

INDITEX

2021 Results

16 March 2022



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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.

Transformation
accelerates



Inditex transformation accelerates

- ▶ People first
- ▶ Transformation to fully-integrated, digital, sustainable business model accelerates, reinforcing our confidence in the strength and flexibility of business model
- ▶ A year of very strong operating performance
- ▶ Store sales recovering, online sales keep growing
- ▶ Store optimisation is in the final stages as planned and has been a resounding success
- ▶ Robust financial condition. Strong free cash flow generation, net cash position of €9.4bn and lower capital intensity going forward
- ▶ Global growth opportunities
- ▶ Predictable attractive shareholder remuneration. FY21 dividend of €0.93 (+33%). 2022 bonus dividend of €0.40 per share

2021: Outstanding performance

- ▶ Impacted by Covid-19
- ▶ Strong CC sales growth +3% vs pre-covid 2019 historic highs
- ▶ Online sales +14% vs 2020 to €7.5 billion (25.5% of Group sales)
- ▶ Highest gross margin in 6 years
- ▶ Net income reached €3.2 billion, up 193% vs 2020
- ▶ Cash flow reaches historic highs
- ▶ Accelerating free cash flow generation
- ▶ Net cash €9.4 billion

Online continues to be a major growth driver

€7.5bn

Online sales
in 2021

- ▶ Confirms strength of business model and fashion proposition
- ▶ +113% increase in CC online sales vs 2019
- ▶ SINT €1.2 billion
- ▶ 6.2 billion online visits, a +13% increase
- ▶ 146 million active apps
- ▶ 228 million followers on social media
- ▶ Sector leading growth and profitability
- ▶ Non-dilutive to margins and lower capital intensity

Financial summary



2021: Strong operating performance

€ million	FY21	FY20	21/20
Net sales	27,716	20,402	36%
Gross profit	15,814	11,390	39%
PBT	4,199	1,401	200%
Net income	3,243	1,106	193%

- ▶ Strong sales progression
- ▶ Active management of supply chain
- ▶ Healthy gross margin evolution
- ▶ Tight control of operating expenses
- ▶ Strong cash flow generation

2021 Strong sales

€ million	FY21	FY20	21/20
Net sales	27,716	20,402	36%

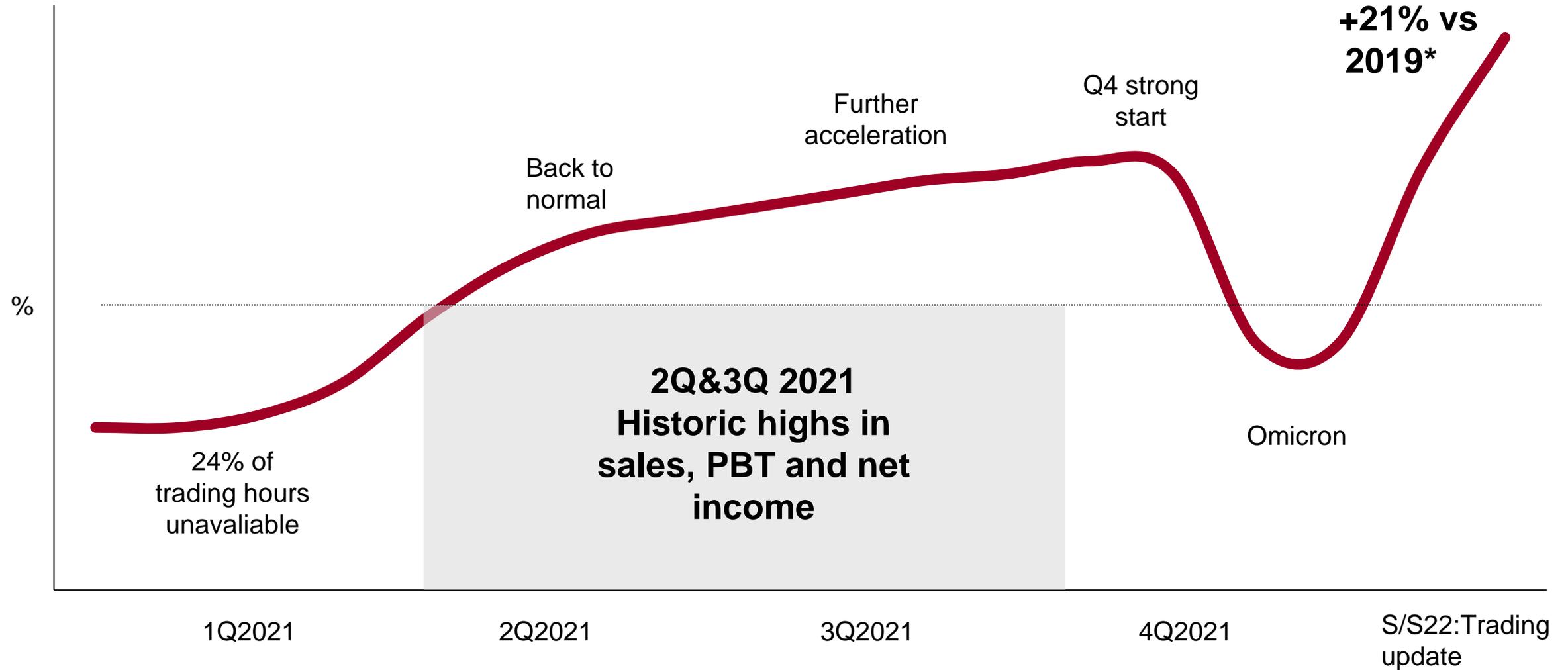
- ▶ Strong sales performance
- ▶ Store optimisation resounding success
- ▶ FY21 sales trends improved as stores reopen and online continued growing

