

INDITEX

Interim Three Months 2021 Results

1 February 2021 to 30 April 2021

- ♦ Inditex's differentiation and strategic transformation towards a fully integrated, digital and sustainable business model continues to deliver
- ♦ The recovery continues to gain momentum. Store and online sales in constant currency between 1 May and 6 June 2021 increased 102% versus the same period in 2020 and by 5% versus the same period in 2019. 10% of trading hours were unavailable in this period due to lockdowns and restrictions. Currently 98% of stores are open
- ♦ Over the course of 1Q2021, store sales have steadily improved and online sales in constant currency increased 67%
- ♦ In 1Q2021, 24% of trading hours were unavailable due to lockdowns and restrictions. At the close of 1Q2021, 84% of stores were open
- ♦ 1Q2021 sales reached €4.9 billion, EBITDA €1.2 billion and net income €421 million
- ♦ Gross margin came to €2.96 billion in 1Q2021. Gross margin reached 59.9% (58.4% in 1Q2020)
- ♦ Strong cash generation from operations continues. The net financial position grew 25% to €7.2 billion
- ♦ The implementation of the Inditex Open Platform (IOP) is close to 90% complete
- ♦ Inditex is ahead of schedule in the delivery of its Sustainability Strategy
- ♦ People first: Strong individual commitment and unique corporate culture
- ♦ As approved in March 2021, Inditex's Board of Directors will propose to the Annual General Meeting a dividend for FY2020 of €0.70. The dividend is composed of two equal payments of €0.35 per share: the first interim payment was made on 3 May 2021 and the final dividend will be made on 2 November 2021

2021: Inditex's strategic transformation intensifies

Inditex's differentiation and strategic transformation towards a fully integrated, digital and sustainable business model continues to deliver. This strategic transformation in 2021 is based on three key pillars:

- ♦ The integration of the business model has allowed the effects of the store absorption programme announced in June 2020 to have been fully recovered in store and online sales in May 2021. The single inventory (SINT) has been key.
- ♦ Digitalisation: The implementation of the Inditex Open Platform (IOP) is close to 90% complete. Online sales continue to grow at very high rates.
- ♦ Inditex continues to make progress in its sustainable development beyond its initial objectives.

First quarter 2021: Continued improvement

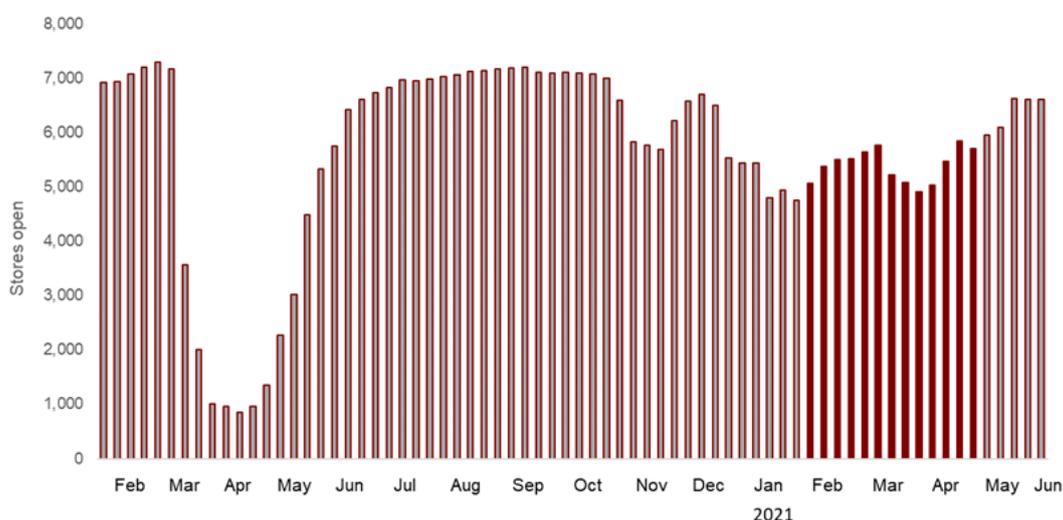
The initial Spring/Summer collections were very well received by our customers. Throughout 1Q2021 store sales have progressively improved and online sales in constant currency grew 67%.

