



Roadshow Presentation

March 2024



Agenda

Investment highlights

Our 2023 results and 2024 outlook

Appendix

Investment highlights

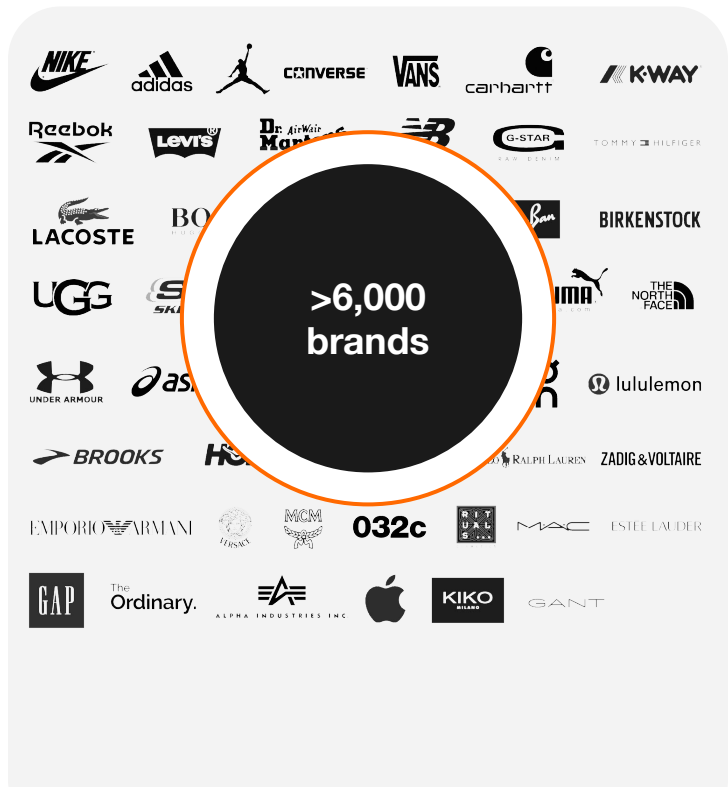
- 01 Strategic evolution to ecosystem model for fashion and lifestyle e-commerce**
Expanding from platform to ecosystem boosts scope and impact of our growth vectors B2C and B2B
- 02 B2C: Go-to-destination for quality fashion & lifestyle shopping and inspiration**
We differentiate through quality, lifestyle focus and inspiration
- 03 B2B: Operating system to enable brands' e-commerce across Europe**
With ZEOS we tap into a huge opportunity by enabling e-commerce on and off Zalando
- 04 Updated strategy will drive growth and margin expansion through 2028**
GMV and revenue both with a CAGR of 5-10%; adjusted EBIT margin of 6-8% in 2028

We have become THE European meeting point of customers and lifestyle brands



61%
of consumers prefer to shop fashion at multi-brand retailers¹

15
different brands ordered by average Zalando customer²

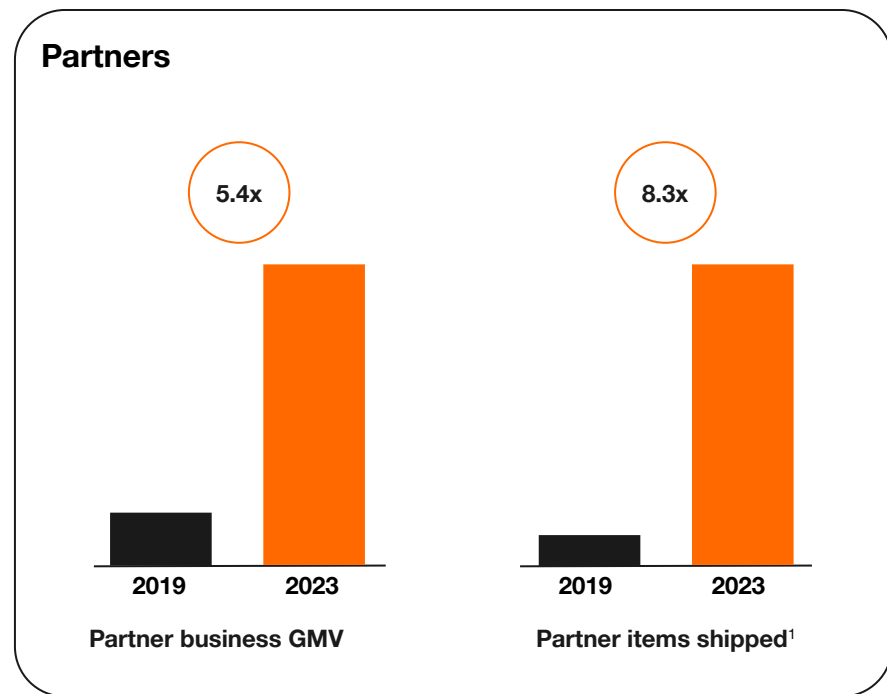
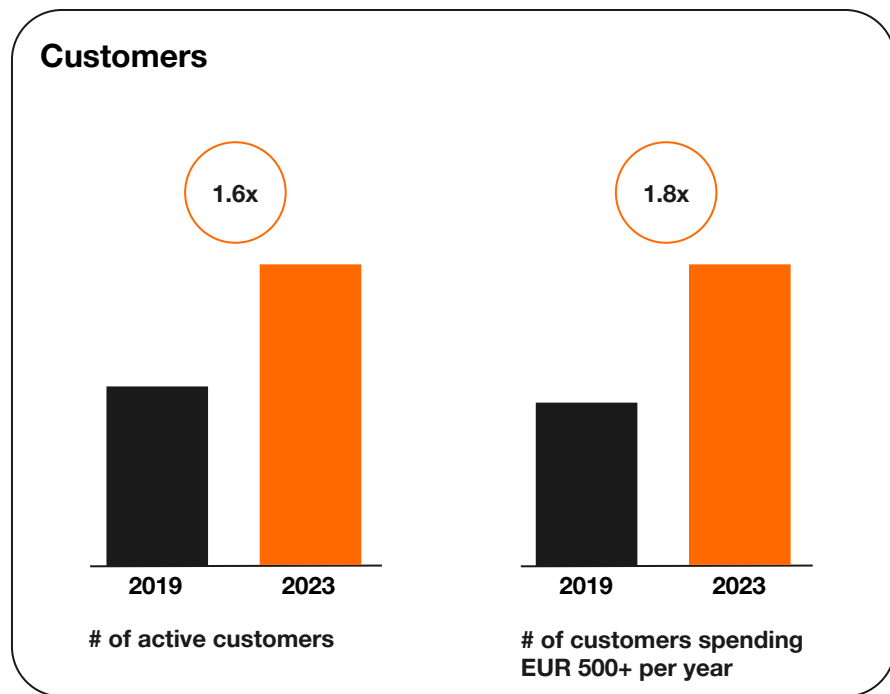


4 ¹ Source: BCG consumer research (2023) "At which type of shop / retailer did you make your last purchase", February 202; ² average during customer lifetime



