

INDITEX

Interim Half Year 2021 Results

1 February 2021 to 31 July 2021

- ♦ Inditex's differentiation and strategic transformation towards a fully integrated, digital and sustainable business model accelerates
- ♦ The recovery continues to gain momentum. 2Q2021 sales, EBITDA and net income reached historic highs. During 2Q2021, sales growth in constant currency continued accelerating to reach 7% versus 2Q2019
- ♦ Store and online sales in constant currency between 1 August and 9 September 2021 increased 22% versus the same period in 2020 and 9% 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 1H2021 store sales have steadily improved. Online sales continue to grow strongly. Online sales in constant currency increased 36% over 1H2020 and 137% over 1H2019. Inditex expects online sales to be more than 25% of sales in FY2021
- ♦ In 1H2021 net sales reached €11.9 billion, 49% higher than in 1H2020. Sales in constant currencies grew 53%
- ♦ Gross profit reached €6.9 billion, 53% higher than 1H2020. Gross margin reached 57.9% (+170bps). 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 by 25% over 1H2020 and were below 1H2019 levels
- ♦ In 1H2021 EBITDA increased 109% to €3.1 billion and EBIT reached €1.7 billion (-€198 million in 1H2020)
- ♦ Net income in 1H2021 came to €1.3 billion (-€195 million in 1H2020).
- ♦ Strong cash generation from operations continues. The net financial position grew 24% to €8 billion
- ♦ The migration to the Inditex Open Platform (IOP) is close to 95% complete
- ♦ The FY2020 final dividend of €0.35 per share will be paid on 2 November 2021

2021: Inditex's strategic transformation accelerates

Inditex's differentiation and strategic transformation towards a fully integrated, digital and sustainable business model continues to accelerate. This strategic transformation is based on three key pillars:

- ♦ The full integration of the business model, with the single inventory (SINT) a key part of the strategy
- ♦ Digitalisation: The migration to the Inditex Open Platform (IOP) is close to 95% complete. Online sales continue to grow at very high rates
- ♦ Inditex continues to make progress in its sustainable development approving new demanding targets at the last AGM

Interim Half Year 2021: Continued improvement

The Spring/Summer collections were very well received by our customers. Throughout 1H2021 store sales have progressively improved and online sales continue growing strongly.

1H2021 results (February-July) show a strong recovery in operations. 2Q2021 sales, EBITDA and net income reached historic highs. During 2Q2021, sales growth in constant currency continued accelerating to reach 51% versus 2Q2020 and 7% versus 2Q2019.

Inditex continues to be very active in differentiating its retail space. The growth of space in 1H2021 is in line with management's expectations. In 1H2021, openings have been carried out in 27 markets. At the end of the period, Inditex operated 6,654 stores. A list of total stores by concept is included in Annex I.

In 1H2021 net sales reached €11.9 billion, 49% higher than in 1H2020. Sales in constant currencies grew 53%.

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.

Online sales in constant currency increased 36% over 1H2020 and 137% over 1H2019. Inditex expects online sales to be more than 25% of sales in FY2021.

Net sales by concept in 1H2021 and 1H2020 are shown in the table below:

Concept	1H2021	1H2020
Zara (Zara and Zara Home)	8,488	5,532
Pull&Bear	786	578
Massimo Dutti	607	490
Bershka	919	692
Stradivarius	782	502
Oysho	305	208
Uterqüe	48	31
Total	11,936	8,033

As part of Inditex's strategy, Uterqüe will be fully integrated into Massimo Dutti over the next year. Uterqüe's entire product range will be available only on Massimo Dutti's website and selected stores.

Inditex operates a global sales platform. Store and online sales by geographical area are shown in the table below. The change in percentage weights is mainly due to the different timing of lockdowns and re-openings.

Area	1H2021
Europe ex-Spain	46.1%
Asia & RoW	22.5%
Spain	14.1%
America	17.3%
Total	100.0%

Gross profit came to €6.9 billion, 53% higher than 1H2020. Gross margin reached 57.9% (+170bps). 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 by 25% over 1H2020 and were below 1H2019 levels.

In 1H2021 EBITDA increased 109% to €3.1 billion and EBIT reached €1.7 billion (-€198 million in 1H2020).

Annex 2 includes a breakdown of the Financial Results.

The tax rate applied to the 1H2021 results is the best estimate for the fiscal year 2021 based on available information.

Net income in 1H2021 came to €1.3 billion (-€195 million in 1H2020).

