



INDITEX

**Interim Half
Year 2021**

15 September 2021

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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.

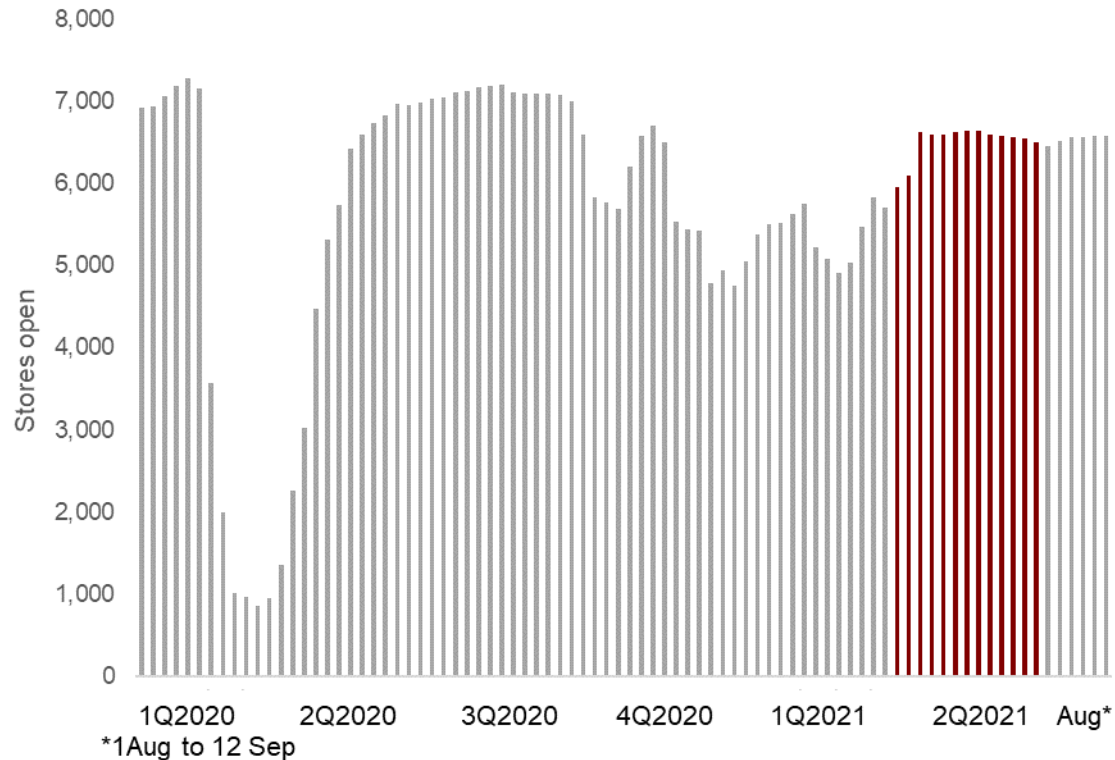
Differentiation and
strategic transformation
accelerates



Inditex differentiation and strategic transformation accelerates

- ▶ Transformation to fully-integrated, digital, sustainable business model accelerates
- ▶ People first: Strong individual commitment, unique customer-centric corporate culture
- ▶ 2Q21 sales, EBITDA and net income at historic highs. CC sales growth accelerates to +7% vs 2Q19
- ▶ 99% of stores open. Online grows strongly
- ▶ Strong cash flow generation: cash position reaches €8bn
- ▶ Increased sustainability commitments: New targets approved at AGM
- ▶ The Inditex Open Platform migration is close to 95% complete
- ▶ Strong start to A/W: Store&Online sales in constant currency between 1 August and 9 September 2021 increased +22% over 2020 (+9% over 2019). Based on current information Inditex expects gross margins of around 57.5% (+/- 50 bps) for FY2021

Strength of integration: 99% of stores open, online grows strongly



- ▶ Competitive differentiation bigger than ever
- ▶ Sales of absorbed stores recovered already
- ▶ Strong advantage of business model and single inventory position
- ▶ Online continues to grow strongly: +36% over 1H20 and +137% over 1H19
- ▶ Online to reach above 25% of sales in FY21
- ▶ Sector leading growth rates and profitability

