Consolidated directors' report

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Available at this Annual Report website: (https://www.inditex.com/documents/10279/664163/Inditex+2020+Statement+on+non-financial+information.pdf/3e0a339b-b98f-0f1c-ca53-3be643bb1ee9); and at the CNMV website: https://www.cnmv.es/AUDITA/2020/18378_en.pdf

Consolidated directors' report

AT 31 JANUARY 2021
(Amounts expressed in millions of euros)

Situation of the entity

The information relating to the "Situation of the entity" is detailed in section "1.2. Sustainable Business Model" in the accompanying Annex IV that contains the "Statement of Non-financial Information" of the Inditex Group.

Organizational structure

Inditex's corporate governance is articulated through the following institutional and operational bodies and mechanisms:

- General Shareholders' Meeting
- Board of Directors
- Executive Committee
- Audit and Compliance Committee
- Nomination Committee
- Remuneration Committee
- Sustainability Committee
- Compliance Supervisory Board and Office of the Chief Compliance Officer
- Committee of Ethics

Business performance and results

Key financial and non-financial indicators

A landmark year in Inditex's transformation into a fully integrated, digital and sustainable business model. Key features:

- Total integration of Stores and Online.
- 100% implementation of RFID & SINT (single inventory) in all concepts. The Inditex Open Platform (IOP) is 80% implemented. Rollout to be completed by the end of FY2021. Construction of the new Zara online studios (67,000m2) now completed.
- Online sales in constant currencies increased 77%.
- SINT contributed €1.2bn to online sales.
- Gross new space in prime locations increased 2%. Store optimisation is in the final stages as planned (751 stores absorbed in 2020).
- Strong customer engagement. Online visits reached 5.3 billion, +50%. The Group has 200 million followers on social media. Active App's reached 132 million.
- Higher flexibility and lower inventory requirement to sales continues.
- Sustainability is a key part of Inditex's strategy. As per the Sustainability Roadmap Goals, Inditex has achieved all of the targets set for 2020. In particular, outperformance was seen in two main areas: *Join Life* and renewable energy. The Group has also set ambitious new targets for the year 2023.
- A more responsive, adaptable and agile company.
- Despite the disruption caused by the lockdowns and restrictions, the strength of the business model is reflected in the high sales productivity. Trading hours were down 25.5% versus 2019. Total store and online sales in constant currency were down 24.5% versus 2019.
- As at 31 January 2021, 30% of stores were in full lockdown (versus 8% on 31 October 2020) and 52% had restrictions.
- Inditex's dividend policy of 60% ordinary payout and bonus dividends remains in place. Inditex's Board of Directors will propose to the Annual General Meeting a dividend of €0.70 per share for FY2020. This will be composed of an ordinary dividend of €0.22 and a bonus dividend of €0.48 per share. This dividend will be made up of two equal payments to be made on 3 May 2021 and 2 November 2021.
- The remainder of the bonus dividend (30 cents per share) will be paid in calendar year 2022.

In FY2020 gross new space in prime locations increased 2% (-5% net). Total selling area at FYE reached 4,826,566 square metres:

	2020	2019	2020/2019
Zara (Zara and Zara Home)	3,209,510	3,345,519	(4)%
Pull&Bear	394,170	428,969	(8)%
Massimo Dutti	258,310	278,052	(7)%
Bershka	513,139	553,853	(7)%
Stradivarius	321,419	337,893	(5)%
Oysho	115,581	127,294	(9)%
Uterqüe	14,437	15,152	(5)%
TOTAL	**4,826,566**	**5,086,732**	**(5)%**

Inditex has been very active in store optimisation activities in 2020 (111 openings, 96 refurbishments which include 45 enlargements). Store optimisation is in the final stages as planned (751 stores absorbed already in 2020). At the end of FY2020 Inditex operated 6,829 stores. In FY2020 Inditex opened stores in 29 markets.

A list of the number of stores is included in the table below:

CONCEPT	31 JANUARY 2021	31 JANUARY 2020
Zara	2,025	2,142
Zara Kids	93	128
Zara Home	535	596
Pull&Bear	873	970
Massimo Dutti	677	754
Bershka	1,005	1,107
Stradivarius	936	1,006
Oysho	600	677
Uterqüe	85	89
TOTAL	**6,829**	**7,469**

Company-managed stores and franchised stores at the end of 2020:

CONCEPT	COMPANY MANAGED	FRANCHISED	TOTAL
Zara	1,763	262	2,025
Zara Kids	93	-	93
Zara Home	454	81	535
Pull&Bear	715	158	873
Massimo Dutti	563	114	677
Bershka	828	177	1,005
Stradivarius	738	198	936
Oysho	512	88	600
Uterqüe	70	15	85
TOTAL	**5,736**	**1,093**	**6,829**

Sales in company-managed and franchised stores:

CONCEPT	COMPANY MANAGED	FRANCHISED
Zara (Zara and Zara Home)	88%	12%
Pull&Bear	82%	18%
Massimo Dutti	86%	14%
Bershka	83%	17%
Stradivarius	79%	21%
Oysho	86%	14%
Uterqüe	87%	13%
TOTAL	**86%**	**14%**

A list of the stores' locations by concepts and by market at FYE is included in Annex III.

