not been a significant increase in credit risk since its recognition, which is why the expected loss at 12 months has been estimated, not being significant, and it has not been considered necessary to make valuation corrections with accounts receivable not due.

The main financial assets of the Group are shown in the "Financial instruments: other information" section below.

Liquidity risk

The Group is not exposed to significant liquidity risk, as it maintains sufficient cash and cash equivalents to meet the outflows required in its normal operations. If the Group has a specific financing requirement, either in euros or in other currencies, it resorts to loans, credit facilities or other types of financial instruments (Note 21).

Note 21 contains a detail of the financial liabilities, along with their scheduled maturities.

Interest rate risk

The Group's exposure to interest rate risk, which in no case is significant, arises principally in relation to the following items:

- Cash and cash equivalents: the generalised increase in interest rates, especially in the most significant currencies for the Group's investment (Note 21) has boosted the expected returns on the Group's financial position (Note 9).
- Financial debt: given the amount of the Group’s external financing (Note 21), any change in interest rates at year-end would not significantly affect consolidated profits.
- Discount rates: used in the calculation of the impairment losses on non-current assets (property, plant and equipment and intangible assets) and goodwill. (Note 3.2.f).
- Derivatives: given the type of hedging instruments arranged, the interest rate risk is not material.

The Group does not have any material financial assets or liabilities designated as at fair value through profit or loss. A potential change in fair value would not imply significant impact.

Country risk

The international presence of the Group's business activities exposes it to the country risk of multiple geographical regions, in both its supply and its sales and distribution activities. The Group adapts its administrative and business processes in order to minimise country risk and take advantage of the benefits of geographical diversification.

The conflict in Ukraine forced the Group to suspend its operations in that country and in the Russian Federation (Note 33). Operations in Ukraine remain temporarily suspended. The Group continues to track the unfolding conflict and its complex repercussions closely, and to put in place plans to mitigate its impact.

One of the most significant manifestations of country risk is foreign currency risk and the possibility of exposure to limits or controls on the free circulation of cash flows due to a lack of currency convertibility, in current or capital account terms, or to unexpected restrictions on the movement of capital. The Group manages cash at corporate level based on a highly active repatriation policy aimed at reducing the aforementioned risks to a minimum. Country risk is also considered when assessing the jurisdictions in which the Group’s cash is located.

At 31 January 2023, there was no significant risk in relation to the repatriation of funds or any material cash surpluses not available for use by the Group or its subsidiaries. Similarly, there are no significant restrictions on the Group's ability to access the assets and settle the liabilities of its subsidiaries.

At 31 January 2023, the Group was not operating in markets in which there was more than one exchange rate.

Capital management

The Group’s capital management objectives are to safeguard its ability to continue operating as a going concern, so that it can continue to generate returns for shareholders and benefit other stakeholders, and to maintain an optimum capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments thereto in response to changes in economic conditions. The current capital management policy is based on self-financing through funds generated by operations. The shareholder remuneration policy is detailed in Note 30.

There were no significant changes to capital management in the year.

Financial instruments

At 31 January 2023 and 2022, the Group had arranged hedging derivatives consisting basically of forwards on its future purchases in US dollars, forwards to hedge intra-Group financing, and options. The fair value of these derivatives is recognised under “Other financial assets” or “Other financial liabilities” depending on the related balance.

On 16 January 2023, the Group entered into a VPPA (Virtual Power Purchase Agreement) for the supply of 100%-renewable electricity over a period of 10 years. The related projects are in the development phase, pending final approval, and will come on stream in 2025. This contract has been booked as a Level 3 financial instrument for which changes in the fair value of the option sold are recognised in the income statement.

The detail of “Other financial assets” and “Other financial liabilities” in the consolidated balance sheet is as follows:

Other financial assets	**2022**	**2021**
Fair value of the hedging instruments	8	22
Total	**8**	**22**

Other financial liabilities	**2022**	**2021**
Fair value of the hedging instruments	29	7
Reciprocal call and put options (Note 7)	17	15
Total	**46**	**22**

The detail of the fair value (measured as indicated in Note 3.2.m) of the financial instruments for 2022 and 2021 is as follows:

2022

OTHER FINANCIAL ASSETS MEASURED AT FAIR VALUE AND CLASSIFICATION ON A FAIR VALUE HIERARCHY

Description	**Level**	**Fair Value 2022**	**Transfer to Income**	**Transfer to Income from Equity**	**Income Recognise Directly in Equity**	**Fair Value 2021**
OTC Derivatives:						
Foreign currency forwards	2	8	(8)	(6)	-	22
Energy options	3	-	-	-	-	-
Total Derivates		**8**	**(8)**	**(6)**	**-**	**22**

OTHER FINANCIAL LIABILITIES MEASURED AT FAIR VALUE AND CLASSIFICATION ON A FAIR VALUE HIERARCHY

Description	**Level**	**Fair Value 2022**	**Transfer to Income**	**Transfer to Income from Equity**	**Income Recognise Directly in Equity**	**Fair Value 2021**
OTC Derivatives:						
Foreign currency forwards	2	29	8	-	14	7
Energy options	3	-	-	-	-	-
Total Derivates		**29**	**8**	**-**	**14**	**7**

2021

OTHER FINANCIAL ASSETS MEASURED AT FAIR VALUE AND CLASSIFICATION ON A FAIR VALUE HIERARCHY						
Description	**Level**	**Fair Value 2021**	**Transfer to Income**	**Transfer to Income from Equity**	**Income Recognise Directly in Equity**	**Fair Value 2020**
OTC Derivatives:						
Foreign currency forwards	2	22	14	-	6	2
Total Derivates		**22**	**14**	**-**	**6**	**2**

OTHER FINANCIAL LIABILITIES MEASURED AT FAIR VALUE AND CLASSIFICATION ON A FAIR VALUE HIERARCHY						
Description	**Level**	**Fair Value 2021**	**Transfer to Income**	**Transfer to Income from Equity**	**Income Recognise Directly in Equity**	**Fair Value 2020**
OTC Derivatives:						
Foreign currency forwards	2	7	(4)	(3)	-	14
Total Derivates		**7**	**(4)**	**(3)**	**-**	**14**

There have been no transfers between the different levels (Note 3.2.m).

Financial instruments: other information

The main financial assets held by the Group, other than cash and cash equivalents and derivative financial instruments, are the loans and receivables related to the Group's principal activity and the guarantees given in relation to the lease of commercial premises, which are shown under "Other non-current assets". The main financial assets of the Group are as follows:

	2022	**2021**
Cash and cash equivalents (Note 21)	5,561	7,021
Current financial investments (Note 21)	4,522	2,374
Trade receivables (Note 12)	267	267
Receivable due to sales to franchises (Note 12)	323	242
Other current receivables (Note 12)	114	82
Guarantees (Note 19)	239	290
Total	**11,026**	**10,276**

The main financial liabilities of the Group relate to accounts payable on commercial transactions.