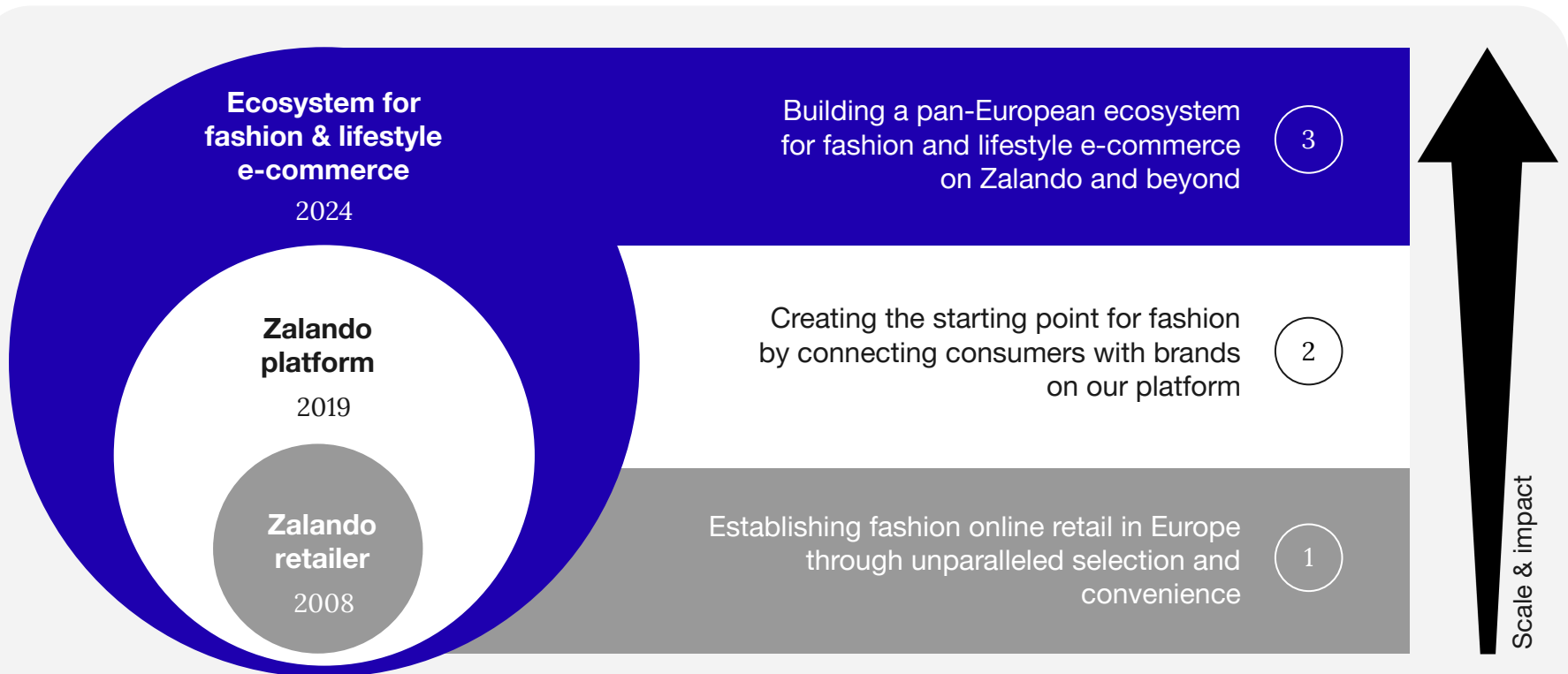


Our unique platform strategy accelerated our growth trajectory with customers and partners



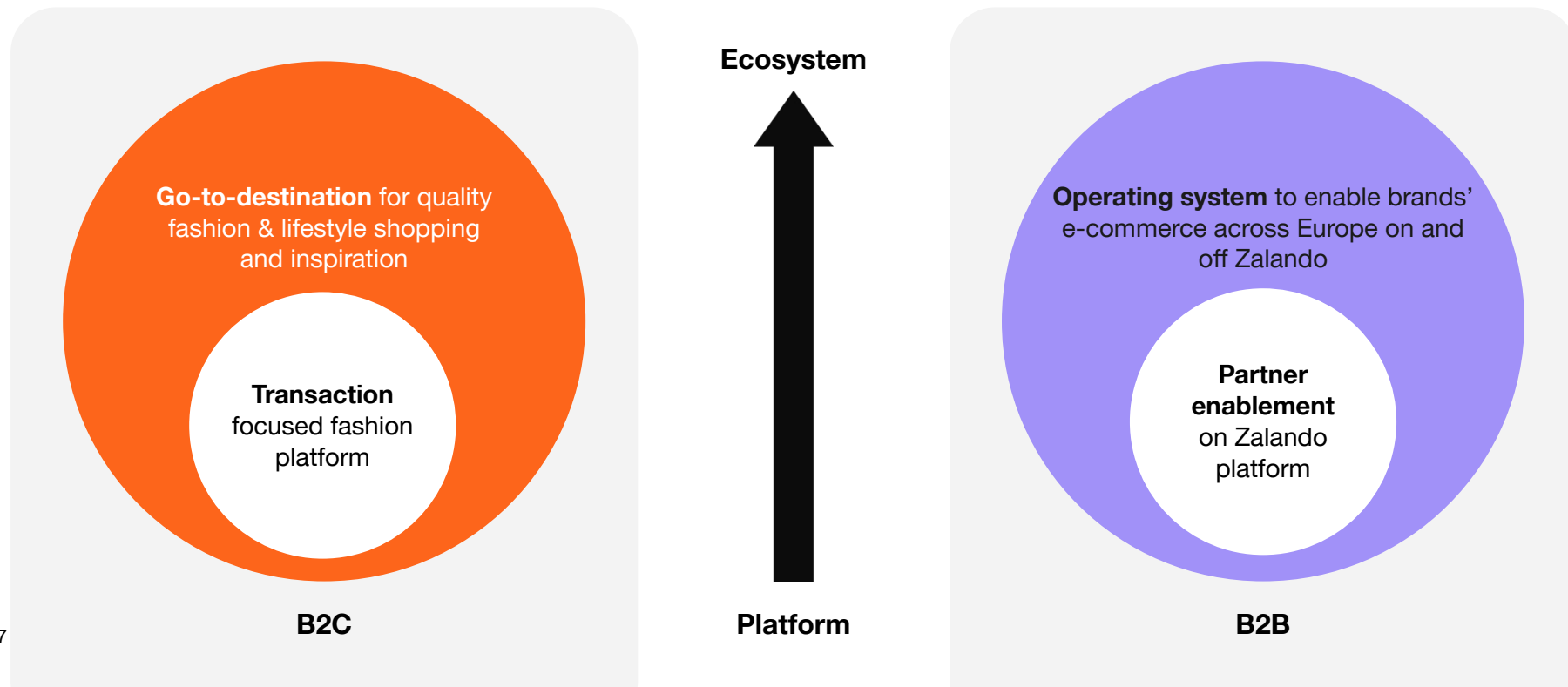


We expand our strategy towards building a pan-European ecosystem for fashion & lifestyle e-commerce





Expanding from platform to ecosystem boosts the scope and impact of our growth vectors B2C and B2B



Investment highlights

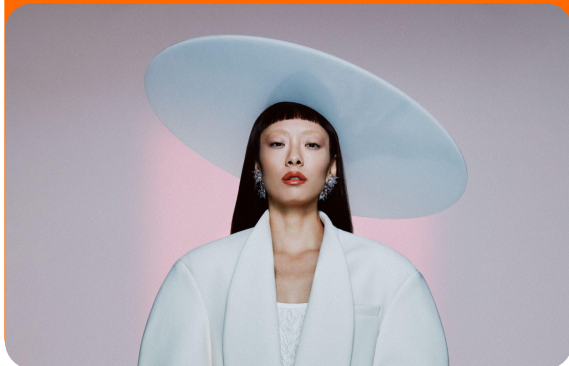
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The growth of our B2C platform is driven by three strategic pillars

Multi-brand platform

Differentiation through quality



Lifestyle expansion



Inspiration & entertainment



We are differentiating through quality across the customer journey

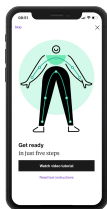
Trusted European brand

Tailored & innovative digital experience

Sustainable & inclusive choices

89%

customer satisfaction with 'product quality'



60%

of all items sold on Zalando use size advice

>430

adaptive fashion styles launched



92%

customer satisfaction with 'ease of payment process'