Sales in constant currency

CC	FY2021	1H2021	2H2021
2021/20	37%	53%	26%
2021/19	3%	(2%)	7.5%

- ▶ Sales in CC grew +37% vs FY2020
- ▶ Despite store closures, restrictions and store optimisation programme, FY2021 constant currency sales were above FY2019

2021 constant currency sales growth vs 2019

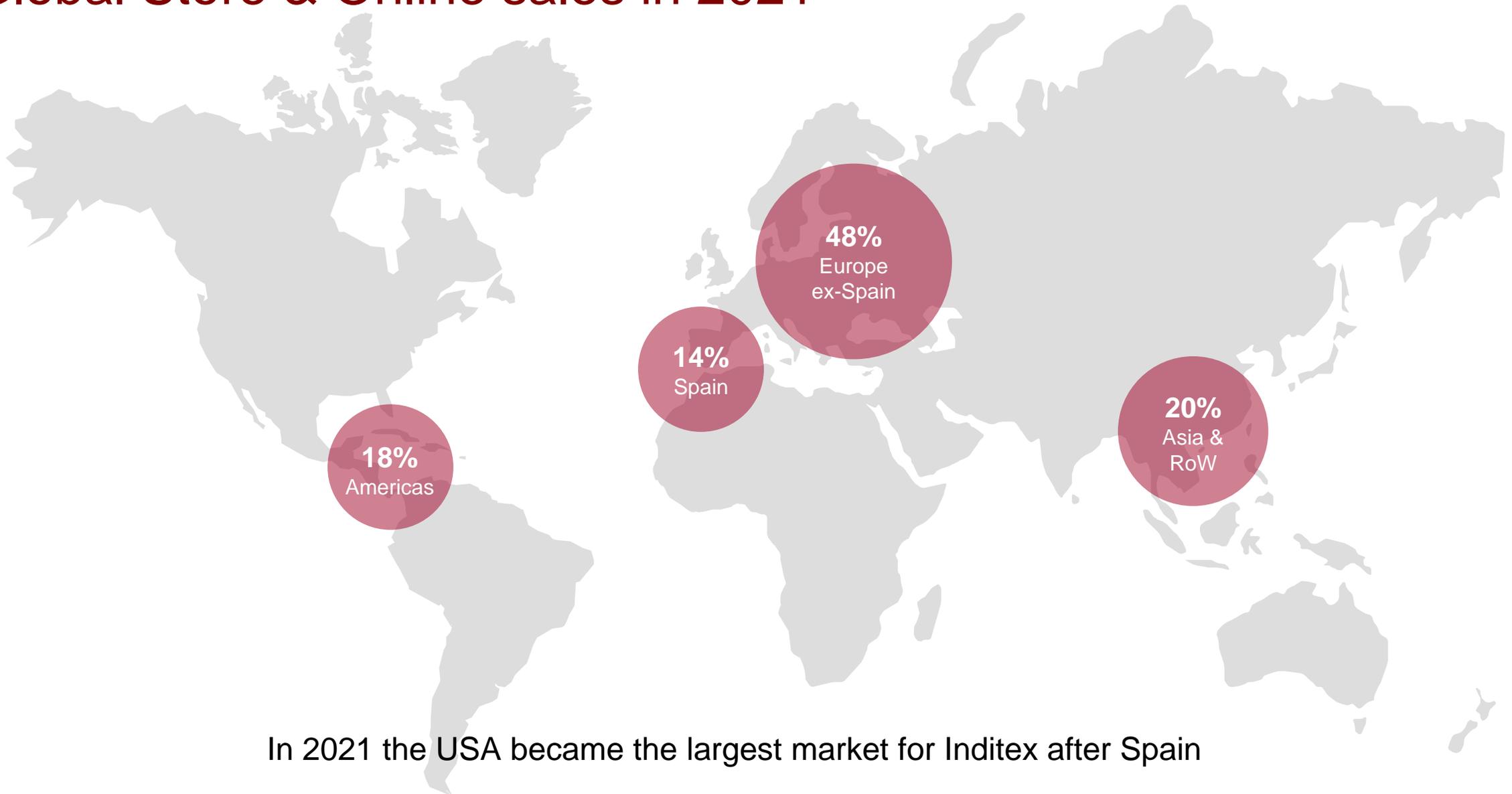


*In this period, sales in the Russian Federation and Ukraine represented approximately 5 ppt of sales growth

Omicron impact on 4Q2021 results

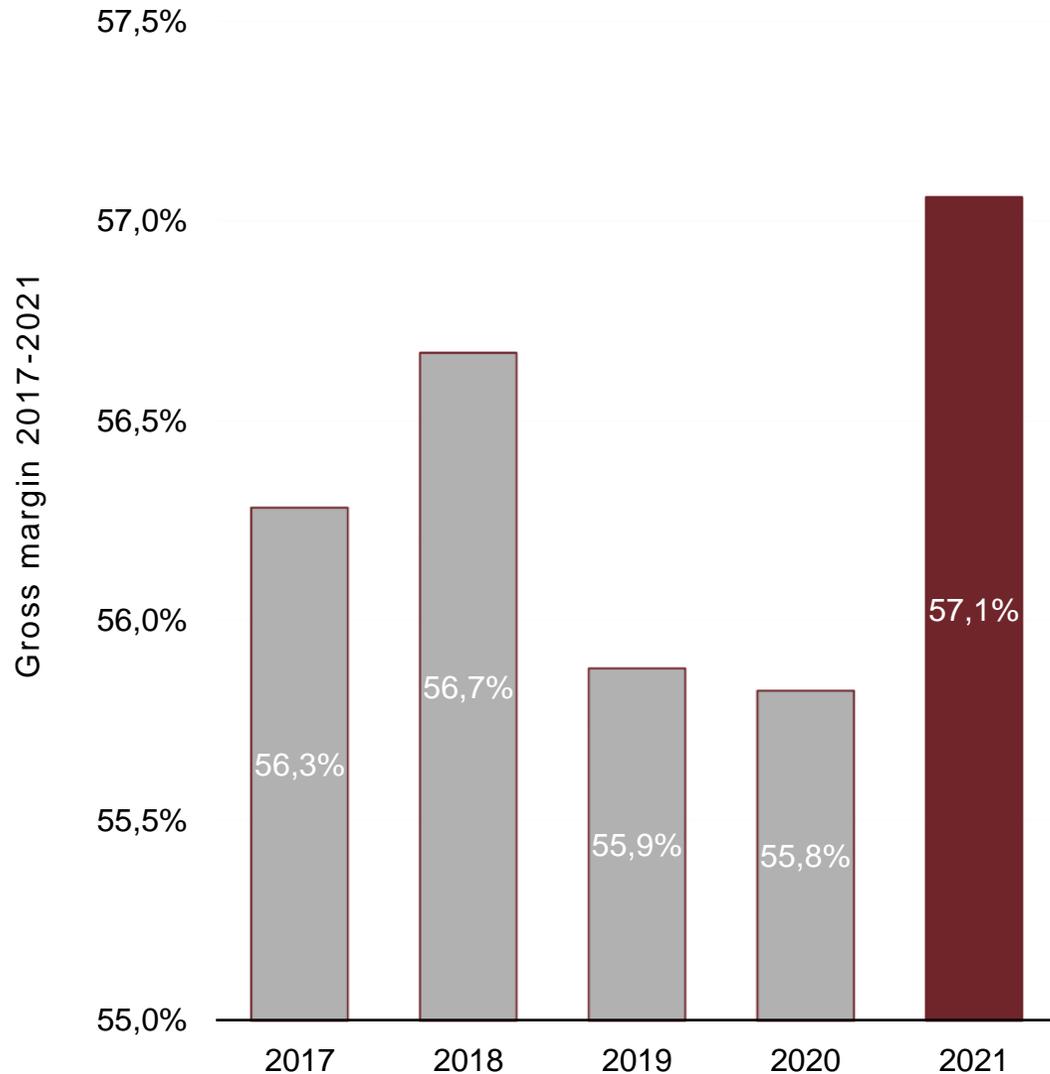
- ▶ The final part of the year was impacted significantly by the decrease in store traffic due to the spread of the Omicron variant, restrictions in most markets and lockdowns in Austria, The Netherlands, Germany, Japan, China and the Philippines
- ▶ The sudden drop in store sales generated a one-off impact of €400 million in 4Q2021
- ▶ The impact on the gross profit due to increased markdowns as a result of the outbreak was approximately €210 million
- ▶ Due to the sudden drop in store sales, it was difficult to compensate the incremental store expenses associated with the Christmas season and the additional costs linked to increased online sales. The impact from this was a further €190 million
- ▶ With Omicron abating strong rebound in sales

