INDITEX
FIRST QUARTER 2026

CONFERENCE CALL SCRIPT
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Conference Call Participants

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Warwick Okines – Exane BNP Paribas – Analyst
Anne Critchlow – Berenberg – Analyst
Monique Pollard – Citigroup – Analyst
Richard Chamberlain – RBC– Analyst
Grace Smalley – Morgan Stanley– Analyst
James Grzinic - Jefferies– Analyst

Introduction: James O'Shaughnessy

[Image]

Buenos días a todos, good morning. We would like to extend a warm welcome to all of those attending the presentation of Inditex's results for the first three months of financial year 2026. I'm James O'Shaughnessy, Investor Relations.

Going forward the first quarter and the third quarter results presentations will place greater emphasis on the financial and operational performance of the business over the period. With this in mind, today's presentation will be hosted by our Chief Financial Officer, Andrés Sánchez, together with the Director of Investor Relations, Gorka García-Tapia.

Oscar García Maceiras, our CEO, will continue to provide a strategic update on Inditex at the half-year and full-year results presentations.

Once the presentation itself is complete, we will commence the usual Q&A session starting with questions received over the phone, followed by those received via the webcast platform. Let's take the disclaimer as read.

Over to you Andres.

Slide 3: Chief Financial Officer

Slide 4: 1Q2026: Solid operational performance

Good morning to you all and thank you for attending our first quarter 2026 results presentation.

Having now served as CFO for just over a year, it is a privilege to present these results to you today.

As you may have seen from the financial press release posted earlier this morning, Inditex has generated a strong performance over this first quarter. This is particularly relevant given the wider macroeconomic and geopolitical uncertainty we have all been reading about in the newspapers in recent times.

For now, let me highlight that Inditex's strong financial results were not only driven by a robust commercial performance, but also, importantly, by the strength and consistency of our operational execution. We'll comment on this further in a few moments, and I'm sure some of you will have questions on this.

Before I dive into the numbers in more detail, let's just cover some of the main features of the quarter.

Firstly, Spring/Summer collections so far this season have been very well received by our customers. Sales over the period increased by 5.8%, or by 8.8% in constant currency.

This execution has translated into a strong gross margin performance, driven by the effective execution of our business model. At the same time, we have maintained a disciplined approach to cost management, enabling us to successfully contain costs across the business.

In terms of overall profitability, net income has increased by 5.4% to reach 1.4 billion euros.

And now to current trading. The very satisfactory performance of the first quarter has continued going into the second quarter. Store and online sales in constant currency between the first of May and the first of June grew 11.5%, positively impacted by calendar effects.

Slide 5: Financial Summary

Let's take a few moments to provide some more colour on the numbers themselves.

Slide 6: 1Q2026: Solid Operational Performance

The numbers on this slide I think illustrate very well the sound performance in the first three months of this financial year 2026.

Sales over the period have grown by 5.8%.

In the context of recent events, close management of the supply chain has been of paramount importance. This factor, as you can see, in conjunction with executing well, has led to a very robust performance in terms of gross margin.

Likewise, operating expenses have been well managed over the period and this has resulted in operating expenses growing by 6.4%, very much in line with the sales performance of the business.

EBITDA has increased 7.3% to reach 2.6 billion euros.

Moving further down the P&L, I'm happy with the progress made at the net income level, with an increase of 5.4% to 1.4 billion euros.

Slide 7: Sales

Net sales over the period reached 8.7 billion euros, a growth rate of plus 5.8%. Sales growth in constant currency over the same period was plus 8.8%.

In terms of sales for the full year 2026, we continue to expect a -1% currency impact.

Slide 8: Gross profit

And now over to gross profit which increased 6.9% to reach 5.4 billion euros. As mentioned a few moments ago, the main driver of

this performance was the robust execution of the business model. With this in mind, the gross margin reached 61.2%, representing an increase of 67 basis points over the first quarter last year. You should take into consideration the FX sourcing benefit from the weaker US dollar and a limited impact in the quarter from higher fuel prices, due to the lagged effect of transportation costs in COGs. In the wider context, I would say that we have exhibited a high level of flexibility and adaptability as reflected well in the results today.

