INDITEX GROUP ANNUAL REPORT **2024**

INDITEX

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Statement made about the contents of the Financial Annual Report

We, the members of the Board of Directors, do hereby state and represent that, to the best of our knowledge and belief, the consolidated annual accounts for financial year 2024 (1 February 2024 – 31 January 2025), stated by the Board of Directors in the meeting held on 11 March 2025, drafted pursuant to the applicable accounting principles, give the true and fair view of the assets, the financial situation and the results of Industria de Diseño Textil, S.A. (Inditex, S.A.) and of the undertakings consolidated taken as a whole, and that the Consolidated Director's Report includes a true review of the evolution and the corporate results, as well as of the position of Industria de Diseño Textil, S.A. (Inditex, S.A.) and of the undertakings consolidated taken as a whole, together with the description of the main risks and uncertainties they face up to.

In Arteixo (A Coruña), on 11 March 2025.

Ms Marta Ortega Pérez
Chair

Mr José Arnau Sierra
Deputy Chair

Mr. Óscar García Maceiras
CEO

Mr Amancio Ortega Gaona
Ordinary Member

Ms Flora Pérez Marcote
Ordinary Member

Mr José Luis Durán Schulz
Ordinary Member

Mr Rodrigo Echenique Gordillo
Ordinary Member

Bns. Denise Patricia Kingsmill
Ordinary Member

Ms. Pilar López Álvarez
Ordinary Member

Ms Belén Romana García
Ordinary Member

Audit Report on Consolidated Annual Accounts

Ernst & Young, S.L.
C/ Raimundo Fernández Villaverde, 65
28003 Madrid

Tel: 902 365 456
Fax: 915 727 238
ey.com

Shape the future
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AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 34)

To the shareholders of Industria de Diseño Textil, S.A.:

Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Industria de Diseño Textil, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at January 31, 2025, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the notes thereto, for the year then ended (year 2024).

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at January 31, 2025, and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

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

Key audit matters

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

Valuation of leases

Description

As of January 31, 2025, the Group operates with a total of 4,429 company-managed stores, most of which are under lease agreements, as well as certain logistics centers and other assets operated by the Group.

IFRS 16 application requires to carry out complex estimates, which entails the application of judgments in the definition of the hypotheses considered by Group's Management, mainly for the determination of the lease terms, the impacts of renegotiations and the discount rate applicable to each contract.

We have considered this area as a key audit matter due to the significance of the amounts involved, the different nature and characteristics of the lease contracts in force, as well as the complexity of the judgments made by Group Management to determine the value of such leases.

The information related to the criteria applied and the corresponding disclosures is included in Notes 3.2.o) and 16 of the attached consolidated financial statements.

Our response

In relation to this area, our audit procedures have included, among others, the following:

- Understanding of the process established by Group Management to determine the value of the leases, evaluation of the design and implementation of the relevant controls established in the aforementioned process and verification of the operational effectiveness of said controls, all in collaboration with our specialists in information systems. For these purposes, we have carried out, among other procedures, operational effectiveness tests on (a) access controls and logical security to operating systems, databases and relevant applications, (b) application development, maintenance and operation controls and systems and (c) automation used for the valuation of leases.
- Assessment of the consistency of the accounting principles and criteria applied by the Group to estimate lease terms and applicable discount rates with the applicable financial reporting regulatory framework and with those applied in the previous year.
- Review, for a representative sample of lease contracts, of the consistency of the valuation of said leases with the terms and conditions of the corresponding contracts, as well as with the accounting principles and criteria applied by the Group.
- Review of the disclosures included in the consolidated financial statements and assessment of its adequacy with the applicable financial reporting regulatory framework.

The result of the procedures carried out described in the preceding paragraphs has been satisfactory in relation to the audit objectives pursued.

Valuation of inventories

Description	The Group has registered in the current assets of the consolidated balance sheet as of January 31, 2025, inventories for a net book value of 3,321 million euros, which represent 9.6% of total assets. The centralized and integrated model of Inditex Group is characterized by managing a large number of references in the different markets in which it operates and by their high turnover levels. Likewise, consumer behavior and other external factors significantly influence the valuation of inventories, requiring relevant estimates to determine the net realisable value of the references, which entails the application of judgments in the establishment of the hypotheses considered by Group Management in relation to said estimates. We have considered this area as a key audit matter due to the significance of the amounts involved, the high number of points of sale and references and their high turnover, as well as the complexity of the judgments made by Group Management to determine the net realisable value of inventories. The information related to the criteria applied and the corresponding disclosures is included in Notes 3.2.h) and 13 of the attached consolidated financial statements.
Our response	In relation to this area, our audit procedures have included, among others, the following: ▶ Understanding of the process established by Group Management for the management and valuation of inventories, evaluation of the design and implementation of the relevant controls established in the aforementioned process and verification of the operational effectiveness of said controls, all in collaboration with our specialists in information systems. For these purposes, we have carried out, among other procedures, operational effectiveness tests and extended control procedures on (a) access controls and logical security to operating systems, databases and relevant applications, (b) development controls, maintenance and operation of applications and systems and (c) automation used for the management and valuation of inventories. ▶ Evaluation of the consistency of the accounting principles and criteria applied by the Group's Management for the valuation of the inventories with the applicable financial information regulatory framework and with those applied in the previous year. ▶ Assessment of the reasonableness of the key assumptions considered by Group Management to determine the net realisable value of inventories and their consistency with Group policy and with other available information, such as historical sales from similar seasons and forecasts of future sale. ▶ Procedures for recalculation, in collaboration with our specialists in information systems, of the net realisable value of the Group's finished product inventories.

- Review of the disclosures included in the consolidated financial statements and assessment of its adequacy with the applicable financial reporting regulatory framework.

The result of the procedures carried out described in the preceding paragraphs has been satisfactory in relation to the audit objectives pursued.

Revenue recognition

Description	The Group has registered, under "Net Sales" heading of the consolidated income statement as of January 31, 2025, 35,271 million euros corresponding to the net sales made both in company-managed stores and on the online sales platform, which represent 91% of the Group's total sales. The accounting recognition of sales is characterized by being highly automated and supported by the interaction of various information systems, which is why it is essential to maintain a control environment over them that guarantees their correct functioning. Although the recognition of this revenue is not complex, we have considered this area as a key matter in our audit due to the relevance of the amounts involved, the high volume of transactions of not significant individually, and the complexity and high automation of the information systems that support the revenue recognition process, matters that involve a higher risk of material misstatement and require significant effort in our audit work. The information related to the criteria applied and the corresponding disclosures is included in Notes 3.2.n) and 4 of the attached consolidated financial statements.
Our response	In relation to this area, our audit procedures have included, among others, the following: - Understanding of the process established by Group Management revenue recognition, evaluation of the design and implementation of the relevant controls established in the aforementioned process and verification of the operational effectiveness of said controls, all in collaboration with our specialists in information systems. For these purposes, we have carried out, among other procedures, operational effectiveness tests and extended control procedures on (a) access controls and logical security to operating systems, databases and relevant applications, (b) development controls, maintenance and operation of applications and systems and (c) automation used for the revenue recognition. - Analysis, using data processing techniques, of the evolution of billing and collection cycles, and of the correlations between related accounts. - Analytical procedures on sales and margins. - Review, for a random representative sample, of the proper correlation of revenue with their respective cash inflows. - Cut-off procedures for a sample of revenue transactions that occurred on dates close to the end of the fiscal year to verify proper accounting record. - Identification and analysis of significant manual journal entries in the revenue accounting accounts.

- Review of the disclosures included in the consolidated financial statements and assessment of its adequacy with the applicable financial reporting regulatory framework.

The result of the procedures carried out described in the preceding paragraphs has been satisfactory in relation to the audit objectives pursued.

Other information: consolidated directors report

Other information refers exclusively to the 2024 consolidated directors report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors report. Our responsibility for the consolidated directors report, in conformity with prevailing audit regulations in Spain, entails:

a. Checking only that the consolidated non-financial statement and certain information included in the Corporate Governance Report and in the Board Remuneration Report, to which the Audit Law refers, were provided as stipulated by applicable regulations and, if not, disclose this fact.

b. Assessing and reporting on the consistency of the remaining information included in the consolidated directors report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated directors report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated directors report is consistent with that provided in the 2024 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the parent company´s directors and the audit and compliance committee for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the parent company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit and compliance committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and compliance committee of the parent company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and compliance committee of the parent company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threads or safeguards applied.

From the matters communicated with the audit and compliance committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of Industria de Diseño Textil, S.A. and subsidiaries for the 2024 financial year, which include the XHTML file containing the consolidated financial statements for the year, and the XBRL files as labeled by the entity, which will form part of the annual financial report.

The directors of Industria de Diseño Textil, S.A. are responsible for submitting the annual financial report for the 2024 financial year, in accordance with the formatting and mark-up requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation).

Our responsibility consists of examining the digital files prepared by the directors of the parent company, in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the consolidated financial statements included in the aforementioned digital files correspond in their entirety to those of the consolidated financial statements that we have audited, and whether the consolidated financial statements and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital files examined correspond in their entirety to the audited consolidated financial statements, which are presented and have been marked up, in all material respects, in accordance with the ESEF Regulation.

Additional report to the audit and compliance committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit and compliance committee on March 12, 2025.

Term of engagement

The ordinary general shareholders' meeting held on July 12, 2022 appointed us as auditors for 3 years, commencing on the financial year ended on January 31, 2023.

ERNST & YOUNG, S.L.
(Registered in the Official Register of Auditors under No. S0530)

(Signature on the original in Spanish)

Hildur Eir Jónsdóttir
(Registered in the Official Register of Auditors under No. 18201)

March 12, 2025

CONSOLIDATED ANNUAL ACCOUNTS INDITEX GROUP **2024**

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 34). In the event of a discrepancy, the Spanish-language version prevails.

INDITEX

Consolidated income statement

(Amounts in millions of euros)	(Notes)	2024	2023
Net sales	(4)	38,632	35,947
Cost of sales	(5)	(16,288)	(15,186)
GROSS PROFIT		**22,343**	**20,762**
		57.8%	57.8%
Operating expenses	(6)	(11,555)	(10,853)
Other losses and income, net	(7)	(60)	(59)
GROSS OPERATING PROFIT (EBITDA)		**10,728**	**9,850**
Amortisation and depreciation	(8)	(3,174)	(3,041)
NET OPERATING PROFIT (EBIT)		**7,554**	**6,809**
Financial results	(9)	(77)	(11)
Results of companies accounted for using the equity method	(18)	99	72
PROFIT BEFORE TAXES (PBT)		**7,577**	**6,870**
Income tax	(25)	(1,700)	(1,475)
NET PROFIT		**5,877**	**5,395**
NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**11**	**14**
NET PROFIT ATTRIBUTABLE TO THE PARENT		**5,866**	**5,381**
EARNINGS PER SHARE, euros	(10)	**1.884**	**1.729**

Consolidated statement of comprehensive income

(Amounts in millions of euros)	**(Notes)**	**2024**	**2023**
Net profit		5,877	5,395
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		(72)	(40)
Cash flow hedges			
Profit	(26)	7	-
Loss	(26)	-	(1)
Tax effect		(2)	(1)
Total		**(67)**	**(42)**
Transfers to the income statement:			
Cash flow hedges			
Profit	(26)	1	14
Loss	(26)	-	-
Tax effect		-	(2)
Total		**1**	**12**
Total comprehensive income for the period		**5,811**	**5,365**
Total comprehensive income attributable to:			
Equity holders of the Parent		5,800	5,351
Non-controlling interests		11	14
Total comprehensive income for the year		**5,811**	**5,365**

Consolidated Balance Sheet

(Amounts in millions of euros)	(Notes)	31/01/2025	31/01/2024
ASSETS			
NON-CURRENT ASSETS		**18,358**	**16,719**
Rights of use	(16)	5,269	5,097
Other intangible assets	(15)	1,411	1,223
Goodwill	(17)	196	197
Property, plant and equipment	(14)	10,005	8,337
Investment property		9	24
Financial investments	(18)	450	398
Other non-current assets	(19)	217	269
Deferred tax assets	(25)	800	1,174
CURRENT ASSETS		**16,356**	**16,016**
Inventories	(13)	3,321	2,966
Trade and other receivables	(12)	1,088	1,038
Income tax receivable	(25)	326	483
Other current assets		94	100
Other financial assets	(26)	25	7
Current financial investments	(21)	5,120	4,415
Cash and cash equivalents	(21)	6,382	7,007
TOTAL ASSETS		**34,714**	**32,735**
EQUITY AND LIABILITIES			
EQUITY		**19,676**	**18,672**
Equity attributable to the Parent		19,676	18,642
Equity attributable to non-controlling interests		-	30
NON-CURRENT LIABILITIES		**4,851**	**5,126**
Provisions	(22)	348	362
Other non-current liabilities	(23)	251	248
Financial debt	(21)	-	-
Non-current lease liability	(16)	4,180	4,123
Deferred tax liabilities	(25)	72	394
CURRENT LIABILITIES		**10,187**	**8,937**
Financial debt	(21)	7	16
Other financial liabilities	(26)	48	26
Current lease liability	(16)	1,542	1,428
Income tax payable	(25)	312	395
Trade and other payables	(20)	8,278	7,072
TOTAL EQUITY AND LIABILITIES		**34,714**	**32,735**

Consolidated statement of cash flows

(Amounts in millions of euros)	(Notes)	2024	2023
Profit before taxes and non-controlling interest		**7,577**	**6,870**
Adjustments to profit			
Amortisation and depreciation	(8)	3,174	3,041
Provisions for impairment		39	24
Results of companies accounted for using the equity method	(18)	(99)	(72)
Lease financial expenses	(9)	223	196
Others		111	125
Income tax paid		(1,539)	(1,460)
Funds from operations		**9,486**	**8,723**
Variation in assets and liabilities			
Inventories		(427)	130
Receivables and other current assets		(164)	(341)
Current payables		392	154
Changes in working capital		**(198)**	**(56)**
Cash flows from operating activities		**9,288**	**8,667**
Payments relating to investments in intangible assets		(465)	(473)
Payments relating to investments in property, plant and equipment		(2,207)	(1,399)
Payments relating to investments in companies		(14)	-
Collections relating to investments in other financial investments		55	78
Payments relating to investments in other financial investments		(4)	(17)
Payments relating to investments in other assets	(19)	(10)	(17)
Collections relating to investments in other assets	(19)	61	11
Changes in current financial investments		(705)	107
Cash flows from investing activities		**(3,288)**	**(1,709)**
Payments relating to non-current financial debt		-	(1)
Changes in current financial debt		(8)	4
Lease payments fixed charge		(1,802)	(1,733)
Dividends		(4,797)	(3,744)
Cash flows used in financing activities		**(6,607)**	**(5,473)**
Net increase in cash and cash equivalents		(607)	1,484
Cash and cash equivalents at the beginning of the year	(21)	7,007	5,561
Effect of exchange rate fluctuations on cash and cash equivalents		(18)	(38)
Cash and cash equivalents at the end of the year	**(21)**	**6,382**	**7,007**

