

INDITEX

Interim Nine Month 2023 Results

1 February 2023 to 31 October 2023

- / In 9M2023, Inditex continued with a very robust operating performance due to the creativity of the teams and the strong execution of the fully integrated business model
- / The Autumn/Winter collections have been very well received by our customers. Sales grew +11.1% to reach €25.6 billion, showing very satisfactory development both in stores and online. Sales were positive in all geographical areas and in all concepts. Sales in constant currency grew 14.9%
- / Gross profit increased 12.3% to €15.2 billion. The gross margin reached 59.4% (+67 bps versus 9M2022)
- / All expense lines have shown a favourable evolution. Operating expenses increased 10.6%, below sales growth
- / EBITDA increased 13.9% to €7.4 billion
- / EBIT increased 24.3% to €5.2 billion and PBT 29.8% to €5.2 billion
- / Net income increased 32.5% to €4.1 billion
- / Strong cash flow generation. The net cash position grew 15% to €11.5 billion versus the same period last year
- / The FY2022 final dividend of €0.60 per share was paid on 2 November 2023
- / Autumn/Winter collections remain well received by our customers. Store and online sales in constant currency between 1 November and 11 December 2023 increased 14% versus the same period in 2022
- / Based on current information, in FY2023 Inditex expects a gross margin of around 75 bps higher than in FY2022

Interim Nine Months 2023: Very strong operating performance

In 9M2023, Inditex continued with a very robust operating performance due to the creativity of the teams and the strong execution of the fully integrated business model.

The Autumn/Winter collections have been very well received by customers. Sales grew 11.1% over 9M2022 to reach €25.6 billion, showing very satisfactory development both in stores and online. Sales were positive in all geographical areas and in all concepts. Sales in constant currency grew 14.9%.

In 9M2023, openings have been carried out in 36 markets. At the end of the period Inditex operated 5,722 stores. A list of total stores by concept is included in Annex I.

In 9M2023, the execution of the business model was very strong. Additionally, the Autumn/Winter 2023 season has experienced a normalisation in supply chain conditions and a more favourable Euro/USD exchange rate compared to the same season in 2022. Gross profit increased 12.3% to €15.2 billion. The gross margin reached 59.4% (+67 bps).

All expense lines have shown a favourable evolution. Operating expenses increased 10.6%, below sales growth. Including all lease charges, operating expenses grew 130 bps below sales growth.

EBITDA increased 13.9% to €7.4 billion.

EBIT increased 24.3% to €5.2 billion and PBT 29.8% to €5.2 billion. As a reminder, in 9M2022, Inditex reported a provision for expected expenses for FY2022 in the Russian Federation and Ukraine of €231 million under Other results.

Annex II includes a breakdown of the Financial Results.

The tax rate applied to the 9M2023 results is the best estimate for the fiscal year 2023 based on available information.

Net income increased 32.5% to reach €4.1 billion.

Given the execution of the business model, Inditex generated strong cash flow. The net cash position grew 15% to €11.5 billion at the end of 9M2023 versus the same period last year. Inditex paid €1.9 billion (€0.60 per share) on 2 November 2023 as final dividend for FY2022.

Million Euros	31 October 2023	31 October 2022
Cash and cash equivalents	7,940	6,526
Short term investments	3,555	3,471
Current financial debt	(14)	(17)
Non current financial debt	-	-
Net financial cash (debt)	11,480	9,980

Due to the robust operating performance over 9M2023 and the normalisation in supply chain conditions, inventory was 5% lower as of 31 October 2023 versus the same date in 2022. Collections are considered to be of high quality.

Million Euros	31 October 2023	31 October 2022
Inventories	4,404	4,650
Receivables	1,184	978
Payables	(10,241)	(9,235)
Operating working capital	(4,652)	(3,606)

Start of 4Q2023

The Autumn/Winter collections have been very well received by our customers. Store and online sales in constant currency between 1 November and 11 December 2023 increased 14% versus the same period in 2022.

Outlook

Inditex continues to see strong growth opportunities. Our key priorities are to continually improve the fashion proposition, to enhance the customer experience, to increase our focus on sustainability and to preserve the talent and commitment of our people. Prioritising these areas will drive long-term growth. To take our business model to the next level and extend our differentiation further we are developing several initiatives in all key areas for the coming years.

