Highlights and Business Update

Over the last 6 years, we have built sustainable competitive advantage and strong barriers to entry.
Outstanding customer growth resulting in profitable growth in Q2/19 and raised full-year profit outlook

Starting point strategy: Strongest ever Q2 active customer growth and fastest site visit growth since 2013

Financial performance: Profitable growth continued with GMV +23.7% and yoy higher adj. EBIT of €102m

Profit outlook: Adj. EBIT now expected in upper half of initial €175-225m range

Customer proposition: Expansion of fulfillment network and broadening of our assortment range

Platform transition: ZFS is already a great success – and we are taking it even further
Expansion of European fulfillment network will enable us to meet and exceed local customer expectations

New fulfillment center in the Netherlands

Create the capacity for future growth:
12 warehouses can fulfill ~€14bn GMV

Get closer to our customers:
Lead time to BENELUX and France will further improve

Leverage state of the art technology:
Next generation of automation will reduce lead times and drive both labor productivity and cost efficiency
Enabling our partner to tap into our growing European fulfillment network, Zalando Fulfillment Solutions (ZFS) is already a great success…

- **Share of Partner program items**: +200% a year ago, >25 today
- **Total ZFS shipped items**: +400% a year ago, >100 today
- **Total signed ZFS partners**: +300% a year ago, >100 today
…and we are taking it even further by adding three key new features this year

ZFS and Switzerland

**Key benefits**
Adding Switzerland as first market with customs

In pilot mode

ZFS and Offprice integration

**Key benefits**
Increasing stock flexibility and limiting inventory risk for partners by shifting remaining stock to Zalando Lounge at the end of the season

Pilot in Q4/19

ZFS and multi-channel fulfillment

**Key benefits**
Superior customer offering and less inventory risk for partners by offering Zalando fulfillment for transactions in alternative channels

Pilot in H2/19
On the assortment side we are focusing our efforts on three strategic dimensions to offer our customers even more choice.

**Assortment expansion through Partner Program & Connected Retail**

**FEELUNIQUE**
15 new high profile beauty brands through beauty retailer FeelUnique like Button London, Nuxe, and Lierac

**KATAG**
Added German KATAG group to our Connected Retail Program which will add 50 offline stores to the Zalando Platform

**Push into high price premium**

All prices from high to low: Added several new high price premium brands

**Focus on Sustainable Fashion**

New brands including Ecoalf, Mud Jeans, Girlfriend Collective, and Stripe + Stare will launch soon on Zalando

**PREMIUM**
Phillip Lim

**SUSTAINABILITY**

sustainable fashion assortment: more than 15,000 items and over 240 brands.
Financial Update
Q2 / 2019

Over the last 5 years, we have built sustainable competitive advantage and strong barriers to entry.
Continued strong market outperformance in Q2/19

Group (H1)

<table>
<thead>
<tr>
<th>Segment</th>
<th>H1/18</th>
<th>H1/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fashion Store</td>
<td>2,526</td>
<td>2,976</td>
</tr>
<tr>
<td>Offprice</td>
<td>2,327</td>
<td>2,747</td>
</tr>
<tr>
<td>Other(^2)</td>
<td>235</td>
<td>293</td>
</tr>
</tbody>
</table>

\(^1\) Group (H1) contains €211m (−€237m) reconciliation of internal revenues; Q2/19 (Q2/18): €82m (−€119m)

\(^2\) All other segments including various emerging businesses; private label offering zLabels no longer presented as separate unit since Q2/19

Group (Q2)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Q2/18</th>
<th>Q2/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fashion Store</td>
<td>1,330</td>
<td>1,597</td>
</tr>
<tr>
<td>Offprice</td>
<td>1,233</td>
<td>1,478</td>
</tr>
<tr>
<td>Other(^2)</td>
<td>115</td>
<td>156</td>
</tr>
</tbody>
</table>

\(^1\) Group (Q2) contains €82m (−€119m) reconciliation of internal revenues; Q2/19 (Q2/18): €237m (−€211m)

Fashion Store – DACH (Q2)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Q2/18</th>
<th>Q2/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fashion Store</td>
<td>626</td>
<td>732</td>
</tr>
</tbody>
</table>

\(^1\) Q2/19 contains €237m (−€211m) reconciliation of internal revenues

Fashion Store – Rest of Europe (Q2)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Q2/18</th>
<th>Q2/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fashion Store</td>
<td>608</td>
<td>746</td>
</tr>
</tbody>
</table>

\(^1\) Q2/19 contains €22.8% (−17.0%) growth

GMV: +23.3% for Group (H1)

GMV: +23.7% for Group (Q2)