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 2023	**94**	**20**	**16,460**	**540**	**279**	**(130)**	**(244)**	**(11)**	**17,008**	**25**	**17,033**
Profit for the year	-	-	5,381	-	-	-	-	-	5,381	14	5,395
Profit distribution	-	-	(53)	-	53	-	-	-	-	-	-
Dividends distribution	-	-	31	-	(31)	-	-	-	-	-	-
Transfers	-	-	(48)	-	-	-	48	-	-	-	-
Hyperinflation and other movements	-	-	(34)	-	(2)	-	5	-	(31)	-	(31)
Other comprehensive income for the year	-	-	-	-	-	-	(40)	10	(30)	-	(30)
· Translation differences related to foreign operations	-	-	-	-	-	-	(40)	-	(40)	-	(40)
· Cash flow hedges	-	-	-	-	-	-	-	10	10	-	10
Operations with equity holders or owners	-	-	(3,746)	22	-	38	-	-	(3,686)	(8)	(3,694)
· Share-based payments recognition	-	-	-	78	-	-	-	-	78	-	78
· Share-based payments exercise	-	-	(10)	(56)	-	38	-	-	(28)	-	(28)
· Dividends	-	-	(3,736)	-	-	-	-	-	(3,736)	(8)	(3,744)
Balance at 31 January 2024	**94**	**20**	**17,991**	**562**	**299**	**(92)**	**(231)**	**(1)**	**18,642**	**30**	**18,672**
Balance at 1 February 2024	**94**	**20**	**17,991**	**562**	**299**	**(92)**	**(231)**	**(1)**	**18,642**	**30**	**18,672**
Profit for the year	-	-	5,866	-	-	-	-	-	5,866	11	5,877
Profit distribution	-	-	(72)	-	72	-	-	-	-	-	-
Dividends distribution	-	-	44	-	(44)	-	-	-	-	-	-
Transfers	-	-	5	-	-	-	(5)	-	-	-	-
Hyperinflation and other movements	-	-	(25)	-	2	-	24	-	1	-	1
Other comprehensive income for the year	-	-	-	-	-	-	(72)	6	(66)	-	(66)
· Translation differences related to foreign operations	-	-	-	-	-	-	(72)	-	(72)	-	(72)
· Cash flow hedges	-	-	-	-	-	-	-	6	6	-	6
Operations with equity holders or owners	-	-	(4,815)	9	-	45	(6)	-	(4,767)	(41)	(4,808)
· Non controlling interest adquisition	-	-	10	-	-	-	(6)	-	4	(41)	(37)
· Share-based payments recognition	-	-	-	85	-	-	-	-	85	-	85
· Share-based payments exercise	-	-	(28)	(76)	-	45	-	-	(59)	-	(59)
· Dividends	-	-	(4,797)	-	-	-	-	-	(4,797)	-	(4,797)
Balance at 31 January 2025	**94**	**20**	**18,994**	**571**	**329**	**(47)**	**(290)**	**5**	**19,676**	**-**	**19,676**

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS OF THE INDITEX GROUP **2024**

At 31 January 2025

INDITEX

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 the Inditex Group (hereinafter also 'the Group', 'the Inditex Group' or 'the Company'). Inditex is listed on all the four Spanish stock exchanges.

Our main activity consists of offering our customers an inspiring, high-quality and responsibly produced fashion proposal. This activity is carried out through various retail concepts: Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho and Zara Home. Each concept 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.

Inditex has a unique business model that is clearly customer-oriented. This model helps face business environment challenges. The 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, changes in macroeconomic, geopolitical, demographic and socioeconomic environment 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 environmental factors, 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-concept 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, procurement and manufacturing, logistics and distribution, and lastly, sales in our physical stores and online platforms.

Our designers' creative talent and innate ability to interpret trends, together with the analysis of sales and the daily feedback from our stores and sales teams, consistently enable us to anticipate, and even pre-empt, what our customers want. 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 workers of suppliers and manufacturers. Our supply chain has a global presence, organised through 10 supplier clusters with a highly significant part of procurement in areas close to our headquarters in Spain. This, together with short production series, gives us flexibility and control over the process, so we can adapt our commercial offering to changing trends as they arise.

The Group's various brands distribute their stock to stores and online warehouses around the world from centralised logistics hubs, efficiently integrating our store and online operations during the warehousing, shipping and distribution processes. By adopting and developing technologies such as Radio Frequency Identification (RFID) or the Integrated Stock Management System (SINT), we have merged the inventory management of all our brands. Thus, our staff can quickly locate any article, regardless of where it is located, and make it available to customers.

All our physical stores and online platforms are merged into a single sales environment. We take extreme care of all points of contact between our brands and customers: cutting-edge designs, sophisticated spaces and innovative technology to offer the best possible customer experience. We continuously think about how to improve our stores —located in the world's most exclusive shopping hubs and equipped with cutting-edge technology— while launching innovative proposals with high-level fashion editorials for our e-commerce.

The people working in our Company is a key factor to make possible the sustained and sustainable development of this model. A diverse team with 170 nationalities (174 nationalities in 2023), marked by its creative talent, its passion for fashion, teamwork, an enterprising spirit, permanent innovation and responsible effort.

At 31 January 2025, the various Group retail concepts had stores in operation with the following geographical distribution:

Number of stores

	Company Managed	Franchises	Total
Spain	1,051	36	1,087
Rest of Europe	2,443	170	2,613
Americas	603	180	783
Rest of the world	332	748	1,080
Total	**4,429**	**1,134**	**5,563**

At 31 January 2024, the geographical distribution of stores was as follows:

Number of stores

	Company Managed	Franchises	Total
Spain	1,120	37	1,157
Rest of Europe	2,467	160	2,627
Americas	602	172	774
Rest of the world	400	734	1,134
Total	**4,589**	**1,103**	**5,692**

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. (Inditex), for 2024 were prepared by the Board of Directors on 11 March 2025 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 2023 were approved by the shareholders at the Annual General Meeting held on 9 July 2024.

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.

The financial year of the Parent 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 2025 will hereinafter be referred to as '2024', the twelve-month period ended 31 January 2024 as '2023', 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 million euros.

The separate annual accounts of Inditex for 2024 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 2025, 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 2024 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 of companies accounted for using the equity method, taxes, 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 accounted for using the equity method and taxes, calculated as EBITDA less depreciation and amortisation.

- Profit before taxes (PBT): calculated as EBIT, financial results and results from companies consolidated by equity method.

Other alternative performance measures 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 average net financial debt for the year. The average capital employed considered for the ROCE calculation by retail 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 equity attributable to the Parent for the year.

- Working capital: defined as inventories plus receivables minus trade and other payable and income tax payable, 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: year-on-year change in sales, considering 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 2024 overall and in all of its operating segments (Note 11).

- Performance forecasts for spring/summer 2025.

- 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 (Note 21 Net financial position).

Macroeconomic environment

The uncertain and challenging macroeconomic and geopolitical environment were again hallmarks of this year. Inflation generally continued to moderate during the year, albeit at times more slowly than initially expected, resulting in a slowdown in the process of rate normalisation by the monetary authorities. The pressure on input costs for goods, services and also labour costs has moderated as a result of this context. Economic growth and consumption lived up to expectations, although some of our markets show signs of fragility accompanied by political and economic uncertainty. Financial markets experienced episodes of volatility during the year. Emerging currencies in particular experienced episodes of volatility, largely influenced by movements in the US dollar.

Geopolitics continued to shape the environment. Although instability in the Middle East continued, our operations were not significantly disrupted. Transport transit times adapted to this new environment and its impact was not material. Geopolitical instability also affected some of our sourcing and manufacturing clusters. Although Bangladesh, now a major textile producer, experienced a sudden political change during the year, our sourcing of goods was not affected.

Operations in our physical and online stores in Ukraine, which were suspended as a result of the outbreak of the conflict in that country in February 2022, were resumed in April 2024.

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.

Material estimates and measurement of uncertainty

In preparing the consolidated financial statements as at 31 January 2025 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 past experience, as well as 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 (such as mandatory temporary closures of physical stores), 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.

- The 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 risks deriving from climate change or the costs and investments stemming from compliance with the sustainability objectives established by the Group are 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. 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. A detail of the jointly controlled entities is included in Annex I.

iii) Harmonisation of criteria

Each of the companies included in the consolidation perimeter 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 profit or loss for the year.

vi) Financial statements in hyperinflationary economies

Since 31 July 2022 Türkiye has been considered a hyperinflationary economy. Consequently, the Group's financial statements of 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 Turkish lira (37.3 Turkish lira per euro). The Consumer Price Index of general acceptance in Türkiye has been used to restate the financial statements at current values. These adjustments were made retrospectively since 1 February 2022.

The Argentine subsidiaries had been considered as hyperinflationary economies since 1 August 2018, and was integrated into the consolidated financial statements by making the hyperinflationary adjustments provided for in IAS 29, until their removal from the consolidation perimeter in December 2023.

Hyperinflation adjustment has not been significant in the net profit attributed 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 financial statements at their respective reporting dates (see Annex I). Temporary adjustments are made to reflect the effect of 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 2024, the following changes occurred in the consolidation perimeter:

- Setting up of the following companies: Bershka Retail India Private Limited, Zara Home Retail India Private Limited, Emea Aspire Trading Fze, Nexfashion International Trading Fze, Tempe Levante, S.L.
- Increase in stakes in subsidiaries or other acquisitions: in September 2024, 14% of the shares of Inditex Trent Retail India Private Limited was acquired, thus giving Industria de Diseño Textil, S.A. 65% of the shares of the aforementioned company. In addition, in November 2024, 100% of the share capital of Montepino Logística Zaragoza, S.L.U. was acquired (later denominated Inversiones Logísticas Zaragoza, S.L.). The aforementioned acquisitions did not have a material impact on the consolidated annual accounts for 2024.
- The following companies were dissolved and, if applicable, liquidated: Pull & Bear Commercial (Beijing) Co. Ltd., Uterqüe Giyim Ithalat Ihracat Ve Ticaret Limited Sirketi, Stradivarius Cis Limited Liability Company, Stradivarius Commercial (Shanghai) Co. Ltd, Bershka Korea, Ltd., Stradivarius Hong Kong, Ltd., Oysho Korea, Ltd., Oysho Macau Limited, Zara Home Hong Kong Limited, Uterqüe Polska Sp. Z O.O., Tempe Giyim Ithalat Ihracat Ve Ticaret Limited Sirketi.

3.2. Accounting policies

Standards effective for application in reporting periods beginning on or after 1 January 2024

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 2024, 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 2025

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 2025 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

At the date of preparation of these consolidated annual accounts, the following standards and/or amendments to the standards with potential impact for the Group had been issued by the IASB but were pending approval for their use in the European Union:

- New IFRS 18 Presentation and Disclosure in Financial Statements, which introduces, among other changes, requirements to improve companies' disclosure of their financial performance and provide investors with a better basis for analysing and comparing companies. Mandatory in the years beginning from 1 January 2027.

- Amendments to IFRS 9 and IFRS 7 amending certain criteria for the classification and measurement of financial instruments, and allowing better accounting for renewable energy contracts in the financial statements. Mandatory in the years beginning from 1 January 2026.

The Group is analysing the impact of the new standards and amendments to existing ones, although they are not expected to have a significant effect on the consolidated annual accounts on the date when their application is 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 statement of consolidated 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 25
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

The main intangible assets of the Group are:

- 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.
- Other intangible assets: contractual rights relating to the reopening and operation as a franchise of the assets transferred in the sale in 2023 of the business in the Russian market. They are measured at the carrying amount of the asset delivered, and are amortised on a straight-line basis over a maximum period of 11 years.

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 (retail 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 retail 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 of 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 retail 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 retail concept (retail 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 (retail concept-country, country or retail 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 retail concept/country are attributed proportionally to the cash-generating units of each retail 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 used is based on the weighted average cost of capital (WACC), which reflects the financing cost of the company adjusted for its capital structure (it is considered the lease liability). For its calculation, among other variables, the country risk premium of each of the Group's regions is used, as well as a risk-free rate derived from the curves of the most liquid 10-year bonds on the market.

The after- tax 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:

	2024 Average	2023 Average
Spain	10.40%	9.68%
Rest of Europe	12.23%	12.48%
Americas	10.46%	10.90%
Asia and rest of the world	10.79%	9.52%

The recoverable value of the assets calculated with pre-tax discount rates would not differ, since these are in the following averages:

	2024 Average	2023 Average
Spain	10.47%	9.76%
Rest of Europe	12.30%	12.57%
Americas	10.60%	11.06%
Asia and rest of the world	10.88%	9.64%

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 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 2024 impairment test performed on non-current assets (property, plant and equipment and intangible assets) are shown in the tables of changes included in these 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 66 million euros (80 million euros in 2023) (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 27 million euros (32 million euros in 2023) (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 CGUs and, consequently, the impairment losses recognised in prior years are fully or partially reversed.

In addition, considering the current macroeconomic context, the Group has carried out a sensitivity analysis of the result of the impairment test given the following changes in assumptions:

- A 200 basis point increase in the discount rate.
- A 10% reduction on future flows.

The sensitivity analysis evidences the existence of an additional asset impairment amounting to 3 and 7 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 retail 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 2024 and 2023 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 2024.

Reversals of impairment losses

Reversals of impairment losses on fixed assets are recognised with a credit to 'Amortisation and depreciation' 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 has 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 retail 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, investment funds 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 2024 and 2023 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 measured 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. In addition, the ineffective portion of the hedging instrument is recognised immediately in the 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 financial 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 6,000 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 and for other assets are leases based on the terms of said contracts which grant the Group exclusive access to assets where these services are provided.

The contracts are very heterogeneous and the clauses agreed depend to a large extent on the market, the retail 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' 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 locations 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 exit 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 of each contract. This analysis shows that the terms of leases vary widely, in a range of between 2 and 15 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:

	2024	2023
Spain	3.64%	4.06%
Rest of Europe	3.61%	3.57%
Americas	5.25%	5.19%
Asia and rest of the world	3.16%	3.67%

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. Neither does the Group have 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.

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), and did not give rise to taxable and deductible temporary differences of equal amounts 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. In accordance with IAS 12, deferred tax assets and liabilities relating to the same entity or tax group have been offset in the consolidated balance sheet.

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.