In 2022 and 2021 no significant impairment losses were recognised on financial assets.

27. Employee benefits

Obligations for benefit plans or defined contributions

The Group does not maintain obligations with its employees as a general rule for defined benefit plans or contributions. However, in certain countries, due to the legislation or regulation in force or local labour practice, the Group assumes certain commitments related to the payment of certain amounts for accidents, illness or retirement, among others, sometimes partially paid by the worker and risk is partially or totally externalised through hiring the corresponding insurance policies.

Likewise, in certain countries, the worker participates in a percentage of the profits generated by the Group companies in that country. The liabilities related to these items are recorded in the "Provisions" and "Other non-current liabilities" heading in the consolidated balance sheet. The impact of these obligations on the consolidated income statement and the consolidated balance sheet is not significant.

Long-term incentive plans

2019-2023 Long-term incentive plan

The Annual General Meeting held on 16 July 2019 approved the 2019-2023 Long-Term Incentive Plan for members of the management team and other staff of Inditex and its Group of Companies (hereinafter referred to as the "2019-2023 Plan"). Under this Plan, each of the beneficiaries had the right, provided the terms and conditions established therein are fulfilled, to receive up to a maximum amount of the incentive allocated.

The 2019-2023 Plan combined a multi-year cash bonus and a promise to deliver shares which, after a specified period of time has elapsed and the achievement of the specific objectives has been verified, would be paid to the Plan beneficiaries, either in full or at the percentage applicable in each case.

The 2019-2023 Plan had a total duration of four years and was structured into two mutually independent time cycles. The first cycle (2019-2022) of the 2019-2023 Plan ran from February 1, 2019 to January 31, 2022 and was settled in the first quarter of 2022. The second cycle (2020-2023) runs from 1 february 2020 to 31 January 2023, and is scheduled to be settled in the first quarter of 2023.

The 2019-2023 Plan was linked to critical business targets and the creation of shareholder value. Furthermore, also linked long-term variable remuneration to objectives related to sustainability and the environment, with this index having a maximum weight of 10% over the whole.

The 2019-2023 Plan did not expose the Group to any material risks.

To cater for this 2019-2023 Plan, the Company has, as a plan asset, a sufficient number of treasury shares to be able to settle the future obligations (Note 24).

The incentive to be received will be calculated as provided for in resolution nine of the Annual General Meeting held on 16 July 2019.

2021-2025 Long-term incentive plan

The Annual General Meeting held on 13 July 2021 approved a new 2021-2025 Long-Term Incentive Plan for members of the management team and other personnel of Inditex and its Group of Companies (hereinafter referred to as the '2021-2025 Plan'). Under this Plan, each of the beneficiaries will be entitled, provided the terms and conditions established therein are fulfilled, to receive up to a maximum amount of the incentive allocated.

The 2021-2025 Plan combines a multi-year cash bonus and a promise to deliver shares which, after a specified period of time has elapsed and the achievement of the specific objectives has been verified, will be paid to the Plan beneficiaries, either in full or at the percentage applicable in each case.

The 2021-2025 Plan has a total duration of four years and is structured into two mutually independent time cycles. The first cycle (2021-2024) of the Plan runs from 1 February 2021 to 31 January 2024. The second cycle (2022-2025) spans the period from 1 February 2022 to 31 January 2025.

The 2021-2025 Plan is linked to critical business, sustainability and shareholder value creation targets. The most significant development is that the share of sustainability- and environment-linked goals has increased to 25% of the overall Plan, with respect to the 2019-2023 Plan.

The 2021-2025 Plan does not expose the Group to any material risks.

The liabilities related to the plans in cash is shown registered in the 'Provisions' and "Trade and other payables" item of the consolidated balance sheet, and its annual allocation is included in the 'Operating expenses' item in the consolidated income statement.

The amount relating to the equity-settled component of the plans is recognised under 'Equity' in the consolidated balance sheet and the related period charge is reflected under 'Operating expenses' in the consolidated income statement.

The impact of these obligations on the consolidated income statement and balance sheet is not significant.

28. Jointly controlled entities

Inditex has a 50% stake in the group formed by the parent, Tempe, S.A., and its subsidiaries, which detail is shown in the Appendix I. These companies engage mainly in the design, supply and distribution of footwear to Inditex Group companies, their main customer.

Set forth below is the financial information of the Tempe Group, obtained from its consolidated financial statements prepared in accordance with IFRS, together with other relevant financial information:

	2022	2021
Fixed assets	254	251
Other	36	36
Non-current assets	**290**	**287**
Inventories	330	325
Trade and other receivables	436	392
Cash and cash equivalents	24	20
Current assets	**790**	**737**
Non-current liabilities	**(27)**	**(26)**
Trade and other payables	(393)	(387)
Other	(9)	(2)
Current liabilities	**(402)**	**(389)**
Net assets	**651**	**609**

	2022	2021
Net sales	1,408	1,305
Gross profit	**396**	**391**
Operating expenses	(246)	(214)
Amortisation and depreciation	(25)	(24)
Net operating profit (EBIT)	**125**	**153**
Net profit	**105**	**119**

In 2022 the Group received dividends totalling 27 million euros (25 million euros in 2021) from Tempe (see Note 18).

29. Proposed distribution of the profit of the Parent

The proposed appropriation of the Parent's profit in 2022 in the amount of 1,906 million euros made by the Board of Directors consists of distributing dividends in a maximum amount of 1,870 million euros and allocate at least 36 million euros to voluntary reserves.

The Board of Directors will propose to shareholders at the Annual General Meeting to pay shares with a right to dividend, a dividend of 1.20 euros per share, being comprised of a 0.796 euros per share ordinary dividend and a 0.404 euros per share bonus dividend.

Out of the total amount of 1.20 euros per share, 0.60 euros per share will be paid on 2 May 2023 as ordinary dividend against 2022 results, and 0.60 euros per share will be distributed against the Parent's unrestricted reserves, payable on 2 November 2023 as ordinary and bonus dividend.

The proposal covers a dividend distribution in the maximum amount of 3,740 million euros, corresponding to 1.20 (gross) euros per share for the entire stake of the Parent (3,116,652,000 shares). Since the Parent's net income in 2022 has reached 1,906 million euros, the difference between the interim dividend and the full dividend will be charged against the Parent's unrestricted reserve.

30. Remuneration of the Board of Directors and related party transactions

Remuneration of the Board of Directors

The remuneration earned by the Board of Directors of the Parent and Senior Management of the Group in 2022 is shown in the section on related party transactions.