GMV: +23.3% for Fashion Store – DACH (Q2)

GMV: +23.7% for Fashion Store – Rest of Europe (Q2)
Strongest ever Q2 active customer growth and fastest site visit growth since 2013

<table>
<thead>
<tr>
<th>Active customers</th>
<th>Average orders per active customer</th>
<th>Average basket size after returns(^1)</th>
<th>GMV per active customer(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in #m)</td>
<td>(LTM in #)</td>
<td>(LTM in €)</td>
<td>(LTM in €)</td>
</tr>
<tr>
<td>Q2/18</td>
<td>24.6</td>
<td>58.4</td>
<td>244</td>
</tr>
<tr>
<td>Q2/19</td>
<td>28.3</td>
<td>56.9</td>
<td>260</td>
</tr>
</tbody>
</table>

- **Traffic +34%**
- **+15.2%**

1. Defined as GMV divided by the number of orders
2. Defined as GMV divided by the number of active customers
Adj. EBIT of €102m in Q2/19 – notably above prior year

Adj. EBIT: Group (H1)

- **Fashion Store**
  - H1/18: €92m, H1/19: €112m
  - Change: 20%

- **Offprice**
  - H1/18: €16m, H1/19: €11m
  - Change: -28%

- **Other**
  - H1/18: €-16m, H1/19: €-15m
  - Change: -7%

Group (Q2)

- **Fashion Store**
  - Q2/18: €92m, Q2/19: €104m
  - Change: 14%

- **Offprice**
  - Q2/18: €7m, Q2/19: €8m
  - Change: 14%

- **Other**
  - Q2/18: €-9m, Q2/19: €7m
  - Change: 53%

Fashion Store – DACH (Q2)

- Q2/18: €60m, Q2/19: €68m
- Change: 14%

Fashion Store – Rest of Europe (Q2)

- Q2/18: €32m, Q2/19: €36m
- Change: 13%

---

1. Excluding equity-settled share-based payment expense ("SBC"), restructuring costs and non-operating one-time effects of €34.5m in H1/19 (H1/18: €22.3m); Q2/19: €9.7m (Q2/18: €6.7m)
2. Q2/18: €1m (€2m) reconciliation of internal adj. EBIT; Q2/19 (Q2/18): €0m (€2m)
### Stable gross margin development and healthy fulfillment cost improvement

#### Costs and margins¹

<table>
<thead>
<tr>
<th></th>
<th>H1 2018</th>
<th>H1 2019</th>
<th>Delta</th>
<th>Q2 2018</th>
<th>Q2 2019</th>
<th>Delta</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost of sales</strong></td>
<td>(57.1%)</td>
<td>(56.6%)</td>
<td>(0.5pp)</td>
<td>(54.2%)</td>
<td>(54.2%)</td>
<td>0.0pp</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>42.9%</td>
<td>43.4%</td>
<td>0.5pp</td>
<td>45.8%</td>
<td>45.8%</td>
<td>0.0pp</td>
</tr>
<tr>
<td><strong>Fulfillment costs</strong></td>
<td>(28.2%)</td>
<td>(27.9%)</td>
<td>(0.3pp)</td>
<td>(28.2%)</td>
<td>(27.3%)</td>
<td>(0.9pp)</td>
</tr>
<tr>
<td><strong>Marketing costs</strong></td>
<td>(6.6%)</td>
<td>(7.6%)</td>
<td>(1.0pp)</td>
<td>(6.4%)</td>
<td>(8.1%)</td>
<td>(1.7pp)</td>
</tr>
<tr>
<td><strong>Administrative expenses &amp; Other</strong></td>
<td>(4.4%)</td>
<td>(4.3%)</td>
<td>(0.1pp)</td>
<td>(4.2%)</td>
<td>(4.0%)</td>
<td>(0.2pp)</td>
</tr>
<tr>
<td><strong>Adj. EBIT</strong></td>
<td>3.7%</td>
<td>3.6%</td>
<td>(0.1pp)</td>
<td>7.1%</td>
<td>6.4%</td>
<td>(0.7pp)</td>
</tr>
</tbody>
</table>

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

- Higher warehouse utilization and attractive product mix
- Both higher spend for personalized and brand marketing
Capex spend back-end loaded in 2019

Net working capital (end of Q2)

(in % of annualized revenue)

Q2/18: €16m
Q2/19: 0.2%

Capital expenditure\(^1\)

(in €m)

- H1/18: 109 (22% Intangibles, 31% PP&E)
- H1/19: 97 (17% Intangibles, 31% PP&E)
- Q2/18: 67 (17% Intangibles, 31% PP&E)
- Q2/19: 55 (17% Intangibles, 31% PP&E)