Global Store & Online sales in 2021



In 2021 the USA became the largest market for Inditex after Spain

Gross margin shows very strong execution



- ▶ 2021 gross margin reached 57.1% (+123 bps)
- ▶ Flexibility of supply chain and proximity sourcing key
- ▶ Highest gross margin in 6 years

Operating efficiencies

€ million	FY21	FY20	FY19
Op. expenses	8,596	6,807	8,176

- ▶ All expense lines have shown a favourable evolution
- ▶ Operating expenses increased 26% over FY20, below sales growth of 36%

Depreciation

€ million	FY21	FY20	21/20
Depreciation	2,901	3,045	(5%)

- ▶ Depreciation & Amortisation in FY20 includes completion of space optimisation 2020-2021 booked in 1Q20

Flexibility of business model key to performance

€ million	FY21	FY20
Inventory	3,042	2,321
Receivables	842	715
Payables	(6,411)	(4,747)
Op. working capital	(2,526)	(1,711)

- ▶ Flexibility of supply chain
- ▶ Closing inventory is of high quality
- ▶ Unusually low inventory levels at FY20 end due to Covid-19
- ▶ Increased product availability in the face of possible supply chain tensions, without altering commitment levels
- ▶ The high quality of inventory is reflected in the strong 2022 trading update

Strong cash flow and financial condition

€ million	FY21	FY20	FY19
Net Cash Position	9,359	7,560	8,060

- ▶ Cash generation at historic highs
- ▶ Net cash grew +24% vs FY20 (+16% vs FY19)
- ▶ Healthy balance sheet