The FY2020 final dividend (€0.35 per share) will be paid on 2 November 2021.

Net cash increased by 24% to €8 billion due to the operating performance and efficient working capital management.

Million Euros	31 July 2021	31 July 2020
Cash & cash equivalents	7,611	4,048
Short term investments	417	2,451
Current financial debt	(5)	(9)
Non current financial debt	(1)	(3)
Net financial cash (debt)	8,023	6,486

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 1H2020, and is below 1H2019 levels. The closing inventory is considered to be of high quality.

Million Euros	31 July 2021	31 July 2020	31 July 2019
Inventories	2,563	2,158	2,664
Receivables	840	667	841
Payables	(6,583)	(4,978)	(6,632)
Operating working capital	(3,180)	(2,153)	(3,127)

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 (previously 2050)
- 2) 100% more sustainable cotton by 2023 (previously 2025)
- 3) 100% renewable energy by 2022 (from 80% previously in 2025)
- 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

Start of 2H2021

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

Store and online sales in constant currency between 1 August and 9 September 2021 increased 22% versus the same period in 2020 and 9% versus the same period in 2019.

Currently, 99% of stores are open. Sales are returning to normal levels and online sales continue to grow.

On 30 September Zara Man will launch the sports collection Zara Athleticz, available online and in selected stores.

Investments in the period 2020-2022 will be around €900 million per year. The investment plan includes a digital investment of €1 billion over the 3 years.

The interim nine months 2021 results will be published on 15 December 2021.

For additional information:

INDITEX

Investor Relations
 ir@inditex.com
 Tel: +34 981 18 53 64
www.inditex.com

Consolidated financial statements

Grupo Inditex		
1H2021 profit & loss statement (€m)		
	1H2021	1H2020
Net sales	11,936	8,033
Cost of sales	(5,029)	(3,521)
Gross profit	6,907	4,512
Gross margin	57.9%	56.2%
Operating expenses	(3,786)	(3,020)
Other net operating income (losses)	(20)	(6)
Operating cash flow (EBITDA)	3,101	1,486
EBITDA margin	26.0%	18.5%
Amortisation and depreciation	(1,416)	(1,684)
Operating income (EBIT)	1,685	(198)
EBIT margin	14.1%	-2.5%
Financial results	(67)	(76)
Results from companies consolidated by equity method	25	11
Income before taxes	1,643	(263)
EBT margin	13.8%	-3.3%
Taxes	(370)	65
Net income	1,273	(198)
Minorities	1	(3)
Net income attributable to the controlling company	1,272	(195)
Net income margin	10.7%	-2.4%
Earnings per share, Euros (*)	0.408	-0.062

(*) Shares for EPS calculation 3,114,741,710 for 2021 and 3,114,787,476 for 2020

Grupo Inditex		
Consolidated Balance Sheet as of 31 July 2021 (€m)		
	31 July 2021	31 July 2020
Assets		
NON CURRENT ASSETS	15,366	15,921
Right of use	5,339	5,783
Intangible assets	708	623
Tangible assets	7,384	7,615
Financial investments	281	250
Other	1,655	1,650
CURRENT ASSETS	11,774	9,796
Inventories	2,563	2,158
Receivables	840	667
Short term investments	417	2,451
Cash & cash equivalents	7,611	4,048
Other	342	472
TOTAL ASSETS	27,140	25,717
Total Liabilities & Shareholders' Equity		
SHAREHOLDERS' EQUITY	13,652	13,307
Equity attributable to the Group	13,621	13,277
Minority interests	31	30
NON CURRENT LIABILITIES	5,348	5,729
Deferred taxes	402	276
Financial debt	1	3
Lease liability	4,426	4,905
Other	519	545
CURRENT LIABILITIES	8,140	6,681
Financial debt	5	9
Lease liability	1,534	1,646
Payables	6,583	4,978
Other	18	47
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	27,140	25,717

Annex I

Number of stores by concept:

Concept	31 July 2021	31 July 2020
Zara	1,979	2,133
Zara Kids	73	116
Zara Home	509	580
Pull&Bear	864	946
Massimo Dutti	654	728
Bershka	987	1,086
Stradivarius	931	994
Oysho	575	665
Uterqüe	82	89
Total	6,654	7,337

Annex II

Breakdown of Financial results:

Million Euros	1H2021	1H2020
Net financial income (losses)	(9)	4
Lease financial expenses	(48)	(65)
Foreign exchange gains (losses)	(11)	(15)
Total	(67)	(76)

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.

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.