

# INDITEX

## Interim Half Year 2022 Results

1 February 2022 to 31 July 2022

- / In 1H2022, Inditex's fully integrated model had a very strong operating performance. Sales, EBITDA and net income reached historic highs
- / Oscar García Maceiras, CEO, "The results are explained by four factors, key to our performance. Our unique fashion proposition, an increasingly optimised shopping experience for our customers, our focus on sustainability, and the talent and commitment of our people. Our business model is progressing at full pace and has great growth potential going forward"
- / Sales reached €14.8 billion (+24.5% versus 1H2021). Sales in constant currencies grew 25%. Sales were positive in all key geographical areas
- / Over 1H2022, Inditex traffic and store sales increased markedly and continue to do so, with store differentiation being key to this dynamic. Online sales progressed satisfactorily and were positive in 2Q2022. Online sales are expected to exceed 30% of total sales by 2024
- / In 1H2022, the execution of the business model was very strong. Gross profit increased 24.5% to €8.6 billion. The gross margin reached 57.9%, the highest in 7 years. Based on current information, Inditex expects a stable gross margin (+/-50 bps) for FY2022
- / The control of operating expenses has been rigorous. Operating expenses increased by 20%, below sales growth
- / EBITDA increased 30% to €4 billion. Inditex has provisioned all expected expenses for FY2022 in the Russian Federation and Ukraine. An extraordinary charge of €216 million was recorded in the 1Q2022 accounts under Other results
- / EBIT increased 44% to €2.4 billion and PBT 42% to €2.3 billion
- / Net income increased 41% to €1.8 billion
- / Given the strong execution of the business model, cash from operations has grown significantly. The net cash position grew 15% to €9.2 billion
- / The FY2021 final dividend of €0.465 per share will be paid on 2 November 2022
- / Autumn/Winter collections have been very well received by our customers. Store and online sales in constant currency between 1 August and 11 September 2022 increased 11% versus the record period in 2021
- / At current exchange rates Inditex expects a +0.5% currency impact on sales in FY2022

## Interim Half Year 2022: Very strong execution

In 1H2022, Inditex's fully integrated model had a very strong operating performance. Sales, EBITDA and net income reached historic highs.

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 Spring/Summer collections were very well received by our customers. Sales reached €14.8 billion, +24.5%. Sales in constant currencies grew 25%. Sales were positive in all key geographical areas.

Over 1H2022, Inditex's traffic and store sales increased markedly and continue to do so, with store differentiation being key to this dynamic. Online sales progressed satisfactorily and were positive in 2Q2022. Online sales are expected to exceed 30% of total sales by 2024.

In 1H2022, openings have been carried out in 24 markets. At the end of the period, Inditex operated 6,370 stores. A list of total stores by concept is included in Annex I.

Net sales by concept in 1H2022 and 1H2021 are shown in the table below:

Concept	1H2022	1H2021	22/21
Zara (Zara and Zara Home)	10,927	8,488	29%
Pull&Bear	936	786	19%
Massimo Dutti	721	654	10%
Bershka	1,055	919	15%
Stradivarius	913	782	17%
Oysho	293	305	-4%
<b>Total</b>	<b>14,845</b>	<b>11,936</b>	<b>24.5%</b>

Inditex continues to roll out its global sales platform. Store and online sales by geographical area are shown in the table below.

Area	1H2022	1H2021
Europe ex-Spain	46.3%	46.1%
Americas	20.1%	17.3%
Asia & RoW	19.4%	22.5%
Spain	14.2%	14.1%
<b>Total</b>	<b>100%</b>	<b>100%</b>

In 1H2022, the execution of the business model was very strong. Gross profit increased 24.5% to €8.6 billion. The gross margin reached 57.9% (+2 bps), the highest in 7 years. Based on current information, Inditex expects a stable gross margin (+/-50 bps) for 2022.

The control of operating expenses has been rigorous. Operating expenses increased by 20%, below sales growth.

In 1H2022, EBITDA increased 30% to €4 billion. Inditex has provisioned all expected expenses for FY2022 in the Russian Federation and Ukraine. An extraordinary charge of €216 million was recorded in the 1Q2022 accounts under Other results.

EBIT increased 44% to €2.4 billion and PBT 42% to €2.3 billion.

Annex 2 includes a breakdown of the Financial Results.

The tax rate applied to the 1H2022 results is the best estimate for the fiscal year 2022 based on available information.

Net income increased 41% to €1.8 billion.

Given the strong execution of the business model, cash from operations has grown significantly. The net cash position grew 15% to €9.2 billion.

<b>Million Euros</b>	<b>31 July 2022</b>	<b>31 July 2021</b>
Cash & cash equivalents	5,640	7,611
Short term investments	3,658	417
Current financial debt	(55)	(5)
Non current financial debt	(1)	(1)
<b>Net financial cash (debt)</b>	<b>9,242</b>	<b>8,023</b>

In the face of possible supply chain tensions going into 2H2022, Inditex has temporarily accelerated Autumn/Winter inventory inflows in order to increase product availability without any change to commitment levels. Due to this reason, inventory as of 31 July 2022 increased 43%. The Autumn/Winter inventory is considered to be of high quality and is consistent with the strong sales trends in previous quarters and the sales performance going into the 2H2022. As of 11 September 2022, inventory levels were 33% higher.

<b>Million Euros</b>	<b>31 July 2022</b>	<b>31 July 2021</b>
Inventories	3,672	2,563
Receivables	856	840
Payables	(8,494)	(6,583)
<b>Operating working capital</b>	<b>(3,967)</b>	<b>(3,180)</b>

## Start of 2H2022

The Autumn/Winter collections have been very well received by our customers.