Financial summary



1H2021: Strong recovery in operations

€ million	1H21	1H20	21/20
Net sales	11,936	8,033	49%
Gross profit	6,907	4,512	53%
EBITDA	3,101	1,486	109%
Net income	1,272	(195)	-

- ▶ Strong recovery
- ▶ Active management of supply chain
- ▶ Healthy gross margin evolution
- ▶ Tight control of operating expenses

2Q21 Sales, EBITDA and net income at historic highs

€ million	2Q21	2Q19	21/19
Net sales	6,993	6,893	1%
Gross profit	3,945	3,759	5%
EBITDA	1,866	1,772	5%
Net income	850	816	4%

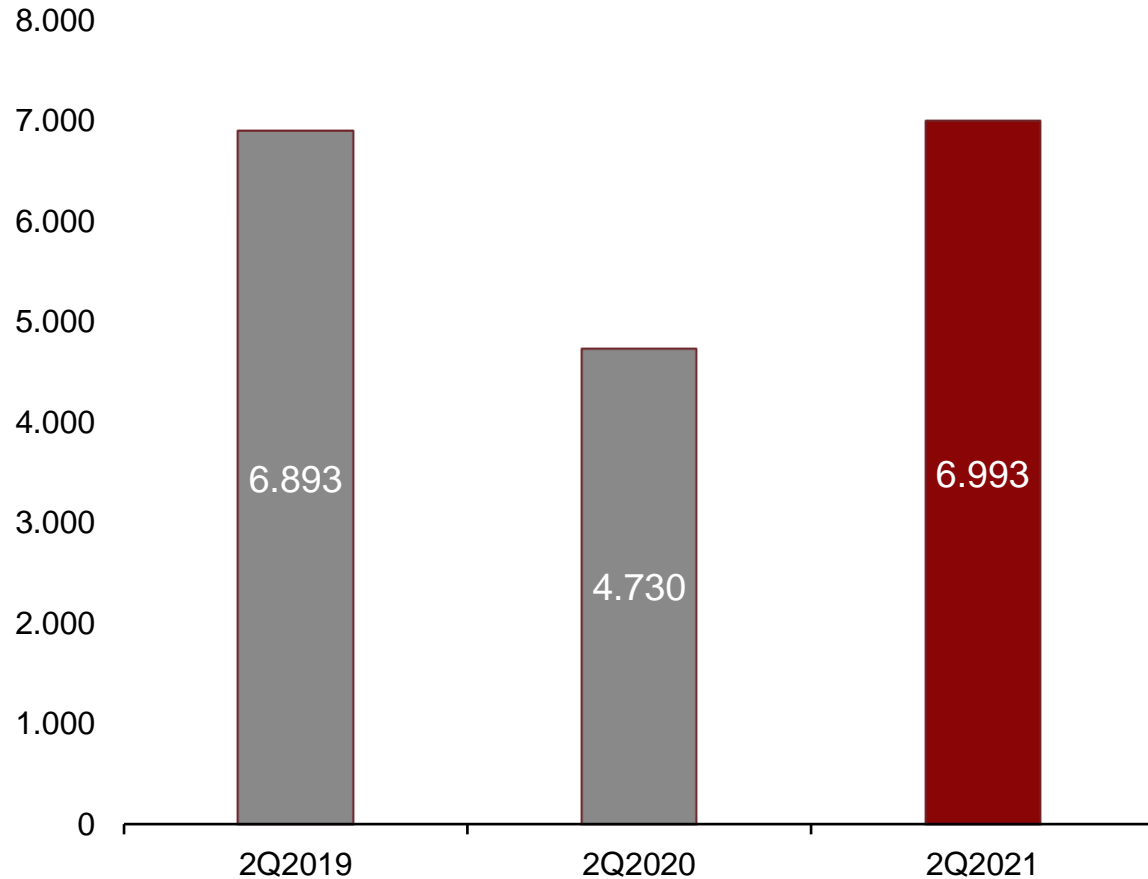
- ▶ 2Q21 Sales, EBIT and net income at historic highs despite restrictions and store absorptions
- ▶ Active management of supply chain
- ▶ Healthy gross margin evolution
- ▶ Strong management of operating expenses