Net sales by concept are shown in the table below:

	2020	2019
Zara (Zara and Zara Home)	14,129	19,564
Pull&Bear	1,425	1,970
Massimo Dutti	1,197	1,900
Bershka	1,772	2,384
Stradivarius	1,283	1,750
Oysho	522	604
Uterqüe	75	115
TOTAL	**20,402**	**28,286**

The Group operates a global store and online platform. Store & Online sales by geographical area are shown in the table below:

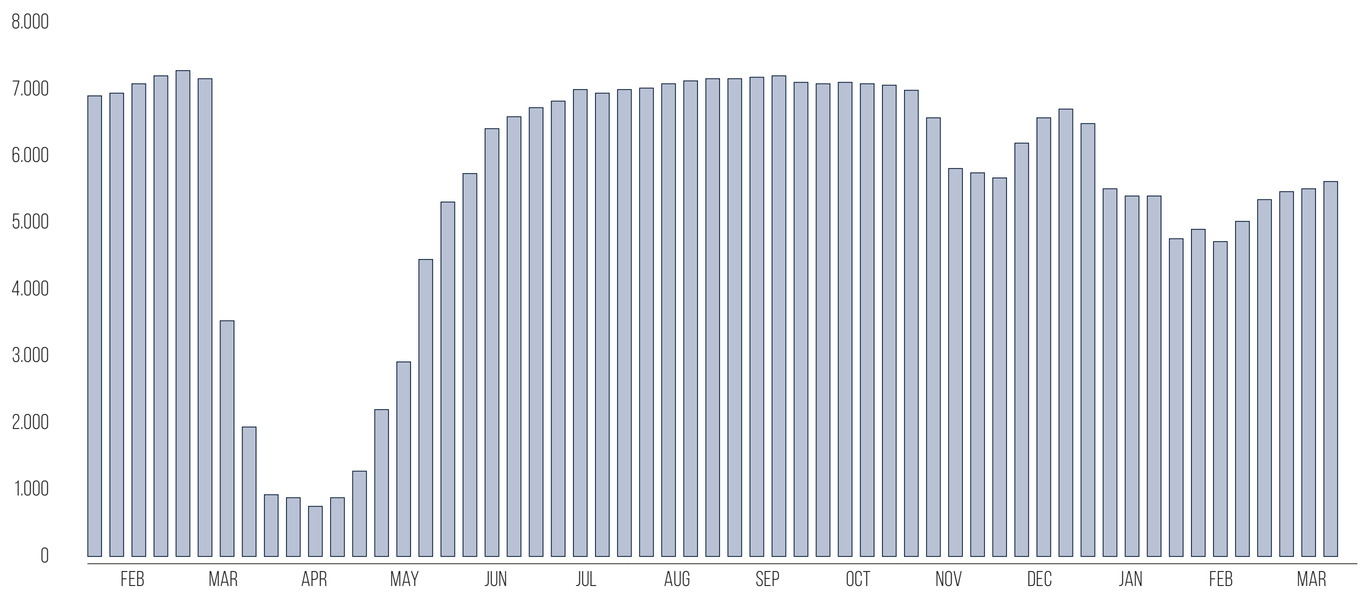
AREA	2020	2019
Europe ex-Spain	48.7%	46.0%
Asia & RoW	23.2%	22.5%
Spain	14.6%	15.7%
Americas	13.5%	15.8%
TOTAL	**100.0%**	**100.0%**

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

Inditex's FY2020 performance has been materially impacted by covid-19 with temporary store closures. Online sales have seen outstanding growth in FY2020, benefiting from the single inventory position.

As at 31 January 2021, 30% of stores were in full lockdown (versus 8% on 31 October 2020) and 52% had restrictions. The chart below illustrates the number of stores with sales over the period on a weekly basis.

STORES OPEN

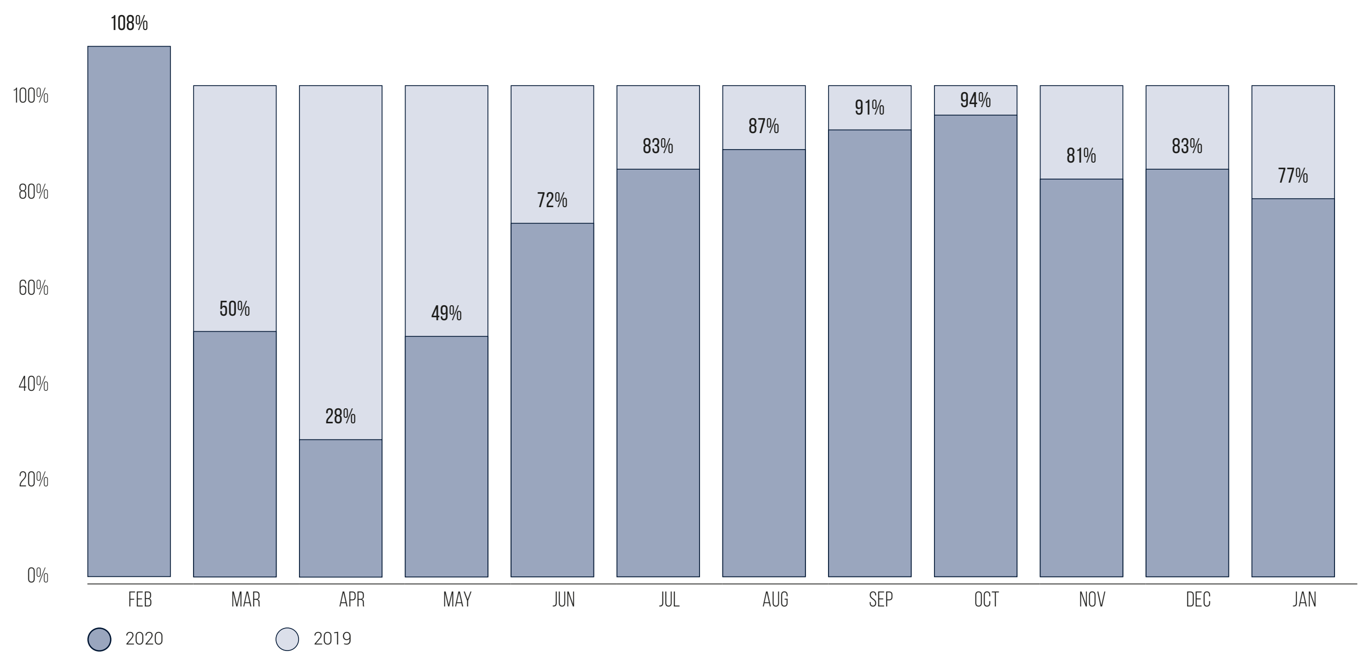


Collections were very well received by our customers. Our supply chain continued to operate normally due to the flexibility of our business model based on proximity sourcing and the single inventory position. Inventory integration proved to be pivotal during this period. We have also implemented initiatives to adjust operating expenses.