Cash flow reaches historic highs

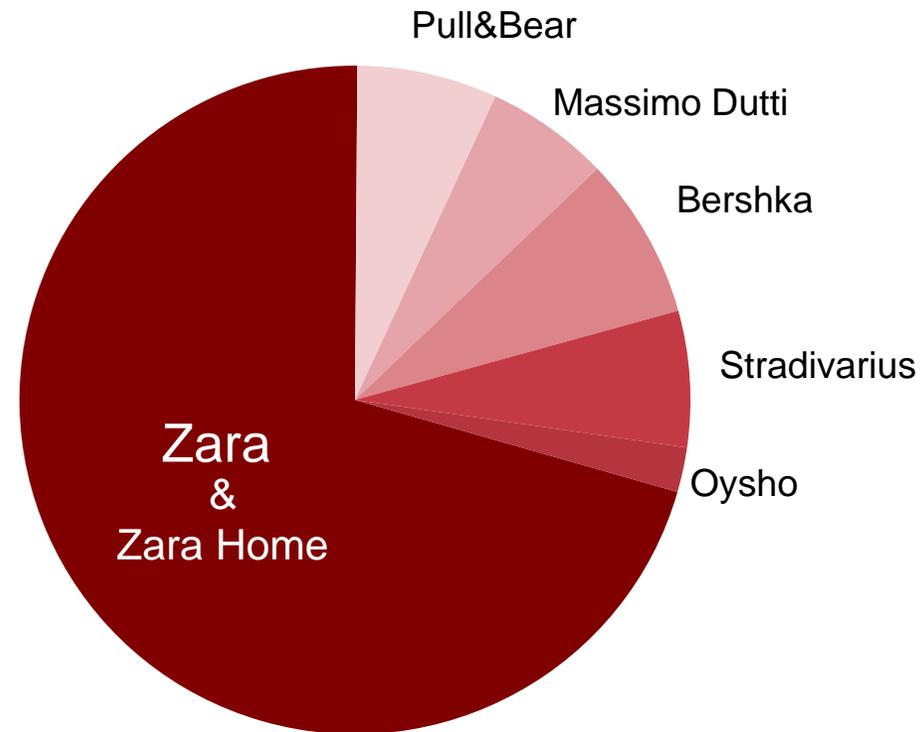
€ million	FY21	FY20	FY19
Funds from operations (1)	6,530	3,864	6,695
Lease payments (2)	(1,668)	(1,673)	(1,836)
Funds from Operations (1+2)	4,862	2,191	4,859
Change in working capital	223	(847)	205
Cash from Operations	5,085	1,344	5,064
Capital Expenditure	(1,126)	(713)	(1,122)
Free Cash Flow	3,959	631	3,942