1H21 Sales

€ million	1H21	1H20	%
Net sales	11,936	8,033	49%

- ▶ Strong recovery in sales
- ▶ Sales in CC grew +53%
- ▶ 1H21 sales trends improve as stores reopen and online sustains outstanding progress
- ▶ 1H21 online sales +36% CC over 1H20 and +137% over 1H19

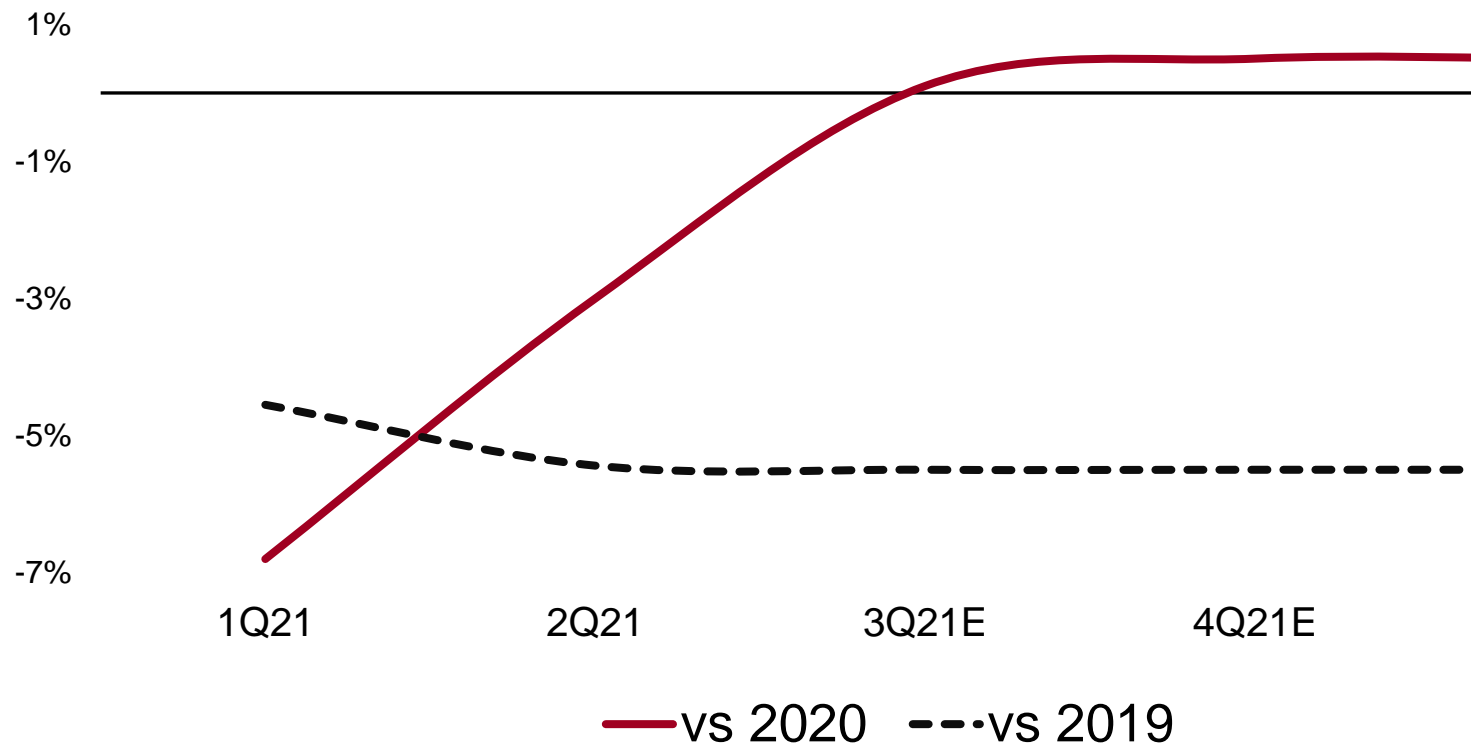
2Q21 Sales



- ▶ Acceleration in sales growth to +51% in CC over 2Q20
- ▶ 2Q21 sales above historic high 2Q19
- ▶ 2Q21 sales in CC were +7% above 2Q19

