

INDITEX

Interim Nine Months 2020 Results

1 February 2020 to 31 October 2020

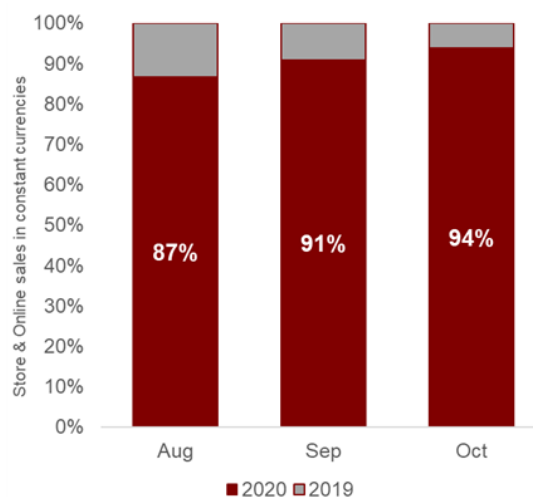
- ◆ **Inditex 3Q2020 shows a strong recovery in operations**
- ◆ **Store sales improve progressively. Online sales grow 76%**
- ◆ **In 3Q2020 sales reach €6.1 billion, EBITDA €1.8 billion and net income €866 million**
- ◆ **Strong operating performance and cash flow: Operating expenses decrease 10% in the quarter. As of 31 October, inventory was 11% lower and cash position increased 7% to €8.3 billion reaching a historic high**

Third quarter 2020: Significant improvement in operations

Inditex's 3Q2020 results (August-October) show a strong recovery in operations. The results have been materially affected by the health crisis, with temporary store closures and restrictions to operations. To minimise the impact, we have actively managed our supply chain, inventory and operating expenses in the period.

The initial collections for Autumn/Winter were very well received by our customers. Most of the stores reopened by the end of July, but with capacity and opening hour restrictions. In the 3Q2020, 5% of stores remained closed and 88% of the Group's stores had restrictions. In a somewhat more normalised environment, store sales have recovered strongly. Inditex remains very active in the differentiation of its store base. Space growth for the year is on track. Online sales in constant currency sustained remarkable growth of 76% in 3Q2020.

The chart shows 3Q2020 monthly Store & Online sales in constant currencies versus last year:



As an example of the recovery, Inditex's sales in constant currency between 1 and 18 October 2020 already reached the historic highs of the same period in 2019. From 19 October 2020 a new phase of closures and restrictions began in various markets until the first week of December.

Given this environment, sales reached €6.1 billion (€7.0 billion in 3Q2019). Sales in constant currency decreased 10%. The chart shows the quarterly results in reported and constant currency (CC):

€ million	3Q20	3Q19	20/19	CC
Net sales	6,052	7,000	(14%)	(10%)
Gross profit	3,661	4,254	(14%)	(8%)
EBITDA	1,848	2,255	(18%)	(10%)
Net income	866	1,171	(26%)	(13%)

Gross profit was €3.7 billion, compared with €4.3 billion in 3Q2019. The gross margin reached 60.5% compared with 60.8% in 3Q2019. In constant currency it increased 96 bps to 61.7%.

Operating expenses decreased 10%. All of the main components of operating expenses have shown a good performance.

Inditex incurred extraordinary expenses related to COVID-19 of €135 million in 3Q2020.

EBITDA was €1.8 billion (€2.3 billion in 3Q2019). EBITDA in constant currency decreased 10%.

The net income was €866 million (€1.2 billion in 3Q2019). Net income in constant currency decreased 13%.

The inventory decreased 11% at the close of the 9M2020 as a result of the operating performance and the active management of the supply chain. The closing inventory is considered of high quality.

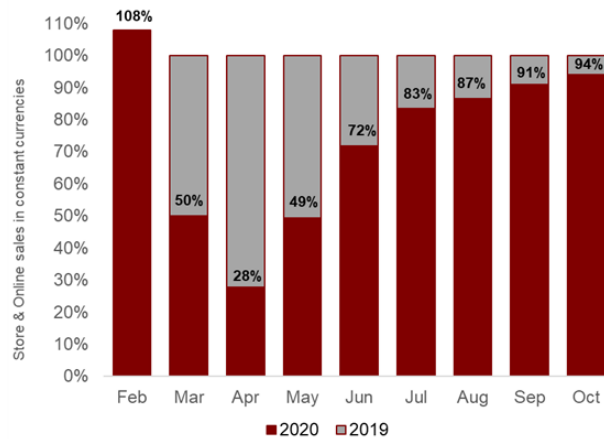
Due to the strong operating performance and the healthy working capital evolution, the cash position increased 7% to €8.3 billion, reaching a historic high.