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 2024 and 2023 is as follows:

	2024	2023
Net sales in company-managed stores and online	35,271	32,851
Net sales to franchises	2,850	2,619
Other sales and services rendered	511	477
Total	**38,632**	**35,947**

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 2024 and 2023 is as follows:

	2024	2023
Raw materials and consumables	16,643	14,962
Change in inventories	(391)	208
Changes in provisions	36	16
Total	**16,288**	**15,186**

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:

	2024	2023
Personnel costs	5,643	5,357
Operating leases (Note 16.3)	1,072	989
Other operating expenses	4,840	4,507
Total	**11,555**	**10,853**

The detail of 'Personnel costs' is as follows:

	2024	2023
Wages, salaries and similar	4,688	4,479
Social contributions	955	878
Total	**5,643**	**5,357**

The detail, by category, of the headcount of the Group and its jointly controlled entities at 31 January 2025 is as follows:

	Gender				
Categories	**Women**	**Men**	**Non-binary**	**Others**	**Total**
Manufacturing and logistics	4,854	5,721	-	-	10,575
Central services	7,236	4,794	-	-	12,030
Stores	106,608	32,039	28	803	139,478
Total	**118,698**	**42,554**	**28**	**803**	**162,083**

The detail, by category, of the headcount of the Group and its jointly controlled entities at 31 January 2024 is as follows:

	Gender				
Categories	**Women**	**Men**	**Non-binary**	**Others**	**Total**
Manufacturing and logistics	4,820	5,872	-	-	10,692
Central services	6,943	4,669	-	-	11,612
Stores	107,162	31,768	25	22	138,977
Total	**118,925**	**42,309**	**25**	**22**	**161,281**

The detail of 'Other operating expenses' is as follows:

	2024	2023
Indirect selling expenses	3,031	2,733
Administrative expenses	681	635
Maintenance, repairs and utilities	766	740
Others	362	399
Total	**4,840**	**4,507**

'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 'Others' 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 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 (Proprietary), 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.

c) Subsidiaries domiciled in India: the Group holds a call option on 35% and 49% of the share capital of Inditex Trent Retail India Private Limited and Massimo Dutti India Private Limited, respectively. This shareholding belongs to Trent Limited India, 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:

	2024	2023
Amortisation and depreciation charge (Note 14, 15 and 16)	2,997	2,897
Changes in provisions (Note 14, 15 and 16)	39	48
Profit/(loss) on assets	119	105
Others	19	(9)
Total	**3,174**	**3,041**

9. Financial results

The detail of 'Financial results' in the consolidated income statement for 2024 and 2023 is as follows:

	2024	2023
Finance income	442	380
Foreign exchange gains	74	17
Lease foreign exchange gains	3	9
Total income	**519**	**406**
Finance costs	(130)	(75)
Lease finance costs (Note 16)	(223)	(196)
Foreign exchange losses	(228)	(142)
Lease foreign exchange losses	(15)	(4)
Total expenses	**(596)**	**(417)**
Total	**(77)**	**(11)**

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 impacts of adjustment for hyperinflation in the amount of 144 million euros (77 million euros in 2023).

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 outstanding shares during the year, excluding the average number of treasury shares held by the Parent (Note 24), which totalled 3,114,452,983 in 2024 and 3,112,836,551 in 2023.

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 2025, 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 1.881 euros per share (1.726 as of 31 January 2024).

11. Segment reporting

The principal activity of the Inditex Group comprises the retail and online distribution of clothing, footwear, accessories and household 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:

2024

	Zara / Zara Home	Bershka	Other	Inter-segment	Total
Sales to third parties	27,959	2,941	7,948	(216)	38,632
Profit before taxes	5,409	548	1,623	(3)	7,577
Amortisation and depreciation	2,279	249	646	-	3,174
Segment total assets	28,506	1,786	4,422	-	34,714
ROCE	36%	45%	56%	-	40%
Number of stores	2,150	854	2,559	-	5,563

2023

	Zara / Zara Home	Bershka	Other	Inter-segment	Total
Sales to third parties	26,208	2,634	7,303	(198)	35,947
Profit before taxes	4,968	460	1,407	35	6,870
Amortisation and depreciation	2,162	246	633	-	3,041
Segment total assets	27,041	1,579	4,115	-	32,735
ROCE	36%	42%	52%	-	39%
Number of stores	2,221	856	2,615	-	5,692

For presentation purposes Inditex has integrated the retail concepts 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 retail concept created by the Inditex Group and its positioning is based on a fashion offering featuring a wide range of products. Zara Home sells household products.

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

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	
	2024	**2023**	**31/01/2025**	**31/01/2024**
Spain	6,228	5,666	6,706	5,606
Rest of Europe	20,657	18,381	7,277	6,500
Americas	7,039	7,104	2,488	2,258
Asia and rest of the world	4,708	4,796	870	912
Total	**38,632**	**35,947**	**17,341**	**15,276**

12. Trade and other receivables

The detail of this line item at 31 January 2025 and 2024 is as follows:

	31/01/2025	31/01/2024
Trade receivables (Note 26)	356	298
Receivables due to sales to franchises (Note 26)	390	324
Public authorities	195	284
Other current receivables (Note 26)	147	132
Total	**1,088**	**1,038**

Trade receivables include, inter alia, customer debit/credit card deferred 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 and outstanding balances from sundry operations.

13. Inventories

The detail of this line item at 31 January 2025 and 2024 is as follows:

	31/01/2025	31/01/2024
Raw materials and consumables	245	187
Goods in process	76	64
Finished goods for sale	3,000	2,715
Total	**3,321**	**2,966**

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 01/02/2023	2,630	11,354	933	270	15,187
Acquisitions	5	1,278	285	408	1,976
Hyperinflation adjustments	-	14	4	-	18
Disposals (Note 8)	(17)	(811)	(230)	(5)	(1,063)
Transfers	44	120	10	(181)	(7)
Foreign exchange translation differences	-	(5)	(2)	1	(6)
Balance at 31/01/2024	**2,662**	**11,950**	**1,000**	**493**	**16,105**
Balance at 01/02/2024	2,662	11,950	1,000	493	16,105
Acquisitions	27	1,571	253	878	2,729
Hyperinflation adjustments	-	62	11	-	73
Disposals (Note 8)	(3)	(764)	(127)	(6)	(900)
Transfers	20	185	8	(202)	11
Foreign exchange translation differences	25	(80)	(10)	1	(64)
Balance at 31/01/2025	**2,731**	**12,924**	**1,135**	**1,164**	**17,954**
Depreciation					
Balance at 01/02/2023	572	6,354	583	-	7,509
Depreciation charge for the year (Note 8)	37	778	213	-	1,028
Hyperinflation adjustments	-	8	3	-	11
Disposals (Note 8)	(8)	(661)	(194)	-	(863)
Transfers	-	(1)	(1)	-	(2)
Foreign exchange translation differences	-	(8)	(2)	-	(10)
Balance at 31/01/2024	**601**	**6,470**	**602**	**-**	**7,673**
Balance at 01/02/2024	601	6,470	602	-	7,673
Depreciation charge for the year (Note 8)	37	712	172	-	921
Hyperinflation adjustments	-	39	8	-	47
Disposals (Note 8)	1	(623)	(117)	-	(739)
Transfers	(3)	3	-	-	-
Foreign exchange translation differences	5	(34)	(4)	-	(33)
Balance at 31/01/2025	**641**	**6,567**	**661**	**-**	**7,869**
Impairment losses (Note 3.2.f)					
Balance at 01/02/2023	-	83	4	-	87
Charge for the year (Note 8)	2	58	3	-	63
Amounts charged to profit or loss (Note 8)	-	(18)	-	-	(18)
Disposals (Note 8)	-	(34)	(1)	-	(35)
Transfers	-	(1)	-	-	(1)
Foreign exchange translation differences	-	(1)	-	-	(1)
Balance at 31/01/2024	**2**	**87**	**6**	**-**	**95**
Balance at 01/02/2024	2	87	6	-	95
Charge for the year (Note 8)	-	51	4	-	55
Hyperinflation adjustments	-	(1)	-	-	(1)
Amounts charged to profit or loss (Note 8)	-	(20)	(1)	-	(21)
Disposals (Note 8)	-	(45)	(2)	-	(47)
Foreign exchange translation differences	-	(1)	-	-	(1)
Balance at 31/01/2025	**2**	**71**	**7**	**-**	**80**
Carrying amount					
Balance at 31/01/2024	**2,059**	**5,393**	**392**	**493**	**8,337**
Balance at 31/01/2025	**2,088**	**6,286**	**467**	**1,164**	**10,005**

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

‘Additions’ mainly correspond to assets related to new stores or refurbishments of existing ones and logistical assets.‘Disposals’ comprise mainly assets related to the commercial premises at which the Group carries out its commercial activities.

The cost of fully depreciated items of property, plant and equipment amounts to 1,734 million euros at 31 January 2025 (1,926 million euros at 31 January 2024), and includes mainly machinery, fixtures and furniture.

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 garments, footwear, accessories and household products 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 2024 and 2023 is as follows:

	Industrial property	Computer software	Other intangible assets	Total
Cost				
Balance at 01/02/2023	40	1,077	264	1,381
Acquisitions	3	358	467	828
Disposals (Note 8)	(15)	(75)	(237)	(327)
Transfers	1	-	-	1
Balance at 31/01/2024	**29**	**1,360**	**494**	**1,883**
Balance at 01/02/2024	29	1,360	494	1,883
Acquisitions	3	359	373	735
Disposals (Note 8)	(1)	(53)	(330)	(384)
Balance at 31/01/2025	**31**	**1,666**	**537**	**2,234**
Amortisation				
Balance at 01/02/2023	28	423	120	571
Amortisation charge for the year (Note 8)	2	122	262	386
Disposals (Note 8)	(15)	(46)	(237)	(298)
Transfers	1	-	-	1
Balance at 31/01/2024	**16**	**499**	**145**	**660**
Balance at 01/02/2024	16	499	145	660
Amortisation charge for the year (Note 8)	2	177	361	540
Disposals (Note 8)	(1)	(46)	(330)	(377)
Balance at 31/01/2025	**17**	**630**	**176**	**823**
Carrying amount				
Balance at 31/01/2024	**13**	**861**	**349**	**1,223**
Balance at 31/01/2025	**14**	**1,036**	**361**	**1,411**

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 359 million euros in 2024 (358 million euros in 2023) corresponding to software development activities that meet the requirements for capitalisation under IAS 38. In addition, 373 million euros were activated (467 million euros in 2023) corresponding to the development of industrial designs and intellectual property, as well as other intangibles related to the Group's activity,which meet the requirements established in IAS 38, including, in 2023, 213 million euros corresponding to the amount of the contractual rights generated resulting from the sale in April 2023 of the Inditex Group's business in Russia through the transfer of the shares of JSC New Fashion to a third party (Note 3.2.c).

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.

The detail of the items comprised under this paragraph in the consolidated balance sheet and of the changes therein in 2024 and 2023 is as follows:

	2024	2023
Cost		
Opening balance	11,367	10,239
Acquisitions	1,814	1,858
Hyperinflation adjustments	37	15
Disposals (Note 8)	(525)	(724)
Foreign exchange translation differences	(12)	(21)
Closing balance	**12,681**	**11,367**
Amortisation		
Opening balance	6,245	5,297
Amortisation charge for the year (Note 8)	1,536	1,483
Hyperinflation adjustments	16	7
Disposals (Note 8)	(399)	(530)
Foreign exchange translation differences	(10)	(12)
Closing balance	**7,388**	**6,245**
Impairment losses		
Opening balance	25	32
Charge for the year (Note 8)	11	17
Amounts charged to profit or loss (Note 8)	(6)	(14)
Disposals (Note 8)	(6)	(10)
Closing balance	**24**	**25**
Carrying amount	**5,269**	**5,097**

The Group leases commercial premises in which it carries out its business activity. New items for the year relate to additions amounting to 740 million euros (403 million euros in 2023) and sums associated with revaluations and renegotiations of contracts modifying the term and/or future rents amounting to 1,074 million euros (1,455 million euros in 2023).'Disposals' comprises mainly store closures and terminations of or amendments to contracts.

16.2. Lease liabilities

The breakdown of lease liabilities is as follows:

	31/01/2025	31/01/2024
Non-current	4,180	4,123
Current	1,542	1,428
Total	**5,722**	**5,551**

The maturity breakdown of undiscounted lease liabilities is as follows:

	2024	2023
Less than 1 year	1,741	1,619
1 - 5 years old	4,015	3,782
> 5 years old	526	689

16.3. Other information

Amounts recognised in the consolidated income statement:

	2024	2023
Amortisation charge on right of use (Note 8)	1,536	1,483
Lease liabilities interest expenses (Note 9)	223	196
Variable rent payments (Note 6)	678	622
Others * (Note 6)	394	367

* Mainly includes Common expenses and other lease services.

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 612 million euros (562 million euros in 2023). 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 2024 and 2023 is as follows:

	2024	2023
Opening balance	197	193
Foreign exchange translation differences	(1)	4
Closing balance	**196**	**197**
Investee		
Stradivarius España, S.A.	53	53
Itx Portugal - Confecções, S.A.	51	51
Zara Polska, S.p. Zo.o.	34	33
Massimo Dutti Benelux, N.V.	20	20
Itx Retail Mexico, S.A. de C.V.	10	12
Other	28	28
Closing balance	**196**	**197**

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 2024 and 2023 is as follows:

	Loans and other credit facilities	Investments accounted for using the equity method	Others	Total
Balance at 01/02/2023	12	317	5	334
Acquisitions	16	72	17	105
Disposals (Note 28)	-	(49)	-	(49)
Transfers	9	-	-	9
Foreign exchange translation differences	-	(1)	-	(1)
Balance at 31/01/2024	**37**	**339**	**22**	**398**
Balance at 01/02/2024	37	339	22	398
Acquisitions	-	99	4	103
Disposals (Note 28)	-	(55)	-	(55)
Transfers	1	-	-	1
Foreign exchange translation differences	-	3	-	3
Balance at 31/01/2025	**38**	**386**	**26**	**450**

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 2024 and 2023 is as follows:

	Guarantees	Others	Total
Balance at 01/02/2023	239	39	278
Acquisitions	9	8	17
Disposals	(11)	-	(11)
Transfers	(8)	(1)	(9)
Foreign exchange translation differences	(4)	(2)	(6)
Balance at 31/01/2024	**225**	**44**	**269**
Balance at 01/02/2024	225	44	269
Acquisitions	10	-	10
Disposals	(61)	-	(61)
Transfers	(4)	4	-
Foreign exchange translation differences	-	(1)	(1)
Balance at 31/01/2025	**170**	**47**	**217**

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, 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 sheet at 31 January 2025 and 2024 is as follows:

	31/01/2025	31/01/2024
Trade payables	5,989	5,090
Personnel	771	723
Public authorities	683	605
Other current payables	835	654
Total	**8,278**	**7,072**

The following table shows the information on the average period of payment to suppliers required by Law 15/2010, of 5 July, in 2024 and 2023:

	2024	2023
	Days	
Average period of payment to suppliers	37.51	39.24
Ratio of transactions settled	38.23	39.69
Ratio of transactions not yet settled	31.24	34.95
	Amount	
Total payments made	5,832	5,136
Total payments outstanding	665	544

	2024	2023
No. of invoices paid within the legal term (in thousands)	335	326
% of total subject invoices (number)	98%	98%
Amount of invoices paid within the legal term	5,718	5,002
% of total subject invoices (amount)	98%	97%

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:

	31/01/2025	31/01/2024
Cash in hand and at banks	1,501	2,386
Short-term deposits	4,629	4,208
Fixed-income securities	252	413
Total cash and cash equivalents	**6,382**	**7,007**
Current financial investments	5,120	4,415
Current financial debt	(7)	(16)
Non-current financial debt	-	-
Net financial position	**11,495**	**11,406**

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 3 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 fixed-income securities, with maturities ranging from 3 to 12 months, all of which have high credit ratings and are highly liquid.

