

# INDITEX

## Interim Three Months 2022 Results

1 February 2022 to 30 April 2022

- ♦ Inditex continues to expand its global, fully integrated model underpinned by the key strategic pillars of store & online integration, digitalisation and sustainability
- ♦ In 1Q2022, Inditex's fully integrated model had a very strong operating performance. Sales reached €6.7 billion (+36% versus 1Q2021)
- ♦ The period has been marked by a significant rebound in traffic to Inditex's stores. Over 1Q2022 Inditex store sales increased markedly and continue to do so, with store differentiation being key. Online sales in constant currency were 6% lower due to the strong comparable base (+67% growth in 1Q2021) and are expected to exceed 30% of total sales by 2024
- ♦ The performance has been very strong across all geographies, with the exception being those markets subject to restrictions. The strong growth in the USA continues
- ♦ In the 1Q2022 the execution of the business model has been very strong. Gross profit increased 37% to €4.1 billion. The gross margin reached 60.1% (+20 bps versus 1Q2021), the highest in 10 years
- ♦ All expense lines have shown a favourable evolution. Operating expenses increased 24%, below sales growth
- ♦ EBITDA increased 55% to €1.9 billion. Inditex has decided to provision all expected expenses for FY2022 in the Russian Federation and Ukraine. An extraordinary charge of €216 million has been recorded in the 1Q2022 accounts under Other results
- ♦ EBIT increased 82% to €1 billion and PBT 82% to €990 million
- ♦ Net income increased 80% to €760 million. Net income ex provision would have been €940 million
- ♦ Given the strong execution of the business model cash from operations has increased markedly. The net cash position grew 28% to €9.2 billion
- ♦ As approved in March 2022, Inditex's Board of Directors will propose to the Annual General Meeting a dividend for FY2021 of €0.93. The dividend is composed of two equal payments of €0.465 per share: the first interim payment was made on 2 May 2022 and the final dividend payment will be made on 2 November 2022. In March the Board of Directors also proposed a total bonus dividend of €0.40 per share to be paid in relation to FY2022 results
- ♦ Spring/Summer collections have been very well received by our customers. Store and online sales in constant currency between 1 May and 5 June 2022 increased 17% versus the record period in 2021 (+13% in the last two weeks versus the same period in 2021). Currently 90% of stores are open.

## First quarter 2022: Very strong execution

Inditex continues to expand its global, fully integrated model underpinned by the key strategic pillars of store & online integration, digitalisation and sustainability.

In 1Q2022 Inditex's fully integrated model had a very strong operating performance. The Spring/Summer collections have been very well received by our customers. Sales reached €6.7 billion (+36% versus 1Q2021).

The period has been marked by a significant rebound in traffic to Inditex's stores. Over 1Q2022 Inditex store sales increased markedly and continue to do so, with store differentiation being key.

The performance has been very strong across all geographies, with the only exception of those markets subject to restrictions. The strong growth in the USA continues.

In 1Q2022 openings have been carried out in 16 markets. At the end of the period Inditex operated 6,423 stores. A list of total stores by concept is included in Annex I. The number of stores with sales during the period on a weekly basis is included in Annex II. Inditex temporarily paused its operations in Ukraine on 24 February 2022 and in the Russian Federation on 5 March 2022. In China, 67 stores were subject to lockdowns during the 1Q2022. To date, 4 stores remain temporarily closed in China.

In 1Q2022 online sales in constant currency were 6% lower due to the strong comparable base (+67% growth in 1Q2021).

In 1Q2022 the execution of the business model was very strong. Gross profit increased 37% to €4.1 billion. The gross margin reached 60.1% (+20 bps versus 1Q2021), the highest in 10 years.

All expense lines have shown a favourable evolution. Operating expenses increased 24%, below sales growth.

EBITDA increased 55% to €1.9 billion. Inditex has decided to provision all expected expenses for FY2022 in the Russian Federation and Ukraine. An extraordinary charge of €216 million has been recorded in the 1Q2022 accounts under Other results.

EBIT increased 82% to €1 billion and PBT 82% to €990 million.

Annex III includes a breakdown of the Financial Results.

The tax rate applied to the quarterly result is the best estimate for the fiscal year 2022 based on available information.

Net income increased 80% to €760 million. Net income ex provision would have been €940 million.

Given the strong execution of the business model cash from operations has increased markedly. The net cash position grew 28% to €9.2 billion at the end of 1Q2022.