The flexibility of the business model has been key to the operational and financial performance.

The chart below shows the monthly sales performance in the period versus last year.

STORES & ONLINE SALES IN CONSTANT CURRENCIES



Inditex continues to roll out its global, fully integrated store and online platform. Inditex remains very active in the differentiation of its store base.

Inditex generated a strong operating performance. In FY2020, net sales reached €20.4 billion (€28.3 billion in FY2019). Sales in constant currencies decreased 24.5%. The chart shows the full year and 2H2020 results:

€ MILLION	2020	20/19	2H20	20/19
Net Sales	20,402	(28)%	12,369	(20)%
Gross profit	11,390	(28)%	6,878	(19)%
EBITDA	4,552	(40)%	3,066	(26)%
Net income	1,106	(70)%	1,300	(38)%

Despite the disruption caused by the lockdowns and restrictions, the strength of the business model is reflected in the high sales productivity. Trading hours were down 25.5% versus 2019. Total store and online sales in constant currency were down 24.5% versus 2019. The table below illustrates this performance:

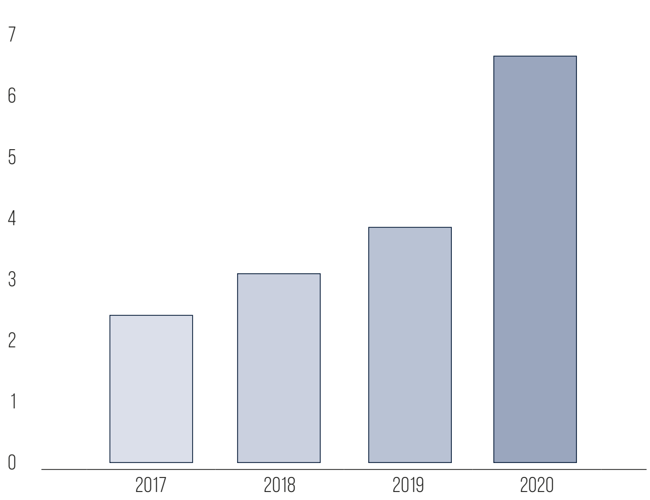
	2020	2H20	4Q20
Trading hours	(25.5)%	(15)%	(23.5)%
Total store & online sales growth	(24.5)%	(15)%	(19.5)%

Inditex sees strong growth opportunities and continues to expand its global, fully integrated store and online sales platform.

Global online sales launches are on track. In 2020, Zara launched online in 25 markets.

Online sales came to €6.6 billion and grew 77% in constant currencies. 95% of online growth in the year was organic. Customer engagement remains very high. Active App's reached 132 million. Online visits in FY2020 have grown 50% to 5.3 billion visits. The Group has 200 million followers on social media.

ONLINE SALES (BILLIONS €)



The RFID and SINT programmes have now been fully rolled out in all concepts. SINT contributed €1.2bn to online sales in the year. This has allowed Inditex to transition into a company that is more responsive, adaptable, and agile.

Inditex Open Platform (IOP) is 80% implemented. This is expected to be fully rolled out by the end of FY2021.

Sustainability is a key part of Inditex's strategy. As per the Sustainability Roadmap Goals, Inditex has achieved all of the targets set for 2020. In particular, outperformance was seen in two main areas: *Join Life* and renewable energy. The Group has also set ambitious new targets for the year 2023.

Gross profit came to €11.4 billion, compared with €15.8 billion in FY2019. The gross margin reached 55.8% (-6 bps). The gross margin in constant currency in FY2020 increased +170 bps to 57.6% (+257 bps in 2H2020).

The implementation of efficiencies has resulted in operating expenses being tightly managed over FY2020.

	2020	2019	20/19
Personnel expenses	3,376	4,430	(24)%
Rental expenses	181	695	(74)%
Other operating expenses	3,250	3,051	7%
TOTAL	**6,807**	**8,176**	**(17)%**

Inditex incurred extraordinary expenses related to covid-19 of €394 million in 2H2020.

EBITDA in FY2020 came to €4.6 billion vs. €7.6 billion in FY2019. EBIT came to €1.5 billion vs. €4.8 billion in FY2019.

The following chart shows the breakdown of financial results:

	2020	2019
Net financial income (losses)	(2)	17
Lease finance costs	(120)	(142)
Foreign exchange gains (losses)	(17)	(26)
TOTAL	**(139)**	**(152)**

The breakdown of profit before tax by concept is shown below:

PBT BY CONCEPT

CONCEPT	2020	2019
Zara (Zara and Zara Home)	971	3,370
Pull&Bear	95	301
Massimo Dutti	62	282
Bershka	113	349
Stradivarius	117	300
Oysho	43	70
Uterqüe	1	9
TOTAL PBT	**1,401**	**4,681**

Results from companies consolidated by the equity method came to €33 million.

