

INDITEX

Interim Nine Month 2022 Results

1 February 2022 to 31 October 2022

- / In 9M2022, Inditex's fully integrated model maintained a very strong operating performance
- / Oscar García Maceiras, CEO, "In the current challenging context, these results clearly reflect the strength of our unique business model: fashionable collections, an appealing shopping experience and a highly committed team to achieve profitable and more sustainable growth."
- / Sales reached €23.1 billion (+19% versus 9M2021). Sales in constant currency grew 20%. Sales were positive in all geographical areas
- / Over the 9M2022 traffic and store sales increased markedly. Key to this was store differentiation. Online sales continue progressing satisfactorily and were above the record figures of 9M2021
- / In 9M2022, the execution of the business model was very strong. Gross profit increased 19% to €13.5 billion. The gross margin reached 58.7%
- / The control of operating expenses has been rigorous. Operating expenses increased by 17%, below sales growth
- / In 9M2022, EBITDA increased 20% to €6.5 billion and EBIT 27% to €4.2 billion. PBT increased 25% to €4.0 billion
- / Net income in 9M2022 increased 24% to €3.1 billion
- / Given the strong execution of the business model, cash from operations has grown significantly. The net cash position was €10 billion
- / The FY2022 final dividend of €0.465 per share was paid on 2 November 2022
- / Store and online sales in constant currency between 1 November and 8 December 2022 increased 12% versus the same period in 2021

Interim Nine Month 2022: Strong execution

In 9M2022, Inditex's fully integrated model maintained a very strong operating performance.

Inditex continues to focus on four key areas: A unique product proposition, enhancing the customer experience, sustainability, and the talent and commitment of our people.

The Autumn/Winter collections were very well received by our customers. In the 9M2022 sales reached €23.1 billion, +19%. Sales in constant currencies grew 20%. Sales were positive in all geographical areas.

Over 9M2022, Inditex's traffic and store sales increased markedly. Key to this was store differentiation. Online sales continue progressing satisfactorily and were above the record figures of 9M2021.

In 9M2022, openings have been carried out in 30 markets. At the end of the period, Inditex operated 6,307 stores. A list of total stores by concept is included in Annex I.

In 9M2022, the execution of the business model was very strong. Gross profit increased 19% to €13.5 billion. The gross margin reached 58.7%.

The control of operating expenses has been rigorous. Operating expenses increased by 17%, below sales growth.

In 9M2022, EBITDA increased 20% to €6.5 billion. A charge of €14 million was recorded in 3Q2022 in addition to the previously announced extraordinary charge of €216 million recorded in the 1Q2022 accounts under Other results. Inditex estimates that this charge sufficiently covers the impact of the termination of the Group's business activities in the Russian Federation.

EBIT increased 27% to €4.2 billion and PBT increased 25% to €4.0 billion.

Annex 2 includes a breakdown of financial results.

The tax rate for 9M2022 is the best estimate for FY2022 according to current information.

Net income in 9M2022 increased 24% to €3.1 billion.

Given the strong execution of the business model, cash from operations has grown significantly. The net cash position was €10 billion. Inditex paid €1.4 billion (€0.465 per share) on 2 November 2022 as final dividend for FY2021. On 2 May 2022 Inditex paid a dividend of €0.465 per share.

Million Euros	31 October 2022	31 October 2021
Cash & cash equivalents	6,526	8,720
Short term investments	3,471	855
Current financial debt	(17)	(5)
Non current financial debt	(0)	(1)
Net financial cash (debt)	9,980	9,569

Inditex temporarily accelerated inventory inflows going into 2022 in the face of possible supply chain tensions. Inventory as of 31 October 2022 increased by 27%. The Autumn/Winter inventory is considered to be of high quality. As of 8 December 2022, inventory levels were 15% higher.

Million Euros	31 October 2022	31 October 2021
Inventories	4,650	3,650
Receivables	978	909
Payables	(9,235)	(8,104)
Operating working capital	(3,606)	(3,545)

FY2022 Outlook

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

The flexibility and responsiveness of the business in conjunction with in-season proximity sourcing allows a swift reaction to fashion trends and results in a unique market position. Our fully integrated business model has great growth potential.

The future expansion of the Group is underpinned by investment in our stores, advances made to the online sales channel and improvements to the logistic platforms with a clear focus on innovation, technology and sustainability. Online sales are expected to exceed 30% of total sales by 2024.