Other information concerning the Board of Directors

At 31 January 2023, per the Parent's Register of Shareholders, the members of the Board of Directors directly or indirectly held the following ownership interests in the share capital of Inditex:

Name or company name of director	% Voting rights attributed to the shares		% Voting rights through financial instruments		% Total voting rights	From the total number of voting rights attributed to the shares, indicate, where appropriate, the additional votes attributed corresponding to the shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Ms Marta Ortega Pérez	0.0014%	-	-	-	0.0014%	-	-
Mr Amancio Ortega Gaona [1]	-	59.2940 %	-	-	59.2940%	-	-
Mr Óscar García Maceiras	0.0004%	-	-	-	0.0004%	-	-
Mr José Arnau Sierra	0.0010%	-	-	-	0.0010%	-	-
Pontegadea Inversiones, S.L. [2]	50.0100%	-	-	-	50.0100%	-	-
Bns Denise Patricia Kingsmill	-	-	-	-	-	-	-
Ms Anne Lange	-	-	-	-	-	-	-
Ms Pilar López Álvarez	0.0001%	-	-	-	0.0001%	-	-
Mr José Luis Durán Schulz	0.0001%	-	-	-	0.0001%	-	-
Mr Rodrigo Echenique Gordillo	0.0006%	-	-	-	0.0006%	-	-
Mr Emilio Saracho Rodríguez de Torres	-	-	-	-	-	-	-
Total					**59.298%**		

[1] Through Pontegadea Inversiones, SL and Partler Participaciones, S.L.U. (Partler 2006, S.L. holds 100% of its stake and its is controlled by Mr Ortega Gaona)

[2] Represented by Ms Flora Pérez Marcote

Pursuant to the provisions of article 229 of the Spanish Companies Act, as amended by Law 31/2014, of 3 December, none of the directors of Inditex has communicated any situation during 2022 any situation that, directly and/or indirectly, through persons related to them, could place them in a potential conflict of interest with the Parent.

Notwithstanding the foregoing, Mr Rodrigo Echenique Gordillo and Ms Pilar López Álvarez, hold positions on the Boards of Directors of Grupo Santander and Microsoft Western Europe, respectively, and perform their duties as independent directors of the Parent, without prejudice to the commercial relationships that Inditex has maintained with these companies for years. In any case, the Board of Directors ensures, through the Audit and Compliance Committee that the transactions with significant directors, significant shareholders and/or Senior Management, or with their respective related persons, are carried out under market conditions and respecting the principle of equal treatment to shareholders.

Furthermore, when the Board of Directors deliberated on the appointment and re-election of one position, the compensation or any other agreement referred to a director or to a person or company related to a director, the affected party was absent from the Company meeting during the deliberation and voting of the corresponding resolution.

Related party transactions

Related parties are the subsidiaries, jointly controlled entities (Note 28) and associates detailed in Appendix I to the notes to the consolidated annual accounts, the significant or controlling shareholders, the members of the Board of Directors of Inditex and the Senior Management of the Inditex Group, as well as their close family members, as defined in IAS 24, of Commission Regulation (EC) No 1126/2008, of 3 November, adopting certain international accounting standards, and in Article 2, section 3 of Spanish Ministry of Economy and Finance Order EHA/3050/2004, of 15 September, on information on related party transactions that issuers of securities listed on official secondary markets must disclose.

The transactions with related parties were performed on an arm's length basis.

Inditex Group companies

The transactions between Inditex and its subsidiaries, form part of the normal course of business in terms of their purpose and terms and conditions and were eliminated in full on consolidation and, therefore, they are not disclosed in this Note.

The following tables detail the transactions and the outstanding balances between Inditex and its jointly controlled entities in the consolidated balance sheet:

Transactions:

Company	2022	2021
Jointly controlled entities	(1,025)	(970)

Corresponding mainly to finished goods procurements.

Balances:

	31/01/2023	31/01/2022
Current financial investments	-	1
Trade and other receivables	37	11
Non-current financial investments	317	295
Trade and other payables	389	356
Current financial debt	2	-

The transactions with significant shareholders, the members of the Board of Directors and/or Senior Management are detailed below, as the case may be.

Significant shareholders

The transactions performed by the Inditex Group with Pontegadea Inversiones, S.L., Partler Participaciones S.L.U, Partler 2006, S.L. and/or with natural persons or companies related to them, and/or with Rosp Corunna Participaciones Empresariales, S.L.U. and/or with natural persons or companies related to it were as follows:

Company name of significant shareholder	Nature of relationship	Type of operation	2022	2021
Pontegadea Inversiones, S.L., Partler Participaciones, S.L.U., Partler 2006, S.L. or related entities or persons	Contractual	Lease of assets	(40)	(37)
Pontegadea Inversiones, S.L., Partler Participaciones, S.L.U., Partler 2006, S.L. or related entities or persons	Contractual	Services (construction work)	21	8
Pontegadea Inversiones, S.L., Partler Participaciones, S.L.U., Partler 2006, S.L. or related entities or persons	Contractual	Other income	2	-
Rosp Corunna Participaciones Empresariales, S.L. U. or related entities or persons	Contractual	Lease of assets	(1)	(1)

A significant part of the related-party transactions that are recorded every year in this section corresponds to the payment of rents associated with the commercial premises that several companies of the Group have leased for the exercise of their activity and which are owned by companies related to the controlling shareholder or to significant shareholders.

Members of the Board of Directors and Senior Management

The amounts indicated in the following tables and paragraphs referring to remuneration and termination benefits are expressed in thousands of euros in both years.

The following table show the remuneration and termination benefits of the members of the Board of Directors in 2022:

Name or social name of the Director	Type	Remuneration of Board members	Remuneration of Deputy Chairman of Board of Directors	Remuneration for serving on Comittees and other Board of Directors	Remuneration for chairing Committees	Fixed remuneration	Variable remuneration 2022	Multiannual variable remuneration (cash and shares) 2022	Compensation	Total 2022
Ms Marta Ortega Pérez [1]	Propietary	834	-	-	-	-	-	-	-	834
Mr Óscar García Maceiras	Executive	100	-	-	-	2,041	3,750	2,483	-	8,374
Mr Amancio Ortega Gaona	Propietary	100	-	-	-	-	-	-	-	100
Mr José Arnau Sierra	Propietary	100	80	200	-	-	-	-	-	380
PONTEGADEA INVERSIONES S.L. [2]	Propietary	100	-	-	-	-	-	-	-	100
Bns Denise Patricia Kingsmill	Independent	100	-	150	50	-	-	-	-	300
Ms Anne Lange	Independent	100	-	150	-	-	-	-	-	250
Ms Pilar López Álvarez	Independent	100	-	150	50	-	-	-	-	300
Mr Jose Luis Durán Schulz	Independent	100	-	150	28	-	-	-	-	278
Mr Rodrigo Echenique Gordillo	Independent	100	-	150	50	-	-	-	-	300
Mr Emilio Saracho Rodríguez de Torres	Affiliate	100	-	150	22	-	-	-	-	272
Mr Pablo Isla Álvarez de Tejera [3]	Executive	16	-	-	-	597	788	2,819	22,990	27,210
TOTAL		**1,850**	**80**	**1,100**	**200**	**2,638**	**4,538**	**5,302**	**22,990**	**38,698**

Notes:

(1) The remuneration for the financial year 2022 corresponds to the portion accrued in the period from 1 April 2022, the effective date of her appointment as new Chair (non-executive), through 31 January 2023.
(2) Represented by Ms Flora Pérez Marcote.
(3) The effective date of his resignation was 31 March 2022.