A dividend of €0.35 per share was paid on 2 November 2020 as FY2019 ordinary dividend. In FY2020, Inditex will resume its dividend policy, which consists of a 60% ordinary payout and bonus dividends of €0.78 per share to be distributed in FY2021 and FY2022. As normal, dividend payments will take place biannually in May and November.

Performance in the interim nine months 2020

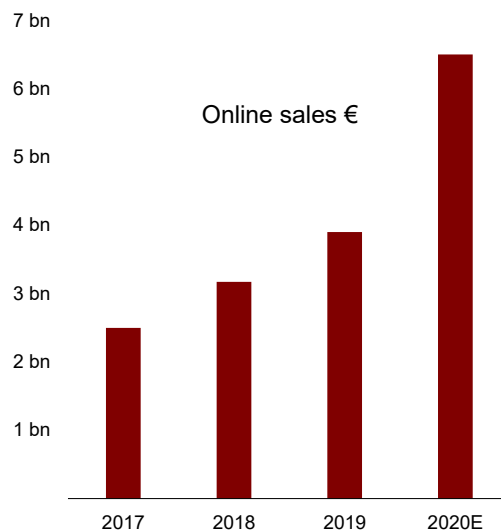
Inditex continues to expand its global, fully integrated platform underpinned by the key strategic pillars of store & online integration, digitalisation and sustainability.

The chart shows monthly Store & Online sales in constant currencies versus last year.



Net sales in 9M2020 reached €14.1 billion (€19.8 billion in 9M2019). Sales in constant currency decreased 26.9%.

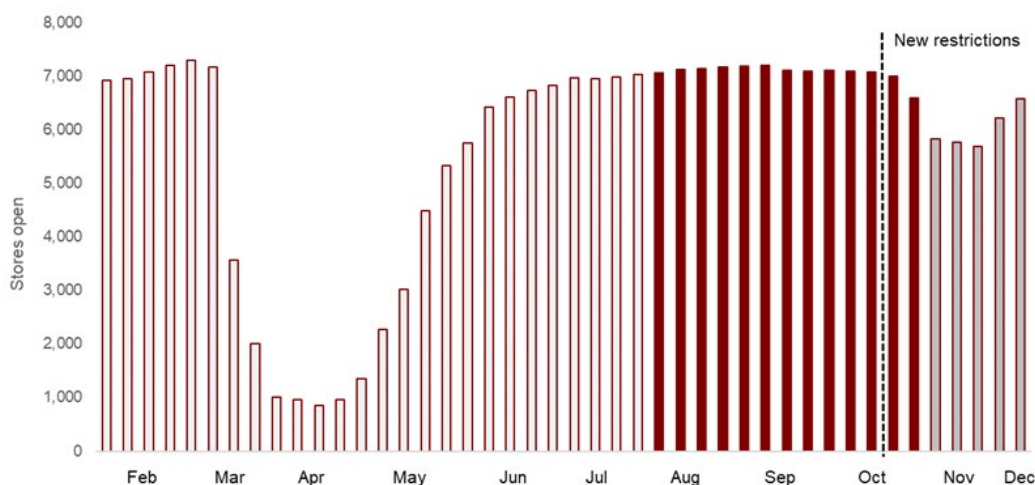
Online sales continue to grow strongly at 75% in 9M2020. Online visits in the 9M2020 have grown 44% to 3.4 billion visits. 97% of online growth in the 9M2020 was organic.



Inditex remains very active in the differentiation of its retail base. Space growth in the period is in line with management expectations. In 9M2020 Inditex opened stores in 25 markets. At the end of 9M2020 Inditex operated a total of 7,197 stores. A list of total stores by concept is included in Annex 1.

Most of the stores reopened by the end of July, but with capacity and opening hour restrictions. In 3Q2020, 88% of the Group's stores had restrictions. From 19 October 2020 a new phase of closures and restrictions began in various markets until the first week of December.

The chart shows the number of stores with sales over the period on a weekly basis.



Gross profit came to €8.2 billion, compared with €11.5 billion in 9M2019. The gross margin reached 58.0% compared with 58.2% in 9M2019. In constant currency, it increased 110 bps to 59.3%.