Million Euros	30 April 2022	30 April 2021
Cash & cash equivalents	6,589	7,084
Short term investments	2,624	102
Current financial debt	(23)	(10)
Non current financial debt	(1)	(1)
Net financial cash (debt)	9,189	7,176

Closing inventory increased 27%. Inditex has decided to accelerate inventory inflows without any change to commitment levels in order to increase product availability in the face of possible supply chain tensions. The inventory is considered to be of high quality and is consistent with the strong sales performance going into 2Q2022.

Million Euros	30 April 2022	30 April 2021
Inventories	3,517	2,769
Receivables	874	893
Payables	(7,710)	(5,781)
Operating working capital	(3,320)	(2,118)

## Second quarter 2022

Spring/Summer collections have been very well received by our customers. Store and online sales in constant currency between 1 May and 5 June 2022 increased 17% versus the record period in 2021 (+13% in the last two weeks versus the same period in 2021). Currently 90% of stores are open.

## Outlook

Inditex continues to see strong growth opportunities. The strategic initiatives to strengthen our global fully integrated store and online model are accelerating. Sustainability and digitalisation are key parts of our strategy. We plan to continue developing these key long-term priorities in order to maximise organic growth.

The Inditex business model is characterised by a full integration of stores and online providing the latest fashion with the right combination of quality and price to offer a unique customer experience. The flexibility and responsiveness of the business model in conjunction with in-season proximity sourcing allows a swift reaction to consumer demand with price stability and unique market positioning.

At current exchange rates Inditex expects a neutral currency impact on sales in FY2022.

Online sales are expected to exceed 30% of total sales by 2024.

In 2022 Inditex expects a stable gross margin (+/-50 bps).

Inditex's goal is to reinforce the uniqueness of its business model through investments in differentiation, digitalisation and sustainability. Capital expenditure for 2022 will be around €1.1 billion.

## Sustainability

Sustainability is a key part of Inditex's strategy. As per the Sustainability Roadmap Goals, Inditex is on track to deliver upon all of the targets set for 2022, 2023 and 2025. In recent periods, outperformance has been seen in two main areas: Join Life and renewable energy.

In May 2022, Inditex and Infinited Fiber Company announced a partnership agreement that reflects their shared goal of promoting innovative technologies that move the industry towards textile circularity. Inditex has pledged to buy 30% of the future production volume of Infinna™, a textile fibre produced by Infinited Fiber Company and created entirely from recycled clothes, for a total of more than €100 million over a three-year period, starting in 2024.

As part of this partnership, Zara has launched a capsule collection that incorporates this innovative, high-quality fibre.

This project is yet another product of Inditex's Sustainability Innovation Hub, our open innovation platform. We work with start-ups, academic institutions and tech centres to promote and scale up innovations in materials, technologies and processes that reduce the environmental footprint of fashion products and help move the industry towards sustainable and circular solutions.

## Dividends

As approved in March 2022, Inditex's Board of Directors will propose to the Annual General Meeting a dividend for FY2021 of €0.93. The dividend is composed of two equal payments of €0.465 per share: the first interim payment was made on 2 May 2022 and the final dividend will be made on 2 November 2022.

As a reminder, in March the Board of Directors also proposed a total bonus dividend of €0.40 per share to be paid in relation to FY2022 results.

## Agreements of the Board of Directors

Inditex's Annual General Meeting will take place at the Company's registered office on 12 July 2022.

For additional information:

## **INDITEX**

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- Tables and appendix to follow -

## Consolidated financial statements

Grupo Inditex		
1Q2022 profit & loss statement (€m)		
	1Q2022 (*)	1Q2021 (*)
<b>Net sales</b>	<b>6,742</b>	<b>4,942</b>
Cost of sales	(2,688)	(1,980)
<b>Gross profit</b>	<b>4,054</b>	<b>2,962</b>
Gross margin	60.1%	59.9%
Operating expenses	(2,126)	(1,716)
Other net operating income (losses)	(11)	(11)
<b>Operating cash flow (EBITDA)</b>	<b>1,917</b>	<b>1,235</b>
EBITDA margin	28.4%	25.0%
Other results	(216)	
Amortisation and depreciation	(667)	(666)
<b>Operating income (EBIT)</b>	<b>1,034</b>	<b>569</b>
EBIT margin	15.3%	11.5%
Financial results	(49)	(34)
Results from companies consolidated by equity method	5	9
<b>Income before taxes</b>	<b>990</b>	<b>544</b>
EBT margin	14.7%	11.0%
Taxes	(225)	(121)
Net income	766	423
Minorities	6	1
<b>Net income attributable to the controlling company</b>	<b>760</b>	<b>421</b>
Net income margin	11.3%	8.5%
<b>Earnings per share, Euros (**)</b>	<b>0.244</b>	<b>0.135</b>

