

INDITEX

CONSOLIDATED RESULTS 2023

CONFERENCE CALL TRANSCRIPT
13 MARCH 2024

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James Grzanic - Jefferies - Analyst

Warwick Okines - Exane BNP Paribas - Analyst

Anne Critchlow - Société Générale - Analyst

Introduction: Marcos López – Capital Markets Director - Inditex

[Image]

Buenos días a todos, good morning to everybody. A warm welcome to all of those attending the presentation of Inditex's Results for 2023. I am Marcos López, Capital Markets Director.

The presentation will be chaired by Inditex's CEO Óscar García Maceiras. Also with us is our CFO Ignacio Fernández.

The presentation will be followed by a Q&A session starting with the questions received on the telephone and then those received through the webcast platform. Before we start, we will take the disclaimer as read.

Please, Óscar.

Slide4:CEO

[Image]

Slide 5: To the next level

[Image]

Slide 6: 2023: Strong growth and execution continues

Good morning and welcome to our twenty twenty-three (2023) results presentation. It is my pleasure to join you today.

In twenty twenty-three (2023) Inditex saw a very robust operating performance driven very much by the creativity of our teams and the strong execution of our fully integrated business model.

We have experienced very satisfactory sales growth of ten point four per cent (10.4%). Our collections were very well received throughout the year as a whole.

This of course has been the main driver for why sales, EBITDA and net income reached historic highs.

The execution of the business model has also been very robust, with a healthy gross margin and controlled cost management.

On the bottom line, net income increased thirty percent (30%) to five point four (5.4)billion euros.

The operating performance of the Group further underpins our sound financial position. This can be seen in the significant free cash flow generated over the period.

We are proposing a dividend increase of twenty eight percent (28%) for financial year twenty twenty-three(2023) to one point five four (1.54) euros per share.

The strong sales performance has continued beyond this period, with our Spring/Summer twenty twenty-four (2024) collections very well received by customers.

Store and online sales in constant currency between the first (1) of February and the eleventh (11th) of March adjusting for the extra trading day in February due to the leap year grew eleven percent (11%) over the same period in the previous year.

Slide 7: 2024-26 Strong commitment to profitable growth

It is evident that it is our fully integrated store and online model that has driven such a strong performance over recent trading periods.

Our performance relies on the four key pillars that we have highlighted to you on previous occasions: Our product offering, a unique customer experience, our focus on sustainability, and the talent and commitment of our people.

We have operations in two hundred and thirteen (213) markets with low market share in a highly fragmented sector and we continue to see strong global growth opportunities.

These are the principal factors driving our differentiation.

We have a strong commitment to profitable growth. In twenty twenty-two and twenty twenty-three (2022-2023), Inditex experienced significant increase in sales and productivity. Sales have grown thirty-five percent (35%) in constant currency in the period. The growth of annual gross space in the period twenty twenty-four and twenty twenty-six (2024-2026) is expected to be around five percent (5%).

We estimate ordinary capital expenditure of around one point eight billion euros (€1.8 billion) in twenty twenty-four (2024). This investment will be mainly dedicated to the optimisation of our commercial space, its technological integration and the improvement of our online platforms.

We have also started a Logistics expansion plan twenty twenty-four twenty twenty-five (2024-2025). This is a two-year extraordinary investment programme focused on the expansion of the business allocating nine hundred million euros (€900m) each year to increase logistics capacities.

I will now hand over to Ignacio to go over the headline numbers.

Slide 8: CFO

Slide 9: Financial Summary

Thank you, Oscar.

Slide 10: 2023: Very strong execution

As you have seen in our release, Inditex executed very well in 2023.

As Oscar highlighted a few moments ago, sales, EBITDA and net income all reached historic highs.

Sales have progressed well at plus 10.4%. We have managed the supply chain actively, and this has driven a very healthy gross margin. Operating expenses have of course been managed rigorously and this has generated operating leverage.