Operating expenses decreased 17%. There has been very efficient management of operating expenses across all departments and business areas, demonstrating our ability to react and adapt continuously to the changing trading environment. The main components of operating expenses have shown a very good performance.

EBITDA came to €3.3 billion, compared to €5.7 billion in 9M2019.

EBIT was €946 million, compared with €3.5 billion in 9M2019. This includes the provision for the completion of the store optimisation programme announced in June 2020.

A breakdown of financial results can be found in Annex 2.

The tax rate for 9M2020 is the best estimate for FY2020 according to current information.

The net income in 9M2020 was €671 million versus net income of €2.7 billion in 9M2019. This includes the provision for the completion of the store optimisation programme announced in June 2020.

Inditex's operating performance in the 3Q2020 has resulted in a robust liquidity position. The net cash position as of 31 October 2020 increased 7% to €8.3 billion, reaching a historic high. Net cash grew €1.8 million in 3Q2020 versus 2Q2020 close. Inditex paid €1.1 billion, €0.35 per share, on 2 November 2020 as a FY2019 ordinary dividend.

Million Euros	31 October 2020	31 October 2019
Cash & cash equivalents	7,066	5,208
Short term investments	1,209	2,588
Current financial debt	(8)	(57)
Non current financial debt	(3)	(4)
Net financial cash (debt)	8,265	7,734

As a result of the operating performance and the active management of the supply chain, inventory decreased 11%. The closing inventory is considered of high quality. Due to the flexibility of the business model, the dynamics of the working capital remain normal.

Million Euros	31 October 2020	31 October 2019
Inventories	3,067	3,434
Receivables	787	843
Payables	(6,842)	(7,517)
Operating working capital	(2,988)	(3,240)

Global Online

In 2020, Inditex launched online sales for Zara in Argentina, Peru, Uruguay, Paraguay, Bosnia-Herzegovina, Albania, Algeria, Chile, Montenegro, Tunisia, Andorra, Costa Rica, Guatemala, Honduras, Nicaragua, Kazakhstan, El Salvador and Georgia.

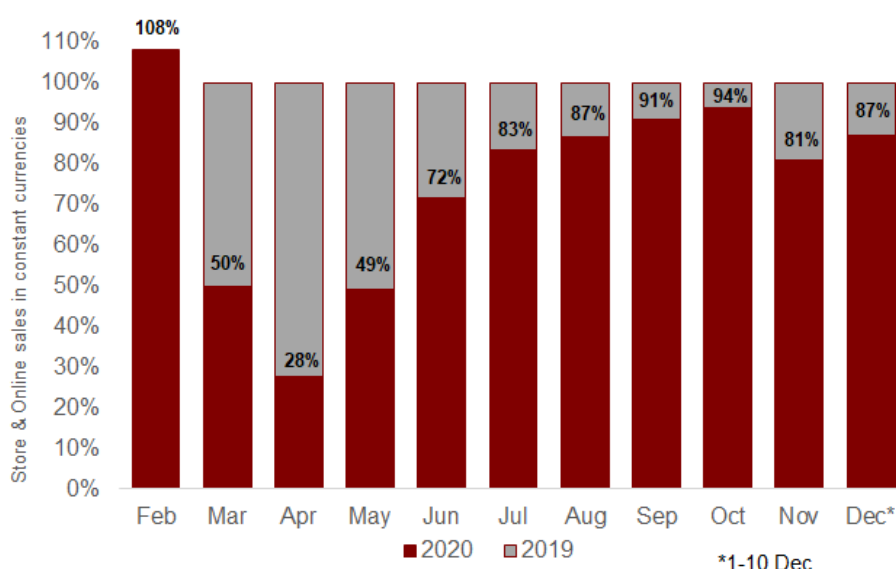
FY2020 Outlook

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

In November, 21% of the Group's stores remained closed, with a significant impact on store sales. A majority of these stores started to reopen in the first week of December. Currently, 8% of the stores are temporarily closed and an additional 10% are closed on weekends. Additionally, a significant number of stores have relevant restrictions in terms of space, capacity and opening hours.

Online sales in 4Q2020 continue to grow at a similar rate seen in the 9M2020.

The chart shows the monthly Store & Online sales in local currencies to date versus last year.



We are following events closely and we remain confident in our long-term strategy.

Total annual capital expenditure during the period 2020-2022 will be around €900m. The plan includes digital investments of c. €1bn over the three years.