Based on current information, we would like to reiterate our gross margin guidance for the full year 2026 of +/-50 basis points.

Slide 9: Operating expenses

Passing over to operating expenses, we continue to be very vigilant regarding costs across the whole Company, whether by department or by business line.

In the period, operating expenses grew by 6.4%. As you would expect, very broadly, cost growth tracked the evolution of sales.

This cost efficiency contributed to the strong PBT margin of 20.1%.

Slide 10: Working capital

Before I pass it over to Gorka who will highlight some important aspects of this quarter, a few comments on working capital.

The discipline and flexibility of our operating model continues to support a strong working capital profile and efficient inventory management across the Group.

Inditex's inventory as of the 30th of April 2026 was 1% higher. This closing inventory is considered to be of high quality.

And now a few comments from Gorka.

Slide 11: Director of Investor Relations

Slide 12: Overview

Thank you Andres.

Slide 13: Operations

I think the results speak for themselves. They represent a very strong set of numbers, which are underpinned by the healthy execution of our business model across the Group.

This performance is even more noteworthy when considered against the backdrop of the wider macroeconomic and geopolitical challenges seen in recent months.

These conditions have had an impact on the sales of the middle east region, however the group has continued to deliver overall sales growth at a global level reflecting the strength of our collections and the broad diversification of our business. We have once again demonstrated a remarkable degree of adaptability, not

only in terms of disciplined cost control, but also through the flexibility and resilience of our operating model.

Thanks to the diversification of our supply chain and our demonstrated ability to rapidly adapt transportation methods, whether through air freight, sea freight, land transportation, or a combination of each of these, we've ensured an uninterrupted supply of high fashion products to all of our stores globally.

Slide 14: Retail Optimisation

From a longer-term strategic perspective, our ongoing Retail optimisation strategy, which focuses on important new openings, enlargements and the refurbishment of stores in the best global locations, remains very much the focus of our efforts. We are expanding all of our concepts into new cities and new territories, while at the same time launching new services aimed at enhancing the customers' shopping experience.

Currently, we have operations in 215 markets, with a relatively low market share in each of these. Let's not forget the highly fragmented nature of almost all of these markets. All this offers us substantial future growth opportunities.

With this in mind, Retail Optimisation activities, you know, refurbs, relocations, new openings and absorptions, have been conducted in 44 markets over the period. All concepts, including Zara, continue to deliver exciting new openings in key locations around the world.

I'll now hand it back to Andrés.

Slide 15: CFO

Thank's Gorka.

Slide 16: Outlook 2026

As has always been the case at Inditex, our strategy looks very much to the long-term. Investments made, aim to scale our capabilities, to drive ongoing efficiencies and ultimately to enhance our competitive proposition.

The growth of annual gross space in 2026 is expected to be around 5%. Over this same time period, Inditex expects space contribution to sales to be positive, in conjunction with a strong evolution of online sales.

For 2026, we estimate ordinary capital expenditure of approximately 2.3 billion euros. We continue to focus the ordinary capital expenditure on our global store base, the online platform, and the roll out of technology programs aimed at enhancing the level of integration.

Slide 17: Dividend

As already announced for the financial year 2025, the Board of Directors will propose at the Annual General Meeting a dividend of €1.75 per share.

The dividend will be made up of two equal payments: On the 4th of May 2026 Inditex made a payment of €0.875 per share. The remainder, €0.875 per share will be payable on the 2nd of November 2026.

Slide 18: Strong start to 2Q2026

I would like to finish with a comment on our current performance. Spring/Summer collections continue to be very well received by our customers.

Store and online sales in constant currency increased by 11.5%% between the 1st of May and the 1st of June 2026 versus the same period in 2025.

Slide 19:

Thank you all for attending our results presentation this morning. That concludes the event for today. We'd be happy to answer any of your questions.

Q&A: James O'Shaughnessy – Operator

The telephone Q&A session starts now. If you would like to ask a question, please press Star-5 on your telephone keypad. If you wish to withdraw your question, please press Star-5 again. We request that you limit yourself to only one question per turn so we can maximize the number of participants in the session. If you have further queries, you may press Star-5 again after the next person's question has been addressed. Please ensure your phone is not on mute.