Consequently, EBITDA grew 13.9% to 9.8 billion euros.

Below this line and for comparability reasons it is worth noting the provision charged in 2022 relating to operations in the Russian Federation and Ukraine for 231 million euros in that year.

We have also seen very strong progress on the net income line, with an increase of 30.3% to 5.4 billion euros.

The Group continues to generate significant free cash flow and this has taken our net cash position to 11.4 billion euros.

Slide11: Sales

I would like to reiterate that sales have progressed very well at plus 10.4% and have reached 35.9 billion euros. That is 14.1% in constant currency.

This strong sales growth came from both stores and online.

Additionally, sales have been positive across all regions and across all concepts.

At current exchange rates, Inditex expects a -1.5% currency impact on sales in 2024, with a first half weighting.

Slide 12: Global Store&Online sales breakdown in 2023

As we have already commented, sales have been positive across all key regions. We enjoy a global presence, and it is our goal to build upon this.

Slide 13: Gross profit

In 2023, gross profit increased 11.9% to 20.8 billion euros. In terms of the business model, it demonstrates very good execution. The gross margin reached 57.8%.

For 2024, Inditex expects a stable gross margin (+/-50 bps).

Slide 14: Operating efficiencies

There has been very rigorous control of operating expenses across all departments and business areas.

Operating expenses increased below sales growth over 2023. Including all lease charges, operating expenses grew 125 basis points below sales growth.

Slide 15: Working capital and net cash position

Over the period, we have experienced a robust operating performance. We have also seen a normalisation in supply chain conditions. Inventory at Inditex as of the 31st of January 2024 was 7% lower than at the same date in 2023.

Let me also add that end of period inventory is considered to be of high quality.

Due to the strong cash flow generation, the net cash position has grown 13.3% to 11.4 billion euros.

Slide 16: Funds from operations

With all of this, you can see funds from operations, after fixed lease cash payments, reached historic highs of 7 billion euros.

And now over to Marcos.

Slide 17: Capital Markets Director

Slide 18: Concepts

Thank you.

Slide 19: Concepts

Following on from Ignacio's comments I would like to reiterate that the performance over 2023 has been remarkable. Notably, this performance was across all the concepts. We are very happy with the execution over the period.

In 2023, we opened stores in 41 different markets and have progressed with optimisation activities across all concepts. Store sales and Online have grown significantly.

Zara has, of course, had a good year. The performance of the younger concepts has also been robust. We are satisfied with the execution of all the concepts over 2023.

Slide 20: Concepts

This table illustrates a very healthy set of metrics across the board.

Slide 21: Concepts

I'll highlight just two of these key metrics.

Inditex's profit before tax on sales has increased 266 basis points to 19.1%...

...and remarkably, Return on Capital employed has increased 580 basis points to 39%.

And now, back to you Oscar.

Slide 22: CEO

Thank you.

Slide 23: Outlook

[Slide]

Slide 24: To the next level

Inditex continues to see strong growth opportunities. Our key priorities are to continually improve the product proposition, to enhance the customer experience, to increase our focus on sustainability and to preserve the talent and commitment of our people. Strengthening these areas will drive long-term organic growth.

The flexibility and responsiveness of our business in conjunction with in-season proximity sourcing allows a rapid reaction to fashion trends and a unique market position. Our business model has great potential going forward.

The growth of the Group is underpinned by the investment in stores, the advances made to the online sales channel and the improvements to the logistics platforms with a clear focus on innovation and technology. Sustainability is a key part of the strategy.

Over twenty twenty-three (2023), we have seen very strong progress of our unique business model and a material increase in differentiation. The end result has been an enhanced customer experience.

To take our business model to the next level and extend our differentiation further we are developing a number of initiatives in key areas for the coming years.

Slide 25: Unique Fashion proposition&Slide 26

Our teams remain highly dedicated to what we consider to be the core essence of all our concepts: a distinctive fashion proposition, focused around creativity and innovation.