Net income in FY2020 came to €1.1 billion vs. €3.6 billion in FY2019.

Return on Equity, defined as net income on average shareholder's equity:

	2020	2019
Net income	1,106	3,639
Shareholders equity - previous year	14,913	14,653
Shareholders equity - current year	14,520	14,913
Average equity	14,716	14,783
RETURN ON EQUITY	**8%**	**25%**

Return on Capital Employed (ROCE), defined as PBT on average capital employed (shareholder's equity plus net financial debt):

	2020	2019
PBT	1,401	4,681
Average capital employed :		
Average shareholders' equity	14,716	14,783
Average net financial debt (*)	-	-
Total average capital employed	14,716	14,783
RETURN ON CAPITAL EMPLOYED	**10%**	**32%**

(*) Zero when net cash

Return on Capital Employed by concept:

CONCEPT	2020	2019
Zara (Zara and Zara Home)	9%	30%
Pull&Bear	11%	39%
Massimo Dutti	6%	31%
Bershka	11%	39%
Stradivarius	16%	47%
Oysho	15%	26%
Uterqüe	1%	16%
TOTAL	**10%**	**32%**

To complement the financial statements included in the consolidated annual accounts of the Inditex Group, attached there is Annex II showing the 2020 results by quarter.

Issues relating to sustainability and employees

See Annex IV "Statement of Non-Financial Information".

Liquidity and capital resources

Inditex continued to show a strong financial position in FY2020. Due to the strong operating performance, the full store and online integration, and the store optimisation programme we are seeing a lower inventory on sales and an increased cash generation.

The net cash position was €7.6 billion at FYE 2020.

	31 JANUARY 2021	31 JANUARY 2020
Cash & cash equivalents	7,398	4,780
Short term investments	176	3,319
Current financial debt	(11)	(32)
Non current financial debt	(3)	(6)
NET FINANCIAL CASH (DEBT)	**7,560**	**8,060**

The operating working capital position remains negative as a result of the business model. Inventory increased 2% in 2020, a decrease of 9% excluding the 4Q2019 provision.

	31 JANUARY 2021	31 JANUARY 2020
Inventories	2,321	2,269
Receivables	715	780
Payables	(4,747)	(5,585)
OPERATING WORKING CAPITAL	**(1,711)**	**(2,536)**

Capital expenditure for FY2020 amounted to €713 million.

The Group's capital structure is characterised by the low debt/equity ratio as a result of the practically non-existent financing and the strength of its equity.

The Group's organic growth and its CAPEX needs have been financed substantially in full with the funds generated by the business, which has enabled the Group to maintain its solid cash position.

The Group considers that no changes will arise with regard to the generation and management of liquidity in FY2021.

Additionally, the Group has available credit lines, against which no amounts have been drawn down (see Note 20 to the consolidated annual accounts), that guarantee access to such additional funds as might be required.

Analysis of contractual obligations and off balance sheet transactions

Also, commitments exist in relation to investments envisaged in the opening of new stores in FY2021, detailed under "Information on the outlook for the group".

Main risks and uncertainties

In order to facilitate unified and comprehensive risk management, the Group has established a common definition of risk for the Organisation as a whole. Accordingly, the Group defines a risk as "any potential event that may have a negative impact on the achievement of the business objectives".

The risks reviewed are classified and grouped in the following categories:

1. Financial risks

Financial risks are threats originating in the macroeconomic sphere, financial markets, global value chains and industry- or company-specific events that may prevent the proposed objectives from being attained.

The normal functioning of the Group's operations exposes it to risks of a financial nature. This category includes market risk, foreign exchange rate risk, counterparty risk and commodity price increases. The Euro is the Group's functional currency. Its international transactions require the use of numerous non-euro currencies giving rise to foreign currency exchange risk. The Group has investments overseas whose assets are exposed to the foreign currency exchange risk. Given that the Group consolidates the annual accounts of all its companies in its functional currency, i.e. in euros, it is exposed to foreign currency exchange risk in the translation of the results of all its entities located outside the Economic and Monetary Union. The Company is also exposed to the risk arising from the payment and collection flows in currencies other than the euro in relation to the acquisition and provision of goods and services in both Group and non-Group transactions.

The Group is exposed to counterparty risk from its suppliers of goods and services as well as from its customers and business partners which could impact the normal development of some of its operations. The majority of its revenue relates to retail sales which are collected on demand, either in cash or through credit card. There are therefore no significant concentrations of credit risk. The financial solvency of the Group's most important third parties is analysed and monitored as part of an analysis process that also encompasses legal, compliance, reputational and other aspects. The Group is also exposed to the risk that counterparties (mainly financial) fail to comply with their obligations in relation to investing the company's cash, credit policies or other funding and guarantee vehicles or the derivatives arranged to hedge financial risks.

Interest rate and liquidity risk are also assessed. The Group manages cash at corporate level based on a highly active repatriation policy aimed at reducing the aforementioned risks to a minimum, also taking into account sovereign or jurisdiction risk. The current negative interest rate environment, especially in the Economic and Monetary Union, poses a potential risk of negative profitability in the Group's financial position. Consideration is also given to the potential impact resulting from the increase in the price of the many raw materials consumed indirectly in the Group's operations and in its procurement of goods and services.

Lastly, this category includes risks relating to the competitive environment, meaning the difficulties in adapting to the environment or market in which the Group operates, as regards both the procurement processes and the product retailing and sale activities. It consists of the Group's possible inability to follow and respond to changes in its target market or to adapt to new situations in its supply or distribution countries, considering the difficulties involved in recognising and taking on board the ongoing changes in fashion trends, and in manufacturing, supplying and marketing new items that meet customer expectations. The optimal achievement of business objectives may be shaped by a decline in consumption resulting from an economic downturn, whether global or limited to one or more of the markets in which the Group operates.