Currency impact on sales

- ▶ -4.5% currency impact on sales in 1H21 vs 1H20
- ▶ At current exchange rates, the currency impact on sales is expected to be +0.5% in 2H21 vs 2H20, and -5.5% vs 2H19



Gross margin

	1H21	1H20	21/20
Gross margin	57.9%	56.2%	+170bps

- ▶ Healthy execution
- ▶ Flexibility of supply chain key
- ▶ Based on current information we expect gross margin of around 57.5% (+/- 50 bps) for FY21

Operating efficiencies

€ million	1H21	1H20	1H19
Op. expenses	3,786	3,020	3,823

- ▶ Efficient cost management across all departments and business areas
- ▶ Demonstrates our ability to react and adapt continuously to the changing trading environment
- ▶ The main components of operating expenses have shown a very good performance

Depreciation

€ million	1H21	1H20	21/20
Depreciation	1,416	1,684	(16%)

- ▶ Depreciation & Amortisation in 1H20 includes completion of space optimisation 2020-2021 booked in 1Q20

Flexibility of business model key to performance

€ million	1H21	1H20	1H19
Inventory	2,563	2,158	2,664
Receivables	840	667	841
Payables	(6,583)	(4,978)	(6,632)
Op. working capital	(3,180)	(2,153)	(3,127)

- ▶ Flexibility of supply chain
- ▶ Single inventory
- ▶ High quality closing inventory
- ▶ Improved working capital dynamics

Strong cash flow and financial condition

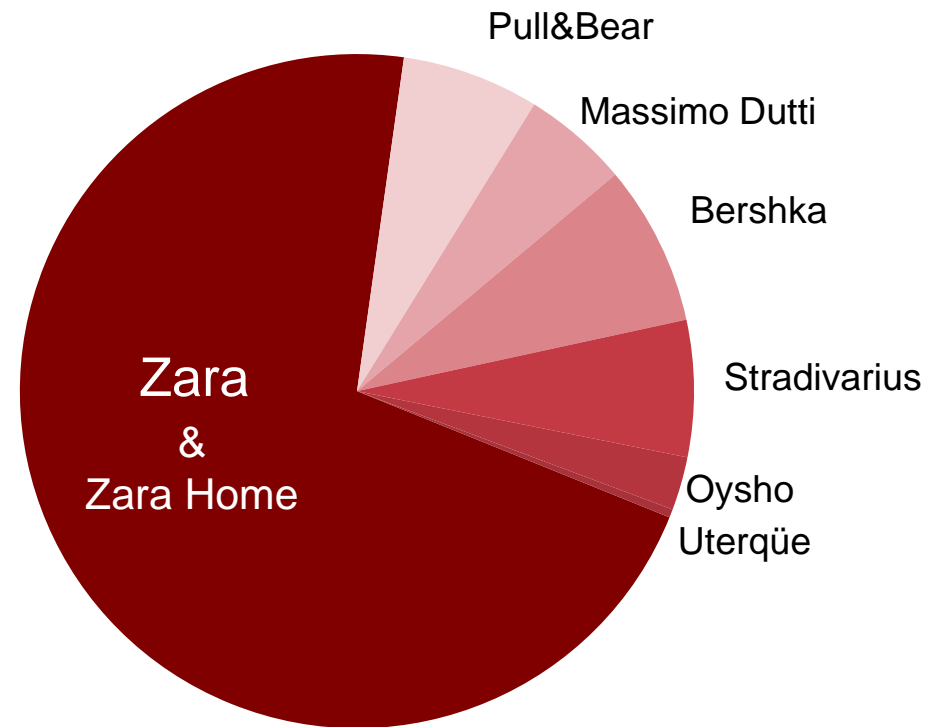
€ million	1H21	1H20	1H19
Net Cash Position	8,023	6,486	6,730