The detail of the Group's bank borrowings and obligations under other financial operations is as follows:

	Loans	Other financial operations	Total
Current	6	1	7
Non-current	-	-	-
Total 31/01/2025	**6**	**1**	**7**

	Loans	Other financial operations	Total
Current	15	1	16
Non-current	-	-	-
Total 31/01/2024	**15**	**1**	**16**

The total limit of financing facilities available at 31 January 2025 for the Group amounts to 8,446 million euros (8,155 million euros at 31 January 2024). Committed financing facilities amount to 3,572 million euros at 31 January 2025 (3,569 million euros at 31 January 2024), undrawn at year-end. As at 31 January 2025 the subsidiaries had very short-term financing of 6 million euros (15 million euros in 2023). 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:

	31/01/2025	31/01/2024
Euro	1	1
Hryvnia	6	15
Total	**7**	**16**

The maturity schedule of the Group's bank borrowings at 31 January 2025 and 2024 is as follows:

	31/01/2025	31/01/2024
Less than one year	7	16
One to five years	-	-
Total	**7**	**16**

In addition, through its main banks, the Group made 2,344 million euros (2,320 million euros at 31 January 2024) 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 the debt is therefore recognised under trade payables and shown as operating cash flow. At 31 January 2025 usage of these programmes amounted to 1,385 million euros (1,063 million euros at 31 January 2024).

22. Provisions

The detail of this line item in the consolidated balance sheet and of the changes therein in 2024 and 2023 is as follows:

	Pensions and similar obligations with personnel	Liability	Other provisions	Total
Balance at 01/02/2023	89	122	72	283
Provisions recorded during the year	68	70	-	138
Disposals	-	(10)	-	(10)
Transfers	(41)	(5)	5	(41)
Foreign exchange translation differences	(3)	-	(5)	(8)
Balance at 31/01/2024	**113**	**177**	**72**	**362**
Balance at 01/02/2024	113	177	72	362
Provisions recorded during the year	68	12	-	80
Disposals	(1)	(31)	-	(32)
Transfers	(62)	-	3	(59)
Foreign exchange translation differences	(1)	(2)	-	(3)
Balance at 31/01/2025	**117**	**156**	**75**	**348**

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 2025.

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 'Trade and other payables' in the consolidated balance sheet.

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 2024 and 2023 is as follows:

	Lease incentives	Others	Total
Balance at 01/02/2023	142	80	222
Acquisitions	119	-	119
Changes through profit or loss	-	18	18
Hyperinflation adjustments	3	-	3
Transfers	(85)	(22)	(107)
Foreign exchange translation differences	(7)	-	(7)
Balance at 31/01/2024	**172**	**76**	**248**
Balance at 01/02/2024	172	76	248
Acquisitions	97	-	97
Changes through profit or loss	-	16	16
Hyperinflation adjustments	2	-	2
Transfers	(87)	(21)	(108)
Foreign exchange translation differences	(4)	-	(4)
Balance at 31/01/2025	**180**	**71**	**251**

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 2025 and 31 January 2024, 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 nominal 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 2025 and 31 January 2024 amounted to 20 million euros, while retained earnings amounted to 16,639 million euros and 18,750 million euros, respectively. The Parent'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 2025 and 31 January 2024, the Parent had appropriated to this reserve the minimum amount required by the Spanish Companies Act.

The total consolidated reserves at 31 January 2025 include restricted reserves amounting to 1,107 million euros (1,079 million euros at 31 January 2024) 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 contracted 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 Registry Book, the members of the Board of Directors directly or indirectly owned, at 31 January 2025 and 31 January 2024, 59.3026% and 59.2986%, respectively, of the Parent's share capital (Note 30). At 31 January 2025 and 31 January 2024, Pontegadea Inversiones, S.L. held 50.010% of the shares of Inditex.

Dividends

The dividends paid by the Parent in 2024 and 2023 amounted to 4,797 million euros and 3,736 million euros, respectively. These amounts correspond to payments of 1.54 euros per share and 1.20 euros per share, respectively.

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

Treasury shares

During the Annual General Meeting held on 13 July 2021, shareholders approved the 2021-2025 Long-Term Incentive Plan (Note 26 of the Notes to the consolidated annual accounts for 2021). Similarly, the Annual General Meeting held on 11 July 2023 approved a 2023-2027 Long-Term Incentive Plan (Note 27 to the consolidated annual accounts for 2023), and authorised the Board of Directors to derivatively acquire treasury shares, to cater for these plans.

As at 31 January 2024, the Parent owned a total of 3,582,419 treasury shares, representing 0.115% of the share capital.

During the first quarter of 2024,the first cycle (2021-2024) of the 2021-2025 Long-Term Incentive Plan (which expired on 31 January 2024) was settled and shares were awarded to its beneficiaries, charged to treasury shares. The total of treasury shares delivered was 1,676,573 shares, representing 0.054% of the share capital.

Aside from these share deliveries, there were no other operations involving treasury shares in 2024.

Consequently, at 31 January 2025, the Parent owned a total of 1,905,846 treasury shares, representing 0.061% of the share capital.

Translation differences

Details and variations in translation differences are as follows:

Currency	Balance at 31/01/2025	Reclassification	Variation	Balance at 31/01/2024
Brazilian real	113	11	1	101
Turkish lira	66	(9)	4	71
Mexican peso	123	17	51	55
Japanese yen	18	5	(9)	22
Australian dollar	10	-	1	9
Ukrainian hryvnia	8	-	-	8
Indian rupee	13	6	-	7
US Dollar	(75)	(16)	(13)	(46)
Other	14	(3)	13	4
Total	**290**	**11**	**48**	**231**

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 companies 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.	Oysho Diseño S.L.
Bershka Diseño S.L.	Oysho España S.A.
Bershka Logística S.A.	Oysho Logística S.A.
Choolet S.A.	Plataforma Cabanillas S.A.
Comditel S.A.	Plataforma Europa S.A.
Confecciones Fíos S.A.	Plataforma Logística León S.A.
Confecciones Goa S.A.	Plataforma Logística Meco S.A.
Denllo S.A.	Pull&Bear Diseño S.L.
Fashion Logistic Forwarders S.A.	Pull&Bear España S.A.
Fashion Retail S.A.	Pull&Bear Logística S.A.
Glencare S.A.	Stear S.A.
Goa-Invest S.A.	Stradivarius Diseño S.L.
Grupo Massimo Dutti S.A.	Stradivarius España S.A.
Indipunt S.L.	Stradivarius Logística S.A.
Inditex Logística S.A.	Trisko S.A.
Inditex Renovables S.L.	Zara Diseño S.L.
Inditex S.A.	Zara España S.A.
Lefties España S.A.	Zara Home Diseño S.L.
Massimo Dutti Diseño S.L.	Zara Home España S.A.
Massimo Dutti Logística S.A.	Zara Home Logística S.A.
Massimo Dutti S.A.	Zara Logística S.A.
Nikole Diseño S.L.	Zara S.A.
Nikole S.A.	Zintura 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 2024, net of withholdings and prepayments made in the period. The heading ‘Trade and other payables’ 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:

	2024	2023
Current taxes	1,663	1,443
Deferred taxes	37	32

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 2024 and 2023 is as follows:

	2024	2023
Consolidated accounting profit for the year before taxes	7,577	6,870
Tax expense at tax rate in force in the country of the Parent	1,894	1,717
Net permanent differences	(127)	(112)
Effect of application of different tax rates	(58)	(111)
Adjustments to prior years' taxes	10	(25)
Tax withholdings and other adjustments	103	100
Adjustments to deferred tax assets and liabilities	(3)	(4)
Tax withholdings and tax benefits	(119)	(90)
Income tax expense	**1,700**	**1,475**

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 119 million euros at 31 January 2025 (90 million euros at 31 January 2024). These deductions and bonuses derive, fundamentally, from investments 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 2025 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:	2024	2023
Provisions	183	167
Non-current assets	165	183
IFRS 16	206	201
Valuation adjustments	61	54
Tax losses	29	33
Intra-Group transactions	180	224
Other	294	312
Netting of deferred assets and liabilities	(318)	-
Total	**800**	**1,174**

Deferred tax liabilities arising from:	2024	2023
Intra-Group transactions	75	140
IFRS 16	82	65
Non-current assets	138	96
Valuation adjustments	9	11
Other	86	82
Netting of deferred assets and liabilities	(318)	-
Total	**72**	**394**

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 2024 and 2023 were as follows:

Deferred tax assets arising from:	2024	2023
Opening balance	1,174	1,203
Charge/Credit to income statement	(55)	21
Charge/Credit to equity	(1)	(8)
Transfers	(318)	(42)
Closing balance	**800**	**1,174**

Deferred tax liabilities arising from:	2024	2023
Opening balance	394	385
Charge/Credit to income statement	(18)	53
Charge/Credit to equity	3	(7)
Transfers	(307)	(37)
Closing balance	**72**	**394**

As at 31 January 2025, the Group had tax losses that can be offset with future profits amounting to 192 million euros (232 million euros as at 31 January 2024) of which 138 million euros are capitalised and shown in the breakdown of deferred tax assets indicated above, with a balance of 29 million euros as at 31 January 2025 (33 million euros as at 31 January 2024). Tax losses that can be offset are mostly not subject to an effective compensation period.

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 303 million euros (357 million euros in 2023).

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.

On 20 December 2024, Law 7/2024 of 20 December 2024 was passed in Spain, establishing a Supplementary Tax to guarantee a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups. This law transposes Council Directive (EU) 2022/2523 of 15 December 2022, which incorporates the global minimum taxation rules into the European legal framework. This law is in effect for tax periods beginning on or after 31 December 2023.

These financial statements include the impact of applying this rule, as well as equivalent rules adopted in the markets in which the Group operates, which is immaterial and limited to jurisdictions where the nominal Corporate Income Tax rate is below 15%. In addition, it should be noted that the Inditex Group applies the mandatory exception to the recognition and disclosure of deferred tax assets and liabilities in relation to the global minimum taxation rules.

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 investments'.

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 2024, using hedge accounting, no significant amounts were recognised in the 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 70% 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 30% 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. With regard to intra-Group transactions, short-term cash flow hedges are occasionally arranged through derivatives, matched to 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 (garments, footwear, accessories and household 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 631 million euros at 31 January 2025 (514 million euros at 31 January 2024).

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.

It is estimated that the residual risk resulting from the Group's twelve-month cash investments could be up to 6 million euros at 31 January 2025 (13 million euros at 31 January 2024). Residual risk has decreased as a result of market conditions and the process of diversifying the asset portfolio by incorporating high credit quality sovereign debt.

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 in 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 interest rate environment remained stable but trended downwards as a result of the improved outlook for the inflation control process by the monetary authorities. Given the Group's investment (Note 21)the profitability of the Group's financial position was above the average of previous years (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 Group restarted operations in Ukraine in April 2024 (Note 2).

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 2025, 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 2025, 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 the Consolidated Directors' Report.

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

Financial instruments

At 31 January 2025 and 2024, 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' and 'Other financial liabilities' depending on the related balance.

In 2023, the Group entered into two VPPA (Virtual Power Purchase Agreement) for the supply of 100%-renewable electricity over a period of 10 and 12 years, with a total nominal capacity of 398 GWh/year, corresponding to an installed capacity of 136 MW. The related projects are in the development phase, in some cases pending final approval, and will come on stream in 2025. It 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	**2024**	**2023**
Fair value of the hedging instruments	25	7
Total	**25**	**7**

Other financial liabilities	**2024**	**2023**
Fair value of the hedging instruments	-	7
Reciprocal call and put options (Note 7)	48	19
Total	**48**	**26**

The detail of the fair value (measured as indicated in Note 3.2.m) of the financial instruments for 2024 and 2023 is as follows:

Other financial assets measured at fair value and classification on a fair value hierarchy:

	OTC derivatives:		
	Foreign currency forwards	**Energy options**	**Total**
Level	**2**	**3**	
Fair value at 1 February 2023	8	-	8
Transfer to income	(4)	3	(1)
Transfer to income from equity	-	-	-
Income recognised directly in equity	-	-	-
Fair value at 31 January 2024	**4**	**3**	**7**
Fair value at 1 February 2024	4	3	7
Transfer to income	7	3	10
Transfer to income from equity	1	-	1
Income recognised directly in equity	7	-	7
Fair value at 31 January 2025	**19**	**6**	**25**

Other financial liabilities measured at fair value and classification on a fair value hierarchy:

	OTC derivatives:		
	Foreign currency forwards	**Energy options**	**Total**
Level	**2**	**3**	
Fair value at 1 February 2023	29	-	29
Transfer to income	(10)	-	(10)
Transfer to income from equity	(13)	-	(13)
Income recognised directly in equity	1	-	1
Fair value at 31 January 2024	**7**	**-**	**7**
Fair value at 1 February 2024	7	-	7
Transfer to income	(7)	-	(7)
Transfer to income from equity	-	-	-
Income recognised directly in equity	-	-	-
Fair value at 31 January 2025	**-**	**-**	**-**

There were no transfers among the various levels of the fair value hierarchy (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:

	2024	**2023**
Cash and cash equivalents (Note 21)	6,382	7,007
Current financial investments (Note 21)	5,120	4,415
Trade receivables (Note 12)	356	298
Receivable due to sales to franchises (Note 12)	390	324
Other current receivables (Note 12)	147	132
Guarantees (Note 19)	170	225
Total	**12,565**	**12,401**

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

In 2024 and 2023 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

2021-2025 Long-term incentive plan

The Annual General Meeting held on 13 July 2021 approved a 2021-2025 Long-Term Incentive Plan for members of the management team and other employees 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 and verified compliance with the specific objectives, will be paid to the Plan beneficiaries, either in full or at the percentage applicable in each case.

The Plan has a total duration of 4 years and is structured into two mutually independent time cycles. The first cycle (2021-2024) of the Plan ran from 1 February 2021 to 31 January 2024 and has been settled in the first quarter of 2024 (Note 24). The second cycle (2022-2025) of the 2019-2025 Plan runs from 1 February 2022 to 31 January 2025 and is scheduled to be settled in the first quarter of 2025.

The Plan is linked to critical business, sustainability and shareholder value creation targets. The share of sustainability- and environment-linked goals has increased to 25% of the overall Plan, with respect to previous plans.

