

# INDITEX

## Interim Nine Months 2021 Results

1 February 2021 to 31 October 2021

- ♦ Inditex's differentiation and strategic transformation towards a fully integrated, digital and sustainable business model accelerates
- ♦ The recovery continues to gain momentum. 3Q2021 sales, PBT and net income reached historic highs resulting in operating leverage versus 3Q2019. During 3Q2021, sales growth in constant currency continued accelerating to reach 21% versus 3Q2020 and 10% versus 3Q2019
- ♦ Store and online sales in constant currency between 1 November and 10 December 2021 increased 33% versus the same period in 2020 and 10% versus the same period in 2019
- ♦ At current exchange rates, the currency impact on sales in 2H2021 is expected to be around +0.5% versus 2H2020 and -5.5% versus 2H2019
- ♦ Over the 9M2021 store sales have steadily improved. In 3Q2021, store sales in constant currency exceeded 3Q2019 levels with 11% fewer stores. Online sales continue to grow strongly. Online sales in constant currency increased 28% over 9M2020 and 124% over 9M2019. Inditex expects online sales to be more than 25% of sales in FY2021
- ♦ In 9M2021, net sales reached €19.3 billion, 37% higher than in 9M2020. Sales in constant currency grew 39%
- ♦ Gross profit reached €11.4 billion, 40% higher than 9M2020. Gross margin reached 59% (+101bps). Based on current information, Inditex expects a gross margin of around 57.5% (+/-50 bps) for FY2021
- ♦ All expense lines have shown a favourable evolution. Operating expenses increased 24% over 9M2020
- ♦ In 9M2021 EBITDA increased 63% to €5.4 billion and EBIT increased 248% to €3.3 billion. PBT increased 277% to €3.2 billion
- ♦ Net income in 9M2021 increased 273% to €2.5 billion
- ♦ Strong cash generation from operations continues. The net financial position grew 16% to €9.6 billion
- ♦ The migration to the Inditex Open Platform (IOP) is close to 97% complete
- ♦ The FY2021 final dividend of €0.35 per share was paid on 2 November 2021

## Interim Nine Months 2021: Strategic transformation accelerates

Inditex's differentiation and strategic transformation towards a fully integrated, digital and sustainable business model continues to accelerate.

The Autumn/Winter collections were very well received by our customers. Throughout 9M2021 store sales have progressively improved and online sales continue growing strongly.

9M2021 results (February-October) show a strong progression. 3Q2021 sales, PBT and net income reached historic highs resulting in operating leverage versus 3Q2019. During 3Q2021, sales growth in constant currency continued accelerating to reach 21% versus 3Q2020 and 10% versus 3Q2019.

Inditex continues to be very active in differentiating its retail space. The growth of space in 9M2021 is in line with management's expectations. In 9M2021, openings have been carried out in 39 markets. At the end of the period, Inditex operated 6,657 stores. A list of total stores by concept is included in Annex 1.

Net sales in 9M2021 reached €19.3 billion, 37% higher. Sales in constant currency increased 39%.

At current exchange rates, the currency impact on sales in 2H2021 is expected to be around +0.5% versus 2H2020 and -5.5% versus 2H2019.

Over the 9M2021 store sales have steadily improved. In 3Q2021, store sales in constant currency exceeded 3Q2019 levels with 11% fewer stores. Online sales in constant currency increased 28% over 9M2020 and 124% over 9M2019. Inditex expects online sales to be more than 25% of sales in FY2021.

Gross profit came to €11.4 billion, 40% higher than in 9M2020. The gross margin reached 59% in 9M2021 compared with 58% in the previous year.

All expense lines have shown a favourable evolution. Operating expenses increased 24% over 9M2020.

Under IFRS 16 occupancy costs are allocated to operating expenses, amortisation and financial expenses. If we consider all occupancy costs to be operating expenses, there was operating leverage over 3Q2019. Compared to 3Q2019, PBT grew 7%, above both sales and gross profit growth of 6%.

In 9M2021, EBITDA increased 63% to €5.4 billion and EBIT increased 248% to €3.3 billion. PBT increased 277% to €3.2 billion.

Annex 2 includes a breakdown of financial results.

The tax rate for 9M2021 is the best estimate for FY2021 according to current information.

Net income in 9M2021 increased 273% to €2.5 billion.