This process is carried out by a team of seven hundred (700) designers and a six hundred and thirty (630) person prototype team using a meticulous design process that attends to every small detail of our garments and collections, while striving to provide quality fashion to more and more customers around the world.

Slide 27,28,29: Zara stores (Paris, Hamburg, Los Angeles)

Thanks to our unique integrated model of stores and online, our teams continue to take advantage of the great growth opportunities we see in all channels, formats and markets. This involves new openings and refurbishments of stores in the best locations, expanding our formats to new cities and new territories and the launch of new services that elevate the shopping experience.

Slide 30: Massimo Dutti Miami Aventura Mall

We see significant long-term growth opportunities in the United States, also for the concepts. Massimo Dutti expects to open a store in Miami by the end of the year.

We expect the concepts to launch in new markets, like Oysho in Germany at Hamburg, and first stores in India for Bershka in Mumbai Palladium and Zara Home in Bangalore.

Slide 31: Start of weekly live streaming in US and UK

We are in the process of launching a new weekly livestream experience for Zara in the United States and the UK.

The livestream reflects our continual efforts to offer the best customer experience and will be available soon in other markets.

Slide 32: Zara Pre-Owned: repair, resell & donate

In terms of circularity, the Zara Pre-Owned platform, is currently available in sixteen (16) European markets. Through this platform, we will continue helping our customers to extend the life cycle of their Zara garments through donation, repair or resale.

Slide 33: Zara Pre-Owned to be launched in US

In twenty twenty-four (2024) we will extend this service to our customers in the United States.

Slide 34: Sustainability InnovationHub

Regarding innovation, our Sustainability Innovation Hub is currently working with more than three hundred and fifty (350) start-ups. Some of these projects are now contributing to our current collections. An example of this is LOOPAMID® x ZARA. ZARA Studio has developed a single-material jacket made with LOOPAMID®, a polyamide created entirely from textile waste. We have also seen commercial collaborations with CIRC. Furthermore, we have recently strengthened our commitment to Infinited Fiber with a direct investment in the capital of the company.

Slide 35: Inditex People

We continue to promote the talent and commitment of our teams in order to reinforce our attractiveness as a benchmark employer.

Hola! is our welcome training program for everyone joining a Zara store for the first time. This is an itinerary for the first four (4) weeks, combining hands-on and digital sessions on our Tra!n platform.

We highlight the figure of Zara Coach: the person in charge of welcoming, guiding, supporting and involving the rest of the team during the process. The Hola! programme is already available in fifty (50) markets, where we have about two thousand eight hundred (2,800) Zara Coaches so far.

In addition, throughout the twenty twenty-three (2023) financial year, more than twelve thousand seven hundred (12,700) people have been promoted, resulting in seventy-two (72%) percent of the Group's vacancies being filled internally. Furthermore, two point eight (2.8) million hours of training have been provided to the teams.

Slide 36: Outlook: Strong commitment to profitable growth

We operate in two hundred and thirteen (213) markets with low share in a highly fragmented sector and we see strong growth opportunities.

To meet the current strong demand, which builds on the significant growth of the business in twenty twenty-two to twenty twenty-three (2022-23), we are undertaking a number of initiatives.

Firstly, optimisation of stores is ongoing. We expect increased sales productivity in our stores going forward.

The growth of annual gross space in the period twenty twenty-four to twenty twenty-six (2024-2026) is expected to be around five percent (5%). Inditex expects space contribution to sales to be positive in the period twenty twenty-four to twenty twenty-six (2024-2026), in conjunction with a strong evolution of online sales.

Slide 37: Capex

We are planning investments that will scale our capabilities, obtain efficiencies and increase our competitive differentiation to the next level.

For twenty twenty-four (2024), we estimate ordinary capital expenditure of around one point eight billion euros (€1.8 billion). This investment will be mainly directed at optimisation of our commercial space, its technological integration and the improvement of our online platforms.