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

2023-2027 Long-term incentive plan

The Annual General Meeting held on 11 July 2023 approved a 2023-2027 Long-Term Incentive Plan for members of the management team and other employees of Inditex and its Group of Companies (hereinafter referred to as the '2023-2027 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 2023-2027 Plan is consistent with the previous one and combines a multi-year cash bonus and a promise to deliver shares which, after a specified period of time and verified compliance with the specific objectives, will be paid to the Plan beneficiaries, either in full or at the percentage applicable in each case.

The Plan has a total duration of 4 years and is structured into two mutually independent time cycles. The first cycle (2023-2026) of the Plan runs from 1 February 2023 to 31 January 2026. The second cycle (2024-2027) spans the period from 1 February 2024 to 31 January 2027.

The Plan is linked to critical business, sustainability and shareholder value creation targets. The share of sustainability- and environment-linked goals represents 25% of the overall Plan.

The 2023-2027 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 the consolidated 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, the detail of which is shown in Annex I.The main activity of these companies is 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:

	2024	2023
Property, plant and equipment	263	252
Others	35	39
Non-current assets	**298**	**291**
Inventories	262	274
Trade and other receivables	608	479
Cash and cash equivalents	24	14
Current assets	**894**	**767**
Non-current liabilities	**(25)**	**(26)**
Trade and other payables	(371)	(337)
Others	(1)	(2)
Current liabilities	**(372)**	**(339)**
Net assets	**795**	**693**

	2024	2023
Net sales	1,614	1,508
Gross profit	**516**	**418**
Operating expenses	(239)	(232)
Amortisation and depreciation	(29)	(27)
Net operating profit (EBIT)	**248**	**159**
Net profit	**205**	**142**

In 2024 the Group received dividends totalling 55 million euros (49 million euros in 2023) from Tempe (Note 18).

29. Proposed distribution of the profit of the Parent

The proposed appropriation of the Parent's profit in 2024 in the amount of 2,705 million euros made by the Board of Directors consists of distributing dividends in a maximum amount of 2,618 million euros as interim dividend and allocate at least 87 million euros to voluntary reserves[1].

The Board of Directors will propose to shareholders at the Annual General Meeting to pay shares with a right to dividend, a dividend of 1.68 (gross) euros per share, being comprised of a 1.13 euros per share ordinary dividend and a 0.55 euros per share bonus dividend.

Out of the total amount of 1.68 euros per share, 0.84 euros per share will be paid on 2 May 2025 as ordinary dividend against 2024 results, and 0.84 euros per share will be distributed against the Parent's unrestricted reserves, payable on 3 November 2025 as ordinary and bonus dividend.

The proposal covers a dividend distribution in the maximum amount of 5,236 million euros, corresponding to 1.68 (gross) euros per share for the entire stake of the Parent (3,116,652,000 shares). The final amount to be distributed will be contingent on the number of outstanding shares with a right to dividend at the payment date. Since the Parent net income in 2024 has reached 2,705 million euros, the difference between the interim dividend and the full dividend will be charged against the Parent's unrestricted reserves.

[1] This is the minimum amount applicable to voluntary reserves, contingent on the final amount to be paid as dividend pursuant to the terms of this proposal

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

Remuneration of the Board of Directors

The remuneration earned by Directors of the Parent and Senior Management of the Group in 2024 is shown in the section on related party transactions.

Other information concerning the Board of Directors

At 31 January 2025, as per the Parent's Shareholders Register, 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 attached to shares**		**% Voting rights through financial instruments**		**% Total voting rights**	**From the total number of voting rights attached to shares, indicate, where appropriate, the additional votes attached to shares with a loyalty vote**	
	Direct	**Indirect**	**Direct**	**Indirect**		**Direct**	**Indirect**
Ms Marta Ortega Pérez	0.0014%	-	-	-	0.0014%	-	-
Mr José Arnau Sierra	0.0010%	-	-	-	0.0010%	-	-
Mr Óscar García Maceiras	0.0026%	-	-	-	0.0026%	-	-
Mr Amancio Ortega Gaona [1]	-	59.2940%	-	-	59.2940%	-	-
Ms Flora Pérez Marcote	0.0027%	-	-	-	0.0027%	-	-
Mr José Luis Durán Schulz	-	0.0001%	-	-	0.0001%	-	-
Mr Rodrigo Echenique Gordillo	0.0006%	-	-	-	0.0006%	-	-
Bns Denise Patricia Kingsmill	-	-	-	-	-	-	-
Ms Pilar López Álvarez	0.0002%	-	-	-	0.0002%	-	-
Ms Belén Romana García [2]	0.0000%	-	-	-	0.0000%	-	-
Total	**0.0085%**	**59.2941%**			**59.3026%**		

[1] Through Pontegadea Inversiones, S.L. and Partler Participaciones, S.L.U. (Partler 2006, S.L. holds a 100% stake in the latter's share capital and the former is controlled by Mr Ortega Gaona)

[2] Ms Belén Romana holds 1,518 shares representing a 0.000049% stake in the Company's share capital.

Pursuant to the provisions of section 229 of the Spanish Companies Act, as amended by Act 31/2014, of 3 December, no director of Inditex has communicated during 2024 any situation that, directly and/or indirectly, through their related parties, could place them in a potential conflict of interest with the Parent.

Notwithstanding the foregoing, Mr Rodrigo Echenique Gordillo and Ms Pilar López Álvarez serve on the board of directors or hold managerial positions in Grupo Santander and Microsoft, respectively. Likewise, Ms Belén Romana García also serves on the board of directors of Banco Santander and of Bolsas y Mercados Españoles as independent director.

All three of them serve as independent directors on the board of directors of the Parent, without prejudice to the business relations that Inditex has maintained with these companies for years.

With regard to these situations, Inditex's Board of Directors has considered that none of the business relationships maintained with the aforementioned companies affect the independence of its directors, since none of them take part in the negotiation and execution of the relevant agreements, as currently none of them exert a significant influence on the line of business of Banco Santander, Microsoft or Bolsas y Mercados Españoles, where applicable, with which the Parent Company has business relations. From the perspective of the Company, none of them may be deemed to be significant or relevant business relationships within the meaning of section 529*duodecies*(4)(e) LSC.

In any case, the Board of Directors ensures, through the Audit and Compliance Committee that the transactions with directors, significant shareholders and/or senior managers, or with their respective related parties, are carried out under market conditions and respecting the principle of equal treatment of shareholders.

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

Related party transactions

Related parties are the subsidiaries, jointly controlled entities (Note 28) and associates detailed in Annex 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 rule 2, section 3 of Order EHA/3050/2004, of 15 September, on information on related party transactions that issuers of securities listed on official secondary markets must disclose.

Related party transactions 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. Therefore, they are not disclosed in this Note.

The following tables detail the transactions and the outstanding balances between Inditex Group companies and its jointly controlled entities:

Transactions:

	2024	2023
Jointly controlled entities	(1,221)	(1,163)

Corresponding mainly to finished goods procurements.

Balances:

	31/01/2025	31/01/2024
Trade and other receivables	46	33
Non-current financial investments	386	339
Trade and other payables	572	448

The transactions with significant shareholders, 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 and/or companies and entities related to them, and/or with Rosp Corunna Participaciones Empresariales, S.L. and/or with natural persons or companies related to it, were as follows:

Company name of significant shareholder	Nature of relationship	Type of operation	2024	2023
Pontegadea Inversiones, S.L., Partler Participaciones, S.L.U., Partler 2006, S.L. or related entities or persons	Contractual	Lease of assets	(46)	(39)
	Contractual	Services (construction work)	42	40
	Contractual	Other income	1	-
	Contractual	Purchase of assets	-	(46)
Rosp Corunna Participaciones Empresariales, S.L. or related entities or persons	Contractual	Lease of assets	(1)	(1)

A significant part of the related-party transactions that are recognised every year in this section corresponds to the payment of rents associated with the commercial premises that several Group companies have leased for the carrying out of their activity and whose ownership corresponds to 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 tables show the remuneration and termination benefits of the members of the Board of Directors in 2024:

Name or company name of the Director	Type	Remuneration of Board members[5]	Remuneration for serving on the Committees of the Board of Directors [5]	Fixed remuneration	Variable remuneration 2024	Mult-year variable remuneration (cash and shares) 2024	Compensation	Total 2024
Ms Marta Ortega Pérez	Propietary	1,000	-	-	-	-	-	1,000
Mr José Arnau Sierra	Propietary	180	200	-	-	-	-	380
Mr Óscar García Maceiras	Executive	100	-	2,500	3,680	4,935	-	11,215
Mr Amancio Ortega Gaona	Propietary	100	-	-	-	-	-	100
Ms Flora Pérez Marcote [1]	Propietary	56	-	-	-	-	-	56
Mr Jose Luis Durán Schulz	Independent	100	200	-	-	-	-	300
Mr Rodrigo Echenique Gordillo	Independent	100	200	-	-	-	-	300
Bns Denise Patricia Kingsmill	Independent	100	200	-	-	-	-	300
Ms Pilar López Álvarez	Independent	100	172	-	-	-	-	272
Ms Belén Romana García [2]	Independent	56	112	-	-	-	-	168
PONTEGADEA INVERSIONES S.L. [3]	Propietary	44	-	-	-	-	-	44
Ms Anne Lange [4]	Independent	45	68	-	-	-	-	113
TOTAL		**1,981**	**1,152**	**2,500**	**3,680**	**4,935**	**-**	**14,248**

Notes:

(1) The effective date of her nomination was 10 July 2024.
(2) The effective date of her nomination was 9 July 2024.
(3) Represented by Ms Flora Pérez Marcote. The effective date of its resignation was 9 July 2024.
(4) The effective date of her resignation was 14 July 2024.
(5) In accordance with the criterion followed by CNMV, the amounts payable to directors for holding different positions on the board and/or its committees, which were separately reported before, are now added to the remuneration for board or committees' membership.

The total remuneration and termination benefits earned by Senior Management of the Inditex Group in 2024 were as follows:

2024

	SENIOR MANAGEMENT
Remuneration	117,171
Termination benefits	15,613
Total	**132,783**

The aforementioned remuneration for 2024 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 2025, as well as by those who have performed duties as senior managers at any time during the reporting period, including the corresponding termination benefits.

The directors' remuneration for 2024 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 from 1 February 2024 through 31 January 2025, for the performance of his executive functions.

With regard to the long-term variable remuneration, included therein is the amount accrued for the second cycle (2022-2025) of the 2021-2025 LTIP. The incentive accrued in 2024 in this regard has amounted to 4,935 thousand euros for the CEO and 56,826 thousand euros for Senior Managers, which has materialized as follows:

- CEO: (i) an incentive in cash in the aggregate amount of 1,331 thousand euros and (ii) an incentive in shares equivalent to a total number of 71,472 shares valued in the amount of 3,604 thousand euros.
- Senior Managers: (i) an incentive in cash in the overall amount of 17,566 thousand euros and (ii) an incentive in shares equivalent to a total number of 778,657 shares valued in the amount of 39,260 thousand euros.

The incentive in cash and in shares will be delivered within the month following the publication of the consolidated annual accounts for 2024.

The change to the total remuneration of the CEO and Senior Managers versus the previous year is primarily due to the strong increase in the long-term variable remuneration as a result of the excellent operating performance of the Company in the performance and vesting period of the second cycle (2022-2025) of the 2021-2025 LTIP that is being settled and the subsequent appreciation of Inditex's stock price by approximately 76.8%, going from €27.93 per share at the beginning of the cycle (average of the 30 trading days before 1 February 2022) to €49.37 at the end of the cycle (average of the 30 trading days before 31 January 2025).

In this same sense, in accordance with the yardstick followed by the Company, the share price considered for the quantification of the part of the incentive that is released in shares corresponds to the share price at the close of trading on the last trading day of the week before the meeting of the Board of Directors at which the level of achievement of the cycle in question is assessed and approved. Thus, Inditex's stock price on 8 March 2024 that was taken into account for the settlement of the first cycle (2021-2024) of the 2021-2025 LTIP (and which was reported in the Annual Report on Remuneration of Directors for 2023), was €40.67 versus €50.42 reached on 7 March 2025, taken as a reference for the settlement of the second cycle (2022-2025) of the 2021-2025 LTIP.

An itemized breakdown of the remuneration of the members of the Board of Directors in 2023 was as follows:

Name or company name of the Director	Type	Remuneration of Board members	Remuneration of the Deputy Chair of the Board of Directors	Remuneration for serving on Committees and other Board of Directors	Remuneration for chairing Committees	Fixed remuneration	Variable remuneration 2023	Multi-year variable remuneration (cash and shares) 2023	Compensation	Total 2023
Ms Marta Ortega Pérez	Propietary	100	900	-	-	-	-	-	-	1,000
Mr José Arnau Sierra	Propietary	100	80	200	-	-	-	-	-	380
Mr Óscar García Maceiras	Executive	100	-	-	-	2,500	3,750	3,971	-	10,321
Mr Amancio Ortega Gaona	Propietary	100	-	-	-	-	-	-	-	100
Mr Jose Luis Durán Schulz	Independent	100	-	150	50	-	-	-	-	300
Mr Rodrigo Echenique Gordillo	Independent	100	-	150	50	-	-	-	-	300
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
PONTEGADEA INVERSIONES S.L. (1)	Propietary	100	-	-	-	-	-	-	-	100
Mr Emilio Saracho Rodríguez de Torres (2)	Affiliate	45	-	66	-	-	-	-	-	111
TOTAL		**1,045**	**980**	**1,016**	**200**	**2,500**	**3,750**	**3,971**	**-**	**13,462**

Notes:

(1) Represented by Ms Flora Pérez Marcote.
(2) The effective date of his resignation was 11 July 2023.

The total remuneration and termination benefits earned by Senior Managers of the Inditex Group in 2023 were as follows:

2023

	SENIOR MANAGEMENT
Remuneration	113,583
Termination benefits	2,888
Total	**116,471**

The aforementioned remuneration for 2023 included the fixed remuneration and both the short-term and long-term variable remuneration accrued by Senior Managers of the Group in office at 31 January 2024, as well as by those who had performed duties as senior managers at any time during the reporting period, including the corresponding termination benefits.

The directors' remuneration for 2023 included 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 for the performance of his executive functions from 1 February 2023 through 31 January 2024.

With regard to the long-term variable remuneration, it included the amount earned for the first cycle (2021-2024) of the 2021-2025 LTIP. The amount accrued in 2023 for this incentive was 3,971 thousand euros for the CEO and 52,076 thousand euros for the Senior Management, which materialized as follows:

- CEO: (i) an incentive in cash in the amount of 1,183 thousand euros and (ii) an incentive in shares equivalent to 68.562 shares, valued in the amount of 2,788 thousand euros.
- Senior Management: (i) an incentive in cash in the overall amount of 17,866 thousand euros and (ii) an incentive in shares equivalent to 841,162 shares, valued in the amount of 34,210 thousand euros.