The total remuneration and termination benefits earned by Senior Management of the Inditex Group in 2022 were as follows:

2022

	SENIOR MANAGEMENT
Remuneration	92,020
Termination benefits	12,761
Total	**104,781**

The aforementioned remuneration for 2022 includes fixed remuneration and both, the short-term and long-term variable remuneration accrued by Senior Managers of the Group in office at 31 January 2023, as well as by those who have performed duties as senior managers at any time during the reporting period, including the corresponding compensation.

The evolution of Senior Managers' remuneration versus the previous year is primarily due to a higher number of officers that qualify as such and to the increase in the short-term and long-term variable remuneration as a result of the Company's strong operating performance in 2022. Additionally, long-term remuneration has also been affected by a higher price of Inditex shares compared to the one in the previous year.

The directors' remuneration for the 2022 financial year includes the fixed terms of the remuneration paid to Directors in their status as such and the fixed remuneration and the short-term and long-term variable remuneration earned by the CEO, Mr Óscar García Maceiras, and by the former Executive Chairman, Mr Pablo Isla Álvarez de Tejera, for the performance of their executive functions. In particular, it includes:

The amount of the remuneration earned by: (i) Mr García as director and for the performance of executive functions from 1 February 2022 through 31 January 2023 and by (ii) Mr Isla, in his capacity as director, and the part of his fixed remuneration (wage) earned for the performance of executive functions, both of them for the period running from 1 February 2022 through 31 March 2022, date of economic effects of his resignation.

Also included in the above referred global remuneration are the amounts accrued and paid in 2022 to the former Executive Chairman itemized as follows:

(i) The following amounts as early settlement of current incentives and other items of fixed remuneration:

- Of the incentive for the second cycle (2020-2023) of the 2019-2023 Plan: the incentive - determined by the board of directors to be for a level of achievement on target -, prorated for the time between the cycle commencement and the date of his departure, amounted to 980 thousand euros and 46,859 shares.
- Of the incentive for the first cycle (2021-2024) of the 2021-2025 Plan: the incentive - determined by the board of directors to be for a level of achievement on target -, prorated for the time between the cycle commencement and the date of his departure, amounted to 421 thousand euros and 24,418 shares.
- Of the annual variable remuneration for 2022: the incentive prorated for the time between the beginning of the year and the date of his departure - estimated by the Board of Directors at maximum level of achievement -, amounted to 788 thousand euros.
- Of the portion of the fixed remuneration for FY2022 (February and March 2022) he had earned as extra wage payments (July and December) the amount of 132 thousand euros.

(ii) As severance pay:

- Severance pay for termination amounted to 3,250 thousand euros, and
- The consideration for his post-contractual non-compete obligation amounted to 19,740 thousand euros.

With regard to the long-term variable remuneration, included therein is the amount accrued for the second cycle (2020-2023) of the 2019-2023 LTIP. The incentive accrued in 2022 in this regard has amounted to 2,483 thousand euros for the CEO and 35,628 thousand euros for Senior Managers, which has materialized as follows:

- CEO: (i) an incentive in cash in the aggregate gross amount of 1,035 thousand euros and (ii) incentive in shares equivalent to a total number of 49,477 shares corresponding to the gross amount of 1,448 thousand euros.
- Senior Managers: (i) an incentive in cash in the aggregate gross amount of 17,089 thousand euros and (ii) incentive in shares equivalent to a total number of 633,369 shares corresponding to the gross amount of 18,539 thousand euros.

It bears mention that for the purposes of quantifying the part of such incentive to be delivered in shares, the closing price of Inditex share on the last business day of the week before the board meeting when the board of directors assessed and approved the level of target achievement for the second cycle of the 2019-2023 Plan (i.e. 10 March 2023) was considered.

The incentive in cash and in shares will be delivered within the month following the publication of the annual accounts for 2022.

An itemised breakdown of the remuneration of the members of the Board of Directors in 2021 is as follows:

Name or social name of the Director	Type	Remuneration of Board members	Remuneration of Deputy Chairman of Board of Directors	Remuneration for serving on Comittees and other Board of Directors	Remuneration for chairing Committees	Fixed remuneration	Variable remuneration 2021	Multiannual variable remuneration (cash and shares) 2021	Compensation	Total 2021
Mr Pablo Isla Álvarez de Tejera	Executive	100	-	-	-	3,250	4,875	4,218	-	12,443
Mr José Arnau Sierra	Propietary	100	80	200	-	-	-	-	-	380
Mr Óscar García Maceiras (1)	Executive	17	-	-	-	277	382	70	-	746
Mr Carlos Crespo Gonzalez (2)	Executive	83	-	-	-	1,179	1,868	2,633	-	5,763
Mr Amancio Ortega Gaona	Propietary	100	-	-	-	-	-	-	-	100
PONTEGADEA INVERSIONES S.L. (3)	Propietary	100	-	-	-	-	-	-	-	100
Bns Denise Patricia Kingsmill	Independent	100	-	150	50	-	-	-	-	300
Ms Anne Lange	Independent	100	-	150	-	-	-	-	-	250
Ms Pilar López Álvarez	Independent	100	-	150	50	-	-	-	-	300
Mr José Luis Durán Schulz	Independent	100	-	150	-	-	-	-	-	250
Mr Rodrigo Echenique Gordillo	Independent	100	-	150	50	-	-	-	-	300
Mr Emilio Saracho Rodríguez de Torres	Independent	100	-	150	50	-	-	-	-	300
TOTAL		**1,100**	**80**	**1,100**	**200**	**4,706**	**7,125**	**6,921**	**-**	**21,232**

Notes:

(1) The remuneration for the 2021 financial year corresponds to the portion accrued in the period from December 1, 2021, the date of economis effects of his appointment as the new CEO, to January 31, 2022.
(2) The remuneration for the 2021 financial year corresponds to the portion accrued in the period from February 1 to November 30, 2021, the date of economic effects of his resignation as CEO.
(3) Represented by Ms. Flora Pérez Marcote.