Slide 38: Logistics expansion plan 2024-2025 to meet strong demand

In view of the strong future growth opportunities, Inditex has designed a logistics expansion plan for twenty twenty-four and twenty twenty-five (2024 and 2025).

This two-year extraordinary investment programme focused on the expansion of the business allocates nine hundred (900) million euros per year to increase logistics capacities in each of the twenty twenty-four and twenty twenty-five (2024 and 2025) financial years. The main investments are:

Slide 39: 2024-2025 Logistics expansion plan 2024-2025

For Zara a new two hundred and eighty-six thousand (286,000) square metre distribution centre, Zaragoza Two (II), ...

...and increased distribution centre capacity of one hundred and twenty-three thousand (123,000) square metres in Lelystad, the Netherlands

For Bershka: A new one hundred and sixteen thousand (116,000) square metre distribution centre in the Valencia region.

And for Tempe: A new one hundred and forty-one thousand (141,000) square metre distribution centre also in the Valencia region.

Most of these projects will be operational as early as the second half of twenty twenty-five (2025).

The objective of this logistics expansion plan is to strengthen Inditex's capacity to capture the ample global growth opportunities in the medium and long term. These investments will have the highest standards of sustainability and use the most up-to-date technology.

Slide 40: Strong start to 2024

I would like to finish with a brief comment on our current performance. Spring/Summer collections have been very well received by our customers.

Store and online sales in constant currency, adjusted for the calendar effect of an extra trading day in February due to the leap year, increased eleven percent (11%) between the first (1st) of February and eleventh (11th) of March twenty twenty-four (2024) versus the same period in twenty twenty-three (2023).

Slide 41: 28% dividend increase

We have an attractive and predictable dividend policy which consists of a sixty percent (60%) ordinary payout and bonus dividends.

For financial year twenty twenty-three (FY2023), the Board of Directors will propose at the Annual General Meeting a dividend increase of twenty-eight percent (28%) to one point five-four euros (€1.54) per share, composed of an ordinary dividend of one point zero four euros (€1.04) and a bonus dividend of zero point five euros (€0.50) per share.

The dividend will be made up of two equal payments: On the second of May twenty twenty-four (2.05.2024) a payment of zero point seven seven euros (€0.77) per share, ordinary, and the remainder, zero point seven seven euros (€0.77) per share on the fourth of November twenty twenty-four (4.11.2024).

Slide 42:2023 Results

Thank you all for attending. That concludes our presentation for today. We would be happy to answer any questions you may have.

QUESTIONS & ANSWERS

James O'Shaughnessy - Inditex

The telephone Q&A session starts now. If you would like to ask a question, please, press Star-5 on your telephone keypad. If you wish to withdraw your question, please, press Star-five again. We request that you limit yourself to only one question per turn so we can maximize the number of participants in the session.

If you have further queries you may press Star-5 again, after the next person's question has been addressed. Please, ensure your phone is not on mute.

First question goes to Richard Chamberlain, from RBC. Go ahead, Richard.

Richard Chamberlain - RBC- Analyst

Thank you, James, good morning everybody. Can I start the question on space, please, in terms of the-- I think you said you are looking to bring on something like 5% growth space per year over the next few years. What kind of space conversion rate to sales do you expect from that? Could that be around -- I think the historic average has been 75 to 80%. Should we expect something similar going forward? Thanks.

Óscar García Maceiras - CEO

Good morning, Richard, thanks for joining us this morning. We expect annual gross space growth 5% in the period '24-26, and net space contribution to sales positive. The optimisation plan remains in place and it's evidenced by the 2023 figures: 4.5% gross space growth, 2% less stores, 2% net space growth, 7.9% sales growth in our physical stores.

And we see growth opportunities in every market. Bear in mind that, even in our mature markets, some of our concepts are beginning their physical operations after having a good knowledge of the market through the online performance. An example of this is, for instance, Germany, Stradivarius has just opened its first stores in '23, Stuttgart and Dresden, with great success. And Oysho will open its first store at the end of April '24, in Hamburg.