2. Geopolitical Risks

Geopolitical risks arise from a deterioration in the political situation, a society's crime levels, changes in the ideology, leadership and regulation of its authorities, politically motivated conflicts at home or between nation states that threaten operations or forecast performance.

Potential instability in the territories where the Group's supply chains are located, as well as where products are marketed, is a significant risk. The business model is based on a value chain with multiple geographic origins. The Group's integrated sales model enables it to operate in more than two hundred markets, which ensures a significant level of diversification and resilience. As a result of its broad geographic presence, the Group is directly or indirectly exposed to multiple legislations in the countries where it operates (tax, customs, labour, trade and consumer, industrial and intellectual property, data protection and privacy regulations, as well as regulatory risks of a criminal nature, crimes related to corruption, fraud and bribery, cybersecurity and environmental legislation, among others). Regulatory changes as well as differing or even divergent treatment of legal facts in different jurisdictions expose the Group to potential negative effects of a financial, compliance and/or reputational nature.

In the wake of the referendum on 23 June 2016, on 1 February 2020 the United Kingdom ceased to be a member State of the European Union pursuant to the Withdrawal Agreement. The agreement provided for a transitional period until 31 December 2020 during which EU law continued to apply to and in the United Kingdom. The European Union and the United Kingdom signed the Trade and Cooperation Agreement of 24 December 2020, regulating their relations now that the two territories constitute two separate markets, with distinct regulatory and legal spaces. Although the Trade and Cooperation Agreement goes beyond the terms of a standard free trade agreement and also sets out a very ambitious framework for governance and cooperation on economic, social and environmental issues, the United Kingdom becomes a third country. It is therefore inevitable that barriers to trade in goods and services and to cross-border mobility and exchanges in both directions will arise, affecting all stakeholders, citizens, public administrations and businesses.

Since the referendum, the Group has been working on an action plan to analyse, assess, design and implement the necessary mitigation measures to minimise the potential impact of Brexit on the Group's business in general and on the UK market in particular. Although the severe scenario of a no-deal Brexit, which was the maximum level of disruption envisaged, has not materialised, the current circumstances do introduce new operational and business requirements. These are common and familiar circumstances in many of the markets where the Group operates, but new to the UK market. The Group has taken the necessary steps to mitigate the impact of Brexit on its operational processes, particularly in relation to supply chain, distribution and labour issues. The relevant administrative and accounting procedures have been adapted and configured to ensure compliance with the new regulations, including indirect taxation and customs duties. In addition, some supply, transport and distribution flows between the EU and UK have been redesigned.

3. Technological Risks

The technological risk category includes targeted cyber-attacks, collapse of critical infrastructure, industrial accidents with direct or indirect impacts, as well as the inability to adapt to technological advances.

These include the risks associated with the technological infrastructure, the effective management of information, IT and robotic networks and communications. They also include those relating to the physical and technological security of systems, in particular, the risk of cyberattacks on information systems, which could potentially affect the confidentiality, integrity and availability of critical data.

These risks may significantly affect the normal functioning of the Group's operations. Some of the operational risks are concentrated at logistics centres and at third-party operators transporting goods. Clothing, footwear, accessories and household products for all the chains are distributed from 14 logistics centres located all around Spain. Logistics distribution is complemented by the Lelystad logistics connection point, in the Netherlands, as well as other smaller logistics centres located in other countries and with third party logistics operators which carry out small scale distribution operations.

The ability to adapt to technological innovations and evolutions in a broad sense, both in customer interaction through the development of a satisfactory omni-channel experience, as well as in the improvement of operational processes, is essential to ensure the Group's commercial success in a highly competitive environment.

4. Environmental Risks

Environmental risks are risks associated with natural disasters, climate change and the interactions resulting from human exploitation of the environment.

Key operations pertaining to business and transport processes could be paralysed as a result of natural disasters (floods, fires, earthquakes, etc.), especially if they affect the Group's critical infrastructures. The Group's performance is exposed to the potential impact of climate change in its various manifestations of physical risk, whether chronic or catastrophic. In this connection, significant changes in weather cycles may affect consumer demand patterns and the supply and demand of textile raw materials used to manufacture the garments, among others. There are potential financial and reputational risks associated with the nature, speed and focus of policy, legal, technological and market changes as society transitions to a low-carbon economy.

There is also a risk arising from the potential adverse effects of the Group's value chain due to the discharge of undesirable or hazardous substances into the environment, or potentially resulting in the loss of biodiversity, deforestation, soil degradation, shortage of raw materials, among others.

5. Social Risks

The category of social risks includes risks arising from socio-economic trends in societies, including the evolution of preferences, social norms, demographics, as well as the prevalence of diseases and the development of public healthcare systems.

The main risks relating to human resources are those arising from potential dependence on key employees and from the failure to keep an adequate work environment in all the work centres.

This category includes the risk of infectious diseases. It corresponds to the potential disruption caused by a local, regional or global pandemic as a result of infectious diseases against which there is little or no pre-existing immunity in the human population. The note on covid-19 details its impact during the year and the mitigation measures implemented.

Lastly, this category also includes risks which have a direct influence on the perception of the Group by its stakeholders (customers, employees, shareholders and suppliers) and society in general. They arise from the possibility of the inappropriate management of issues relating to social and environmental sustainability, responsibility on account of health and safety of the products, the corporate image of the Group, as well as its image in social networks, and any other potential regulatory breach or good practices that might have an impact on the Organisation's reputation.