The total remuneration and termination benefits earned by Senior Managers of the Inditex Group in 2021 were as follows:

2021

	SENIOR MANAGEMENT
Remuneration	69,204
Termination benefits	10,083
Total	**79,287**

The aforementioned remuneration for 2021 includes fixed remuneration and both, the short-term and long-term variable remuneration accrued by the Senior Managers of the Group in office at 31 January 2022, as well as by those who have performed duties as senior managers at any time during the reporting period, including the corresponding compensation. The directors' remuneration for the 2021 financial year includes fixed items of remuneration of directors in their capacity as such, as well as the short- and long-term fixed and variable remuneration accrued by the former Executive Chairman, Mr Pablo Isla Álvarez de Tejera, the new CEO, Mr Óscar García Maceiras, and the outgoing CEO, Mr Carlos Crespo González, for the performance of their executive duties. In particular, it includes:

The amounts corresponding to the remunerations accrued by: (i) Mr Pablo Isla Álvarez de Tejera, as a director and for the performance of his executive duties, from 1 February 2021 through 31 January 2022; (ii) Mr Óscar García Maceiras, as a director and for the performance of his executive duties, from 1 December 2021, the date of economic effects of his appointment, through 31 January 2022; and (iii) Mr Carlos Crespo González, as a director and for the performance of his executive duties, from 1 February 2021 through 30 November 2021, the date of economic effects of his resignation.

With regard to the long-term variable remuneration, included therein is the amount accrued for the first cycle (2019-2022) of the 2019-2023 Long-Term Incentive Plan. The incentive accrued in 2021 by the executive directors in terms of this incentive was 6,921 thousand euros. In turn, the sum of 27,581 thousand euros was accrued by the Senior Managers. This incentive materialised as follows:

- Executive directors: (i) an incentive in cash in the aggregate gross amount of 1,760 thousand euros for the former Executive Chairman, 36 thousand euros for the incoming CEO, and 1,099 thousand euros for the outgoing CEO; and, (ii) an incentive in shares equivalent to a total of 112,953 shares for the former Executive Chairman, corresponding to the gross amount of 2,458 thousand euros, 1,552 shares for the incoming CEO, corresponding to the gross amount of 34 thousand euros, and 70,499 shares for the outgoing CEO, corresponding to a gross amount of 1,534 thousand euros.

- Senior Managers: (i) an incentive in cash in the aggregate gross amount of 13,472 thousand euros, and (ii) an incentive in shares equivalent to 648,398 shares, corresponding to the gross amount of 14,109 thousand euros.

It bears mention that for the purposes of quantifying the part of such incentive to be delivered in shares, the closing price of Inditex share on the last business day of the week before the board meeting when the board of directors assessed and approved the level of target achievement for the first cycle of the 2019-2023 Plan was assessed and approved (i.e. 11 March 2022).

The incentive in cash and in shares was delivered within the month following the publication of the annual accounts for 2021.

31. External auditors

In 2022 and 2021 the fees for financial audit and other services provided by the auditor of the Group's annual accounts, Ernst & Young (Deloitte in 2021), or by any firms related to this auditor as a result of a relationship of control, common ownership or common management, were as follows:

	2022	**2021**
Audit services	6.7	7.3
Other assurance services	0.1	0.8
Total audit and similar services	**6.8**	**8.1**
Tax services	0.1	-
Other services	-	0.2
Total professional services	**6.9**	**8.3**

Furthermore, audit fees for services provided by auditors other than the main auditor, Ernst & Young (Deloitte in 2021) in 2022 amounted to 0.3 million euros (0.1 million euros in 2021).

32. Environment

Inditex has developed a flexible and integrated business model, with a strong customer focus and a clear approach in sustainability. In this regard, the bases of Inditex's sustainability strategy (which includes both the environmental and social areas) is outlined in its Sustainability Policy, which sets out, among other aspects, the Group's environmental principles, which are applied transversally across all its business areas and throughout its entire value chain.

These principles are embodied by three environmental strategies: Global Energy Strategy, Global Water Strategy and Biodiversity Strategy, as well as the commitments in respect of forest products, set forth in the Forest Product Policy.

Inditex has diverse sustainability objectives such as the use of 100% renewable electricity at its own facilities, the use of preferred fibres in its products (100% cotton and cellulosic fibres in 2023 and 100% polyester and linen in 2025) and a 25% reduction in water consumption in the supply chain by 2025, among others.

At the year-end, Inditex has no environmental liabilities, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position and profits (losses). Climate change has been assessed as part of the estimates and judgements made in the preparation of the consolidated accounts (Note 2) and is not considered to have a material impact thereupon.

The Non-Financial Information Statement of the Group includes information on Inditex's Commitment to Sustainability mainly in the following sections: 5.3 Our products, 5.5 Environment, 5.6 Suppliers and 5.7 Communities, as well as information on the risks and opportunities of climate change in section 6.3.4 Climate Change: risks and opportunities.

33. Non-current assets held for sale and other results

As a result of the Ukraine conflict, the Group halted operations in Ukraine as of 24 February 2022 and in the Russian Federation as of 5 March 2022.

a) Non-current assets held for sale

On 25 October 2022, the Group reached a preliminary agreement to sell the business in the Russian Federation to the Daher Group. At the date of preparation of these consolidated annual accounts, negotiations are being finalised, estimating that the conditions of the final agreement will not differ substantially from the agreement signed on 25 October 2022.

The agreement considers, through the sale of all of the shares of the company Joint Stock Company New Fashion (former JSC Zara CIS), the transfer of the assets and rights associated with 245 stores of the 514 that the Group had in Russia. Once the sales agreement is completed, the transferred premises will house points of sale of brands belonging to the Daher Group, totally unrelated to the Inditex Group. The agreement therefore considers Inditex Group's right to provide a franchise agreement to the Daher Group if new circumstances arise which, in Inditex's opinion, allowed the return of the Group's brands to this market. The transaction is subject to the obtaining of the relevant administrative authorisations from the Russian authorities, which at the date are in progress.

The amount of the net assets classified as held for sale have been adjusted to their realisable value. The detail as 31 January 2023, is as follows:

	31/01/2023
Fixed assets and other current assets	182
Deferred tax	12
Trade receivables and other current assets	22
Cash and cash equivalents	2
Trade creditors and other current liabilities	(35)
Total non-current assets held for sale	**183**

Non-current assets that do not form part of the transaction were fully impaired.

b) Other results

Under Other results of the consolidated income statement, with an amount of 231 million, the impact that the stoppage of operations in Ukraine and Russia has had for the Group in 2022 has been recognised, as well as the estimated cost associated with the termination and settlement of the Group's operations in the Russian Federation.

This amount mainly corresponds to personnel and lease expenses for a total of 129 million euros, the amortization and disposal of non-current assets amounting to 82 million euros and the reclassification of accumulated translation differences amounting to 7 million euros as a consequence of the termination of the Group's operations in Russia.

34. Events after the reporting period

Turkey is under the effects of the catastrophic earthquakes that have been occurring since February 6, 2023. Despite the fact that some of the factories of the Turkish supplier cluster are concentrated in the area affected by the earthquakes, the impact on the Group's global supply chain is not relevant, and both our and our supplier´s operations in the affected area tend to normalize.