The first question goes to Sreedhar Mahamkali from UBS. Go ahead, Sreedhar.

Sreedhar Mahamkali – UBS – Analyst

Hi, good morning, team. Thanks for taking my question. Thanks, James. Andrés, can I just pick up a comment you made? I think you talked about gross margin, the shape of it, FX sourcing benefit, and limited impact from freight in Q1. Any thoughts at all on how we should think about those aspects in the rest of the quarters, please? I realise you reiterated the guidance. Any help in terms of the shape, would be incredibly helpful. Thank you.

Andrés Sánchez – Inditex

Thank you, Sreedhar. Thank you for your question. I would say that a strong start to the year and the gross margin performance were mainly driven by the effective execution of our fully-integrated business model. It is important also to highlight the ability of our teams to respond quickly to customer demand. In any case, in the current environment, I think it is worth to highlight that we have been able to rapidly adapt our supply chain to ensure uninterrupted product flow to our stores globally, using a combination of different means of transport, guaranteeing that we are able to feed our central inventory position.

To complete the analysis of the gross margin performance, I think it's important also to highlight a few key points. First of all, in relation to proximity sourcing, I would say that diversification of our sourcing model, in terms of origin of goods and a combination of proximity and non-proximity sourcing, continues to be key to give us flexibility and to adapt rapidly our supply chain.

Secondly, and in relation to transport cost; please keep in mind that there is a lag effect between the transportation of goods and their impact on the cost of goods sold, which means that the impact on the higher transport costs and fuel prices in the first quarter has so far been limited.

And third, and as we mentioned during the presentation, I think it's also relevant that we have benefited from an FX sourcing tailwind in Q1. From a weaker US dollar, which, as you will assume, will be reduced over the next few quarters.

All in all, I think it's important, as a final remark, to highlight that we have to reiterate that the current environment is included within our gross margin guidance of ±50 basis points for the full year. Thank you.

James O'Shaughnessy – Operator

The next question comes from Georgina Johanan from JP Morgan. Go ahead, Georgina.

Georgina Johanan – JP Morgan – Analyst

Hi, thank you. Just following on from your comments about the transportation higher costs coming in future quarters, just wondering if, other than sort of general execution of the business model, if there are mitigation opportunities that you're considering around, maybe pricing increases or other kind of new levers of efficiencies in the business, please.

If you could also just help us understand the calendar effect you mentioned in the current trading period, that would be really helpful as well, please. Thank you.

Gorka García-Tapia – Inditex

Hi, Georgina. Thank you for your question. So, I think the first part of your question, I think what's important here is the operational capacity that we have at the Group. I think you're seeing, as we are, the current geopolitical situation. But I think that one of the key strengths for the Group is the sourcing and logistics model that we have. And I think that, naturally, in the current environment, it requires a very high level of operational coordination and flexibility. But I think in our view, this is, actually, precisely one of the structural strengths that the Inditex business model has. So I think one of the capacities that we have is that flexibility and adaptability, not only in terms of where we're sourcing the goods, proximity plays a role here, obviously, but I think also in terms of adaptation of the transportation methods. And I think these are one of the things that we've been trying to highlight, the fact that we're using different combination of modes and even, in certain cases, multimodal solutions where we think it's appropriate. I think you had a second question related to calendar impacts in the trading. So I think maybe, Andrés, you want to cover that?

Andrés Sánchez – Inditex

Thank you, Gorka, and thank you, Georgina, for your question.

Regarding the trading update, we would like to say that we are very pleased with the strong evolution of the sales at the start of Q2. It is clear that this continues to reflect the good reception of our spring/summer collections, and of course, the remarkable execution of our business model across all channels and markets.

All in all, we do believe it is important to interpret this short trading period with caution, which means that this is only four weeks. So, remember that last year we provided five weeks. So firstly, and as we mentioned in the press release, this short trading period has been positively impacted by those calendar effects that came in later in the previous year. And secondly, I think it's also important to highlight, in 2025, comparables get progressively stronger as the year goes on, most notably, as you perfectly know, in the second half. So going forward, the growth algorithm for the Group hasn't changed, and you should consider this when thinking about the growth for the rest of the year. Thank you.