(\*) Unaudited data

(\*\*) Shares for EPS calculation 3,112,929,569 for 2022 and 3,114,870,407 for 2021

Grupo Inditex		
Consolidated Balance Sheet as of 30 April 2022 (€m)		
	30 April 2022(*)	30 April 2021(*)
<b>Assets</b>		
<b>NON CURRENT ASSETS</b>	<b>15,610</b>	<b>15,478</b>
Right of use	5,160	5,427
Intangible assets	866	704
Tangible assets	7,618	7,393
Financial investments	316	271
Other	1,650	1,684
<b>CURRENT ASSETS</b>	<b>14,058</b>	<b>11,242</b>
Inventories	3,517	2,769
Receivables	874	893
Short term investments	2,624	102
Cash & cash equivalents	6,589	7,084
Other	454	393
<b>TOTAL ASSETS</b>	<b>29,668</b>	<b>26,720</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>		
<b>SHAREHOLDERS' EQUITY</b>	<b>15,228</b>	<b>13,886</b>
Equity attributable to the Group	15,194	13,855
Minority interests	34	31
<b>NON CURRENT LIABILITIES</b>	<b>5,105</b>	<b>5,472</b>
Deferred taxes	415	436
Financial debt	1	1
Lease liability	4,178	4,527
Other	511	508
<b>CURRENT LIABILITIES</b>	<b>9,335</b>	<b>7,362</b>
Financial debt	23	10
Lease liability	1,580	1,551
Payables	7,710	5,781
Other	21	20
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>29,668</b>	<b>26,720</b>

(\*) Unaudited data

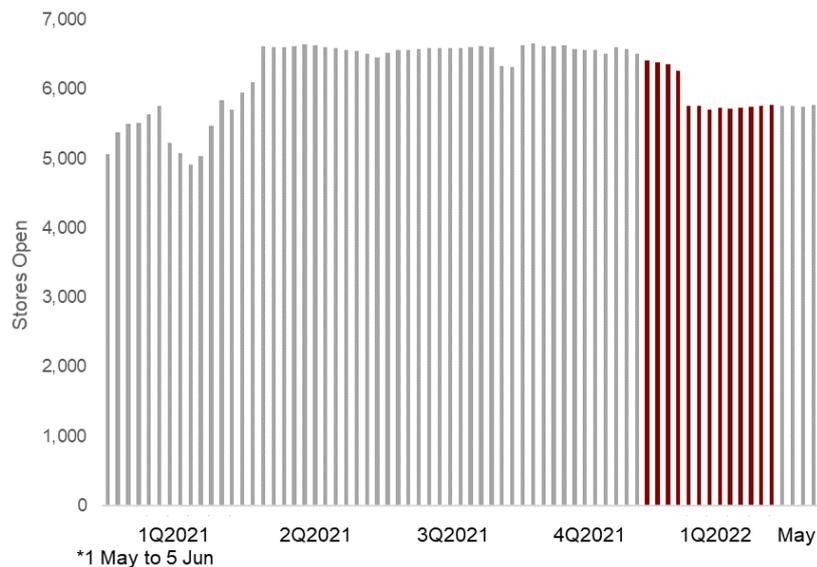
## Annex I

Number of stores by concept

Concept	30 April 2022	30 April 2021
Zara	1,947	2,007
Zara Kids	54	78
Zara Home	471	527
Pull&Bear	870	870
Massimo Dutti	633	750
Bershka	972	994
Stradivarius	923	936
Oysho	553	596
<b>Total</b>	<b>6,423</b>	<b>6,758</b>

## Annex II

Stores with sales during the period on a weekly basis



## Annex III

### Breakdown of Financial results

Million Euros	1Q2022	1Q2021
Net financial income (losses)	(2)	(5)
Lease financial expenses	(22)	(25)
Foreign exchange gains (losses)	(25)	(4)
Total	(49)	(34)

The Gross Margin, EBITDA, EBIT, PBT, ROE, ROCE, working capital, average net financial debt, net financial position, Store operating profit and Earnings by individual quarters, Sales growth at constant exchange rates, and Sales in comparable stores are defined in the introduction to the Consolidated Annual Accounts 2021.

## 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 2021 for the definition of APMs and Non-IFRS Measures included herein.