Highly relevant assortment & content

crocs

HELMUT LANG

MISSONI

MOSCHINO



Rapha



BOSS HUGO BOSS

LACOSTE



VISA

Invoice

Cash on delivery

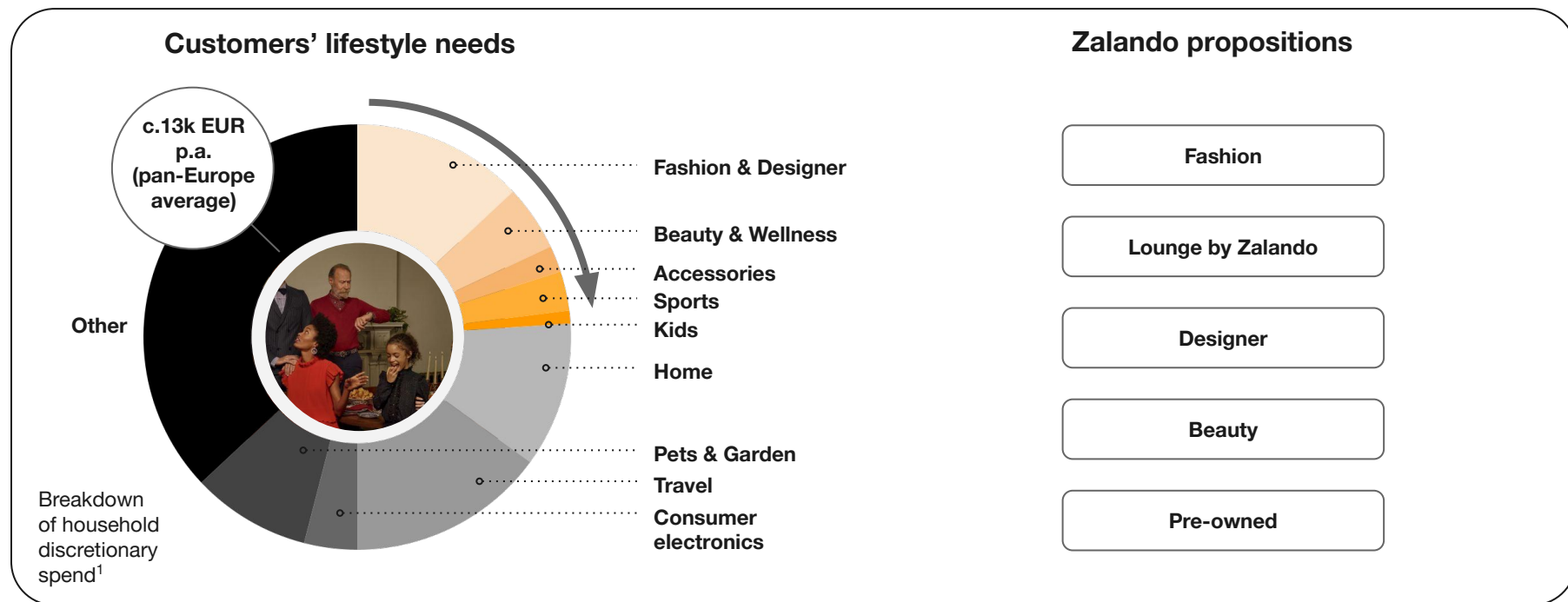
Localized & personalized convenience

Loyalty Program





We serve more of our customers' lifestyle needs with growing and powerful propositions

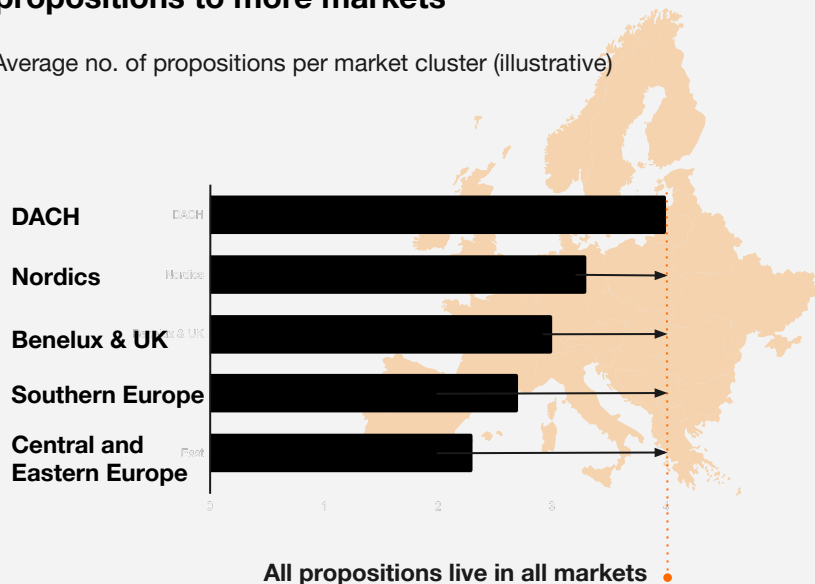




Our multi-proposition machine has tremendous room for growth

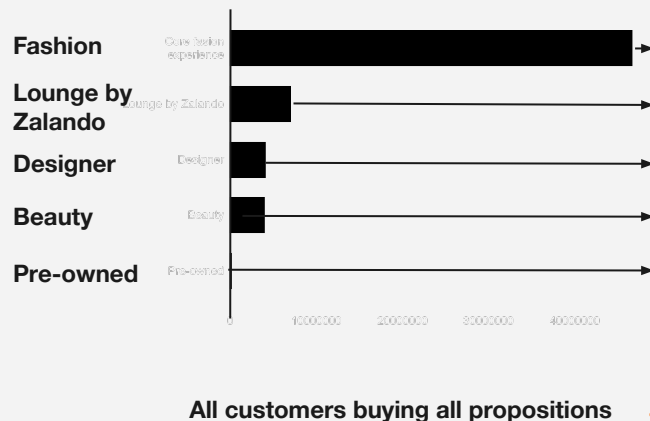
We will drive growth by rolling out existing **propositions to more markets**

Average no. of propositions per market cluster (illustrative)



And we see a massive opportunity for driving **multi-proposition adoption**

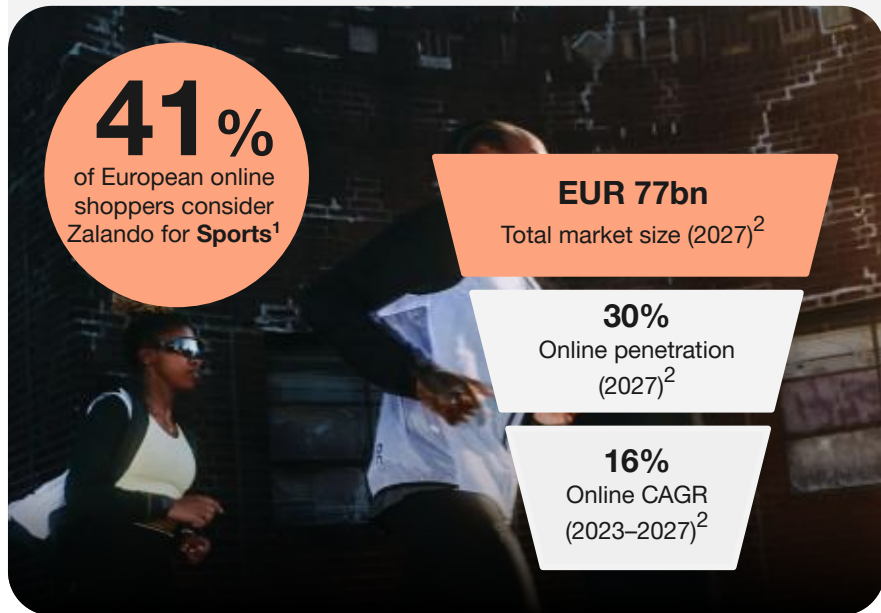
Customers per proposition (in #m)¹ (illustrative)