6. Governance Risk

Governance risks include a set of risks of various kinds. These include non-compliance by the Company, and in particular by its Board of Directors and Senior Management, with (i) the law in a formal or material sense; (ii) good governance guidelines; (iii) best practices; and (iv) the commitments that Inditex voluntarily undertakes as a business, as well as the risks resulting from the tactical and strategic decisions of the Group's management that may result in the non-fulfilment of the business objectives of the functional areas or of the Group, as well as risks of corruption or damage to the reputation of the company.

Risk management in the Group is a process promoted by the Board of Directors and Senior Management and is the responsibility of all members of the Group, the purpose of which is to provide reasonable assurance that the objectives established by the Group will be achieved as a response to the social and environmental challenges, furnishing all stakeholders with sufficient guarantees to ensure that the value generated will be protected.

In this context, the Group's Integrated Risk Management System ("IRMS") is based on the Risk Management and Control Policy, which sets out the basic principles, key risk factors and the general framework for risk management and control.

The Risk Management and Control Policy is implemented and complemented by specific policies and internal regulations relating to certain units or areas of the Group. The policies and internal regulations developed and implemented by these areas for the management of the different types of risk include most notably:

- The Investment Policy.
- The External Financing Policy.
- The Payment Management Policy.
- The Financial Risk Management Policy.
- The Policy Management of Risks.
- The Code of Conduct and of Responsible Practices.
- The Policy on Criminal Risk Prevention.
- The Internal Regulations of Conduct in the Securities Markets.
- The Code of Conduct of Manufacturers and Suppliers.
- The Occupational Health and Safety Policy.
- The Sustainability Policy.
- The Information Security Policy.
- The Standard for Procurement Management.
- The Policy on Communications and Contact with Shareholders, Institutional Investors and Proxy Advisers.
- The Policy and Procedure for Representatives and Attorneys.
- The Policy on Human Rights.
- The Diversity and Inclusion Policy.
- The Compliance Policy.

- The Tax Strategy and Tax Policy.
- The Anti-Money Laundering and Terrorist Financing Policy.
- The Due Diligence Policy.
- The Conflict of Interest Policy.
- The Policy on Donations and Sponsorships.
- The Policy on Gifts and Business Courtesies.
- The Policy on Dealings with Public Servants.

For more details, see Section E " Enterprise Risk management systems" of the Annual Corporate Governance Report for 2020.

Significant events after the reporting period

No significant events have occurred since the reporting date.

Information on the outlook for the Group

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

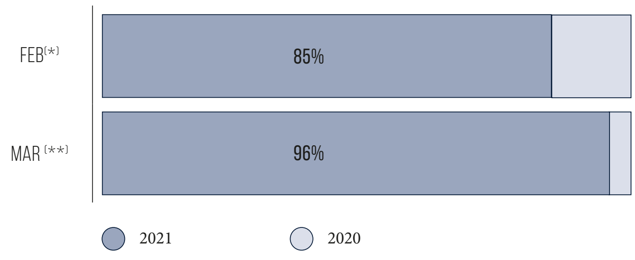
Online sales are expected to continue growing at a significant rate.

Spring/Summer collections have been very well received by our customers.

In February, an average of 21% of stores were temporarily closed. At 8 March 15% of stores remained temporarily closed.

Online sales in 1Q2021 continue to grow at a similar rate seen in the FY2020. The chart shows the monthly store & online sales in constant currencies to date versus last year.

STORES & ONLINE SALES IN CONSTANT CURRENCIES



(*) Feb excluding leap year effect
(**) 1-7 March.

Store and online sales 1-7 March were -4% vs -4% in same period in 2020. Excluding the five most relevant markets in lockdown at the moment (Brazil, Germany, Greece, Portugal and UK) sales grew 2%.

According to current information, practically 100% of stores will be open by 12 April.

R&D+I activities

The Inditex Group carries out research, development and innovation activities in all areas of its business with the aim of improving the manufacturing and distribution processes and developing technologies that facilitate business management, either using its own resources or with the help of third parties. In particular, we highlight the activity of designing clothing, accessories and household items, logistics and those related to technology linked to point-of-sale terminals, to administration and inventory management systems, to delivery systems at distribution centres, to communication with stores, to garment labelling and, finally, to the activity linked to the digital transformation of the business.

Acquisition and sale of treasury shares

The Annual General Meeting held on 19 July 2016, approved a 2016-2020 Long-Term Incentive Plan (Note 26 of the consolidated financial statements for 2019) and authorised the Board of Directors to derivatively acquire treasury shares to cater for this Plan. Likewise, the Annual General Meeting held on 16 July 2019 approved the 2019-2023 Long-Term Incentive Plan (see Note 26) and authorized the Board of Directors to derivatively acquire treasury shares to cater for these plans, rendering the previous authorization invalid.

At 31 January 2020, the Company owned a total of 2,125,384 treasury shares, representing 0.068% of the share capital.

Subsequently, in the first half of 2020, the second cycle (2017-2020) of the 2016-2020 Long Term Incentive Plan was settled and the corresponding shares were delivered to the beneficiaries of said second cycle of the Plan.

Aside from these share deliveries, there were no other operations involving treasury shares in 2020.

Consequently, at 31 January 2021, the Company owned a total of 1,726,305 treasury shares, representing 0.055% of the share capital.

Other salient information

Stock market information

The Inditex share price closed 2020 at EUR 24.49 per share on 31 January 2021. The average daily trading volume was approximately 5 million shares. In the same period, the Ibex 35 fell by 17%, while the Dow Jones Stoxx 600 Retail gained 10%.

Inditex's market capitalization stood at EUR 76,327 million at the end of the period, up 733% on its capitalization when its shares were admitted to trading on 23 May 2001, as compared with a 19% decrease in the Ibex 35 index in the same period.