Inditex's operating performance is reflected in a robust working capital position. The net financial position as at 31 October 2021 increased 16% to €9.6 billion. The net financial position grew by €1.5 billion in 9M2021 compared to the end of 1H2021. Inditex paid €1.1 billion (€0.35 per share) on 2 November 2021 as final dividend to be paid in FY2020.

Million Euros	31 October 2021	31 October 2020
Cash & cash equivalents	8,720	7,066
Short term investments	855	1,209
Current financial debt	(5)	(8)
Non current financial debt	(1)	(3)
Net financial cash (debt)	9,569	8,265

Due to the flexibility of the business model, the working capital dynamics remain normal. As a result of the operating performance and the active management of the supply chain, inventory increased 19% over 9M2020. The closing inventory is considered to be of high quality.

Million Euros	31 October 2021	31 October 2020
Inventories	3,650	3,067
Receivables	909	787
Payables	(8,104)	(6,842)
Operating working capital	(3,545)	(2,988)

## Sustainability

Sustainability is a key part of Inditex's strategy.

Inditex continues to make progress in its sustainable development approving the following demanding targets in its last AGM:

- 1) Net zero emissions by 2040
- 2) 100% more sustainable cotton by 2023
- 3) 100% renewable energy by 2022
- 4) Join Life +50% by 2022
- 5) Water consumption -25% in our supply chain by 2025
- 6) Elimination of single-use plastics in customer packaging by 2023
- 7) 100% recycled or sustainable polyester/linen by 2025
- 8) 100% sustainable cellulosic fibres by 2023

## FY2021 Outlook

Autumn/Winter collections have been very well received by our customers.

Store and online sales in constant currency between 1 November and 10 December 2021 increased 33% versus the same period in 2020 and 10% versus the same period in 2019.

As of today, all stores are open. Sales are returning to normal levels and online sales continue to grow.

Inditex's dividend policy is composed of an ordinary payout of 60% of net income and a bonus dividend of €0.30 per share to be paid in FY2022.

The results for FY2021 (1 February - 31 January) will be published on 16 March 2022.

## Resolutions of the Board of Directors

The Board of Directors of Inditex, at the initiative of its Executive Chairman Pablo Isla and its founder Amancio Ortega, and following the proposal of the Nomination Committee, has approved the appointment of Marta Ortega Pérez as Chair of the Board of Directors, as a proprietary director, effective as from 1 April 2022. Pablo Isla will continue as Executive Chairman until 31 March 2022. Óscar García Maceiras, up to now General Counsel and Secretary of the Board, has been appointed Chief Executive Officer of Inditex, effective 29 November 2021. With these resolutions the Board of Directors completes the generational handover process initiated in 2011 with the replacement of Amancio Ortega as Chairman of Inditex. The appointments will be presented for ratification at the next Annual General Meeting. The Board of Directors thanks Pablo Isla for his leadership and vision during the 17 years he has led the Company.

For additional information:

**INDITEX**

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## Disclaimer

This document and the information contained herein does not constitute an offer to sell, exchange or buy, or the solicitation of an offer to buy, or any recommendation or advice regarding, any securities issued by the Inditex Group.

This document may contain statements regarding intentions, expectations or forecasts. All statements other than statements of historical facts included herein, including, without limitation, those regarding our financial position, business strategy, management plans and objectives for future operations, are forward-looking statements. These statements represent the Company's best estimate on the basis of the information available as at the date hereof, but do not constitute a guarantee of future performance. Any such forward-looking statements may be subject to risks, uncertainties and other relevant factors which could cause them to differ materially from actual results. Accordingly, readers are cautioned not to place undue reliance on such forward-looking statements.

Some of these risks include, amongst others, ongoing competitive pressure in the sector, consumer tastes and spending trends, macro-economic, political, regulatory and trade conditions, foreign exchange risks, the surge of infectious diseases such as COVID-19, technological risks, restrictions to free trade and political volatility in the markets where the Inditex Group is present or in the countries where the Group's products are manufactured or distributed.

The risks and uncertainties that could affect the forward-looking statements are difficult to predict. Except where the prevailing regulations require otherwise, the company assumes no obligation to publicly revise or update its forward-looking statements in the case of unexpected changes, events or circumstances that could affect them.

For a discussion of these and other factors that may affect forward looking statements and the Inditex Group's business, financial conditions and results of operations, see the documents and information filed by the company with the Comisión Nacional del Mercado de Valores (the Spanish Securities Market Commission). Readers are invited to review the contents of any such documents.