Funds from Operations (1+2) with cash lease payment added back

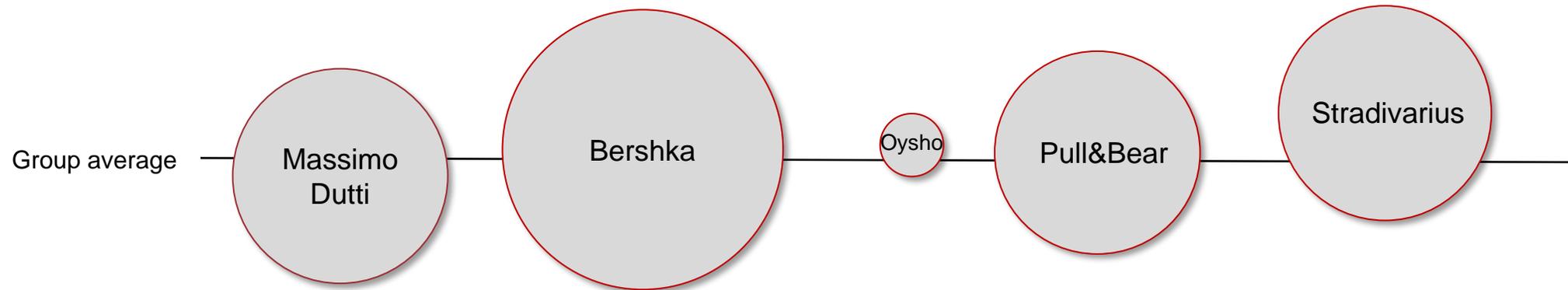
Concepts



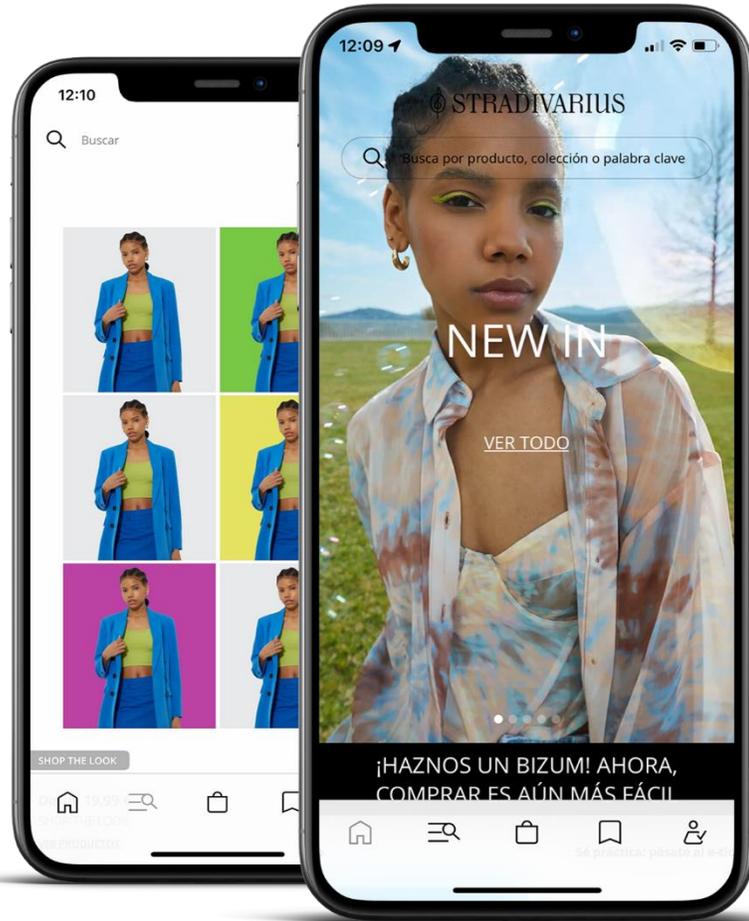
Store & Online sales by concept



Performance per concept



Concepts



- ▶ Remarkable online growth across all concepts
- ▶ Strong performance of Stradivarius, Pull&Bear and Oysho
- ▶ Profit before tax to sales >15% in all concepts

Sustainability



Delivering on Sustainability Roadmap Goals



2021 achievements

47% of garments were Join Life in 2021

91% renewable energy in own facilities in 2021

42% of use of more sustainable fibres

2022 objectives

>50% of garments will be Join Life in 2022

100% renewable energy in own facilities by 2022

On track for all sustainability goals



Objectives for 2023

100% sustainable cellulosic fibres

100% free of single-use plastic

100% of all packaging materials collected for reuse/recycle in our supply chain (Green to pack)

100% more sustainable cotton by 2023

Objectives for 2025

100% sustainable or recycled linen and polyester by 2025

Cut water usage in supply chain 25% by 2025

Delivering on Innovation



- ▶ Sustainability Innovation Hub as a way to help drive and scale sustainability initiatives
- ▶ Working with more than 145 startups
- ▶ 30 pilot projects running
- ▶ Lanzatech x Zara, first pilot project launched. This specialises in generating polyester fibres derived from the capture of carbon