The dividend for 2019, paid in November 2020, amounted to EUR 0.35 per share in circulation.

Dividend policy

The dividends paid by the Parent in 2020 and 2019 amounted to EUR 1,090 million and EUR 2,741 million, respectively. These amounts correspond to payments of EUR 0.35 per share in 2020 and EUR 0.88 per share in 2019.

The distribution proposed by the Board of Directors is shown in Note 28.

Other disclosures

Related party transactions

Transactions with related parties are described in Notes 27 and 29 to the consolidated annual accounts. The Company did not carry out any transactions with related parties in 2020 that substantially affected its financial position or results.

Information on average payment periods required by Law 15/2010, of 5 July, amending Law 3/2004, of 29 December

The Group's supplier payment policy complies with the periods for payment to suppliers set in the late payment legislation in force. The Group is developing measures to try to reduce the payment period in those rare cases in which the established maximum payment period is exceeded. The aforementioned measures will focus on reducing the length of the processes involved in the receipt, verification, acceptance and accounting of invoices (enhancing use of electronic and technological methods) and improving the procedure for incident resolution in this connection.

Annual Corporate Governance Report

The Annual Corporate Governance Report (Annex V) for 2020 is available at www.inditex.com and was published on 10 March 2021 in CNMV's website (www.cnmv.es), in the Other Relevant Information section.

Non-financial information and information on diversity

The Statement on Non-Financial Information of the Inditex group is attached hereto as Annex IV.

Alternative performance measures

The Gross Margin, Gross operating profit (EBITDA), Net operating profit (EBIT), Profit before taxes (PBT), ROE, ROCE, working capital, net financial position, Average net financial debt and Quarterly results are defined in the introduction to the Consolidated Annual Accounts 2020.

The information disclosed in this document may contain statements in relation to future intentions, expectations and projections. All such statements, except for those based on historical data, are forward-looking statements, including, inter alia, those that address our financial position, business strategy, management plans and objective for future transactions. The aforementioned intentions, expectations or projections are subject per se to risks and uncertainties which could cause actual results to differ from those anticipated.

These risks include, but are not limited to, competition within the sector, consumer preferences and spending trends, economic and legal conditions, restrictions on free trade and/or political instability in those markets where the Inditex Group has a presence or in those countries in which Group products are manufactured or distributed.

The risks and uncertainties that could potentially have an impact on the information disclosed are difficult to predict. The Group undertakes no obligation to publicly update or revise any of the forward-looking statements in the event that any unforeseen changes or events arise which might affect them.

Annex II : Income statement FY2020 quarterly results

	2020 QUARTERLY RESULTS			
	Q1	Q2	Q3	Q4
Net sales	3,303	4,730	6,052	6,317
Cost of sales	(1,374)	(2,148)	(2,392)	(3,100)
GROSS PROFIT	**1,930**	**2,582**	**3,661**	**3,217**
	58.4%	54.6%	60.5%	50.9%
Operating expenses	(1,448)	(1,572)	(1,792)	(1,995)
Other net operating income (losses)	2	(8)	(20)	(5)
OPERATING CASH FLOW (EBITDA)	**484**	**1,002**	**1,848**	**1,218**
	14.6%	21.2%	30.5%	19.3%
Amortisation and depreciation	(992)	(692)	(704)	(657)
OPERATING INCOME (EBIT)	**(508)**	**310**	**1,144**	**561**
	(15.4)%	6.6%	18.9%	8.9%
Financial results	(35)	(41)	(31)	(32)
Results from companies consolidated by equity method	4	7	7	15
INCOME BEFORE TAXES	**(539)**	**276**	**1,120**	**544**
	(16.3)%	5.8%	18.5%	8.6%
Taxes	130	(65)	(253)	(108)
NET INCOME	**(409)**	**211**	**866**	**436**
	(12.4)%	4.5%	14.3%	6.9%
MINORITIES	**-**	**(4)**	**1**	**1**
NET INCOME ATTRIBUTABLE TO THE CONTROLLING COMPANY	**(409)**	**214**	**866**	**435**
	(12.4)%	4.5%	14.3%	6.9%