Inditex's 1Q2021 results (February-April) show a strong recovery in operations. The results have been materially affected by the health crisis, with temporary store closures and restrictions to operations in key markets such as the UK, France, Germany, Italy, Portugal and Brazil. To minimise the impact, we have actively managed our supply chain, inventory and operating expenses in the period.

Inditex continues to be very active in differentiating its retail space. The growth of space in 1Q2021 is in line with management's expectations. In 1Q2021, openings have been carried out in 21 markets. At the end of the period Inditex operated 6,758 stores. A list of total stores by concept is included in Annex I.

In 1Q2021, 24% of trading hours were unavailable due to lockdowns and restrictions. At the close of 1Q2021, 84% of stores were open. Currently, 98% of stores are open.

The graph shows the number of stores with sales during the period on a weekly basis.



In this environment, 1Q2021 sales amounted to €4.9 billion (€3.3 billion in 1Q2020). Sales in constant currency increased by 56%.

Despite the disruption caused by the lockdowns and restrictions, the strength of the business model is reflected in the high sales productivity. In the period, 24% of trading hours were unavailable due to lockdowns and restrictions. Total store and online sales in constant currency were down 11.5% versus 1Q2019. The table below illustrates this performance in constant currency versus 1Q2019.

	1Q2021
Trading hours	(24.1%)
Store & online sales growth	(11.5%)

As mentioned, online sales in constant currency continue to grow strongly (+67% in 1Q2021).

Gross margin came to €2.96 billion in 1Q2021. Gross margin reached 59.9% (58.4% in 1Q2020).

Operating expenses increased by 19%. All expense lines have shown a favourable evolution.

EBITDA came to €1.2 billion, compared to €484 million in 1Q2020. EBIT was €569 million, compared with -€508 million in 1Q2020.

Annex 2 includes a breakdown of the Financial Results.

The tax rate applied to the quarterly result is the best estimate for the fiscal year 2021 based on available information.

Net income in 1Q2021 was €421 million, compared with -€409 million in 1Q2020.

Due to the operating performance and the efficient working capital management, net cash increased by 25% to €7.2 billion.

Million Euros	30 April 2021	30 April 2020
Cash & cash equivalents	7,084	3,401
Short term investments	102	2,506
Current financial debt	(10)	(151)
Non current financial debt	(1)	(4)
Net financial cash (debt)	7,176	5,752

Due to the flexibility of the business model, the dynamics of the working capital remain normal. As a result of the operating performance and the active management of the supply chain, inventory increased 5% versus the same period in 2020 and decreased 5% versus the same period in 2019. The closing inventory is considered to be of high quality.

Million Euros	30 April 2021	30 April 2020	30 April 2019
Inventories	2,769	2,629	2,923
Receivables	893	644	846
Payables	(5,781)	(3,877)	(6,306)
Operating working capital	(2,118)	(604)	(2,536)

Zara Beauty

On 12 May, Zara launched a new cosmetics section, Zara Beauty, which offers a wide range of beauty products for eyes, lips, face and nails, with top quality formulas, refillable packaging and a selection of more than 130 shades. It is available online and in specific areas in selected stores. The reception of this line has been very good.

Outlook

The Spring/Summer collections have been very well received by our customers.

The recovery continues to gain momentum. Store and online sales in constant currency between 1 May and 6 June 2021 increased 102% versus the same period in 2020 and by 5% versus the same period in 2019.

Currently 98% of stores are open.

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.

Sustainability

Sustainability is a key part of Inditex's strategy.

As per the Sustainability Roadmap Goals, Inditex has achieved all of the targets set for 2020. In particular, outperformance was seen in two main areas: Join Life and renewable energy. The Group has also set ambitious new targets for the year 2023.

Dividends

As approved in March 2021, Inditex's Board of Directors will propose to the Annual General Meeting a dividend for FY2020 of €0.70. The dividend is composed of two equal payments of €0.35 per share: the first interim payment was made on 3 May 2021 and the final dividend will be made on 2 November 2021

Agreements of the Board of Directors

Inditex's Annual General Meeting will take place at the Company's registered office on 13 July 2021.