Again, we see strong growth opportunities for all of our concepts and all of our formats in the different markets. Of course, we additionally see a very healthy evolution of our online sales going forward.

James O'Shaughnessy - Inditex

The next question comes from Georgina Johanan from JPMorgan. Go ahead, Georgina.

Georgina Johanan – JP Morgan- Analyst

Hi, thanks for taking my question. I just wondered if you could give us a broader update on progress in the U.S., please? It just seems that you commented on it slightly less in the release than you have over the past few quarters. So, how is that progressing? What are you seeing in terms of brand awareness and demands from the customers? And also, you mentioned about the other concepts in the U.S., are you mainly referring to Massimo Dutti or would you also be considering rolling out some of the younger-focus concepts in the U.S., please? Thank you.

Óscar García Maceiras - CEO

Thank you, Georgina. Good morning. As we have highlighted previously in our calls, the U.S. is a core market for us and we continue to see many opportunities for our selective and profitable growth there. Our product proposition is very well appreciated by our customers and the areas where our fashion is likely to be successful, through physical stores plus our online operations, are wider than ever. 2023 has been positive for us, last year, we announced 30 projects for '23-25 with Zara, including openings, refurbishments, enlargements, and relocations. The important projects of this year have been for instance, the opening of new stores in Baton Rouge, Louisiana, or San Antonio North Star Mall, in Texas. And important enlargements in our most successful stores in the market, like Dadeland Mall, in Miami, or Roosevelt Field Mall, near New York. For '24 we have some exciting projects that include, for instance, a new store in The Grove, in Los Angeles, or in Caesar's Palace, in Las Vegas.

Of course, these improvements in our physical footprint are aligned with our efforts to keep on improving the experience of our customers through our online platforms. Good example of this is the launching of live stream weekly experience through our platforms in the coming weeks in the U.S. and in UK. In the process, as you have mentioned, of looking for additional opportunities for growth, we have decided to open a Massimo Dutti store in Aventura, in Miami.

The decision has been considered after the good level of our online sales through the Dutti website and Zara.com.

And we keep identifying new opportunities for Zara, for Massimo Dutti, but also for another of our commercial formats going forward in the U.S.

And we will keep developing new projects for our online platform. My last comment is that all of this is in place, but at the same time, we will remain strengthening our commitment with the sustainability with our circular platform, Zara Pre-Owned, arriving in the U.S. in '24 after being rolled out in 16 European markets.

James O'Shaughnessy - Inditex

Thank you, the next question is from Sreedhar Mahamkali, from UBS. Go, Sreedhar.

Sreedhar Mahamkali – UBS– Analyst

Hi, good morning, guys. Thank you for taking my question. So, the question is just if you could expand a little bit on the logistics investments, the extraordinary investments you talked about?

What capacity does that add? Maybe in terms of sales capacity. Anything you can help us with? And what are the implications for operating leverage? Where do you grow in that capacity? How should we think about sustainability of the operating level we're seeing today?

Marcos López – Capital Markets Director

Thanks for the questions. We have had a very strong growth these last two years, 35% with plus 10.4% in 2023 in reported terms, plus 14% in constant currency.

Just to reiterate my previous comments, we are seeing strong growth opportunities going forward for all of the commercial formats in both channels, online and physical stores, and in all markets. What we expect is an annual space growth of around 5% in the period 2024-26, with positive space contribution. Key for these results and for our business model is to keep on enhancing the experience of our customers. And experience relates to having the best stores and having the best online platforms and what objective we are allocating €1.8 billion as an ordinary capital expenditure this '24. But customer experience also requires to have the capabilities needed to provide our customers with what they are

looking for, when, where, and how they want. That is why we have announced the logistic expansion plan for '24 and '25, €900 million over of these two years. This is our way of being in a position to keep on taking advantage of any new opportunity for profitable growth in the medium to long-term. And this is consistent with what we have always been doing, having an attractive remuneration for our shareholders, but, at the same time, investing what is needed for that profitable growth. This investment, most of the projects, will be gradually operational as early as the second half of 2025.