The incentive in cash and in shares was settled in the month following the publication of the consolidated annual accounts for 2023.

The change to the total remuneration of the CEO and Senior Managers versus the previous year was primarily due to the strong increase in the long-term variable remuneration as a result of the excellent operating performance of the Company in the performance and vesting period of the first cycle (2021-2024) of the 2021-2025 LTIP which was settled and the subsequent appreciation of Inditex's stock price by approximately 50%, going from €25.88 per share at the beginning of the cycle (1 February 2021) to €38.76 at the end of the cycle (31 January 2024).

In this same sense, in accordance with the yardstick followed by the Company, the share price considered for the quantification of the part of the incentive that is released in shares corresponds to the share price at the close of trading on the last trading day of the week before the meeting of the Board of Directors at which the level of achievement of the cycle in question is assessed and approved. Thus, Inditex's stock price on 10 March 2023 which was considered for the settlement of the second cycle (2020-2023) of the 2019-2023 LTIP (which was reported in the Annual Report on Remuneration of Directors for 2022), was €29.27 versus €40.67 reached on 8 March 2024, taken as a reference for the settlement of the first cycle (2021-2024) of the 2021-2025 LTIP.

31. External auditors

In 2024 and 2023 the fees for financial audit and other services provided by the auditor of the Group's annual accounts, Ernst & Young, or by any firms related to this auditor as a result of a relationship of control, common ownership or common management, were as follows:

	2024	2023
Audit services	7.3	7.2
Other assurance services	0.8	0.6
Total audit and similar services	**8.1**	**7.8**
Tax services	0.1	0.1
Other services	-	-
Total professional services	**8.2**	**7.9**

Furthermore, audit fees for services provided by auditors other than the main auditor, Ernst & Young in 2024 amounted to 0.1 million euros (0.1 million euros in 2023).

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.

Inditex has several sustainability objectives, such as the use of 100% lower impact fibres in its products by 2030, reducing our emissions by 53% (including own operations and value chain) by 2030, and reducing water consumption by 25% 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 financial statements (Note 2) and is not considered to have a material impact thereupon.

The Group's Consolidated Statement on Non-Financial Information and Sustainability Information includes information on Inditex Group's commitment to sustainability.

33. Events after the reporting period

No significant events have occurred after the reporting date.

34. 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 (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.

Translation of these consolidated annual accounts are originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Annex 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 Commercial (Beijing) Co. Ltd.	100.00%	Beijing - Mainland China	Full Consol.	31-dec	Bershka	Dormant
Bershka Commercial (Shanghai) Co., Ltd.	100.00%	Shanghai - Mainland China	Full Consol.	31-dec	Bershka	Dormant
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	Dormant
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 Retail India Private Limited	100.00%	Gurgaon - India	Full Consol.	31-mar	Bershka	Retail sales
Bershka Usa, Inc	100.00%	New York - USA	Full Consol.	31-jan	Bershka	Dormant
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
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
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%	Brussels - Belgium	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Commercial (Beijing) Co. Ltd.	100.00%	Beijing - Mainland China	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Commercial (Shanghai) Co. Ltd.	100.00%	Shanghai - Mainland 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	Dormant
Massimo Dutti India Private Limited	51.00%	Gurgaon - India	Full Consol.	31-mar	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	Dormant
Massimo Dutti Polska, Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Massimo Dutti	Retail sales
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
"Itx Kosovo" L.L.C.	100.00%	Pristina	Full Consol.	31-dec	Multi-concept	Retail sales
Cdc Trading (Shanghai) Co. Ltd.	100.00%	Shanghai - Mainland 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
Emea Aspire Trading Fze	100.00%	Dubai - United Arab Emirates	Full Consol.	31-jan	Multi-concept	Buyer
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
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
Inditex Australia Pty Ltd	100.00%	Sydney - Australia	Full Consol.	31-jan	Multi-concept	Retail sales

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
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 Logistica, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Logistics
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 - Mainland 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 Deutschland, B.V. & Co. Kg	100.00%	Hamburg - Germany	Full Consol.	31-jan	Multi-concept	Retail sales
Itx E-Commerce (Shanghai) Co., Ltd.	100.00%	Shanghai - Mainland 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 Hong Kong Limited	100.00%	Hong Kong SAR	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
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, China	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 - Türkiye	Full Consol.	31-jan	Multi-concept	Retail sales

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
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
Itx, Gmbh	100.00%	Hamburg - Germany	Full Consol.	31-jan	Multi-concept	Holding company
Itxr Macedonia Dooel Skopje	100.00%	Skopje - North Macedonia	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
Zara Chile, S.A.	100.00%	Santiago de Chile - Chile	Full Consol.	31-dec	Multi-concept	Retail sales
Zara Commercial (Shanghai) Co. Ltd.	100.00%	Shanghai - Mainland China	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 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	Dormant
Oysho Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Oysho	Retail sales
Oysho Logística, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Oysho	Logistics
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, China	Full Consol.	31-jan	Pull & Bear	Retail sales
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 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 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 Hong Kong, Ltd.	100.00%	Hong Kong SAR	Full Consol.	31-jan	Pull & Bear	Dormant
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 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 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 Kazakhstan Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	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

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
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
Indipunt, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Logistics
Inditex Trent Retail India Private, Ltd.	65.00%	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
Inversiones Logísticas Zaragoza, S.L.	100.00%	Zaragoza - Spain	Full Consol.	31-jan	Zara	Real estate
Itx Finance Asia Limited	100.00%	Hong Kong SAR	Full Consol.	31-jan	Zara	Financial services
Itx Taiwan, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Holding company
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
Plataforma Logística Meco, S.A.	100.00%	Madrid - 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
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
Itx Brasil, Ltda.	100.00%	Sao Paulo - Brazil	Full Consol.	31-dec	Zara	Retail sales
Zara Commercial (Beijing) Co., Ltd	100.00%	Beijing - Mainland 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 - Mainland 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 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

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
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
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	Dormant
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 Commercial & Trading (Shanghai), Co. Ltd	100.00%	Shanghai - Mainland China	Full Consol.	31-dec	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
Zara Home Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	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	Dormant
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 Retail India Private Limited	100.00%	Gurgaon - India	Full Consol.	31-mar	Zara Home	Retail sales
Zara Home Retail South Africa (Pty) Ltd.	100.00%	Johannesburg - South Africa	Full Consol.	31-jan	Zara Home	Dormant
Jointly controlled entities:						
Tempe, S.A.	50.00%	Alicante - Spain	Equity method	31-jan	Multi-concept	Sale of footwear
Tempe Logistica, S.A.	50.00%	Alicante - Spain	Equity method	31-jan	Multi-concept	Logistics
Tempe Diseño, S.L.	50.00%	Alicante - Spain	Equity method	31-jan	Multi-concept	Design
Tempe Trading Asia, Ltd.	50.00%	Hong Kong SAR	Equity method	31-jan	Multi-concept	Sale of footwear
Tmp Trading (Shanghai), Co. Ltd.	50.00%	Shanghai - Mainland China	Equity method	31-dec	Multi-concept	Sale of footwear
Nexfashion International Trading Fze	50.00%	Dubai - United Arab Emirates	Equity method	31-jan	Multi-concept	Sale of footwear
Tempe Levante, S.L.	50.00%	Alicante - Spain	Equity method	31-jan	Multi-concept	Logistics

CONSOLIDATED DIRECTORS' REPORT **2024**

At 31 January 2024
(Amounts expressed in millions of euros)

INDITEX

Situation of the entity

The information relating to the "Situation of the entity" is detailed in section SBM. Strategy in the Inditex Group's Consolidated Statement on Non-Financial Information and Sustainability Information.

Organisational structure

Inditex's corporate governance is articulated through the following institutional and operational bodies and mechanisms:

/ General Meeting of Shareholders

/ Board of Directors

/ Management Committee

/ Audit and Compliance Committee

/ Nomination Committee

/ Remuneration Committee

/ Sustainability Committee

/ Market Transparency Committee

/ Ethics Committee

On the other hand, Inditex relies on two permanent advisory internal bodies made up of external members:

/ Social Advisory Board

/ Cybersecurity Advisory Committee

Business performance and results

Key financial and non-financial indicators

The Group continues to focus on four key areas: A unique product proposition, enhancing the customer experience, sustainability, and the talent and commitment of our people.

Inditex's fully integrated model had a very strong operating performance over the year. Sales, EBITDA and net income reached historic highs.

In 2024, the collections have been very well received by our customers. Sales grew 7.5% to reach €38.6 billion, showing very satisfactory development both in stores and online. Sales were positive in all concepts. Sales in constant currency grew 10.5%.

In the year, store sales grew 5.9% reflecting incremental footfall and increasing productivity. Our ongoing store optimisation and digitalisation programme continues to be key. The higher level of store sales has been achieved with 2.0% more commercial space and 2.3% less stores than in 2023. In 2024, gross new space increased 5.8%.

Total Selling Space (m2)	**2024**	**2023**
Zara (Zara and Zara Home)	3,140,105	3,078,590
Pull&Bear	396,522	377,969
Massimo Dutti	219,611	220,633
Bershka	481,556	470,134
Stradivarius	319,720	311,436
Oysho	93,061	98,409
Total	**4,650,575**	**4,557,170**

Inditex opened stores in 47 markets in 2024. During the year, the Group opened its first stores in Uzbekistan, and remained very active in store optimisation activities (257 openings, 254 refurbishments which include 121 enlargements and 386 absorptions). At the end of FY2024 Inditex operated 5,563 stores.

A list of the number of stores by concept is included in the table below:

Concept	**31/01/2025**	**31/01/2024**
Zara	1,759	1,811
Zara Home	391	410
Pull&Bear	800	791
Massimo Dutti	528	544
Bershka	854	856
Stradivarius	835	841
Oysho	396	439
Total	**5,563**	**5,692**

Company-managed stores and franchised stores at the end 2024:

Concept	**Company Managed**	**Franchised**	**Total**
Zara	1,471	288	1,759
Zara Home	299	92	391
Pull&Bear	628	172	800
Massimo Dutti	410	118	528
Bershka	686	168	854
Stradivarius	635	200	835
Oysho	300	96	396
Total	**4,429**	**1,134**	**5,563**

Sales in company-managed and franchised stores:

Concept	**Company Managed**	**Franchised**
Zara (Zara and Zara Home)	87%	13%
Pull&Bear	81%	19%
Massimo Dutti	80%	20%
Bershka	84%	16%
Stradivarius	80%	20%
Oysho	81%	19%
Total	**85%**	**15%**

A list of the stores' locations by concepts and by market at 31 January 2025 is included in Annex III.

Online sales also grew satisfactorily at 12.0% to reach €10.2 billion.

Customer engagement remains very high. Active App's reached 218 million. Online visits in FY2024 have grown 10.0% to 8.1 billion visits. The Group has 257 million followers on social media.

Net sales by concept are shown in the table below:

Concept	2024	24/23
Zara (Zara and Zara Home)	27,778	6.6%
Pull&Bear	2,469	4.6%
Massimo Dutti	1,960	6.6%
Bershka	2,930	11.8%
Stradivarius	2,664	14.1%
Oysho	831	11.8%
Total	**38,632**	**7.5%**

Store & Online sales by geographical area are shown in the table below:

Area	2024	2023
Europe ex-Spain	50.6%	48.7%
Americas	18.6%	19.6%
Asia & RoW	15.7%	16.9%
Spain	15.1%	14.8%
Total	**100%**	**100%**

The execution of the business model has been very strong. Gross profit increased 7.6% to €22.3 billion. The gross margin reached 57.8% (+8 bps).

The tight control of operations and the implementation of efficiencies has resulted in operating expenses growth of 6.5%, below sales growth. Including all lease charges, operating expenses grew 126 bps below sales growth.

	2024	2023	24/23
Personnel expenses	5,643	5,357	5.3%
Rental expenses	1,072	989	8.4%
Other operating expenses	4,840	4,507	7.4%
Total	**11,555**	**10,853**	**6.5%**

Including all lease charges, rental expenses grew 5.9%.

EBITDA reached €10.7 billion (+8.9%), EBIT came to €7.6 billion (+11.0%).

The following chart shows the breakdown of financial results:

	2024	2023
Net financial income (losses)	312	305
Lease finance costs	(223)	(196)
Foreign exchange gains (losses)	(166)	(120)
Total	**(77)**	**(11)**

Results from companies consolidated by the equity method came to €99 million.

PBT increased 10.3% to €7.6 billion. The breakdown of PBT by concept is shown below:

Concept	2024	2023
Zara (Zara and Zara Home)	5,407	5,004
Pull&Bear	458	438
Massimo Dutti	402	339
Bershka	548	460
Stradivarius	616	493
Oysho	146	136
Total PBT	**7,577**	**6,870**

Net income increased 9.0% versus 2023 to €5.9 billion.

Return on Equity attributable to the Parent (ROE), defined as net profit attributable to the Parent on average equity attributable to the Parent:

	2024	2023
Net profit attributable to the Parent	5,866	5,381
Equity attributable to the Parent - previous year	18,642	17,008
Equity attributable to the Parent - current year	19,676	18,642
Average Equity attributable to the Parent	19,159	17,825
Return on Equity attributable to the Parent	**31%**	**30%**

Return on Capital Employed (ROCE), defined as profit before taxes on average capital employed (average equity attributable to the Parent plus average net financial debt):

	2024	2023
Profit before taxes	7,577	6,870
Average capital employed:		
Average Equity attributable to the Parent	19,159	17,825
Average net financial debt (*)	-	-
Total average capital employed	19,159	17,825
Return on Capital employed	**40%**	**39%**

(*) Zero when net cash

Return on Capital Employed by concept:

Concept	2024	2023
Zara (Zara and Zara Home)	36%	36%
Pull&Bear	48%	52%
Massimo Dutti	51%	43%
Bershka	45%	42%
Stradivarius	70%	62%
Oysho	51%	52%
Total	**40%**	**39%**

To complement the financial statements included in the consolidated annual accounts of the Inditex Group, attached there is Annex II showing the 2024 results by quarter.

Issues relating to sustainability and employees

This document includes the Group's Consolidated Statement on Non-Financial Information and Sustainability Information, which includes information about issues relating to sustainability and employees throughout the document.

Liquidity and capital resources

Given the strong execution of the business model, lease adjusted funds from operations grew 9.9% and cash from operations grew 8.0%.

	2024	2023
Funds from operations(*)	**7,684**	**6,991**
Change in working capital	(198)	(56)
Cash from operations	**7,486**	**6,934**
Capital expenditure	(2,672)	(1,872)
Free Cash Flow	**4,814**	**5,062**

*The cash lease payments fixed charge has been added back.

The net cash position grew 0.8% to €11.5 billion.