Store and online sales in constant currency between 1 August and 11 September 2022 increased 11% versus the record period in 2021.

## Dividend

The FY2021 final dividend of €0.465 per share will be paid on 2 November 2022.

## 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 to 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 rapid reaction to fashion trends and allows us to enjoy a unique market position. Our business model has great growth potential going forward.

At current exchange rates Inditex expects a +0.5% 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).

The future growth of the Group is underpinned by the investment in our stores, the advances made to the online sales channel and the improvements to our logistics platforms with a clear focus on innovation and technology. We estimate investments in 2022 of around €1.1 billion.

The interim nine months 2022 results will be published on 14 December 2022.

## 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.

As part of Inditex's Sustainability Innovation Hub, we are participating in an innovative start-up, CIRC, which develops a technology that provides a solution for one of the challenges facing our industry: the industrial scale recycling of textile products composed of polyester and cotton, accounting for most of the fabrics manufactured. The technology developed by CIRC makes it possible to convert these mixtures, regardless of the ratio of their composition and colour, into new fibres, such as cellulose pulp for viscose and lyocell.

As part of our drive towards improved sustainability, Inditex is a partner in the Regenerative Production Landscape Collaborative (RPLC) program, in which the Laudes Foundation, IDH

The Sustainable Trade Initiative, WWF India, Action Social Advancement (ASA) and other brands, government actors, the private sector and the civil sector collaborate to promote regenerative agriculture and ecosystem restoration in an area of 300,000 hectares in the states of Madhya Pradesh and Odisha (India). This commitment to regenerative and restorative agriculture will result in the improvement of soil quality and biodiversity in the area, the optimisation of water management and the reduction of greenhouse gas emissions from agriculture, among other environmental impacts. In addition, the project has an important social focus, as it will improve the lives of more than 75,000 farming families and their communities.

For additional information:

# **INDITEX**

Investor Relations

[ir@inditex.com](mailto:ir@inditex.com)

Tel: +34 981 18 53 64

[www.inditex.com](http://www.inditex.com)

## Consolidated financial statements

Inditex Group		
1H2022 profit & loss statement (€m)		
	<b>1H2022</b>	<b>1H2021</b>
<b>Net sales</b>	<b>14,845</b>	<b>11,936</b>
Cost of sales	(6,251)	(5,029)
<b>Gross profit</b>	<b>8,594</b>	<b>6,907</b>
<i>Gross margin</i>	57.9%	57.9%
Operating expenses	(4,550)	(3,786)
Other net operating income (losses)	(14)	(20)
<b>Operating cash flow (EBITDA)</b>	<b>4,029</b>	<b>3,101</b>
<i>EBITDA margin</i>	27.1%	26.0%
Other results	(216)	
Amortisation and depreciation	(1,382)	(1,416)
<b>Operating income (EBIT)</b>	<b>2,431</b>	<b>1,685</b>
<i>EBIT margin</i>	16.4%	14.1%
Financial results	(111)	(67)
Results from companies consolidated by equity method	21	25
<b>Income before taxes</b>	<b>2,340</b>	<b>1,643</b>
<i>EBT margin</i>	15.8%	13.8%
Taxes	(536)	(370)
<b>Net income</b>	<b>1,804</b>	<b>1,273</b>
Minorities	10	1
<b>Net income attributable to the controlling company</b>	<b>1,794</b>	<b>1,272</b>
<i>Net income margin</i>	12.1%	10.7%
<b>Earnings per share, Euros (*)</b>	<b>0.576</b>	<b>0.408</b>

(\*) Shares for EPS calculation 3,113,203,521 for 2022 and 3,114,741,710 for 2021

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

	31 July 2022	31 July 2021
<b>Assets</b>		
<b>Non Current Assets</b>	<b>15,691</b>	<b>15,366</b>
Right of use	5,060	5,339
Intangible assets	900	708
Tangible assets	7,765	7,384
Financial investments	319	281
Other	1,647	1,655
<b>Current Assets</b>	<b>14,284</b>	<b>11,774</b>
Inventories	3,672	2,563
Receivables	856	840
Short term investments	3,658	417
Cash & cash equivalents	5,640	7,611
Other	459	342
<b>Total Assets</b>	<b>29,975</b>	<b>27,140</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>		
<b>Shareholders' Equity</b>	<b>14,838</b>	<b>13,652</b>
Equity attributable to the Group	14,812	13,621
Minority interests	26	31
<b>Non Current Liabilities</b>	<b>4,999</b>	<b>5,348</b>
Deferred taxes	407	402
Financial debt	1	1
Lease liability	4,073	4,426
Other	518	519
<b>Current Liabilities</b>	<b>10,139</b>	<b>8,140</b>
Financial debt	55	5
Lease liability	1,568	1,534
Payables	8,494	6,583
Other	21	18
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>29,975</b>	<b>27,140</b>

## Annex I

Number of stores by concept:

<b>Concept</b>	<b>31 July 2022</b>	<b>31 July 2021</b>
Zara	1,946	1,979
Zara Kids	54	73
Zara Home	458	509
Pull&Bear	866	864
Massimo Dutti	617	654
Bershka	969	987
Stradivarius	920	931
Oysho	540	575
Uterqüe	0	82
<b>Total</b>	<b>6,370</b>	<b>6,654</b>

## Annex II

Breakdown of Financial results:

<b>Million Euros</b>	<b>1H2022</b>	<b>1H2021</b>
Net financial income (losses)	(1)	(9)
Lease financial expenses	(47)	(48)
Foreign exchange gains (losses)	(64)	(11)
<b>Total</b>	<b>(111)</b>	<b>(67)</b>

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.