Sustainability always in focus

Consistently top rated in retail since 2002

**DOW JONES
SUSTAINABILITY INDEX**



**FT SUSTAINABILITY
FOR GOOD**



FTSE4Good member since 2002

Only 2 fashion retailers in the top 100 firms globally



**GLOBAL 100 MOST
SUSTAINABLE CORPORATIONS**

Inditex awarded with the Terra Carta Seal, only 1 fashion retailer included



TERRA CARTA SEAL

Outlook



Zara Embroidery





Zara Man Spring bright tones



Zara Kids Spring/Summer



Zara Home The art of living



Massimo Dutti Start over



Bershka Abstract



Pull&Bear 19.91 Colours



Stradivarius Hello old land

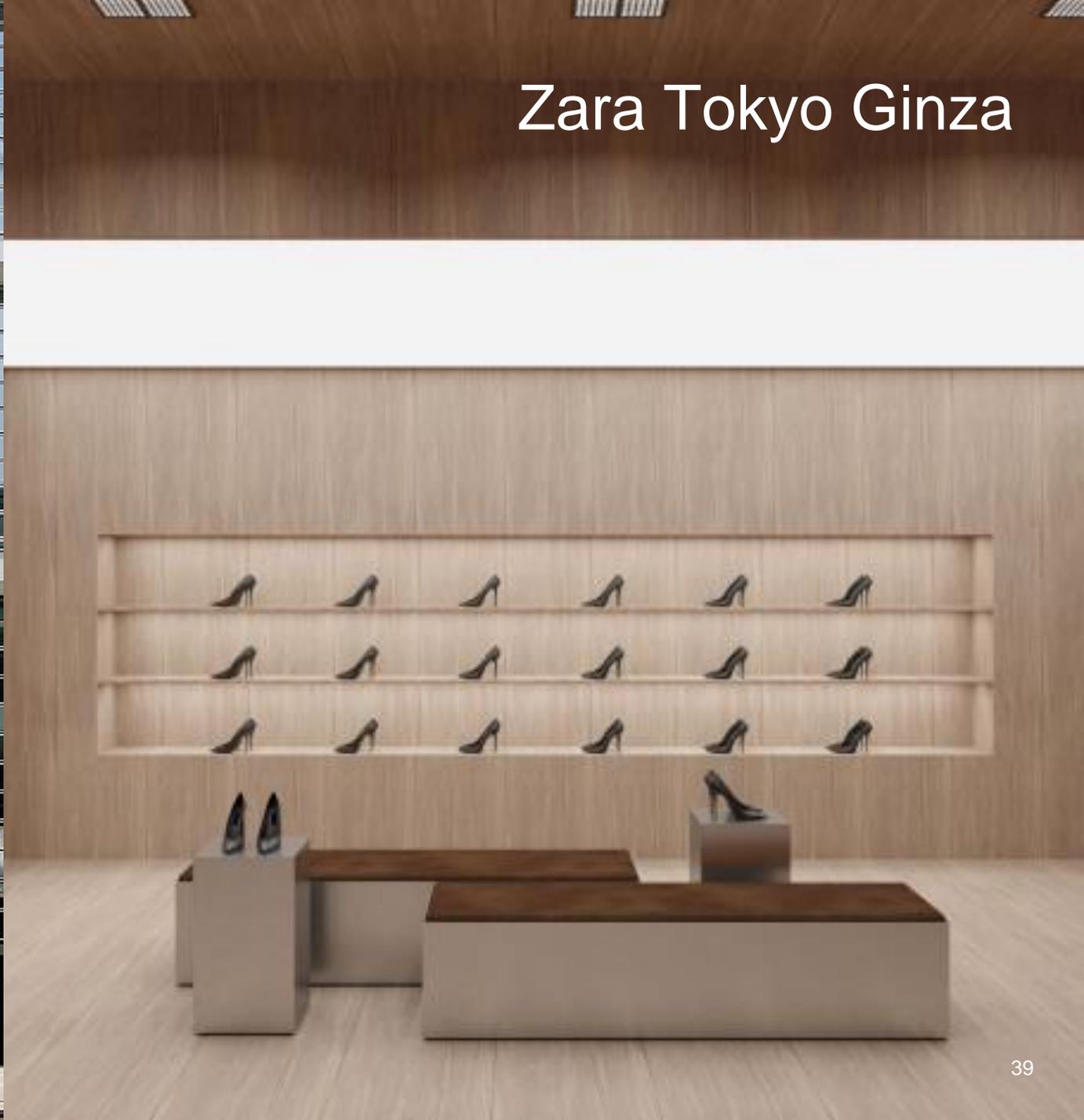


Oysho Outdoor training





Zara Tokyo Ginza





Zara Dubai Hills

Zara Abu Dhabi Al Yas



Zara Madrid Plaza de España



Zara HQ



Continuity in key strategic pillars



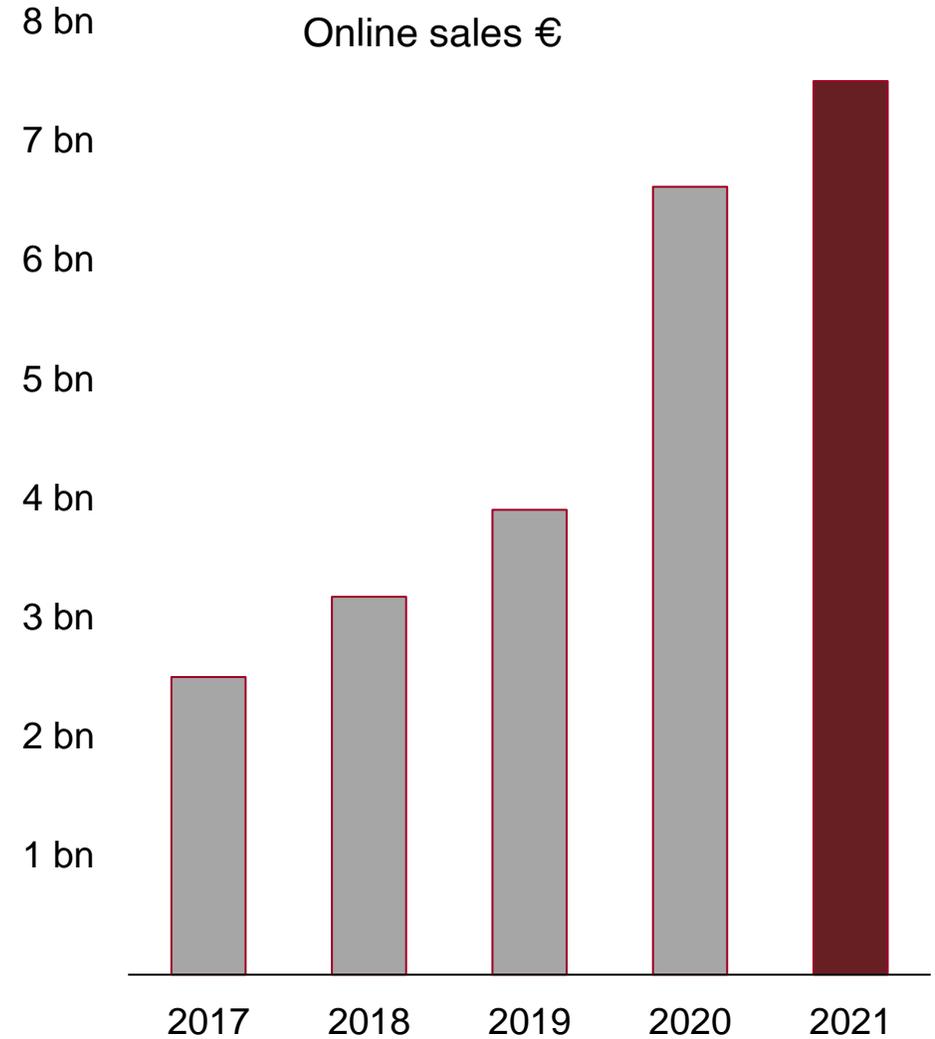
- ▶ Unique business model
- ▶ Full integration of Stores & Online
- ▶ Deep talent pool and strong individual commitment
- ▶ Customer-centric and entrepreneurial corporate culture
- ▶ Sustainability and digitalisation
- ▶ Investment in the future growth of the business
- ▶ Predictable attractive shareholding remuneration

Outlook



- ▶ Global fully integrated Store & Online
- ▶ Strong organic growth. Increased differentiation