	31/01/2025	31/01/2024
Cash & cash equivalents	6,382	7,007
Short term investments	5,120	4,415
Current financial debt	(7)	(16)
Non current financial debt	-	-
Net financial cash (debt)	**11,495**	**11,406**

Inventory was 12% higher as of 31 January 2025 versus the same date in 2024. Current inventory balance was up 6% versus the same date in 2024. Initial Spring/Summer collections are considered to be of high quality.

	31/01/2025	31/01/2024
Inventories	3,321	2,966
Receivables	1,088	1,038
Payables	(8,590)	(7,467)
Operating working capital	**(4,181)**	**(3,463)**

Capital expenditure for FY2024 including the extraordinary investments came to €2.7 billion.

The Group's capital structure is characterised by the low debt/equity ratio as a result of the practically non-existent financing and the strength of its equity.

The Group's organic growth and its CAPEX needs have been financed substantially in full with the funds generated by the business, which has enabled the Group to maintain its solid cash position.

The Group considers that no changes will arise with regard to the generation and management of liquidity in the coming year.

Additionally, the Group has available credit lines, against which no amounts have been drawn down (Note 21 to the Consolidated Annual Accounts), that guarantee access to such additional funds as might be required.

Analysis of contractual obligations and off balance sheet transactions

The section "Information on the outlook for the Group" outlines the projected execution of investments, mainly in stores, for the next financial year. However, at year-end there were no firm investment commitments of a material amount.

Main risks and uncertainties

In order to facilitate unified and comprehensive risk management, the Group has established a common definition of risk for the Organisation as a whole. Accordingly, the Group defines a risk as “any potential event that may have a negative impact on the achievement of the business objectives”.

The risks reviewed are classified and grouped in the following categories:

Financial risks

Financial risks are threats originating in the macroeconomic sphere, financial markets, global value chains and industry- or company-specific events that may prevent the proposed objectives from being attained.

The normal functioning of the Group's operations exposes it to risks of a financial nature. This category includes market risk, foreign exchange rate risk, counterparty risk, inflation and risk relating to raw material price increases, economic contraction and the competitive environment. The euro is the Group's presentation currency. Its international transactions require the use of numerous non-euro currencies giving rise to foreign currency exchange risk. The Group has investments overseas whose assets are exposed to the foreign currency exchange risk. Given that the Group consolidates the annual accounts of all its companies in its presentation currency, i.e., in euros, it is exposed to foreign currency exchange risk in the translation of the results of all its entities located outside the Economic and Monetary Union. The Company is also exposed to the risk arising from the payment and collection flows in currencies other than the euro in relation to the acquisition and provision of goods and services in both Group and non-Group transactions.

The Group is exposed to counterparty risk from its suppliers of goods and services, as well as from its customers and business partners which could impact the normal performance of some of its operations. The majority of its revenue relates to retail sales which are collected on demand, either in cash or through a credit card. There are therefore no significant concentrations of credit risk. The financial solvency of the Group's most important third parties is analysed and monitored as part of an analysis process that also encompasses legal, compliance, reputational and other aspects. The Group is also exposed to the risk that counterparties (mainly financial) fail to comply with their obligations in relation to investing the Company's liquidity, credit policies or other funding and guarantee vehicles, as well as the derivative instruments arranged to hedge financial risks.

Interest rate and liquidity risk are also assessed. The Group manages cash at corporate level based on a highly active repatriation policy aimed at reducing the aforementioned risks to a minimum, also taking into account sovereign or jurisdiction risk. Consideration is also given to the potential impact of inflation affecting costs linked to the acquisition of goods and services. In this regard, it is worth noting the increase in the price of the many raw materials consumed directly and indirectly in the Group's operations and in its procurement of goods and services. The Group is monitoring the evolution of the raw material markets. It actively manages their impact, taking advantage of the flexibility of our business model, which enables the diversification of sources and the adaptability of the value chain based on expected demand forecasting.

Lastly, this category includes risks relating to the competitive environment, meaning the difficulties in adapting to the environment or market in which the Group operates, as regards both the procurement processes and the product retailing and sale activities. It consists of the Group's possible inability to follow and respond to changes in its target market or to adapt to new situations in its supply or distribution countries, considering the difficulties involved in recognising and taking on board the ongoing changes in fashion trends, and in manufacturing, supplying and marketing new items that meet customer expectations. The optimal achievement of business objectives may be shaped by a potential decline in sales resulting from an economic downturn, whether global or limited to one or more of the markets in which the Group operates.

Geopolitical risks

Geopolitical risks arise from a deterioration in the political situation, society's crime levels, changes in the ideology, leadership and regulation of its authorities, politically motivated conflicts at home or between nation states that threaten operations or forecast performance.

Potential instability in the territories where the Group's supply chains are located, as well as where products are marketed, is a significant risk. Sometimes instability manifests itself through frictions that hinder the normal movement of goods during the transport process, whether due to sociopolitical instability, infrastructure saturation or constraints, especially on key routes, which generate bottlenecks due to supply-demand imbalances that limit access to transport and/or erode business margins.

The business model is based on a value chain with multiple geographic origins. The Group’s integrated sales model enables it to operate in more than two hundred markets, which ensures a significant level of diversification and resilience. As a result of its broad geographic presence, the Group is directly or indirectly exposed to multiple legislations in the countries where it operates (tax, customs, labour, trade and consumer, industrial and intellectual property, personal data protection and privacy regulations). Regulatory changes, as well as differing or even divergent treatment of legal facts in different jurisdictions, expose the Group to potential negative effects of a financial, compliance and/or reputational nature. The Group restarted operations in Ukraine in April 2024 (Note 2 to the consolidated annual accounts).

Technological risks

The technological risk category includes targeted cyberattacks, collapse of critical infrastructure, industrial accidents with direct or indirect impacts, as well as the inability to adapt to technological advances.

These include the risks associated with the technological infrastructure, the effective management of information, IT and robotic networks and communications. They also include those relating to the physical and technological security of systems, in particular, the risk of cyberattacks on information systems, which could potentially compromise the continuity of operations and/or the confidentiality, integrity and availability of critical data.

These risks may significantly affect the normal functioning of the Group’s operations. Some of the operational risks are concentrated at logistics centres and third-party operators transporting goods. The clothing, footwear, accessories and household products of all the retail concepts are distributed from different logistics centres, owned by the Group and operated by third parties, located throughout Spain and complemented by a logistics connection hub in the Netherlands. There are additional smaller logistics centres located in other countries and operated by third parties which carry out small scale distribution operations.

The ability to adapt to technological innovations and evolutions in a broad sense, and digitalisation, both in customer interaction through the development of a satisfactory omni-channel experience, as well as in the improvement of operational processes, is essential to ensure the Group's commercial success in a highly competitive environment. The emergence of disruptive technologies, such as Artificial Intelligence, is playing an increasingly significant role. This represents a transformative opportunity in many spheres such as automation and process optimisation, but also a potential amplifier of other risks, be they technological, social, etc.

Environmental risks

Environmental risks are risks associated with natural disasters, climate change and the interactions resulting from human exploitation of the environment.

Key operations pertaining to business and transport processes could be paralysed as a result of natural disasters (floods, fires, earthquakes, etc.), especially if they affect the Group's critical infrastructures. The Group's performance is exposed to the potential impact of climate change in its various manifestations of physical risk, whether chronic or acute, as well as the risks resulting from the transition to a low-carbon economy.

In this regard, significant changes in weather cycles may affect consumer demand patterns and the supply and demand of textile raw materials used to manufacture the garments, among others. There are potential financial and reputational risks associated with the nature, speed and focus of policy, legal, technological and market changes as society transitions to a low-carbon economy.

There is also a risk arising from the potential adverse environmental effects of the Group's value chain due to the discharge of undesirable or hazardous substances, or potentially resulting in biodiversity loss, deforestation, soil degradation, shortage of raw materials, among others.

Social risks

The category of social risks includes risks arising from socio-economic trends, including the evolution of preferences in societies, social norms, demographics, as well as the prevalence of diseases and the development of public healthcare systems.

Human resource-related risks pertain to the necessity to adapt the organisational culture to the needs of staff in a new and complex environment, where the sustainability of human capital becomes more relevant and which aims to ensure the quality of employment, health and well-being of staff, work-life balance, diversity, and other factors.

This category includes the risk of infectious diseases. It corresponds to the potential disruption caused by a local, regional or global pandemic as a result of infectious diseases against which there is little or no pre-existing immunity in the human population.

Lastly, this category also includes risks which have a direct influence on the perception of the Group by its stakeholders (customers, employees, shareholders and suppliers) and society in general. They arise from the possibility of the inappropriate management of issues relating to corporate ethics, social and environmental sustainability, responsibility for the health and safety of the products, the corporate image of the Group, as well as its image in social networks, and any other potential breach that might have an impact on the Organisation's reputation.

Governance risk

Governance risks include a set of risks of a different nature. These include non-compliance by the Company, and in particular by its Board of Directors and Senior Management, with the law in a formal or material sense; good governance guidelines and 'best practices'; as well as the commitments that Inditex voluntarily undertakes as a business, and the risks resulting from the tactical and strategic decisions of the Group's Management that may result in the non-fulfilment of the business objectives of the functional areas or of the Group, as well as regulatory risks of a criminal nature, such as crimes related to corruption, fraud and/or bribery, or any other damage to the reputation of the Company.

Risk management in the Group is a process promoted by the Board of Directors and Senior Management and is the responsibility of all members of the Group, the purpose of which is to provide reasonable assurance that the objectives established by the Group will be achieved as a response to the social and environmental challenges, furnishing all stakeholders with sufficient guarantees to ensure that the value generated will be protected.

In this context, the Group's Integrated Risk Management System ('IRMS') is based on the Enterprise Risk Management Policy, which sets out the basic principles, key risk factors and the general framework for risk management and control.

The Enterprise Risk Management Policy is implemented and complemented by specific policies and internal regulations relating to certain units or areas of the Group. The policies and internal regulations developed and implemented by these areas for the management of the different types of risks include: the Financial Risk Management Policy, the Code of Conduct, the Code of Conduct for Manufacturers and Suppliers, the Criminal Risk Prevention Policy, the Sustainability Policy, the Information Security Policy, the Human Rights Policy, the Diversity and Inclusion Policy, the Compliance Policy, and the Anti-Money Laundering and Terrorist Financing Policy, among others.

For further details see the Further information. Responsible risk management on the Consolidated Statement on Non-Financial Information and Sustainability Information Section.

Significant events after the reporting period

No significant events have occurred after the reporting date.

Information on the outlook for the Group

Spring/Summer collections have been well received by our customers. Store and online sales in local currency, adjusted for the calendar effect of an extra trading day in February 2024 due to the leap year, increased 4% between 1 February and 10 March 2025 versus the same period in 2024. In the last commercial week, store and online sales in local currency increased 7% versus the same period in 2024.

We continue to see strong growth opportunities. Our main priorities continue to be the improvement of our fashion proposition and the customer experience, the clear focus on sustainability and taking care of the talent and commitment of our people. Prioritising these areas will drive long-term growth.

The flexibility and responsiveness of our business in conjunction with in-season proximity sourcing allows a rapid reaction to fashion trends and reinforces our unique market position. This provides us with great potential for the future.

The growth of the Group is underpinned by the continual investment in our store network, the advances made to the online sales channel and the improvements to the logistics platforms, with a clear focus on innovation and technology. Sustainability is central to this.

In order to extend our differentiation further we are developing a number of initiatives in key areas for the coming years.

/ Product Proposition

We will continue focusing on the creativity, quality and design of all our products and reinforcing the commercial initiatives of all our concepts. Zara Woman The New, Massimo Dutti Gravity, Pull&Bear We are the Landscape, Bershka Retro Sport, Stradivarius Denim of Interest, Oysho Back to Training and Zara Home Editions are just some of the proposals that will be available throughout 2025.

The collections show our strong commitment to creativity, thanks to our talented team that is focused everyday on innovation and adaptation to what our customers are looking for.

/ Customer experience

We will continue to offer the best shopping experience to our clients.

Regarding our stores, Zara is launching in new locations (Nanjing Xinjiekou, Athens Minion, Eindhoven Rechtestraat and Osaka Umekita), and opening new standalone Zara Man stores such as Zúrich Bahnhofstrasse. The rest of the concepts also continue to open relevant projects. Two examples of this are the recently opened Bershka store in Mumbai Palladium, and Pull&Bear which will open soon on Oxford Street in London.

In terms of new markets in 2025, the Group will launch its first stores in Iraq. Bershka will open its first stores in Sweden, Stradivarius in Austria and Oysho will open for the first time in The Netherlands and Germany.

We continue introducing the new soft tag alarm technology in our stores. This new technology is a significant improvement in customer experience, facilitating interaction with our products and improving the purchasing process. The new system is now fully operational in Zara, and will be available in Bershka and Pull&Bear this year. It will be progressively implemented in the rest of the concepts and is the basis for us to continue deepening the digitalisation of stores and their integration with online platforms in the coming years.

/ Sustainability

Fibres

By the end of FY2024, 73% of the textile fibres used in manufacturing our garments were lower-impact fibres. Our goal is to reach 100% use of lower-impact textile fibres by 2030. Of the total textile fibres used, 39% was made up of recycled fibres, 23% was made up of organic and regenerative fibres and a further 10% was made up of other lower impact fibres.

Innovation

With a view to the 2030 objective, we are investing in innovation in order to drive capacity with respect to lower impact fibres, with a particular focus on textile-to-textile recycled fibres. Innovation is spearheaded by our Sustainability Innnovation Hub which aims to develop the application of fibres through more than 30 pilot programmes and the investment in startups such as the ones executed in 2024 like Infinited Fiber, Galy and Epoch.

Emissions

The progress made in fibres and the initial results of our Supply Chain Environmental Transformation Plan have allowed us to reduce our Scope 1, 2 and 3 SBT GHG emissions target by a further 5% compared to 2018. Our own emissions have been reduced up to 88% in the same period.

/ People

We will continue to promote the talent and commitment of our teams in order to reinforce our attractiveness as a benchmark employer.

At Inditex, we believe that the training and growth of our people form the basis of our transformation and provides a driving force for innovation. During 2024, around 3.3 million hours of training have been provided to our teams. Furthermore, the Group has promoted 9,300 employees over the course of the year. In view of our preference for internal promotion wherever possible, 70% of new positions were filled this way.

We aim to provide opportunities for all people. There are now currently more than 3,100 people with some type of disability employed in Inditex stores, logistics facilities, factories and head office teams around the world. This is more than twice the number of people who worked in the Group three years ago, in line with our public commitment.

Outlook: Strong commitment to profitable growth

Inditex operates in 214 markets. We enjoy a low market share in a sector which remains highly fragmented. This is where the long-term growth opportunity lies. We aim to build upon the significant growth of the business seen in recent years with the launch of various initiatives.

Optimisation of stores is ongoing, and we expect this to drive further gains in store productivity. The growth of annual gross space in the period 2025-2026 is expected to be around 5%. Inditex expects space contribution to sales to be positive in this period, accompanied by strong online sales.