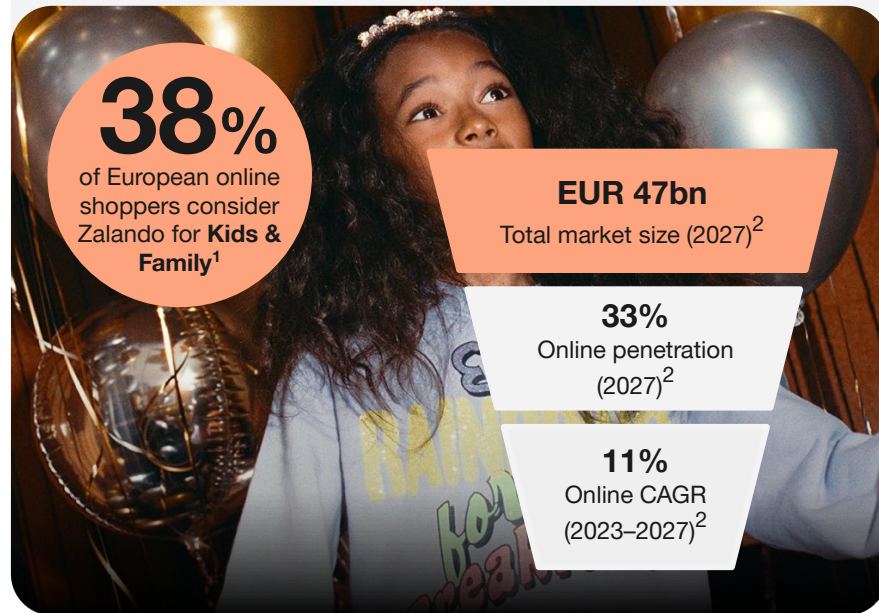


We build powerful new propositions in Sports and Kids & Family

Sports



Kids & Family





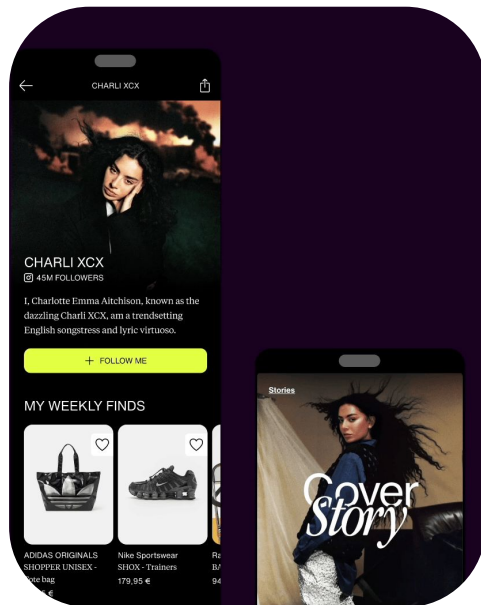
We already integrated inspirational and conversational content into the e-commerce experience – and people love it