35. Explanation added for translation to English

These consolidated annual accounts are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 2). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Appendix 1: Composition of the Inditex Group

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
Subsidiaries:						
Industria De Diseño Textil, S.A. (Inditex, S.A.)	Parent	A Coruña - Spain	Full Consol.	31-jan	—	Parent
Bershka Bsk España, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Bershka	Retail sales
Bershka Cis Limited Liability Company	100.00%	Moscow - Russia	Full Consol.	31-dec	Bershka	Retail sales
Bershka Commercial (Beijing) Co. Ltd.	100.00%	Beijing - China	Full Consol.	31-dec	Bershka	Retail sales
Bershka Commercial (Shanghai) Co., Ltd.	100.00%	Shanghai - China	Full Consol.	31-dec	Bershka	Retail sales
Bershka Diseño, S.L.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Bershka	Design
Bershka France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Bershka	Retail sales
Bershka Hong Kong, Ltd.	100.00%	Hong Kong SAR	Full Consol.	31-jan	Bershka	Retail sales
Bershka Korea, Ltd.	100.00%	Seoul - South Korea	Full Consol.	31-jan	Bershka	Retail sales
Bershka Logística, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Bershka	Logistics
Bershka Polska, Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Bershka	Retail sales
Bershka Usa, Inc	100.00%	New York - USA	Full Consol.	31-jan	Bershka	Retail sales
Best Retail Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Bershka	Retail sales
Bske, Gmbh	100.00%	Hamburg - Germany	Full Consol.	31-jan	Bershka	Holding company
Itx Taiwan B.V. Bershka Taiwan Branch	100.00%	Taipei - Taiwan	Full Consol.	31-jan	Bershka	Dormant
Kg Bershka Deutschland, B.V. & Co.	100.00%	Hamburg - Germany	Full Consol.	31-jan	Bershka	Retail sales
Limited Liability Company "Bk Garments Blr"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Bershka	Retail sales
Grupo Massimo Dutti, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Massimo Dutti	Retail sales
Itx Taiwan B.V. Massimo Dutti Taiwan Branch	100.00%	Taipei - Taiwan	Full Consol.	31-jan	Massimo Dutti	Dormant
Kg Massimo Dutti Deutschland, B.V. & Co.	100.00%	Hamburg - Germany	Full Consol.	31-jan	Massimo Dutti	Retail sales
Limited Liability Company "Massimo Dutti Blr"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Belux, S.A.	100.00%	Bruges - Belgium	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Commercial (Beijing) Co. Ltd.	100.00%	Beijing - China	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Commercial (Shanghai) Co. Ltd.	100.00%	Shanghai - China	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Deutschland, Gmbh	100.00%	Hamburg - Germany	Full Consol.	31-jan	Massimo Dutti	Holding company
Massimo Dutti Diseño, S.L.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Massimo Dutti	Design
Massimo Dutti France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Hong Kong, Ltd.	100.00%	Hong Kong SAR	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti India Private Limited	51.00%	Gurgaon - India	Full Consol.	31-mar.	Massimo Dutti	Retail sales
Massimo Dutti Korea, Ltd.	100.00%	Seoul - South Korea	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Limited Liability Company	100.00%	Moscow - Russia	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Logística, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Massimo Dutti	Logistics
Massimo Dutti Macau Limitada	100.00%	Macao SAR	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Polska, Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Uk, Ltd.	100.00%	London - UK	Full Consol.	31-jan	Massimo Dutti	Dormant
Massimo Dutti Usa, Inc.	100.00%	New York - USA	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Massimo Dutti	Dormant
Master Retail Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Massimo Dutti	Retail sales
"Itx Albania" Shpk	100.00%	Tirana - Albania	Full Consol.	31-dec	Multi-concept	Retail sales

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
"Itx Kosovo" L.L.C.	100.00%	Pristina	Full Consol.	31-dec	Multi-concept	Retail sales
Cdc Trading (Shanghai) Co. Ltd.	100.00%	Shanghai - China	Full Consol.	31-dec	Multi-concept	Buyer
Corporacion De Servicios Xxi, S.A. De C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Multi-concept	Services
Fashion Logistics Forwarders, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Logistics
Fashion Retail, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Retail sales
Fgi Gestión Mex, S.A. De C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Multi-concept	Construction
G.Zara Uruguay, S.A.	100.00%	Montevideo - Uruguay	Full Consol.	31-jan	Multi-concept	Retail sales
Goa-Invest Deutschland, Gmbh	100.00%	Hamburg - Germany	Full Consol.	31-jan	Multi-concept	Construction
Goa-Invest, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Construction
Indipunt, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Logistics
Inditex Belgique S.A.	100.00%	Brussels - Belgium	Full Consol.	31-jan	Multi-concept	Retail sales
Inditex Ceská Republika, S.R.O.	100.00%	Prague - Czech Republic	Full Consol.	31-jan	Multi-concept	Retail sales
Inditex Danmark A/S	100.00%	Copenhaguen - Denmark	Full Consol.	31-jan	Multi-concept	Retail sales
Inditex France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Multi-concept	Dormant
Inditex Montenegro, D.O.O. Podgorica	100.00%	Podgorica - Montenegro	Full Consol.	31-dec	Multi-concept	Retail sales
Inditex Norge As	100.00%	Oslo - Norway	Full Consol.	31-jan	Multi-concept	Retail sales
Inditex Österreich Gmbh	100.00%	Vienna - Austria	Full Consol.	31-jan	Multi-concept	Retail sales
Inditex Renovables, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Services
Inditex Romania, S.R.L.	100.00%	Bucharest - Romania	Full Consol.	31-dec	Multi-concept	Retail sales
Inditex Slovakia, S.R.O.	100.00%	Bratislava - Slovakia	Full Consol.	31-jan	Multi-concept	Retail sales
Inditex Ukraine Llc	100.00%	Kiev - Ukraine	Full Consol.	31-dec	Multi-concept	Retail sales
Inditex Usa, Llc	100.00%	New York - USA	Full Consol.	31-jan	Multi-concept	Holding company
Itx Asia Pacific Enterprise Management, Co., Ltd.	100.00%	Shanghai - China	Full Consol.	31-dec	Multi-concept	Buyer
Itx Bh D.O.O.	100.00%	Sarajevo - Bosnia Herzegovina	Full Consol.	31-dec	Multi-concept	Retail sales
Itx Bulgaria Eood	100.00%	Sofia - Bulgaria	Full Consol.	31-dec	Multi-concept	Retail sales
Itx Canada, Ltd	100.00%	Montreal - Canada	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Croatia, Ltd.	100.00%	Zagreb - Croatia	Full Consol.	31-jan	Multi-concept	Retail sales
Itx E-Commerce (Shanghai) Co., Ltd.	100.00%	Shanghai - China	Full Consol.	31-dec	Multi-concept	Retail sales
Itx Financien III, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Financial services
Itx Financiën, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Financial services
Itx Finland Oy	100.00%	Helsinki - Finland	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Global Solutions Limited	100.00%	Hong Kong SAR	Full Consol.	31-jan	Multi-concept	Services
Itx Hellas Single Member S.A.	100.00%	Athens - Greece	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Italia Srl	100.00%	Milan - Italy	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Japan Corporation	100.00%	Tokyo - Japan	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Korea Limited	100.00%	Seoul - South Korea	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Luxembourg S.A.	100.00%	Luxembourg - Luxembourg	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Magyarország Kft.	100.00%	Budapest - Hungary	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Merken, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Services
Itx Nederland Bv	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Portugal - Confecções, S.A.	100.00%	Lisbon - Portugal	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Re Designated Activity Company	100.00%	Dublin - Ireland	Full Consol.	31-jan	Multi-concept	Insurance
Itx Retail Ireland Limited	100.00%	Dublin - Ireland	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Retail Mexico, S.A. De C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Multi-concept	Retail sales
Itx Retail Suisse Sarl	100.00%	Fribourg - Switzerland	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Rs Doo Beograd	100.00%	Belgrade - Serbia	Full Consol.	31-jan	Multi-concept	Retail sales