James O'Shaughnessy - Inditex

The next question comes from William Woods, from Bernstein. Go ahead, William.

William Woods - Bernstein – Analyst

Hi, good morning. I just wonder if can you talk about the other non-Zara concepts' margin expansions in a little more detail. I think we have seen that there is, kind of, 400 basis points in some case. What has been the focus in terms of some of the smaller concepts on cost? Thanks.

Marcos López – Capital Markets Director

Well, let me start answering your question by highlighting that all concepts share the same business model as Zara. In the sense that flexibility remains very important, reaction to market trends, combination of stores and online, proximity sourcing, et cetera, et cetera. So, this business model has, obviously, delivered the type of growth you have seen this year.

This year has been remarkable, we have mentioned that in the presentation, we have achieved double-digit growth on combining the last three years, we're talking about 35% sales growth as a whole for the group, which is very strong. Then, we have achieved a profit before tax on sales of 19%, increasing 266 basis points over the previous year, our return on capital employed has reached 29%. It is a year in which the concepts have progressed well, across the board. It's also a year in which we had positive sales growth both in stores and online as you have seen in your note. And growth in all the key geographies in which we operate. So, I think that the differentiation you are seeing in the performance of the company is very much the result of the business model and execution and talent of the teams.

James O'Shaughnessy - Inditex

The next question is from James Grzanic, from Jefferies. Go ahead, James.

James Grzanic - Jefferies - Analyst

Good morning everybody and congratulations on a great year. Very simple question.

Marcos, you pointed out really strong progress in your returns profile recently. Given the scale on the investment that we're seeing over the next couple of years, can you exclude that perhaps the returns profile might dilute a little bit? How are you thinking about that? So, there will be a little bit of dilution and then you push on, once the rate of the exceptional investment excess out from the cash flow.

Marcos López – Capital Markets Director

I think that Óscar has been very clear that we see very strong growth opportunities and the main goal of the company is always to invest ahead of the cycle to be able to exploit these opportunities in the marketplace. It is also a very clear fact that, this year, the performance has been very strong. We've mentioned double-digit sales growth, 19% PBT on sales and 39% return on capital employed.

This is the moment in which the company has thought it should add the muscle for future expansion, for future growth. This is very much our thinking. So, it is a combination of the very strong commercial opportunities, the way the company is executing and with obviously the financial metrics we have mentioned.

James O'Shaughnessy - Inditex

The next question is from Warwick Okines, from Exane BNP Paribas. Go ahead, Warwick.

Warwick Okines - Exane BNP Paribas - Analyst

Thanks very much. Good morning, all. A little more focus on the CAPEX, if you don't mind. Could you give us some detail on the €1.8 billion ordinary CAPEX? Any particular areas of expenditure? And also, I was interested by the Tempe expansion. Do you see a particular strategic growth opportunity in footwear? Thank you.

Marcos López – Capital Markets Director

In terms of the ordinary CAPEX, as you have seen over the recent years, the company has made a very strong effort in terms of store optimisation and this remains a key fact for us. In the financial release we have shared with you, behind the headline numbers of the 2% net space growth, 4.5% gross space growth, there are very significant activities. We have talked about 192 openings, 231 refurbishments, 84 enlargements, and 315 absorptions.

So, to have the best store network is a key thing for us. This should be combined with two things, obviously, one is to integrate the stores with the best technology possible, right?

And then, having a look at the long-term growth opportunities, the current situation of the company is this decision to top up the CAPEX this year, thinking of expansion, new opportunities with €900 million in logistics to add muscle to be able to focus on these new opportunities for the next two years.

James O'Shaughnessy - Inditex

The next question come from Anne Critchlow, at Société Générale. Go ahead, Anne.