Quality content Highsnobiety & Stories

“Stories”
enhance engagement

~5m

engaged customers
since launch



Personalised inspiration Zalando Assistant

Successful proof of
concept, ready to scale

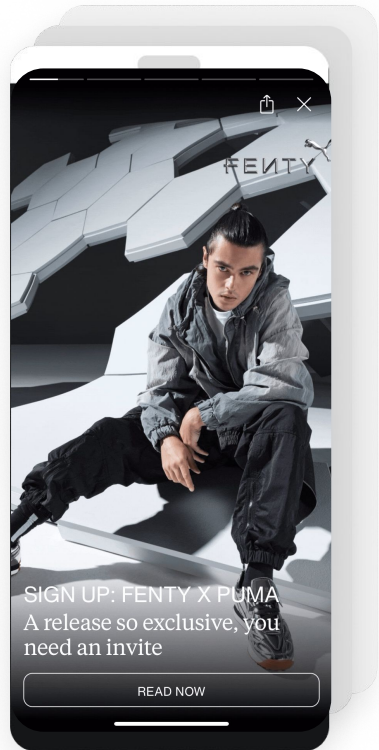
~0.5m

customers already
engaged with Zalando
Assistant in 4 markets



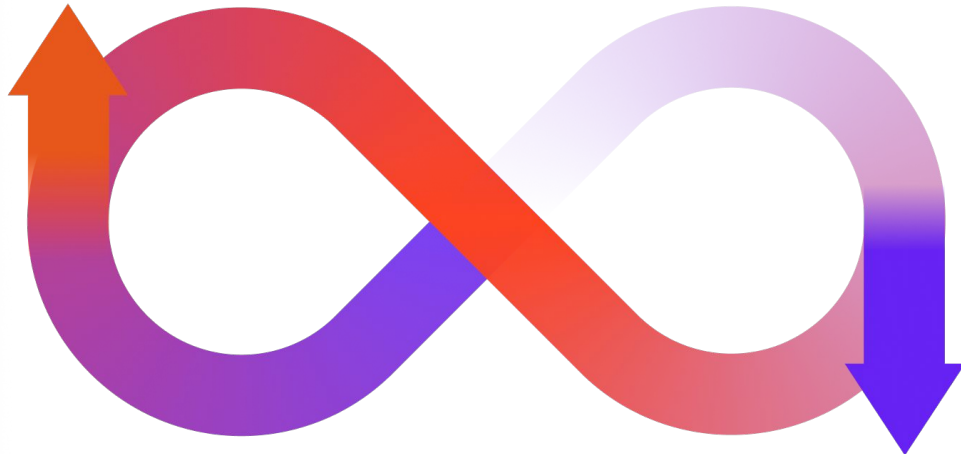


Personalised content at scale drives user engagement, time spent and advertising



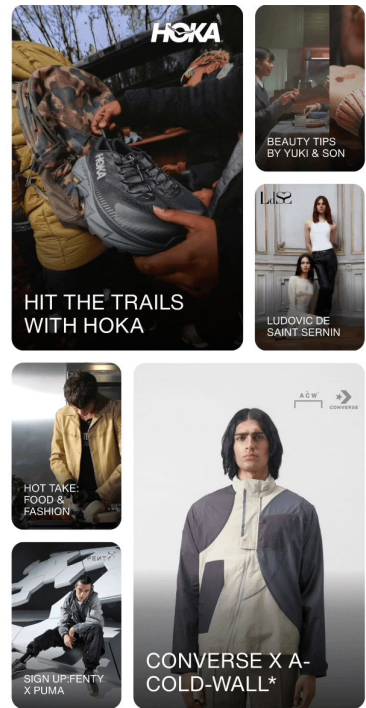
More elevated and personalized content

More content sources provided by partners and creators



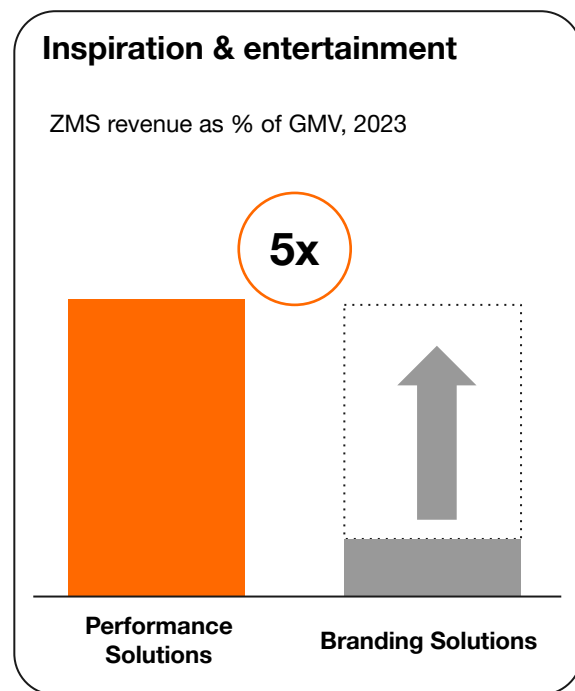
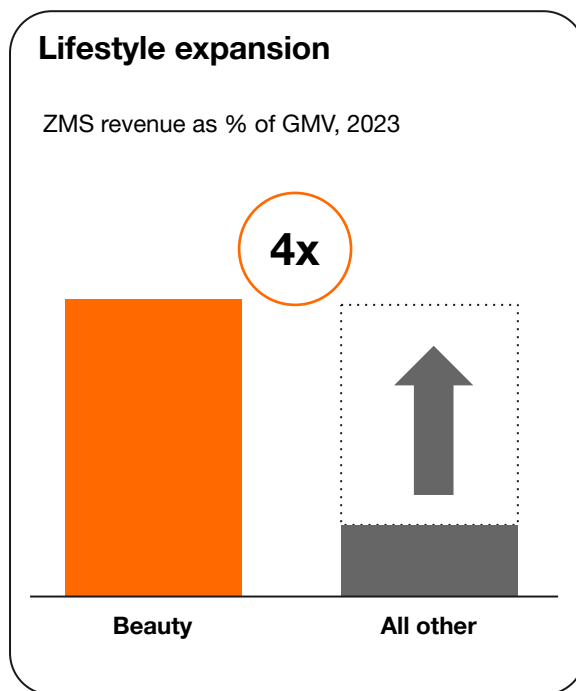
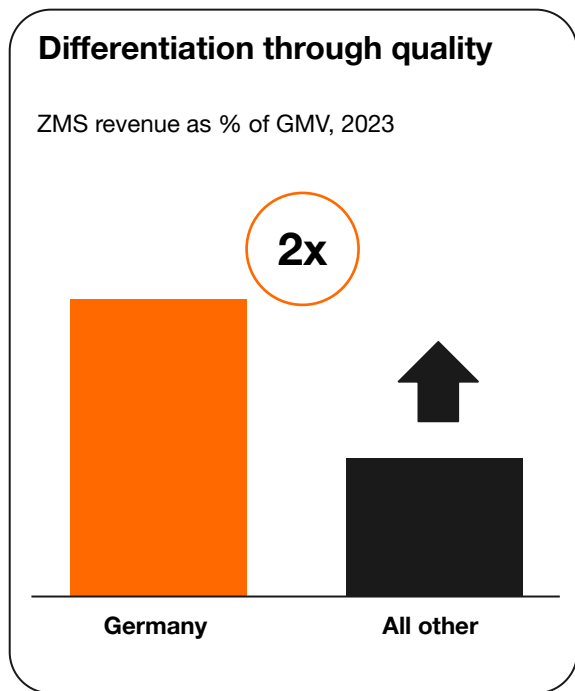
More elevated and personalized content

More advertising revenue generated





Progressing on our strategic growth pillars in B2C will create an even more attractive advertising environment for brands



Investment highlights

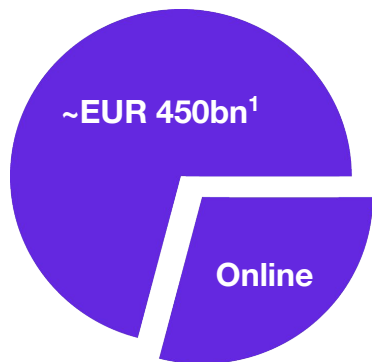
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To unlock Europe's full potential, brands need to overcome the inherent complexities of cross-border e-commerce

The opportunity

Total fashion market Europe

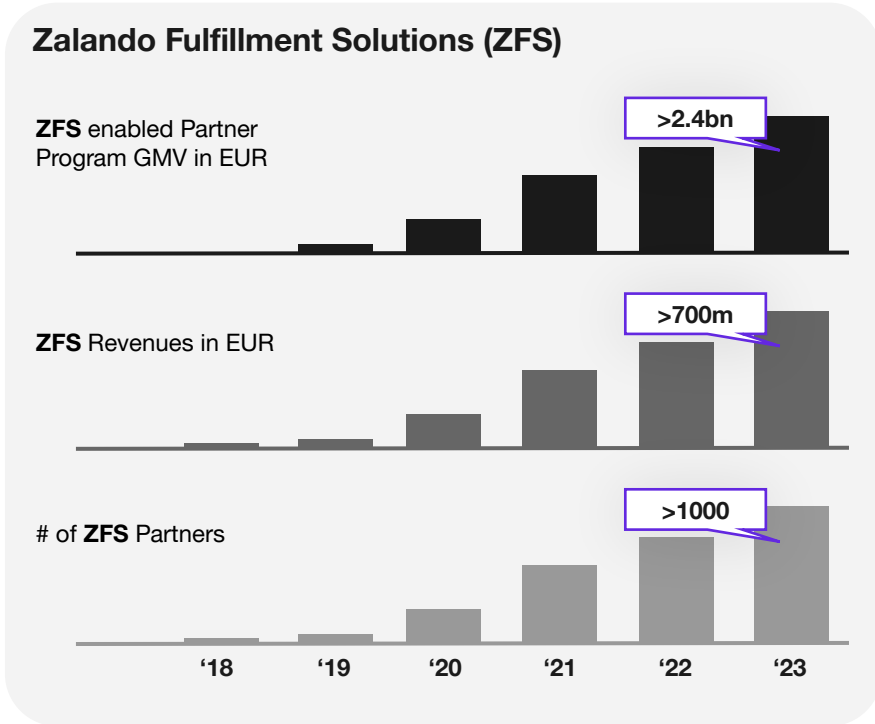
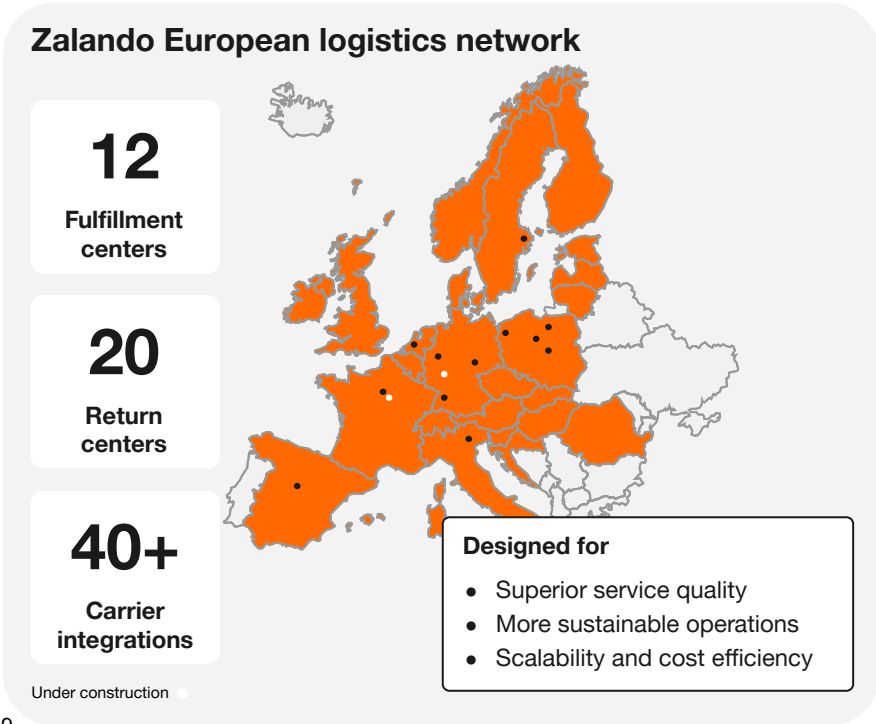


The challenges

-  40+ countries
-  30+ languages
-  30 currencies
-  Dozens of payments, delivery & return solutions
-  Multiple sales channels