- ▶ Online sales growth to continue
- ▶ Stable gross margin. Mid-single digit price increase, without impacting volumes
- ▶ Sustainability is central to the strategy
- ▶ Increased profitability. Lower capital intensity
- ▶ Capex of €1.1 billion for 2022

Online sales to exceed 30% of total sales by 2024



FY2021 Dividend



- ▶ The Board of Directors will propose to the AGM a dividend of €0.93 per share (+33%) for 2021. It will be composed of an ordinary dividend of €0.63 and a bonus dividend of €0.30 per share
- ▶ The dividend will be made up of two equal payments
- ▶ 2 May 2022: €0.465 per share ordinary
- ▶ 2 November 2022: €0.465 per share (€0.165 ordinary + €0.30 bonus)

Predictable attractive shareholder remuneration



- ▶ Inditex dividend policy of 60% ordinary payout and bonus dividends remains in place
- ▶ The board of Directors is proposing a total bonus dividend of €0.40 per share to be paid in relation to FY22 results

Outlook



- ▶ Strong start to the Spring/Summer season
- ▶ Store and online sales in constant currency from 1 February to 13 March were 33% above 2021 and 21% above the historic pre-Covid highs of 2019. In this period, sales in the Russian Federation and Ukraine represented approximately 5 percentage points of sales growth

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