For additional information:

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Disclaimer

This document is of a purely informative nature and does not constitute an offer to sell, exchange or buy, or the solicitation of an offer to buy, securities issued by any of the companies mentioned herein.

This document contains forward-looking statements. All statements other than statements of historical fact included herein, including, without limitation, those regarding our financial position, business strategy, management plans and objectives for future operations are forward-looking statements. Any such forward-looking statements are subject to risk and uncertainty and thus could differ materially from actual results.

Some of these risks include, amongst others, ongoing competitive pressure in the sector, consumer tastes and spending trends, economic, political, regulatory and trade conditions 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 for the cases where the prevailing rules and regulations in force 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. Given the uncertainties of forward-looking statements, we caution readers not to place undue reliance on these statements.

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 communicated by the company to the Comisión Nacional del Mercado de Valores (the Spanish Securities Commission).

The contents of this disclaimer should be taken into account by all persons or entities.

- Tables and appendix to follow -

Consolidated financial statements

Grupo Inditex		
1Q2021 profit & loss statement (€m)		
	1Q2021 (*)	1Q2020 (*)
Net sales	4,942	3,303
Cost of sales	(1,980)	(1,374)
Gross profit	2,962	1,930
Gross margin	59.9%	58.4%
Operating expenses	(1,716)	(1,448)
Other net operating income (losses)	(11)	2
Operating cash flow (EBITDA)	1,235	484
EBITDA margin	25.0%	14.6%
Amortisation and depreciation	(666)	(992)
Operating income (EBIT)	569	(508)
EBIT margin	11.5%	-15.4%
Financial results	(34)	(35)
Results from companies consolidated by equity method	9	4
Income before taxes	544	(539)
EBT margin	11.0%	-16.3%
Taxes	(121)	130
Net income	423	(409)
Minorities	1	0
Net income attributable to the controlling company	421	(409)
Net income margin	8.5%	-12.4%
Earnings per share, Euros (**)	0.135	-0.131

(*) Unaudited data

(**) Shares for EPS calculation 3,114,870,407 for 2021 and 3,114,646,185 for 2020

Grupo Inditex		
Consolidated Balance Sheet as of 30 April 2021 (€m)		
	30 April 2021 *	30 April 2020*
Assets		
NON CURRENT ASSETS	15,478	16,552
Right of use	5,427	6,070
Intangible assets	704	617
Tangible assets	7,393	7,868
Financial investments	271	246
Other	1,684	1,751
CURRENT ASSETS	11,242	9,693
Inventories	2,769	2,629
Receivables	893	644
Short term investments	102	2,506
Cash & cash equivalents	7,084	3,401
Other	393	512
TOTAL ASSETS	26,720	26,245
Total Liabilities & Shareholders' Equity		
SHAREHOLDERS' EQUITY	13,886	14,383
Equity attributable to the Group	13,855	14,347
Minority interests	31	36
NON CURRENT LIABILITIES	5,472	6,101
Deferred taxes	436	378
Financial debt	1	4
Lease liability	4,527	5,169
Other	508	550
CURRENT LIABILITIES	7,362	5,761
Financial debt	10	151
Lease liability	1,551	1,694
Payables	5,781	3,877
Other	20	40
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	26,720	26,245

(*) Unaudited data

Annex I

Number of stores by concept:

Concept	30 April 2021	30 April 2020
Zara	2,007	2,138
Zara Kids	78	126
Zara Home	527	587
Pull&Bear	870	955
Massimo Dutti	668	750
Bershka	994	1,097
Stradivarius	936	996
Oysho	596	673
Uterqüe	82	90
Total	6,758	7,412

Annex II

Breakdown of Financial results:

Million Euros	1Q2021	1Q2020
Net financial income (losses)	(5)	4
Lease financial expenses	(25)	(33)
Foreign exchange gains (losses)	(4)	(6)
Total	(34)	(35)

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.