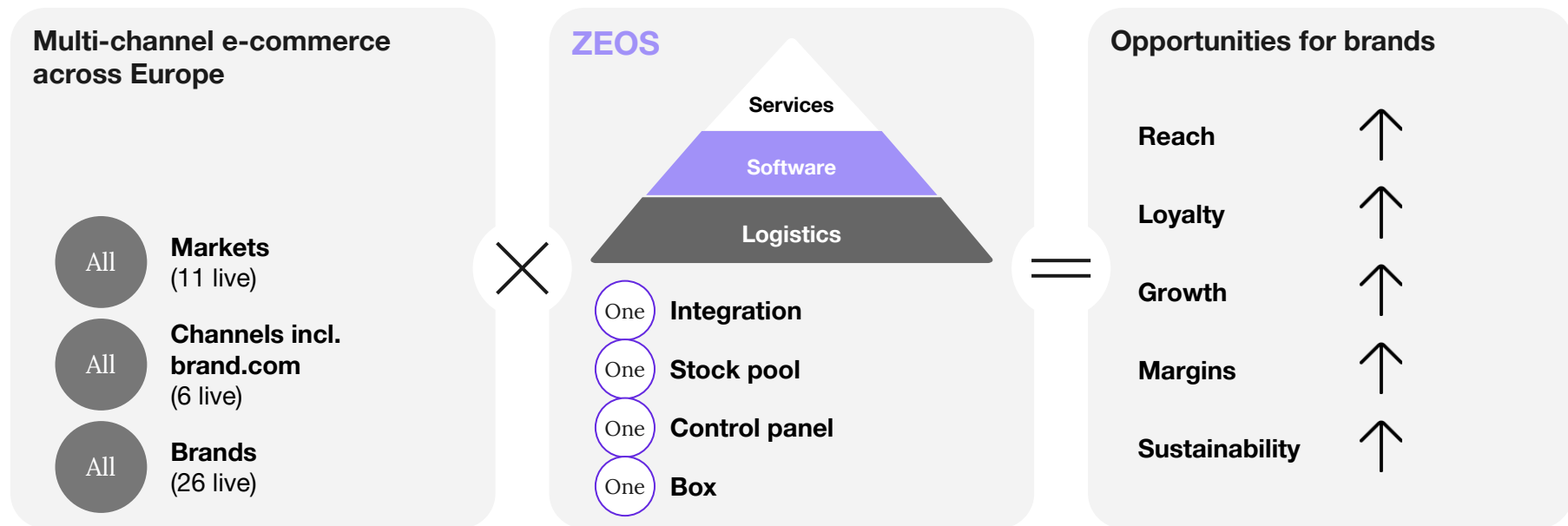


We've already successfully proven that we can build capabilities that help brands overcome Europe's challenges





With ZEOS, we are building an operating system that allows brands to run and scale their entire European e-commerce business



B2B already is a EUR ~0.9bn revenue business today¹

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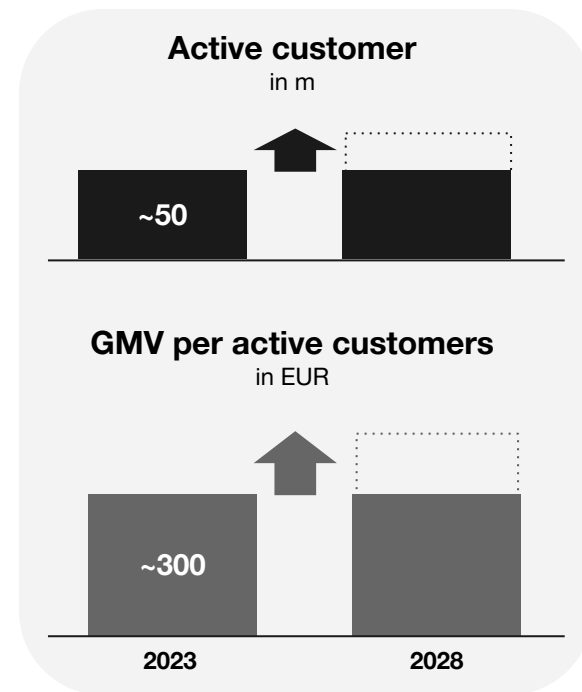
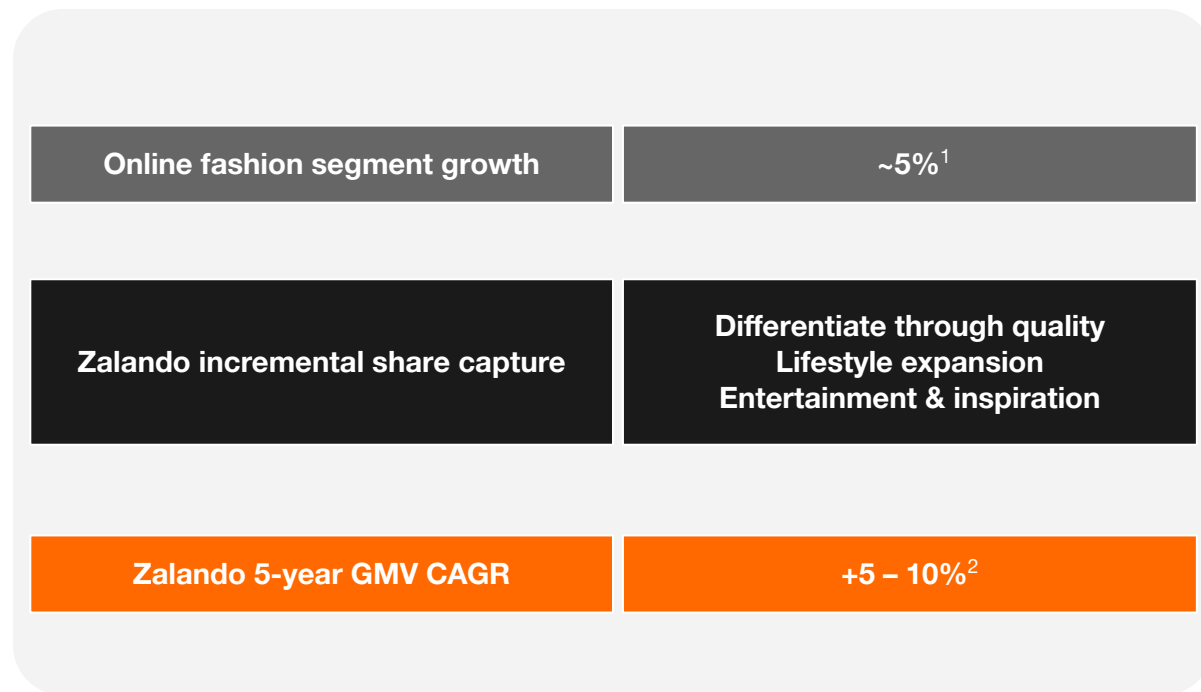


We steer the business by B2C and B2B - B2C remains the largest segment, B2B is already a profitable EUR ~0.9 billion revenue business

2023	Zalando group	B2C segment	B2B segment ¹
GMV	EUR 14.6bn (gross merchandise volume on Zalando)		Includes ZEOS Fulfillment (incl. ZFS) and Tradebyte
Revenue	EUR 10.1bn	EUR 9.3bn (revenues derived from transactions via Zalando channels, incl. ZMS)	EUR 0.9bn (primarily revenues from fulfillment services)
Adj. EBIT margin (% rev)	EUR 350m 3.5%	~3%	~5%



In our B2C business, we continue to outgrow the online segment by elevating and expanding our multi-brand platform

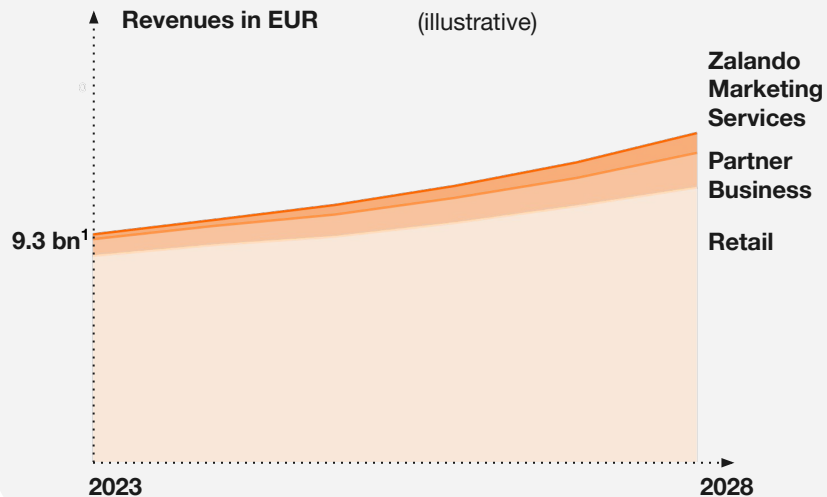


23 ¹ Source: Euromonitor as of February 2024, International forecasts, values based on actuals and estimates; fixed exchange rates. Fashion data incl. apparel and footwear, bags and luggage, jewelry and watches. Data for Europe (excluding Russia) inclusive of sales tax; ² Zalando GMV 2023-2028 CAGR