Anne Critchlow - Société Générale – Analyst

Thank you. Good morning. My question is about online orders being fulfilled from stores. So, I'm just wondering how sales progressed in the year and whether you expect this increase in investment to increase the proportion further. Thank you.

Marcos López – Capital Markets Director

Can you repeat the question, Anne?

Anne Critchlow - Société Générale – Analyst

So, I'm just wondering if the proportion of online orders fulfilled from the stores has increased during the year and whether you expect the investment you are making to push that a bit further?

Marcos López – Capital Markets Director

We have included in the financial release a breakdown of the growth of store sales and online sales. Store sales grew by 8%, online sales grew 16%. But it's, obviously, a combination of the stores and

online that defines our business model. It is fully integrated. For us, we are absolutely agnostic in the way we can do it. Obviously “SINT,” as you refer to the execution of the store of online and stores remains in place. And with the new RFID alarms, we believe we are improving also the experience in the store.

And so what I can say is we're very happy with the performance of both the stores and online. But the important thing is the integration of both channels.

James O'Shaughnessy - Inditex

Thank you, Marcos. That concludes the Q&A session for today. We'll pass over to the webcast questions.

The first of which is, “perhaps you could give us some color on the progress of online, please.”

Óscar García Maceiras - CEO

Thank you.

Well, we are very satisfied with our performance through our online platforms, as Marcos López has just highlighted. An important sales increase with positive evolution in all concepts and markets. I would like to highlight that all of this is a consequence of our fully-integrated model continue. It is not possible to understand the strength of online sales without taking in consideration the operational support provided by stores as has just been referred to. It is not possible to understand the very positive evolution of our sales in our physical stores without bearing in mind the strong prescription capacity of our online platforms. More than 251 million followers on social media. More than 6.5 billion visits during the '23 fiscal year. We are developing projects that are looking for the improvement of our customer experience, an example of this that I already mentioned, is that we're about to launch the live stream service with our own platforms in the U.S. and U.K. And besides, we keep on identifying new ways of interaction with our younger customers. Two examples of this are the Bershka Members and the Pull&Bear Shuffle.

James O'Shaughnessy - Inditex

Thank you, Óscar. The next question relates to sustainability, perhaps you could give us more color and perhaps, even, specifically related to the collaboration with Infinited Fiber Company.

Óscar García Maceiras - CEO

Thank you very much for the question. Well, you know very well that we consider that sustainability is one of the four key pillars of our model. Just as a reminder, during our last AGM in July, we announced new public commitments that reflected on increasing our ambition for our own transformation and the transformation of the sector.

In terms of innovation, we announced our commitment to reach 100% of total fibers more sustainable by 2030. With this in mind, we're collaborating with more than 350 startups through our Sustainability Innovation Hub. Sometimes, that collaboration implies partnerships with companies. One example of this is Loopamid X Zara, that's a result of a project that allowed us to produce a polyamide from textile waste. Sometimes, we collaborate through offtakes, we recently announced our agreement with Ambercycle to purchase an important percentage of their production of Circular, a more sustainable polyester fiber. And sometimes, we decide to enter in the capital of the company.

Last week, as you have mentioned, it was released the strengthening of our collaboration with Infinited Fiber, taking 11% of the capital.

We consider that sustainability is not possible without innovation and we consider as well that innovation is not possible without the commitment of the different players in our sector. And we will remain committed with innovation for our own transformation and aim to help and support the transformation of the industry. Thank you.

James O'Shaughnessy - Inditex

Thank you. That concludes the webcast questions for today.

Óscar García Maceiras - CEO

Thank you. Well, like in previous quarter, we remain very satisfied with our performance in the different markets. Marcos has already referred the positive trend in the different geographical areas and for all of the concepts, both online and physical store channels. In the case of the U.S., that remains our second most important market.

Óscar García Maceiras - CEO

Thank you for all of you participating in the presentation today. For any additional questions you may have, please, get in touch with our Capital Markets Department.

We look forward to speaking with you again in June. Thank you.