- ▶ Strong cash generation
- ▶ Net cash grew €1.5bn in 1H21 vs 1H20 closing balance, +24%, and +19% vs 1H19
- ▶ Cash generation at historic highs

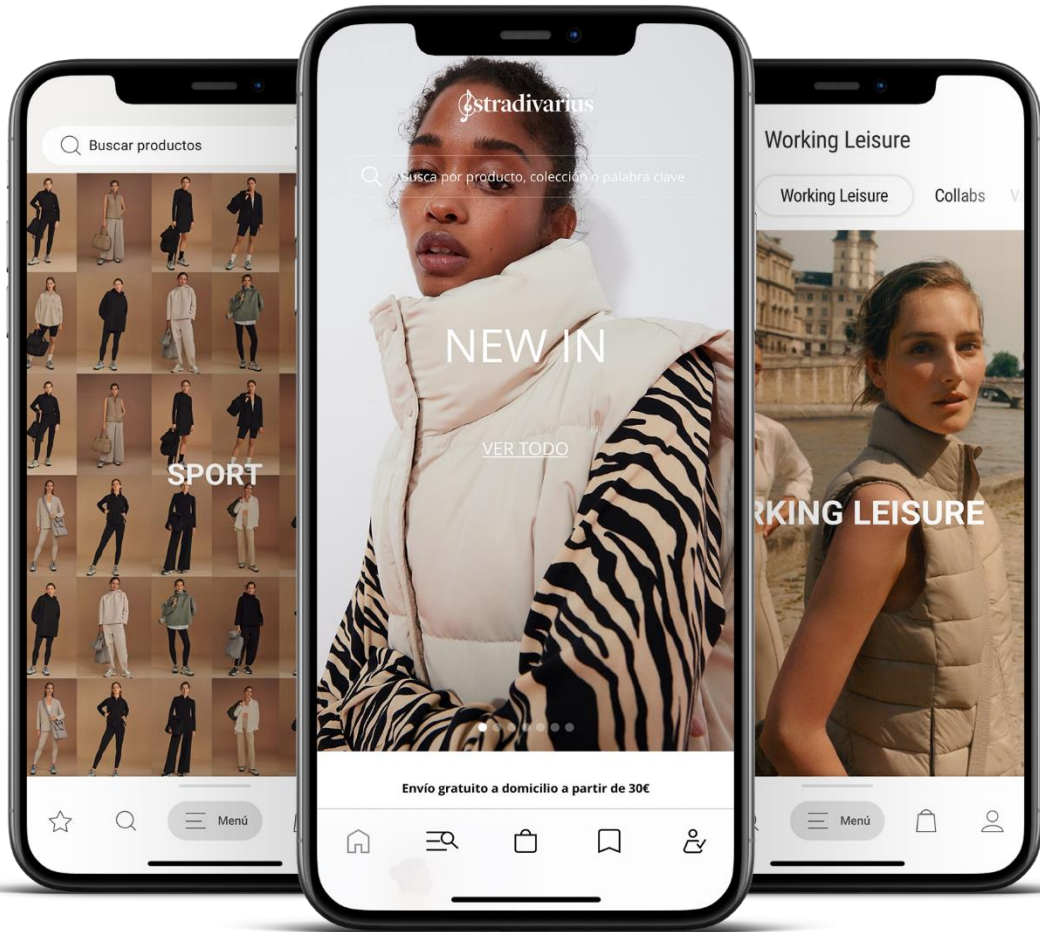
Concepts



Store & Online sales by concept



Concepts



- ▶ Remarkable online growth across all concepts
- ▶ Strong performance of Stradivarius and Oysho
- ▶ Optimisation activity in all concepts