We estimate ordinary capital expenditure in 2022 of around €1.1 billion.

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

Based on current information, Inditex expects a stable gross margin (+/-50 bps) for FY2022.

Store and online sales in constant currency between 1 November and 8 December 2022 increased 12% versus the same period in 2021.

The results for FY2022 (1 February - 31 January) will be published on 15 March 2023.

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, with a particular focus on two pillars: innovation through the Sustainability Innovation Hub (SIH) and circularity.

On 30 November 2022, Inditex launched the new detergent, The Laundry by Zara Home, which is available in stores and online platforms in more than 25 markets. Developed jointly by Inditex and BASF, the innovative solution reduces microfibres released by up to 80%. Detergent formula features a combination of efficient ingredients particularly suitable for washing at low temperatures and thereby reduces their carbon footprint and extends the life of the textiles. The developed solution can also be adjusted to enable the use of this technology by other detergent manufacturers and shows the effectiveness of cross-industry collaboration.

On 3 November 2022, Zara launched "Zara Pre-Owned" in the United Kingdom, a pioneering integrated platform available through Zara stores, Zara.com and its mobile app. The initiative is a new step in our approach to circularity by focusing on Repair, Resale & Donation. Through this platform, customers will be able to extend the life cycle of used clothing and will contribute to the reduction of waste.

For additional information:

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Consolidated financial statements

Inditex Group		
9M2022 profit & loss statement (€m)		
	9M2022(*)	9M2021(*)
Net sales	23,055	19,325
Cost of sales	(9,523)	(7,917)
Gross profit	13,532	11,409
<i>Gross margin</i>	58.7%	59.0%
Operating expenses	(6,990)	(5,956)
Other net operating income (losses)	(22)	(22)
Operating cash flow (EBITDA)	6,520	5,431
<i>EBITDA margin</i>	28.3%	28.1%
Other results	(231)	
Amortisation and depreciation	(2,112)	(2,138)
Operating income (EBIT)	4,177	3,293
<i>EBIT margin</i>	18.1%	17.0%
Financial results	(171)	(100)
Results from companies consolidated by equity method	27	39
Income before taxes	4,034	3,231
<i>EBT margin</i>	17.5%	16.7%
Taxes	(924)	(727)
Net income	3,110	2,505
Minorities	15	5
Net income attributable to the controlling company	3,095	2,500
<i>Net income margin</i>	13.4%	12.9%
Earnings per share, Euros (**)	0.994	0.803

(*) Unaudited data

(**) Shares for EPS calculation 3,112,703,407 for 2022 and 3,113,958,352 for 2021

Grupo Inditex
Consolidated Balance Sheet as of 31 October 2022 (€m)

	31 October 2022(*)	31 October 2021(*)
Assets		
Non Current Assets	15,943	15,457
Right of use	5,051	5,262
Intangible assets	972	759
Tangible assets	7,868	7,445
Financial investments	324	300
Other	1,729	1,690
Current Assets	16,024	14,417
Inventories	4,650	3,650
Receivables	978	909
Short term investments	3,471	855
Cash & cash equivalents	6,526	8,720
Other	399	283
Total Assets	31,967	29,874
Total Liabilities & Shareholders' Equity		
Shareholders' Equity	16,116	14,950
Equity attributable to the Group	16,086	14,920
Minority interests	30	30
Non Current Liabilities	4,991	5,245
Deferred taxes	450	407
Financial debt	0	1
Lease liability	4,038	4,305
Other	503	533
Current Liabilities	10,860	9,678
Financial debt	17	5
Lease liability	1,586	1,549
Payables	9,235	8,104
Other	22	21
Total Liabilities & Shareholders' Equity	31,967	29,874

(*) Unaudited data

Annex I

Total stores by concept:

Concept	31 October	31 October
	2022	2021
Zara	1,935	1,975
Zara Kids	53	72
Zara Home	456	507
Pull&Bear	858	870
Massimo Dutti	605	655
Bershka	957	989
Stradivarius	920	934
Oysho	523	574
Uterqüe	0	81
Total	6,307	6,657

Annex II

Breakdown of financial results:

Million Euros	9M2022	9M2021
Net financial income (losses)	13	(14)
Lease financial expenses	(76)	(70)
Foreign exchange gains (losses)	(107)	(17)
Total	(171)	(100)

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.