The creativity of our teams and the flexibility of the business model in conjunction with in-season proximity sourcing allows a swift reaction to customer demand. This situation results in a unique market position which provides our business model with great growth potential going forward.

Inditex operates in 213 markets with low share in a highly fragmented sector and we see strong growth opportunities. We expect increased sales productivity in our stores going forward. The growth of gross space in 2023 will be around 3%. Optimisation of stores is ongoing. Inditex expects space contribution to sales to be positive in 2023. We continue to see a very satisfactory evolution of online sales and an increasing participation in the Group total. At current exchange rates, Inditex expects a -4% currency impact on sales in FY2023.

In the latter part of 2023, the strong execution of the business model and the operating conditions mentioned previously continue. For these reasons and based on current information, in FY2023 Inditex expects a gross margin of around 75 bps higher than in FY2022.

For FY2023, we are making investments that are scaling our capabilities, generating efficiencies, and increasing our competitive differentiation to the next level. We estimate ordinary capital expenditure of around €1.6 billion.

/ Fashion proposition

We continue focusing on the creativity, innovation, design and quality of all our collections and integrated sales channels, while reinforcing the commercial initiatives of all our concepts. Zara Studio, Zara Fragrances, Zara Home Editions, Massimo Dutti Manhattan, Pull&Bear Partywear, Bershka Teddy Coats, Stradivarius Night and Oysho Recco Ski are just some of the creative proposals available through the Autumn/Winter 2023.

/ Customer experience

To continue offering the best customer experience both in our stores and on our online platforms we are developing several initiatives:

- The new store design for Zara created by our Architectural Studio is featured in openings, enlargements or relocations such as Dubai Mall of the Emirates, Rotterdam Coolsingel, Miami Dadeland and Sevilla Plaza del Duque.

- We continue optimising our store presence with important openings for the concepts, with key examples like Massimo Dutti's London Battersea, Bershka Milan Corso Vittorio Emanuele and the rollout into new markets, like the first Stradivarius stores in Germany at Stuttgart and Dresden.

- The hardware for the new security technology in stores to eliminate hard tags is now in operation in Zara stores globally. Test operations started in the 2023 Autumn/Winter season with full implementation by FYE 2024.

- We have recently launched a new weekly livestream experience on Douyin in China. The livestream runs for five hours and includes catwalks, walkthroughs of the fitting rooms and makeup area, and "behind-the-scenes" views of the camera equipment and staff. The livestream reflects our continual efforts to offer the best customer experience and will be available soon in other markets.

/ Sustainability

Sustainability is a key part of Inditex's strategy. The Group is moving towards a more sustainable model, reducing the environmental footprint of products and taking new steps

to becoming a company that generates impacts that are more respectful of both people and the planet.

We are making progress in meeting all the objectives set for the period 2023 to 2025. As highlighted at the Annual General Meeting of July 2023, new objectives were announced in the roadmap for the remainder of the decade, on our way to net zero emissions in 2040.

In terms of circularity, we continue the deployment of the Zara Pre-owned platform. On 12 December the platform was launched in 14 European markets: Spain, Portugal, Germany, Austria, Belgium, Luxemburg, The Netherlands, Finland, Ireland, Italy, Greece, Croatia, Slovenia and Slovakia, joining the service offered already in the United Kingdom and France. Zara Pre-Owned provides customers the access to a platform integrated into the Zara website and app to extend the life of their products through donation, repair and resale.

/ People

Our culture and values are a fundamental part of how we do things at Inditex. To this end, we have more than 165,000 people who bring our culture to life on a daily basis. With our teams in mind, and in line with our commitment to people, we continue to develop initiatives that reinforce our values, in all the markets in which we operate.

In October, we celebrated the 4th edition of Impact Week, reinforcing our commitment to people with disabilities. 20,000 people across all our markets participated in different initiatives. Our target is to recruit people with disabilities in order to reach a minimum of 2% in our global workforce by the end of 2024. This is in line with our commitment to the International Labour Organization following Inditex's accession to the ILO Global Business and Disability Network, announced in January of this year.