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
Itx S, D.O.O	100.00%	Ljubljana - Slovenia	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Services India Private Limited	100.00%	Gurgaon - India	Full Consol.	31-mar	Multi-concept	Buyer
Itx Sverige Ab	100.00%	Stockholm - Sweden	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Taiwan B.V. Taiwan Branch	100.00%	Taipei - Taiwan	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Trading, S.A.	100.00%	Fribourg - Switzerland	Full Consol.	31-jan	Multi-concept	Buyer
Itx Tryfin B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Financial services
Itx Turkey Perakende Ithalat Ihracat Ve Ticaret Limited Sirketi	100.00%	Istanbul - Turkey	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Uk Ltd.	100.00%	London - UK	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Usa, Llc	100.00%	New York - USA	Full Consol.	31-jan	Multi-concept	Retail sales
Itxr Macedonia Dooel Skopje	100.00%	Skopje - North Macedonia Rep.	Full Consol.	31-dec	Multi-concept	Retail sales
Lelystad Platform, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Logistics
Nueva Comercializadora Global Xxi, S.A. De C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Multi-concept	Logistics
Plataforma Logística Meco, S.A.	100.00%	Madrid - Spain	Full Consol.	31-jan	Multi-concept	Logistics
Zara Chile, S.A.	100.00%	Santiago de Chile - Chile	Full Consol.	31-dec	Multi-concept	Retail sales
Zara Holding II, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Holding company
Zara Holding, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Holding company
Limited Liability Company "Oysho Blr"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Oysho	Retail sales
Oysho Cis Limited Liability Company	100.00%	Moscow - Russia	Full Consol.	31-dec	Oysho	Retail sales
Oysho Commercial & Trading (Shanghai) Co. Ltd.	100.00%	Shanghai - China	Full Consol.	31-dec	Oysho	Retail sales
Oysho Diseño, S.L.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Oysho	Design
Oysho España, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Oysho	Retail sales
Oysho France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Oysho	Retail sales
Oysho Hong Kong Limited	100.00%	Hong Kong SAR	Full Consol.	31-jan	Oysho	Retail sales
Oysho Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Oysho	Retail sales
Oysho Korea, Ltd.	100.00%	Seoul - South Korea	Full Consol.	31-jan	Oysho	Retail sales
Oysho Logística, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Oysho	Logistics
Oysho Macau Limitada	100.00%	Macao SAR	Full Consol.	31-dec	Oysho	Retail sales
Oysho Polska, Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Oysho	Retail sales
Itx Taiwan B.V. Pull & Bear Taiwan Branch	100.00%	Taipei - Taiwan	Full Consol.	31-jan	Pull & Bear	Dormant
Limited Liability Company "Pull And Bear Blr"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Pull & Bear	Retail sales
P&Be, Gmbh	100.00%	Hamburg - Germany	Full Consol.	31-jan	Pull & Bear	Holding company
Plataforma Cabanillas, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Pull & Bear	Logistics
Pro Retail Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Pull & Bear	Retail sales
Pull & Bear Belgique, S.A.	100.00%	Brussels - Belgium	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Commercial (Beijing) Co. Ltd.	100.00%	Beijing - China	Full Consol.	31-dec	Pull & Bear	Retail sales
Pull & Bear Deutschland, B.V. & Co. Kg	100.00%	Hamburg - Germany	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Diseño, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Pull & Bear	Design
Pull & Bear España, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Korea, Ltd.	100.00%	Seoul - South Korea	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Logística, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Pull & Bear	Logistics
Pull & Bear Polska, Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull And Bear Cis Limited Liability Company	100.00%	Moscow - Russia	Full Consol.	31-dec	Pull & Bear	Retail sales

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
Pull And Bear Hong Kong, Ltd.	100.00%	Hong Kong SAR	Full Consol.	31-jan	Pull & Bear	Retail sales
Limited Liability Company "Stradivarius Blr"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Stradivarius	Retail sales
Spanish Retail Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Stradivarius	Retail sales
Stradivarius Belgique, S.A.	100.00%	Brussels - Belgium	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Cis Limited Liability Company	100.00%	Moscow - Russia	Full Consol.	31-dec	Stradivarius	Retail sales
Stradivarius Commercial (Shanghai) Co. Ltd	100.00%	Shanghai - China	Full Consol.	31-dec	Stradivarius	Retail sales
Stradivarius Diseño, S.L.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Stradivarius	Design
Stradivarius España, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Hong Kong, Ltd.	100.00%	Hong Kong SAR	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Korea, Ltd.	100.00%	Seoul - South Korea	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Logística, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Stradivarius	Logistics
Stradivarius Polska, Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Stradivarius	Retail sales
Uterqüe Giyim Ithalat Ihracat Ve Ticaret Limited Sirketi	100.00%	Istanbul - Turkey	Full Consol.	31-jan	Uterqüe	Dormant
Uterqüe Kazakhstan Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Uterqüe	Dormant
Uterqüe Mexico, S.A. De C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Uterqüe	Dormant
Uterqüe Polska Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Uterqüe	Dormant
Choolet, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Comditel, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Zara	Buyer
Confecciones Fios, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Confecciones Goa, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Denllo, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Fsf New York, Llc.	100.00%	New York - USA	Full Consol.	31-jan	Zara	Real estate
Fsf Soho, Llc	100.00%	New York - USA	Full Consol.	31-jan	Zara	Real estate
Glencare, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Inditex Australia Pty Ltd	100.00%	Sydney - Australia	Full Consol.	31-jan	Zara	Retail sales
Inditex Logistica, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Logistics
Inditex Trent Retail India Private, Ltd.	51.00%	Gurgaon - India	Full Consol.	31-mar.	Zara	Retail sales
Inditex Vastgoed Korea, Ltd.	100.00%	Seoul - South Korea	Full Consol.	31-jan	Zara	Real estate
Inditex, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Dormant
Itx Hong Kong Limited	100.00%	Hong Kong SAR	Full Consol.	31-jan	Zara	Retail sales
Itx Taiwan, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Holding company
Joint Stock Company New Fashion	100.00%	Moscow - Russia	Full Consol.	31-dec	Zara	Retail sales
Kg Zara Deutschland B.V. & Co.	100.00%	Hamburg - Germany	Full Consol.	31-jan	Zara	Retail sales
Lefties España, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Real estate
Limited Liability Company "Zara Blr"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Zara	Retail sales
Nikole Diseño, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Design
Nikole, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Buyer
Plataforma Europa, S.A.	100.00%	Zaragoza - Spain	Full Consol.	31-jan	Zara	Logistics
Plataforma Logística León, S.A.	100.00%	León - Spain	Full Consol.	31-jan	Zara	Logistics
Retail Group Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Zara	Retail sales
Sci Vastgoed Ferreol P03302	100.00%	Paris - France	Full Consol.	31-dec	Zara	Real estate
Sci Vastgoed France P03301	100.00%	Paris - France	Full Consol.	31-dec	Zara	Real estate
Sci Vastgoed General Leclerc P03303	100.00%	Paris - France	Full Consol.	31-dec	Zara	Real estate