James O'Shaughnessy – Operator

The next question comes from Warwick Okines from BNP. Go ahead, Warwick.

Warwick Okines – Exane BNP Paribas – Analyst

Thanks, James. Morning, everyone. I was just wondering if you could talk a little bit more about operating costs. I appreciate you

flagged that they grew broadly in line with sales. They did actually grow a little bit ahead of sales, although only a little bit. Where, perhaps, is the inflation coming from? Is it because of strong online growth or maybe the acceleration of space, or maybe it's because of the new distribution logistics centers coming on stream? Maybe just comment around the growth of OPEX, please.

Gorka García-Tapia – Inditex

Sure. Thanks, Warwick. So I think with regards to OPEX, I mean, you're right. What we pointed to was basically at the top line, we're seeing growth of around 6% and OPEX growth, the same, around 6%, right? I think you have to remind yourself that the objective that we have in the company is to have stable margins in the medium term. So, there's a lot of reinvestment activities that we're doing focused on the customer experience in the group. And I think we've talked about this in the past. But you should also take into consideration, for example, the FX impact. In a quarter where you have a strong FX impact on the top line, you have to remember that it's not symmetrical as you go down the P&L. And so, in that sense, when you take that into consideration, I think you'll better understand our comments. Thank you.

James O'Shaughnessy – Operator

The next question comes from Anne Critchlow from Berenberg. Go ahead, Anne.

Anne Critchlow - Berenberg – Analyst

Good morning. Thank you. Would it be possible to give an idea of how great the impact of the Middle East performance was in Q1 and current trading? So, for example, could you give us an idea of constant currency sales growth in Q1 and current trading, stripping out the Middle East? Thank you.

Gorka García-Tapia – Inditex

Great. So I think with regards to the Middle East, let me just preface by saying, you know, we have around 480 stores in the region. We're operating under a franchise model, which I know that you guys are all aware. Today, all of these stores are open. I think the geopolitical conditions are having an impact on the sales in the Middle East region, but I'd also highlight the fact that it is a diverse region and that there are different countries having different impacts. All in all, what I think the main message that we're trying to send is that the group has been able to perform in the first quarter, deliver a strong growth, and I think that's a good reflection of the broad diversification that the business has.

James O'Shaughnessy – Operator

The next question comes from Monique Pollard from Citi. Go ahead, Monique.

Monique Pollard - Citigroup – Analyst

Hi, morning. Thank you for taking my question. I just had one question. As we think a little bit more about that evolution of the gross margin through the year on product costs. So, whether or not, you know, conversations that you're having with suppliers at the moment, you're seeing some upward pressure on product costs, particularly, around polyester pricing, just given the oil price impact we've seen?

Gorka García-Tapia – Inditex

Thank you. So I think you're right, we have seen increasing costs, for example, in cotton and other raw materials in the last few months. However, you have to take into consideration that these costs of textiles that you're seeing in the market don't really have a significant, or they're not a significant part of the cost of goods sold as it's built up, right? So, I think the biggest driver for us for gross margin, and I think that this covers most of the questions that we've had up to now, is really the performance and the execution of the business model.

In terms of raw materials, to give you a little bit more color, I think 57% of the raw materials that we consume are biological, and we have 27%, which are polyester. And I think an important point to highlight here is that almost all of that polyester is recycled. Thank you

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James O'Shaughnessy – Operator

The next question comes from Richard Chamberlain from RBC. Go ahead, Richard.

Richard Chamberlain – RBC – Analyst

Yeah, thanks, James. Morning, everybody. My question is on pricing, please. I just wonder what you're seeing there, particularly in the US market. Is mainly the growth still volume-driven? And are you seeing a big difference in average compared to like-for-like selling prices? Thank you.

Gorka García-Tapia – Inditex

Great. Yeah, I think, you, you hit the nail on the head there. I think what we continue to see, not only in the US but broadly speaking, is growth from the Group is coming from volume and not through prices. You know, we have a stable pricing policy that can adjust in any market in order to maintain our relative price position. But I think that's the key point there. It's volume-driven.