Over the coming year, we are planning investments that will generate efficiencies and increase the competitive differentiation of the Group. We estimate ordinary capital expenditure of around €1.8 billion in 2025. This investment will be mainly dedicated to the optimisation of our commercial space, its technological integration and the improvement of our online platforms.

Our logistics expansion plan in 2024 and 2025 is on track. This extraordinary two-year investment programme focused on the expansion of the business allocates €900 million per year to increase logistics capacities in each of the 2024 and 2025 financial years. The objective of this logistics plan is to strengthen Inditex's capabilities to address strong global growth opportunities in the medium and long term. These investments will have the highest standards of sustainability and use the most up-to-date technology.

The Zaragoza II distribution centre for Zara is expected to commence operating in summer 2025.

At current exchange rates, Inditex expects a -1% currency impact on sales in 2025.

For 2025, Inditex expects a stable gross margin (+/-50 bps).

R&D+I activities

The Inditex Group carries out research, development and innovation activities in all areas of its business with the aim of improving the manufacturing and distribution processes and developing technologies that facilitate business management, either using its own resources or with the help of third parties. In particular, we highlight the activity of designing clothing, accessories and household items, logistics and those related to technology linked to point-of-sale terminals, to administration and inventory management systems, to delivery systems at distribution centres, to communication with stores, to garment labelling and, finally, to the activity linked to the digital transformation of the business.

Acquisition and sale of treasury shares

During the Annual General Meeting held on 13 July 2021, shareholders approved the 2021-2025 Long-Term Incentive Plan (Note 26 of the Notes to the consolidated annual accounts for 2021). Similarly, the Annual General Meeting held on 11 July 2023 approved a 2023-2027 Long-Term Incentive Plan (Note 27 to the consolidated annual accounts for 2023), and authorised the Board of Directors to derivatively acquire treasury shares, to cater for these plans.

As at 31 January 2024, the Parent owned a total of 3,582,419 treasury shares, representing 0.115% of the share capital.

During the first quarter of 2024,the first cycle (2021-2024) of the 2021-2025 Long-Term Incentive Plan (which expired on 31 January 2024) was settled and shares were awarded to its beneficiaries, charged to treasury shares. The total of treasury shares delivered was 1,676,573 shares, representing 0.054% of the share capital.

Aside from these share deliveries, there were no other operations involving treasury shares in 2024.

Consequently, at 31 January 2025, the Parent owned a total of 1,905,846 treasury shares, representing 0.061% of the share capital.

Other salient information

Stock market information

The Inditex share price closed 2024 at 52.72 euros per share on 31 January 2025, presenting an increase of 33%. The average daily trading volume was approximately 2 million shares. In the same period, the Ibex 35 was up by 23% while the Dow Jones Stoxx 600 Retail rose by 17%.

Inditex's market capitalisation stood at 164,310 million euros at the end of the period, up 1,793% on its capitalisation when its shares were admitted to trading on 23 May 2001, as compared with a 28% increase in the Ibex 35 index in the same period.

The dividend for 2023 totalling 1.54 euros per outstanding share was paid in May and November 2024.

Dividends policy

The dividends paid by the Parent in 2024 and 2023 amounted to 4,797 million euros and 3,736 million euros, respectively. These amounts correspond to payments of 1.54 euros per share and 1.20 euros per share, respectively.

Inditex's dividend policy consists of a 60% ordinary payout and bonus dividends. For FY2024, the Board of Directors will propose at the AGM a dividend increase of 9% to €1.68 per share, composed of an ordinary dividend of €1.13 and a bonus dividend of €0.55 per share. The dividend will be made up of two equal payments: On 2 May 2025 a payment of €0.84 per share (ordinary). On 3 November 2025 a payment of €0.84 per share (€0.29 ordinary + €0.55 bonus).

The distribution proposed by the Board of Directors is shown in Note 29 to the Consolidated Annual Accounts.

Other disclosures

Related party transactions

Transactions with related parties are described in Note 28 and Note 30 to the consolidated annual accounts. The Group did not carry out any related party transactions during the year that substantially affected its financial position or results.

Information on average payment periods required by Law 15/2010, of 5 July

The Group's supplier payment policy complies with the periods for payment to suppliers set in the late payment legislation in force. The Group is developing measures to try to reduce the payment period in those rare cases in which the established maximum payment period is exceeded. The aforementioned measures will focus on reducing the length of the processes involved in the receipt, verification, acceptance and accounting of invoices (enhancing use of electronic and technological methods) and improving the procedure for incident resolution in this connection.

Annual Corporate Governance Report

The Annual Corporate Governance Report for 2024 is included herein. It will be filed with the Spanish National Securities Market Commission (CNMV) as an additional regulatory disclosure on 12 March 2025 and shall be available at www.inditex.com and on the CNMV website (www.cnmv.es).

Annual Report on Remuneration of Directors

The Annual Report on Remuneration of Directors for 2024 is included herein. It will be filed with the Spanish National Securities Market Commission (CNMV) as an additional regulatory disclosure on 12 March 2025 and shall be available at www.inditex.com and on the CNMV website (www.cnmv.es).

Non-financial and diversity, equality, non-discrimination and disability information

The Group's Consolidated Statement on Non-Financial Information and Sustainability Information, in sections S1-4. Actions related to own workforce, S1-5/S1-12. Persons with disabilities and related target, S1-9. Diversity metrics, S1-10/S1-16. Compensation metrics includes information on diversity, equality, non-discrimination and disability.

Alternative performance measures

The gross profit, EBITDA, EBIT, PBT, ROCE, ROE, working capital, net financial position, average net financial debt, store operating profit, quarterly results, sales growth at constant exchange rates and sales in comparable stores, are defined in Note 2 to the consolidated annual accounts for 2024.

This document may contain statements regarding intentions, expectations, estimates or forecasts. All statements other than statements of historical facts contained herein, including, without limitation, those regarding our financial position, business strategy, management plans and objectives for future operations, are forward-looking statements. These statements are based on the Company's estimates and expectations, on the basis of the information and knowledge available as at the date hereof, but do not constitute a guarantee of future performance, nor have they been audited or verified by an independent third party. Such intentions, expectations, estimates or forecasts may be subject to risks, uncertainties and other relevant factors which could cause the evolution and actual results achieved to differ materially from the same.

Some of these risks include, without limitation, (i) financial risks, such as the macroeconomic environment of the various geographies where the Group operates, changes to market factors (including, without limitation, foreign exchange or interest rates or the price of raw materials), the financial solvency of counterparties or the competitive environment, (ii) geopolitical risks, such as instability in the different supply markets and the markets where our goods are sold, or the frictions that may hinder the normal movement of goods, (iii) social risks, such as the change in the perception of the Group or the industry by stakeholders, the emergence of infectious or contagious diseases, or labour disputes, (iv) governance risks, such as violation of laws or non-compliance with regulations or good governance recommendations, or risks resulting from tactical and strategic decisions that prevent achieving the business objectives, (v) technological risks, such as cyberattacks, collapse of critical infrastructures, industrial accidents or the fast evolution of technology, and (vi) the different environmental risks associated with natural disasters, climate change, the transition to a low – carbon economy and the interactions resulting from the human exploitation of the environment.

Notwithstanding this, the risks and uncertainties that could potentially affect the information provided are difficult to predict and are, generally beyond the Company's control. Therefore, the Company does not accept any liability arising from statements regarding forecasts and estimates, except in cases where this could not be limited in accordance with a mandatory rule.

The Company does not accept either any obligation to review or update such statements, even in case of unforeseen changes or events that might affect the same.

In view of the above, you are warned of the risk of placing undue trust in such intentions, expectations or future forecasts.

Annex II

Income statement: FY2024 quarterly results:

	2024 Quarterly results			
	Q1	**Q2**	**Q3**	**Q4**
Net sales	8,150	9,915	9,357	11,210
Cost of sales	(3,210)	(4,314)	(3,608)	(5,157)
Gross profit	**4,940**	**5,601**	**5,750**	**6,053**
	60.6%	56.5%	61.4%	54.0%
	13	24	(23)	23
Operating expenses	(2,553)	(2,914)	(2,809)	(3,278)
Other net operating income (losses)	(17)	(17)	(13)	(13)
Gross operating profit (EBITDA)	**2,370**	**2,670**	**2,927**	**2,762**
	29.1%	26.9%	31.3%	24.6%
Amortisation and depreciation	(734)	(765)	(794)	(880)
Operating income (EBIT)	**1,636**	**1,905**	**2,133**	**1,881**
	20.1%	19.2%	22.8%	16.8%
Financial results	21	(9)	2	(90)
Results from companies consolidated by equity method	14	31	22	32
Income before taxes (PBT)	**1,672**	**1,926**	**2,156**	**1,823**
	20.5%	19.4%	23.0%	16.3%
Taxes	(373)	(448)	(474)	(406)
Net income	**1,299**	**1,479**	**1,682**	**1,417**
	15.9%	14.9%	18.0%	12.6%
Minorities	**5**	**5**	**1**	**-**
Net income attributable to the controlling company	**1,294**	**1,474**	**1,680**	**1,417**
	15.9%	14.9%	18.0%	12.6%

Annex III

Detail of stores by concept and market as at 31 January 2025:

Market	Zara	Pull&Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	INDITEX
ALBANIA	1	1	1	2	2	-	1	8
GERMANY	62	18	5	19	4	-	4	112
ANDORRA	2	1	1	1	1	1	1	8
SAUDI ARABIA	52	22	10	30	36	11	6	167
ALGERIA	3	3	1	4	4	2	2	19
ARGENTINA	11	-	-	-	-	-	-	11
ARMENIA	2	3	2	3	2	1	1	14
ARUBA	1	-	-	-	-	-	-	1
AUSTRALIA	17	-	-	-	-	-	-	17
AUSTRIA	11	6	1	8	-	-	2	28
AZERBAIJAN	3	3	4	4	3	2	1	20
BAHREIN	4	2	2	2	2	2	2	16
BELGIUM	26	8	14	13	3	3	5	72
BELARUS	2	2	1	3	3	1	1	13
BOSNIA-HERZEGOVINA	3	4	1	4	4	-	-	16
BRAZIL	45	-	-	-	-	-	9	54
BULGARIA	5	4	5	8	4	5	2	33
CAMBODIA	1	-	-	-	-	-	-	1
CANADA	31	-	3	-	-	-	-	34
CHILE	9	-	-	-	-	-	3	12
MAINLAND CHINA	73	-	42	-	-	2	17	134
HONG KONG SAR	10	-	-	-	-	-	2	12
MACAO SAR	1	-	-	-	-	-	-	1
TAIWAN, CHINA	9	3	4	3	-	-	2	21
CYPRUS	7	6	5	5	6	5	6	40
COLOMBIA	11	11	5	13	12	6	5	63
SOUTH KOREA	30	-	10	-	-	-	5	45
COSTA RICA	2	2	1	2	2	1	1	11
CROATIA	10	7	3	8	7	3	2	40
DENMARK	4	-	-	-	-	-	-	4
ECUADOR	2	3	1	3	3	1	-	13
EGYPT	10	7	6	7	5	5	5	45
EL SALVADOR	1	2	-	2	2	1	-	8
UNITED ARAB EMIRATES	19	10	10	10	9	10	9	77
SLOVAKIA	3	4	2	6	4	1	1	21
SLOVENIA	4	2	1	4	4	-	-	15
SPAIN	256	161	107	158	224	97	84	1,087
U.S.A.	98	-	1	-	-	-	-	99
ESTONIA	2	1	2	1	1	-	1	8
PHILIPPINES	9	5	4	7	4	-	-	29
FINLAND	4	-	1	-	-	-	-	5
FRANCE	106	45	7	54	37	5	15	269
GEORGIA	5	2	5	3	4	3	1	23
GREECE	37	22	11	25	19	15	10	139
GUATEMALA	3	3	1	3	3	1	1	15
NETHERLANDS	24	12	4	15	8	-	5	68
HONDURAS	2	2	1	2	2	1	1	11
HUNGARY	9	9	4	10	8	3	3	46
INDIA	23	-	3	-	-	-	-	26
INDONESIA	17	14	5	8	11	4	3	62

Market	Zara	Pull&Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	INDITEX
IRELAND	10	3	2	5	3	-	-	23
ICELAND	1	-	-	-	-	-	-	1
ISRAEL	25	23	2	14	15	-	3	82
ITALY	88	57	3	68	76	14	19	325
JAPAN	64	-	-	-	-	-	4	68
JORDAN	3	2	2	2	5	2	2	18
KAZAKHSTAN	6	6	5	7	6	6	5	41
KUWAIT	7	4	2	5	5	6	4	33
LATVIA	3	2	3	2	2	2	1	15
LEBANON	3	3	3	5	4	3	3	24
LITHUANIA	4	3	5	4	4	2	2	24
LUXEMBOURG	3	1	2	1	1	1	1	10
NORTH MACEDONIA	2	2	2	2	2	1	1	12
MALAYSIA	7	4	5	-	-	-	-	16
MALTA	1	4	2	2	2	2	3	16
MOROCCO	13	3	3	4	5	3	4	35
MEXICO	84	73	41	70	61	45	27	401
MONACO	1	-	-	-	-	-	-	1
MONTENEGRO	1	1	-	1	1	-	-	4
NICARAGUA	1	1	-	1	1	-	-	4
NORWAY	5	-	-	-	-	-	-	5
NEW ZEALAND	1	-	-	-	-	-	-	1
OMAN	3	1	-	1	1	1	1	8
PANAMA	2	2	1	2	2	1	1	11
PARAGUAY	1	-	-	-	-	-	1	2
PERU	5	-	1	-	1	1	3	11
POLAND	39	34	24	42	45	19	10	213
PORTUGAL	67	44	33	40	41	21	24	270
PUERTO RICO	3	-	-	-	-	-	-	3
QATAR	7	5	4	5	5	5	5	36
UNITED KINGDOM	57	12	11	13	10	2	3	108
CZECH REPUBLIC	5	3	2	5	4	1	1	21
DOMINICAN REPUBLIC	3	1	2	2	2	2	2	14
ROMANIA	26	26	13	30	25	13	9	142
SERBIA	8	9	5	11	9	4	4	50
SINGAPORE	5	2	4	1	-	1	-	13
SOUTH AFRICA	7	-	-	-	-	-	-	7
SWEDEN	7	1	3	-	-	-	-	11
SWITZERLAND	18	4	4	6	3	1	2	38
THAILAND	11	2	3	1	-	1	3	21
TUNISIA	7	4	3	5	5	4	3	31
TÜRKIYE	45	30	24	31	30	29	15	204
UKRAINE	11	15	9	15	14	10	3	77
URUGUAY	2	-	-	-	-	-	2	4
UZBEKISTAN	1	1	1	1	1	1	1	7
VENEZUELA	1	-	-	-	-	-	-	1
VIETNAM	3	2	2	-	1	-	-	8
INDITEX	**1,759**	**800**	**528**	**854**	**835**	**396**	**391**	**5,563**