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
Sci Vastgoed Nancy P03304	100.00%	Paris - France	Full Consol.	31-dec	Zara	Real estate
Snc Zara France Immobilière	100.00%	Paris - France	Full Consol.	31-dec	Zara	Real estate
Stear, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Trisko, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Zara Argentina, S.A.	100.00%	Buenos Aires - Argentina	Full Consol.	31-jan	Zara	Retail sales
Zara Brasil, Ltda.	100.00%	Sao Paulo - Brazil	Full Consol.	31-dec	Zara	Retail sales
Zara Commercial (Beijing) Co., Ltd	100.00%	Beijing - China	Full Consol.	31-dec	Zara	Retail sales
Zara Commercial (Shanghai) Co. Ltd.	100.00%	Shanghai - China	Full Consol.	31-dec	Zara	Retail sales
Zara Deutschland, Gmbh	100.00%	Hamburg - Germany	Full Consol.	31-jan	Zara	Holding company
Zara Diseño, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Design
Zara España, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Retail sales
Zara Fashion (Shanghai) Co., Ltd.	100.00%	Shanghai - China	Full Consol.	31-dec	Zara	Retail sales
Zara France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Zara	Retail sales
Zara Home Retail South Africa (Pty) Ltd.	100.00%	Johannesburg - South Africa	Full Consol.	31-jan	Zara Home	Retail sales
Zara Logística, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Logistics
Zara Macau Limitada	100.00%	Macao SAR	Full Consol.	31-dec	Zara	Retail sales
Zara Management, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Holding company
Zara Mexico, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Holding company
Zara Mexico, S.A. De C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Zara	Retail sales
Zara Monaco, Sam.	100.00%	Monte Carlo - Monaco	Full Consol.	31-jan	Zara	Retail sales
Zara Polska, Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Zara	Retail sales
Zara Puerto Rico, Inc.	100.00%	San Juan - Puerto Rico	Full Consol.	31-jan	Zara	Retail sales
Zara Retail Korea, Co. Ltd.	80.00%	Seoul - South Korea	Full Consol.	31-jan	Zara	Retail sales
Zara Retail Nz Limited	100.00%	Auckland - New Zealand	Full Consol.	31-jan	Zara	Retail sales
Zara Retail South Africa (Proprietary), Ltd.	90.00%	Johannesburg - South Africa	Full Consol.	31-jan	Zara	Retail sales
Zara Usa, Inc.	100.00%	New York - USA	Full Consol.	31-jan	Zara	Retail sales
Zara Vastgoed, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Real estate
Zara, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Dormant
Zara, S.A.	100.00%	Buenos Aires - Argentina	Full Consol.	31-jan	Zara	Dormant
Zintura, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Itx Finance Asia Limited	100.00%	Hong Kong SAR	Full Consol.	31-jan	Zara	Financial services
Itx Taiwan B.V. Zara Home Taiwan Branch	100.00%	Taipei - Taiwan	Full Consol.	31-jan	Zara Home	Dormant
Limited Liability Company "Zara Home Blr"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Australia Pty Limited	100.00%	Sydney - Australia	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Belgique, S.A.	100.00%	Brussels - Belgium	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Brasil Produtos Para O Lar, Ltda.	100.00%	Sao Paulo - Brazil	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Cis Limited Liability Company	100.00%	Moscow - Russia	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Commercial & Trading (Shanghai), Co. Ltd	100.00%	Shanghai - China	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Deutschland, B.V. & Co. Kg	100.00%	Hamburg - Germany	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Diseño, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara Home	Design
Zara Home España, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Zara Home	Retail sales

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
Zara Home Hong Kong Limited	100.00%	Hong Kong SAR	Full Consol.	31-jan	Zara Home	Dormant
Zara Home Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Korea Limited	100.00%	Seoul - South Korea	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Logística, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara Home	Logistics
Zara Home Macau Sociedade Unipessoal Limitada	100.00%	Macao SAR	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Mexico, S.A. De C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Polska, Sp. Z.O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Uk, Ltd.	100.00%	London - UK	Full Consol.	31-jan	Zara Home	Dormant
Zhe, Gmbh	100.00%	Hamburg - Germany	Full Consol.	31-jan	Zara Home	Holding company

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Chain	Line of business
Jointly contolled entities:						
Tempe, S.A.	50.00%	Alicante - Spain	Equity method	31-jan	Multi-concept	Sale of footwear
Tempe México, S.A. de C.V.	50.00%	Mexico City - Mexico	Equity method	31-dec	Multi-concept	Dormant
Tempe Logística, S.A.	50.00%	Alicante - Spain	Equity method	31-jan	Multi-concept	Logistics
Tempe Diseño, S.L.U.	50.00%	Alicante - Spain	Equity method	31-jan	Multi-concept	Design
Tempe Trading Asia Limited	50.00%	Hong Kong - China	Equity method	31-jan	Multi-concept	Sale of footwear
TMP Trading (Shanghai) Co. Ltd	50.00%	Shanghai - China	Equity method	31-dec	Multi-concept	Sale of footwear
Tempe Giyim, Ltd.	50.00%	Istanbul - Turkey	Equity method	31-jan	Multi-concept	Dormant