

Annex 1

Inditex Forecastings

Net Sale	Sales of Products
COGS	Expense that is incurred because a sale takes place.
Gross Profit	Company's residual profit after selling a product or service and deducting the cost associated with its production and sale.
Operating Expenses	Operating Expenses are the basically fixed monthly cost of running your business.
Other net Operating Income	
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
Amortization and Depreciation	Spread tangible and intangible asset's cost over that asset's useful life
EBIT	Earnings Before Interest and Taxes.
Financial Results	(Interest of Deposits- Interest of Loans)
EBT	Earnings Before Taxes.
Taxes	
Net Income	

Inditex Forecastings

- **COGS** is an expense that is incurred because a sale takes place. For example in a pizza shop, the dough and toppings (sauce, cheese, pepperoni, etc.) are the COGS related to selling the pizza.
- **Operating Expenses** are the basically fixed monthly cost of running your business. Regardless of the level of your sales, the rent, utilities (electric, gas, phone, etc.) are the same.

Inditex Forecastings

- Because very few assets last forever, one of the main principles of accrual accounting requires that an asset's cost be proportionally expensed based on the time period over which the asset was used.
- **Amortization** usually refers to spreading an intangible asset's cost over that asset's useful life. For example, a patent on a piece of medical equipment usually has a life of 17 years. The cost involved with creating the medical equipment is spread out over the life of the patent, with each portion being recorded as an expense on the company's income statement.
- **Depreciation**, on the other hand, refers to prorating a tangible asset's cost over that asset's life. For example, an office building can be used for a number of years before it becomes run down and is sold. The cost of the building is spread out over the predicted life of the building, with a portion of the cost being expensed each accounting year.
- A&D do not imply that you are paying the cost in a yearly basis.
- **You pay the first year but you use A&D to pay less taxes.**