Integration of Uterqüe into Massimo Dutti

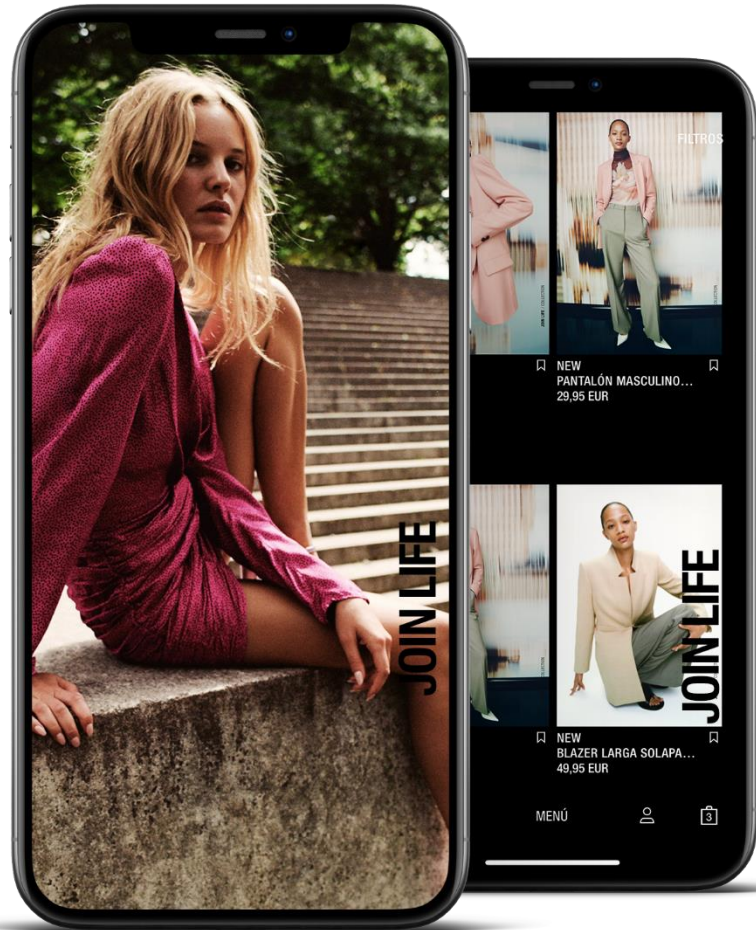


- ▶ As part of Inditex's strategy, Uterque will be fully integrated into Massimo Dutti over the next year. Uterque's entire product range will be available only on Massimo Dutti's website and selected stores