This presentation contains, in addition to the financial information prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and derived from our financial statements, alternative performance measures ("APMs") as defined in the Commission Delegated Regulation (EU) 2019/979 of March 14, 2019 and in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 (ESMA/2015/1415en) and other non-IFRS measures ("Non-IFRS Measures"). These financial measures that qualify as APMs and non-IFRS measures have been calculated with information from Inditex Group; however those financial measures are not defined or detailed in the applicable financial reporting framework nor have been audited or reviewed by our auditors. These APMs and non-IFRS measures should be considered supplemental information to, and are not meant to substitute IFRS measures. Please refer to the audited consolidated financial statements of the Inditex Group for fiscal year 2020 for the definition of APMs and Non-IFRS Measures included herein.

- Tables and appendix to follow -

## Consolidated financial statements

Grupo Inditex		
9M2021 profit & loss statement (€m)		
	9M2021(*)	9M2020(*)
<b>Net sales</b>	<b>19,325</b>	<b>14,085</b>
Cost of sales	(7,917)	(5,913)
<b>Gross profit</b>	<b>11,409</b>	<b>8,172</b>
Gross margin	59.0%	58.0%
Operating expenses	(5,956)	(4,812)
Other net operating income (losses)	(22)	(27)
<b>Operating cash flow (EBITDA)</b>	<b>5,431</b>	<b>3,334</b>
EBITDA margin	28.1%	23.7%
Amortisation and depreciation	(2,138)	(2,388)
<b>Operating income (EBIT)</b>	<b>3,293</b>	<b>946</b>
EBIT margin	17.0%	6.7%
Financial results	(100)	(107)
Results from companies consolidated by equity method	39	18
<b>Income before taxes</b>	<b>3,231</b>	<b>857</b>
EBT margin	16.7%	6.1%
Taxes	(727)	(188)
Net income	2,505	668
Minorities	5	(3)
<b>Net income attributable to the controlling company</b>	<b>2,500</b>	<b>671</b>
Net income margin	12.9%	4.8%
<b>Earnings per share, Euros (**)</b>	<b>0.803</b>	<b>0.215</b>

(\*) Unaudited data

(\*\*) Shares for EPS calculation 3,113,958,352 for 2021 and 3,114,833,885 for 2020

Grupo Inditex		
Consolidated Balance Sheet as of 31 October 2021 (€m)		
	31 October 2021(*)	31 October 2020(*)
<b>Assets</b>		
<b>NON CURRENT ASSETS</b>	<b>15,457</b>	<b>15,814</b>
Right of use	5,262	5,632
Intangible assets	759	630
Tangible assets	7,445	7,536
Financial investments	300	259
Other	1,690	1,757
<b>CURRENT ASSETS</b>	<b>14,417</b>	<b>12,527</b>
Inventories	3,650	3,067
Receivables	909	787
Short term investments	855	1,209
Cash & cash equivalents	8,720	7,066
Other	283	397
<b>TOTAL ASSETS</b>	<b>29,874</b>	<b>28,341</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>		
<b>SHAREHOLDERS' EQUITY</b>	<b>14,950</b>	<b>14,157</b>
Equity attributable to the Group	14,920	14,126
Minority interests	30	30
<b>NON CURRENT LIABILITIES</b>	<b>5,245</b>	<b>5,727</b>
Deferred taxes	407	408
Financial debt	1	3
Lease liability	4,305	4,752
Other	533	564
<b>CURRENT LIABILITIES</b>	<b>9,678</b>	<b>8,457</b>
Financial debt	5	8
Lease liability	1,549	1,572
Payables	8,104	6,842
Other	21	36
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>29,874</b>	<b>28,341</b>

(\*) Unaudited data

## Annex 1

Total stores by concept:

Concept	31 October 2021	31 October 2020
Zara	1,975	2,105
Zara Kids	72	103
Zara Home	507	575
Pull&Bear	870	920
Massimo Dutti	655	715
Bershka	989	1,060
Stradivarius	934	978
Oysho	574	654
Uterqüe	81	87
Total	6,657	7,197

## Annex 2

Breakdown of financial results:

Million Euros	9M2021	9M2020
Net financial income (losses)	(14)	2
Lease financial expenses	(70)	(94)
Foreign exchange gains (losses)	(17)	(16)
Total	(100)	(107)

The Gross Margin, EBITDA, EBIT, EBT, ROE, ROCE, working capital, financial position, net financial position, Store operating profit and Earnings by individual quarters are defined in the introduction to the Consolidated Annual Accounts 2020.