The US is a very relevant market for us and we continue to see a lot of opportunities. And, you know, as our CEO has mentioned in

the past, we're executing a strategy of selective growth in the market. And I think that, despite the good results that we're seeing in the online and the physical stores, we still see more opportunities for growth because we do have a low market share and it's a fragmented market. And I think that the growth in that sense is in our hands and it's not really dependent on the performance of the broader market. Thank you.

James O'Shaughnessy – Operator

The next question is from Grace Smalley from Morgan Stanley. Go ahead, Grace.

Grace Smalley – Morgan Stanley – Analyst

Hi. Good morning. Thank you for taking my question. I just have a quick one on D&A, please, which was slightly higher than we expected in the first quarter. Could you just help us with if there's any drivers in particular to call out within that, and if there were any one-offs, for example? And then just what are the factors we should be considering when modeling that D&A line going forward? Thank you very much.

Andrés Sánchez – Inditex

Thank you, Grace. Thank you for your question. As you have seen, D&A increased by 8% in Q1 2026, following a 3% increase in fiscal year 2025. There are several factors behind this evolution. However, it is difficult to provide, in this sense, precise

depreciation guidance for 2026. As I mentioned, the line is affected by multiple variables.

One of the main drivers of the evolution, as you can imagine, in Q1 is the extraordinary CAPEX executed in 2024 and 2025, which is now in use. Secondly, I think it's also important to mention that we have here, in this line, the depreciation of the right-of-use assets, which represents a significant component of the D&A line. And this is influenced by the length and the structure of the lease contracts, including, of course, break clauses, also the variable rent component, and the impact of the renegotiations and the interest rate-related assumptions.

And finally, you have also to consider that when looking to D&A line, we have to take into consideration that we continue executing our retail optimisation program, which may also affect, taking into account, the quarterly evolution of this figure. Thank you.

James O'Shaughnessy – Operator

The next question comes from James Grzinic from Jefferies. Go ahead, James.

James Grzinic – Jefferies – Analyst

Yeah, thank you, James. Morning all. Just a super quick one, really, and I guess it goes to the point that you just mentioned on the retail optimisation program. I think it was about a year ago that you told us that 30% of ZARA's physical sales, in-store sales, were through self-checkouts. Can you please update us on what

that number has become a year later?

Gorka García-Tapia – Inditex

So I think I can confirm that the numbers have, of course, increased. I think we're fully rolled out in terms of the self-checkouts, the hardware, and the soft tags, more importantly. I think that the combination of all of those is really what helps to drive. What we're seeing is that everywhere that it's implemented, the uptake and the use by the customers is increasing significantly. I think that's what we can tell you at this stage.

James O'Shaughnessy – Operator

That concludes the questions for today. Let's move over to webcast questions, the first of which relates to the state of the consumer. "Can you give us an update on consumer behavior, potential impact from inflation in the US or Europe, please?"

Gorka García-Tapia – Inditex

I think I touched on part of this question before, with Richard's question. I mean, what we're seeing is that a lot of growth opportunities, we have low market shares, and we really do think that the growth is in our hands. We're not seeing anything at this stage, and we think that it's more dependent on the execution of the business model, having the capacity of identifying the trends and really reacting in a short period of time in order to capture that growth. So, we're not really calling out any significant impacts anywhere. Thank you.

James O'Shaughnessy – Operator

The next question in the webcast platform relates to ZARA and potential higher average selling prices. Perhaps you can give us some color on this, please.

Gorka García-Tapia – Inditex

Yeah, again, I think I answered this related to the US, but basically, broadly speaking, in ZARA, everything is primarily volume-driven. And the authority that we have in the market is through the product, the fashion proposition, and not the pricing. So, there hasn't been a change here at all. As I mentioned before, we have a very stable pricing policy that, of course, can take into consideration some adjustments in any given market, but basically with the objective -from a commercial perspective, to maintain our relative position in each of those markets. Thank you.

James O'Shaughnessy – Operator

Thank you. That concludes the webcast questions for today.

Andrés Sánchez – Inditex

It was good to see so many people participating in today's presentation. For any additional questions, feel free to get in touch with the Investor Relations Department. And we look forward to welcoming you back in September for the first-half 2026 results.