Sustainability

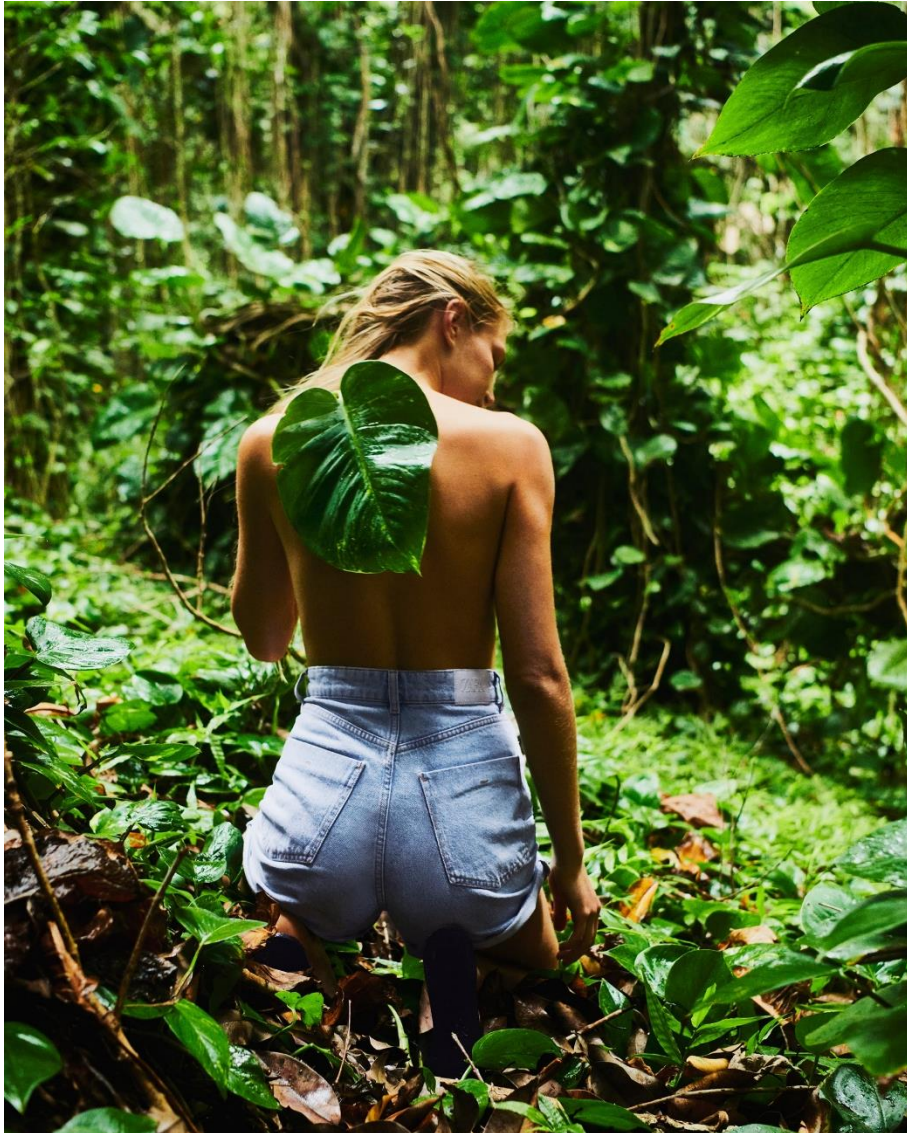


Sustainability 2020 targets



Objectives	2020
100% eco-efficient stores	✓
100% stores with used garment containers	✓
More than 25% of Join Life garments	35%
100% certified forest friendly fibres	✓
Removal of plastic bags in all concepts	✓
Zero discharge commitment	✓
65% renewable energy in own facilities	80%

New sustainability targets



New Objectives

>50% of garments will be Join Life in 2022 (new)

100% renewable energy in own operations by 2022
(prev. 80% by 2025)

100% more sustainable cotton by 2023 (prev. 2025)

Cut water usage in supply chain 25% by 2025 (new)

Net Zero emissions by 2040 (prev. 2050)

Sustainability targets



Objectives for 2023 (still in place)

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)

Other objectives (still in place)

100% sustainable or recycled linen and polyester (2025)

90% reduction in scope 1 and 2 emission by 2030
(compared to 2018)

20% reduction in emissions in our supply chain by 2030
(compared to 2018)

Use of renewable energy



Outlook



Zara Woman 2021 Fall/Winter



Zara Woman 2021 Après-vacances





Zara Kids Back to school



Zara Home Portraits of a home



Massimo Dutti Relaxed city



Bershka Natural tones



Pull&Bear Pacific republic



Stradivarius A/W



Oysho Working leisure



Uterqüe Fall/Winter



Zara Paris La Defense



Zara Chengdu Taikoo Li



Bershka Madrid Preciados



Outlook



- ▶ Global fully integrated Store & Online
- ▶ Strong organic growth. Increased differentiation of the model
- ▶ Strong online sales growth to continue
- ▶ Capital expenditure c€900m annually (2020-22). Digital capex €1 billion for 2020-2022
- ▶ Sustainability is central to the strategy
- ▶ Increased profitability. Lower capital intensity

Dividend



- ▶ Inditex's Dividend Policy of 60% ordinary payout and bonus dividends remains in place
- ▶ Inditex's Annual General Meeting, in July, approved a dividend of 70 cents for FY2020. This is composed of an ordinary dividend of 22 cents and a bonus dividend of 48 cents per share
- ▶ The dividend is made up of two equal payments, of which one was paid on 3 May 2021 and the other will be paid on 2 November 2021
- ▶ The remainder of the bonus dividend (30 cents per share) will be paid in calendar year 2022



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