Annex III: Detail of stores by concept and market as at 31 January 2021

MARKET	ZARA	ZARA KIDS	PULL&BEAR	MASSIMO DUTTI	BERSHKA	STRADIVARIUS	OYSHO	ZARA HOME	UTERQÜE	INDITEX
ALBANIA	1	-	1	1	2	2	-	1	-	8
GERMANY	71	-	11	13	13	-	-	12	-	120
ANDORRA	1	-	1	1	1	1	1	1	-	7
SAUDI ARABIA	47	-	19	12	32	45	18	8	5	186
ALGERIA	2	-	2	-	3	3	1	2	-	13
ARGENTINA	11	-	-	-	-	-	-	-	-	11
ARMENIA	2	-	2	2	2	2	1	1	-	12
ARUBA	1	-	-	-	-	-	-	-	-	1
AUSTRALIA	19	-	-	-	-	-	-	-	-	19
AUSTRIA	12	-	4	1	7	-	-	3	-	27
AZERBAIJAN	3	-	2	3	3	2	1	-	-	14
BAHREIN	2	-	1	2	1	1	1	1	-	9
BELGIUM	30	-	7	18	14	2	3	7	-	81
BELARUS	2	-	2	1	2	3	1	1	-	12
BOSNIA	3	-	4	1	4	4	-	-	-	16
BRAZIL	52	-	-	-	-	-	-	8	-	60
BULGARIA	6	-	5	6	7	4	6	1	-	35
CANADA	32	-	-	8	-	-	-	1	-	41
CHILE	9	-	-	-	-	-	-	4	-	13
MAINLAND CHINA	141	-	6	74	7	-	66	42	1	337
HONG KONG SAR	13	-	4	1	3	-	2	1	-	24
MACAO SAR	2	-	-	1	-	-	1	1	-	5
TAIWAN, CHINA	9	-	3	5	3	-	-	2	-	22
CYPRUS	7	-	5	5	6	6	4	5	-	38
COLOMBIA	13	-	9	5	12	12	4	5	-	60
SOUTH KOREA	41	-	-	6	-	-	4	5	-	56
COSTA RICA	2	-	2	1	2	2	1	1	-	11
CROATIA	10	-	7	4	9	7	3	2	-	42
DENMARK	4	-	-	-	-	-	-	1	-	5
ECUADOR	2	-	3	1	3	3	1	-	-	13
EGYPT	7	-	7	6	7	6	5	4	-	42
EL SALVADOR	2	-	2	-	2	2	1	-	-	9
UAE	14	-	9	8	10	6	8	7	2	64
SLOVAKIA	3	-	3	1	5	4	-	-	-	16
SLOVENIA	5	-	2	1	4	4	-	-	-	16
SPAIN	279	77	184	143	174	267	151	108	28	1,411
UNITED STATES	99	-	-	-	-	-	-	-	-	99
ESTONIA	3	-	1	2	1	1	-	1	-	9
PHILIPPINES	9	-	3	2	5	4	-	-	-	23
FINLAND	6	-	-	1	-	-	-	-	-	7
FRANCE	118	-	38	13	52	29	6	18	-	274
GEORGIA	4	-	2	4	3	3	2	1	-	19
GREECE	40	5	24	12	28	22	19	9	-	159
GUATEMALA	3	-	3	1	3	3	1	1	-	15
NETHERLANDS	29	-	11	4	18	6	-	7	-	75
HONDURAS	2	-	2	1	2	2	1	1	-	11

MARKET	ZARA	ZARA KIDS	PULL&BEAR	MASSIMO DUTTI	BERSHKA	STRADIVARIUS	OYSHO	ZARA HOME	UTERQÜE	INDITEX
HUNGARY	8	-	8	3	9	7	2	2	-	39
INDIA	22	-	-	3	-	-	-	-	-	25
INDONESIA	17	-	14	5	9	14	4	3	-	66
IRELAND	9	-	3	2	6	4	-	-	-	24
ICELAND	1	-	-	-	-	-	-	-	-	1
ISRAEL	25	-	24	3	17	8	-	2	-	79
ITALY	96	-	53	6	67	84	26	25	-	357
JAPAN	92	-	-	-	18	5	-	18	-	133
JORDAN	3	-	2	2	2	4	2	2	1	18
KAZAKHSTAN	5	-	5	4	6	5	5	4	2	36
KUWAIT	6	-	3	3	4	4	4	4	2	30
LATVIA	3	-	2	4	2	2	2	1	-	16
LEBANON	5	-	3	3	6	4	4	4	1	30
LITHUANIA	5	-	3	5	4	4	1	2	-	24
LUXEMBOURG	4	-	1	2	1	1	1	1	-	11
NORTH MACEDONIA REP.	1	-	1	1	1	1	-	-	-	5
MALAYSIA	8	-	4	5	2	-	-	-	-	19
MALTA	1	-	3	1	1	1	1	3	-	11
MOROCCO	8	-	2	3	4	7	3	4	1	32
MEXICO	84	-	68	40	74	52	51	30	16	415
MONACO	1	-	-	-	-	-	-	-	-	1
MONTENEGRO	1	-	1	-	1	1	-	-	-	4
NICARAGUA	1	-	1	-	1	1	-	-	-	4
NORWAY	5	-	-	-	-	-	-	-	-	5
NEW ZEALAND	1	-	-	-	-	-	-	-	-	1
OMAN	1	-	-	-	1	1	1	1	-	5
PANAMA	2	-	2	1	2	2	1	1	-	11
PARAGUAY	1	-	-	-	-	-	-	1	-	2
PERU	4	-	-	-	-	-	-	3	-	7
POLAND	44	-	33	26	47	50	20	15	4	239
PORTUGAL	71	11	47	41	46	43	30	25	6	320
PUERTO RICO	3	-	-	-	-	-	-	-	-	3
QATAR	6	-	5	4	5	4	5	5	2	36
UNITED KINGDOM	58	-	8	12	7	6	-	11	-	102
CZECH REPUBLIC	5	-	3	2	5	4	1	1	-	21
DOMINICAN REPUBLIC	3	-	1	2	2	2	2	2	-	14
ROMANIA	25	-	25	12	28	25	13	10	1	139
RUSSIA	85	-	86	53	102	76	63	44	12	521
SERBIA	6	-	6	4	6	6	4	3	-	35
SINGAPORE	10	-	3	6	3	-	1	-	-	23
SOUTH AFRICA	8	-	-	-	-	-	-	1	-	9
SWEDEN	11	-	1	3	-	-	-	1	-	16
SWITZERLAND	20	-	4	5	6	-	1	4	-	40
THAILAND	12	-	2	4	1	-	1	2	-	22
TUNISIA	5	-	3	2	4	4	3	2	-	23
TURKEY	39	-	32	26	32	32	27	20	-	208
UKRAINE	10	-	15	7	15	13	8	3	1	72
URUGUAY	2	-	-	-	-	-	-	2	-	4
VENEZUELA	7	-	4	-	8	-	-	-	-	19
VIETNAM	2	-	1	1	-	1	-	-	-	5
INDITEX	**2,025**	**93**	**873**	**677**	**1,005**	**936**	**600**	**535**	**85**	**6,829**