In FY2020 Inditex will resume its dividend policy, which consists of a 60% ordinary payout and bonus dividends of €0.78 per share to be distributed in FY2021 and FY2022. As normal, dividend payments will take place biannually in May and November.

The results for the full year 2020 (1 February - 31 January) will be published on 10 March 2021.

For additional information:

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Disclaimer

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This document contains forward-looking statements. All statements other than statements of historical fact included herein, including, without limitation, those regarding our financial position, business strategy, management plans and objectives for future operations are forward-looking statements. Any such forward-looking statements are subject to risk and uncertainty and thus could differ materially from actual results.

Some of these risks include, amongst others, ongoing competitive pressure in the sector, consumer tastes and spending trends, economic, political, regulatory and trade conditions 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 for the cases where the prevailing rules and regulations in force 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. Given the uncertainties of forward-looking statements, we caution readers not to place undue reliance on these statements.

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 communicated by the company to the Comisión Nacional del Mercado de Valores (*the Spanish Securities Commission*).

The contents of this disclaimer should be taken into account by all persons or entities.

- Tables and appendix to follow -

Consolidated financial statements

Grupo Inditex		
9M2020 profit & loss statement (€m)		
	9M2020 (*)	9M2019 (*)
Net sales	14,085	19,820
Cost of sales	(5,913)	(8,282)
Gross profit	8,172	11,538
<i>Gross margin</i>	<i>58.0%</i>	<i>58.2%</i>
Operating expenses	(4,812)	(5,811)
Other net operating income (losses)	(27)	(25)
Operating cash flow (EBITDA)	3,334	5,702
<i>EBITDA margin</i>	<i>23.7%</i>	<i>28.8%</i>
Amortisation and depreciation	(2,388)	(2,154)
Operating income (EBIT)	946	3,548
<i>EBIT margin</i>	<i>6.7%</i>	<i>17.9%</i>
Financial results	(107)	(111)
Results from companies consolidated by equity method	18	36
Income before taxes	857	3,473
<i>EBT margin</i>	<i>6.1%</i>	<i>17.5%</i>
Taxes	(188)	(747)
Net income	668	2,726
Minorities	(3)	6
Net income attributable to the controlling company	671	2,720
<i>Net income margin</i>	<i>4.8%</i>	<i>13.7%</i>
Earnings per share, Euros (**)	0.215	0.874

(*) Unaudited data

(**) Shares for EPS calculation 3,114,833,885 for 2020 and 3,114,336,200 for 2019

Grupo Inditex
Consolidated Balance Sheet as of 31 October 2020 (€m)

	31 October 2020(*)	31 October 2019(*)
Assets		
NON CURRENT ASSETS	15,814	16,817
Right of use	5,632	5,875
Intangible assets	630	581
Tangible assets	7,536	8,433
Financial investments	259	254
Other	1,757	1,674
CURRENT ASSETS	12,527	12,432
Inventories	3,067	3,434
Receivables	787	843
Short term investments	1,209	2,588
Cash & cash equivalents	7,066	5,208
Other	397	360
TOTAL ASSETS	28,341	29,249
Total Liabilities & Shareholders' Equity		
SHAREHOLDERS' EQUITY	14,157	14,004
Equity attributable to the Group	14,126	13,970
Minority interests	30	34
NON CURRENT LIABILITIES	5,727	5,983
Deferred taxes	408	348
Financial debt	3	4
Lease liability	4,752	5,101
Other	564	530
CURRENT LIABILITIES	8,457	9,262
Financial debt	8	57
Lease liability	1,572	1,647
Payables	6,842	7,517
Other	36	41
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	28,341	29,249

(*) Unaudited data

Annex 1

Total stores by concept:

Concept	31 October 2020	31 October 2019
Zara	2,105	2,139
Zara Kids	103	127
Zara Home	575	596
Pull&Bear	920	975
Massimo Dutti	715	760
Bershka	1,060	1,111
Stradivarius	978	1,011
Oysho	654	677
Uterqüe	87	90
Total	7,197	7,486

Annex 2

Breakdown of financial results:

Million Euros	9M2020	9M2019
Net financial income (losses)	2	12
Lease financial expenses	(94)	(109)
Foreign exchange gains (losses)	(16)	(15)
Total	(107)	(111)

The Gross Margin, EBITDA, EBIT, EBT, ROE, ROCE, working capital, financial position, net financial position, Store operating profit and Earnings by individual quarters are defined in the introduction to the Consolidated Annual Accounts 2019.