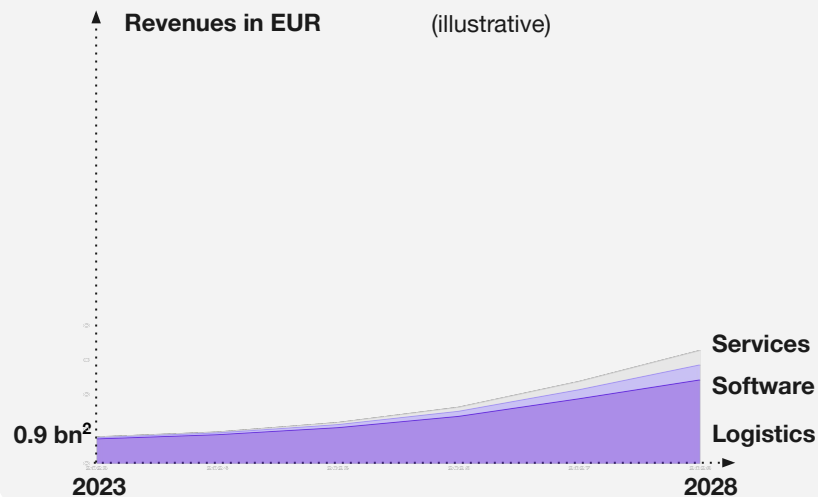


In B2C and B2B, we accelerate growth over time enabled by our purpose-built e-commerce capabilities

B2C generates revenue growth leveraging the growth dimensions active customers and share of wallet



B2B generates revenues with ZEOS building on the growth dimensions merchants, geographies and products



Customer reach & brand engagement | Strong brand partnerships | Sustainability | Logistics Infrastructure | Technology & data

¹ B2C also includes other B2C service revenues like shipping fees; ² B2B segment also includes Highsnobiety as another brand-facing business of Zalando group

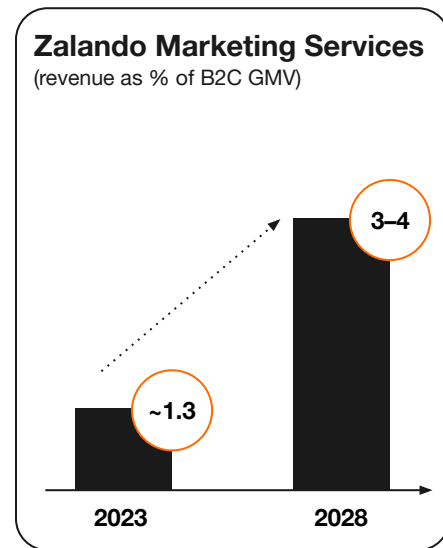
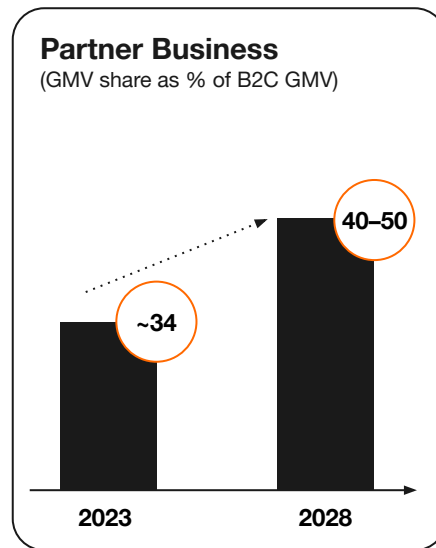
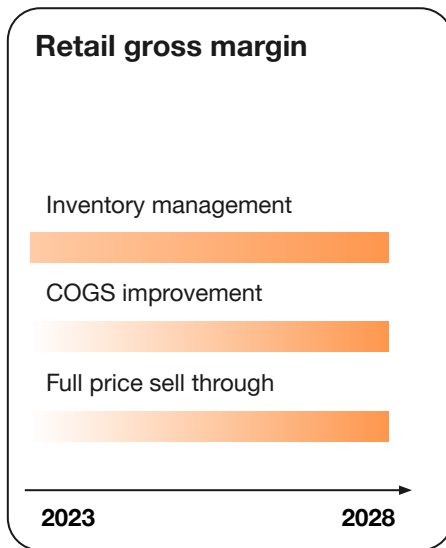
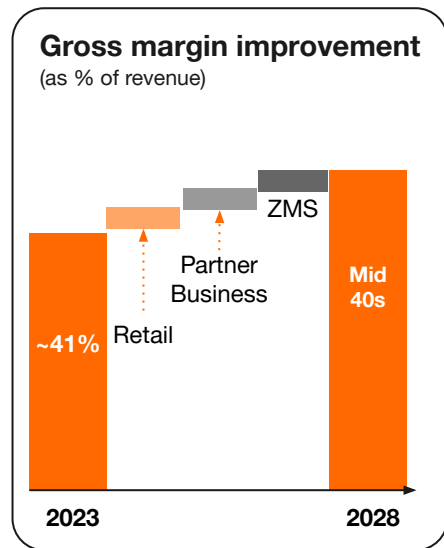
We will double our adjusted EBIT margin driven by increasing gross margin in B2C and improvements in key cost areas

Path to 2028 profitability (vs. 2023)					
	2023	Impact to group		2028	Key drivers
in % of revenue	Group	B2C	B2B	Group	
1 { Gross margin	38.7%	Accretive	Dilutive	~40%	Strong increase in B2C gross margin offset by fast growing lower-gross-margin B2B logistics business
2 { Fulfillment costs	(24.2)%	Accretive		Lower (30)s	Cost improvements driven by increasing utilization, automation, use of AI and improved order economics
Marketing costs	(7.4)%	Dilutive	Accretive		Similar marketing intensity in B2C; overall low marketing intensity in B2B
Admin expenses	(5.2)%	Accretive			Continued efficiency focus and selective investment in growth pillars and in capabilities
Adj. EBIT margin¹	3.5%	Accretive		6% to 8%	



Strong increase in B2C gross margin driven by improved retail margins combined with further scaling of our Partner Business and ZMS

1

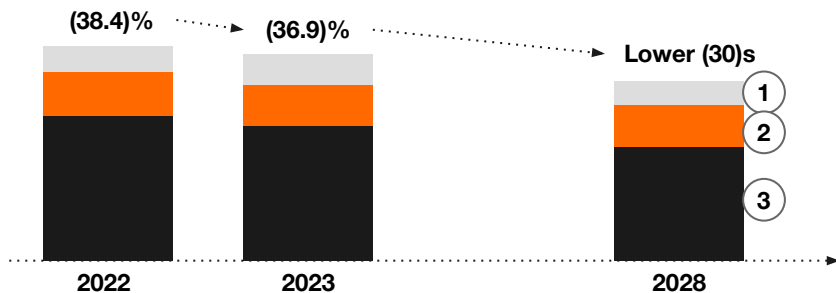




Lower OPEX as we continue to drive efficiency across all cost lines and leverage scale as we grow into an ecosystem