Dividends

The FY2022 final dividend of €0.60 per share was paid on 2 November 2023.

For additional information:

INDITEX

Investor Relations

ir@inditex.com

Tel: +34 981 18 53 64

www.inditex.com

Consolidated Financial Statements

Inditex Group		
9M2023 Consolidated Income Statement (€m)		
	9M2023(*)	9M2022(*)
Net sales	25,609	23,055
Cost of sales	(10,406)	(9,523)
Gross profit	15,203	13,532
<i>Gross margin</i>	59.4%	58.7%
Operating expenses	(7,733)	(6,990)
Other net operating income (losses)	(40)	(22)
Operating cash flow (EBITDA)	7,429	6,520
<i>EBITDA margin</i>	29.0%	28.3%
Other results	-	(231)
Amortisation and depreciation	(2,237)	(2,112)
Operating income (EBIT)	5,192	4,177
<i>EBIT margin</i>	20.3%	18.1%
Financial results	(2)	(171)
Results from companies consolidated by equity method	48	27
Income before taxes	5,238	4,034
<i>EBT margin</i>	20.5%	17.5%
Taxes	(1,124)	(924)
Net income	4,114	3,110
Minorities	12	15
Net income attributable to the controlling company	4,102	3,095
<i>Net income margin</i>	16.0%	13.4%
Earnings per share, Euros (**)	1.318	0.994

(*) Unaudited data

(**) Shares for EPS calculation 3,112,758,021 for 2023 and 3,112,703,407 for 2022

Inditex Group
Consolidated Balance Sheet as of 31 October 2023 (€m)

	31 October 2023(*)	31 October 2022(*)
Assets		
Non Current Assets	16,547	15,943
Right of use	4,944	5,051
Intangible assets	1,404	972
Tangible assets	8,163	7,868
Financial investments	404	324
Other	1,632	1,729
Current Assets	17,547	16,024
Inventories	4,404	4,650
Receivables	1,184	978
Short term investments	3,555	3,471
Cash and cash equivalents	7,940	6,526
Other	464	399
Total Assets	34,094	31,967
Total Liabilities & Shareholders' Equity		
Shareholders' Equity	17,391	16,116
Equity attributable to the Group	17,362	16,086
Minority interests	29	30
Non Current Liabilities	4,915	4,991
Deferred taxes	428	450
Financial debt	-	-
Lease liability	3,965	4,038
Other	522	503
Current Liabilities	11,788	10,860
Financial debt	14	17
Lease liability	1,511	1,586
Payables	10,241	9,235
Other	22	22
Total Liabilities & Shareholders' Equity	34,094	31,967

(*) Unaudited data

Annex I

Number of stores by concept:

Concept	31 October	31 October
	2023	2022
Zara	1,827	1,988
Zara Home	410	456
Pull&Bear	789	858
Massimo Dutti	545	605
Bershka	856	957
Stradivarius	847	920
Oysho	448	523
Total	5,722	6,307

Annex II

Breakdown of Financial results:

Million Euros	9M2023	9M2022
Net financial income (losses)	219	13
Lease financial expenses	(142)	(76)
Foreign exchange gains (losses)	(79)	(107)
Total	(2)	(171)

The Gross Profit, EBITDA, EBIT, PBT, ROE, ROCE, 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 2022.

Disclaimer

Neither this document nor the information contained herein constitute an offer to sell, exchange or buy, or the solicitation of an offer to buy, to sell or exchange, or any recommendation or advice regarding any securities issued by the Inditex Group.

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 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 the evolution and actual results achieved to differ materially from results predicted. Accordingly, readers are cautioned not to place undue reliance on such forward-looking statements.

Some of these risks include, without limitation, 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.

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 of mandatory transparency 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 on Inditex's website (www.inditex.com).

Notwithstanding this, 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 should any unexpected changes, events or circumstances affect them.

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, this document contains 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 indicators are included to better understand the financial performance of the Inditex Group. However, the way they are defined and calculated by the Company may be different than other companies which rely on similar measures. Therefore, they may not be useful for comparability purposes. In any case, they 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 2022, available on Inditex's website (www.inditex.com) for the definition of APMs and Non-IFRS Measures included herein.