2

Significant lower operating expenses

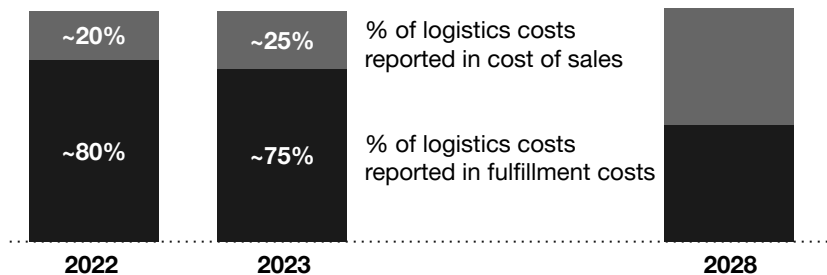


- 1 **Admin expenses** Continued focus on efficiency and selective investments in growth pillars and capabilities
- 2 **Marketing costs** Stable marketing intensity overall with adjustment of marketing mix towards brand marketing to drive retention; overall low marketing intensity in B2B

Reduced fulfillment costs

- 3 **Fulfillment costs**
- Scaling of our B2B business with a growing ZEOS logistics share (incl. Zalando Fulfillment Solutions)
 - Cost improvements driven by increasing utilization, automation, use of AI and improved order economics
 - Convenience investments into customer propositions
 - More sustainable fulfillment practices

Shift of logistics costs from fulfillment to cost of sales





Our mid-term guidance until 2028

5-year CAGR (2023–2028)
Adjusted EBIT margin in % rev

		Zalando group	
Growth	GMV	5% – 10% CAGR	We continue to outgrow the online fashion segment...
	Revenue	5% – 10% CAGR	... while our B2B segment significantly outperforms the B2C growth rate.
Profitability	Adj. EBIT margin ¹	6% – 8% in 2028	We will double our adjusted EBIT margin ...
Cash flow	NWC	Negative	
	Capex	~3% revenue	
	FCF ²	Strong free cash flow	... and deliver strong cash generation throughout.



Our long-term opportunity across fashion and lifestyle in Europe is huge and results in an attractive financial profile at scale

~EUR 450bn¹
Total fashion market

>15%
Ecosystem
(B2C+B2B)

Our **ecosystem** strategy yields an attractive financial profile:

Long-term scale ambition
(% of fashion market covered)

Long-term target margin
(adj. EBIT margin in % revenue)

B2C	B2B
~15%	
10% – 13%	10% – 13%



Agenda

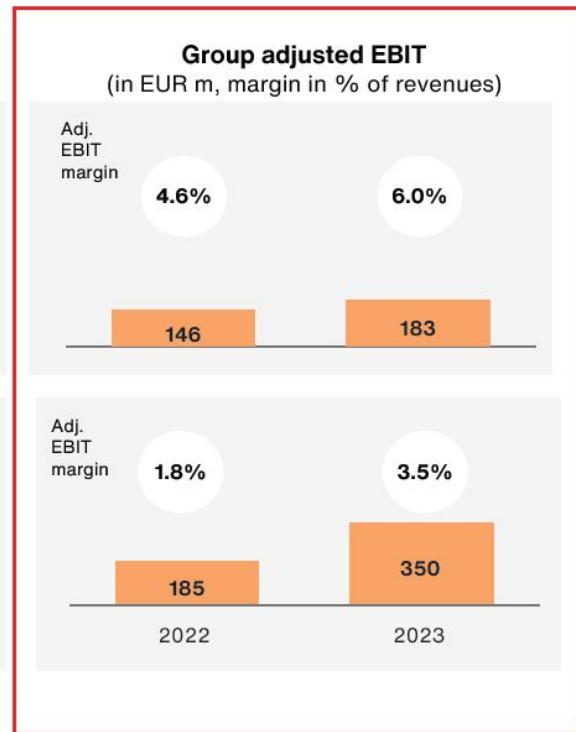
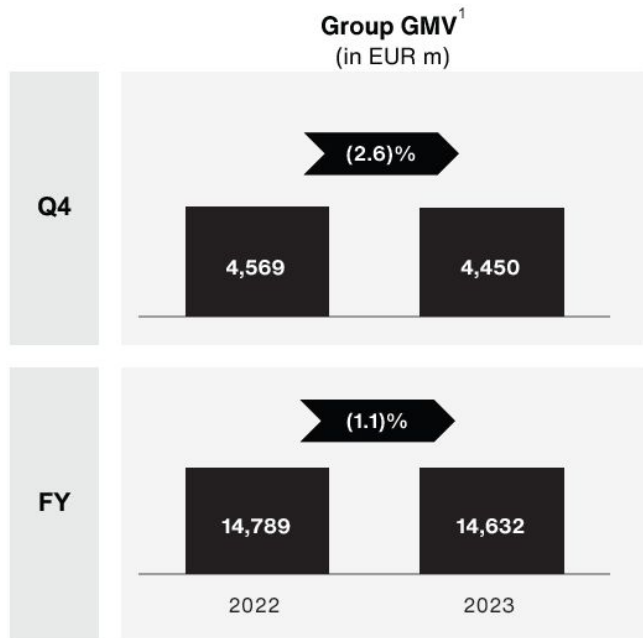
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Appendix



Delivering significant profitability improvement in an ongoing challenging market environment



¹ Gross Merchandise Volume after Returns (GMV): dynamically reported

Our 2024 guidance

In 2024 we return to growth, continue to increase profitability and invest in future growth

Growth	GMV	0% - 5%
	Revenue	0% - 5%
Profitability	Adj. EBIT¹ (in EURm)	380 - 450
Cash	Capex (in EURm)	250 - 350
	Net working capital (in EUR m)	negative

¹ Excludes equity-settled share-based payment expense ("SBC"), restructuring costs, non-operating one-time effects and acquisition-related expenses





Agenda

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Our Q4 2023 results and 2024 outlook

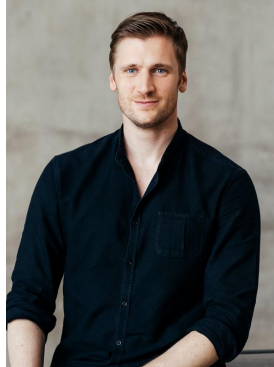
Appendix



We further deliver on our strategic ambitions and create long-term value for customers, partners, and shareholders



Robert Gentz
Founder & Co-CEO



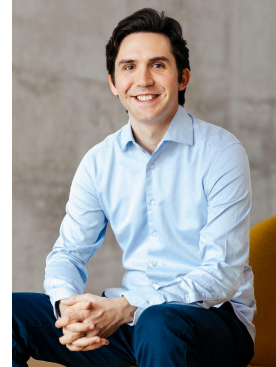
David Schneider
Founder & Co-CEO



Sandra Dembeck
CFO



Astrid Arndt
CPO



David Schröder
COO



Issued share capital

Share information

(as of Dec 31, 2023)

Type of shares	Ordinary bearer shares with no-par value (Stückaktien)
Stock exchange	Frankfurt Stock Exchange
Market segment	Regulated Market (Prime Standard)
Index listings	DAX
Total number of shares outstanding	263,772,023
Issued capital	EUR 263,772,023

Stock options programs Management Board (as of Dec 31, 2023)

Program	# Options outstanding	Weighted average exercise price (EUR)
LTI 2018 ²	4,296,949	47.44
LTI 2019	296,442	24.38
LTI 2021	2,596,413	24.80
ZOP 2021	77,634	11.13
Total	7,267,438	38.02

Stock options programs Senior Management (as of Dec 31, 2023)

Program	# Options outstanding	Weighted average exercise price (EUR)
SOP 2014 ¹	415,061	26.98
EIP ¹	2,640,291	38.46
ZOP 2019	6,040,521	25.98
Total	9,095,873	29.65

¹ Settled with new shares.

² Only to 35% to be settled with new shares, remaining backed by treasury shares



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You should not rely on these forward-looking statements as predictions of future events and we undertake no obligation to update or revise these statements.

Our actual results may differ materially and adversely from any forward-looking statements discussed on this call due to a number of factors, including without limitation, risks from macroeconomic developments, external fraud, inefficient processes at fulfillment centers, inaccurate personnel and capacity forecasts for fulfillment centers, hazardous material / conditions in production with regard to private labels, lack of innovation capabilities, inadequate data security, lack of market knowledge, risk of strike and changes in competition levels.