Excluding payments for acquisitions of €1.7m in H1/19 (H1/18: €4.5m); Q2/19: €1.7m (Q2/18: €0.0m)
Over the last 5 years, we have built sustainable competitive advantage and strong barriers to entry.
Profitability outlook raised – Adj. EBIT expected in upper half of initial €175-225m range

GMV growth in 20 – 25% range; revenue growth around the low end of this range

Adj. EBIT\(^1\) in upper half of initial €175 – 225m range

Slightly negative working capital and around €300m capex\(^2\)

\(^1\) Excluding equity-settled share-based payment expense ("SBC"), restructuring costs and non-operating one-time effects of ~€60m for FY/19E

\(^2\) Excludes M&A transactions
Liquidity position

(in €m)

Q1/19 Liquidity\(^1\)

Operating CF

Investing CF\(^2\)

Other changes\(^3\)

Q2/19 Liquidity\(^1\)

Short-term investments

Cash & cash equivalents Q2/19

895

143

(57)

(2)

979

(25)

954

Free cash flow: €86m

\(^1\) Both Q1/19 and Q2/19 liquidity include investments into short-term deposits with maturity of more than 3 and less than 12 months of -€25m, respectively

\(^2\) Includes investments in fixed and intangible assets and payments for acquisitions

\(^3\) Includes financing cash flow (-€3.5m) and effect of exchange rate on cash and cash equivalents (+€1.6m)
SHARE INFORMATION (AS OF JUN 30, 2019)

Type of Shares
Ordinary bearer shares with no-par value (*Stückaktien*)

Stock Exchange
Frankfurt Stock Exchange

Market Segment
Regulated Market (*Prime Standard*)

Index Listings
MDAX

Total Number of Shares Outstanding
251,705,353

Issued Share Capital
€251,705,353

STOCK OPTION PROGRAMS MGMT BOARD (AS OF JUN 30, 2019)

<table>
<thead>
<tr>
<th>Program</th>
<th># Options outstanding</th>
<th>Weighted average exercise price (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOP 2011¹</td>
<td>1,346,400</td>
<td>5.65</td>
</tr>
<tr>
<td>SOP 2013¹</td>
<td>9,275,200</td>
<td>15.56</td>
</tr>
<tr>
<td>LTI 2018²</td>
<td>5,250,000</td>
<td>47.44</td>
</tr>
<tr>
<td>LTI 2019</td>
<td>784,000</td>
<td>15.71</td>
</tr>
<tr>
<td>Total</td>
<td>16,655,600</td>
<td>24.81</td>
</tr>
</tbody>
</table>

STOCK OPTION PROGRAMS SENIOR MGMT (AS OF JUN 30, 2019)

<table>
<thead>
<tr>
<th>Program</th>
<th># Options outstanding</th>
<th>Weighted average exercise price (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOP 2014¹</td>
<td>3,258,794</td>
<td>20.50</td>
</tr>
<tr>
<td>EIP¹</td>
<td>3,645,996</td>
<td>35.30</td>
</tr>
<tr>
<td>VSOP 2017</td>
<td>749,166</td>
<td>42.24</td>
</tr>
<tr>
<td>VSOP 2018</td>
<td>500,000</td>
<td>29.84</td>
</tr>
<tr>
<td>Total</td>
<td>8,153,956</td>
<td>29.69</td>
</tr>
</tbody>
</table>

¹ Settled with new shares
² Only to 43% dilutive / to be settled with new shares, remaining backed by treasury shares
# Upcoming events

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuesday, August 6</td>
<td>Roadshow Frankfurt</td>
</tr>
<tr>
<td>Wednesday, August 7 + 8</td>
<td>Roadshow London</td>
</tr>
<tr>
<td>Thursday, August 29</td>
<td>Commerzbank Sector Conference, Frankfurt</td>
</tr>
<tr>
<td>Tuesday-Wednesday, September 3 - 4</td>
<td>Roadshow USA: Los Angeles, San Francisco</td>
</tr>
<tr>
<td>Thursday, September 5</td>
<td>Goldman Sachs Annual Global Retailing Conference, New York</td>
</tr>
<tr>
<td>Tuesday, September 24</td>
<td>Berenberg / Goldman Sachs German Corporate Conference, Munich</td>
</tr>
<tr>
<td>Wednesday, September 25 + 26</td>
<td>Baader Investment Conference, Munich</td>
</tr>
<tr>
<td>Thursday, October 31</td>
<td>Q3/19 Results</td>
</tr>
</tbody>
</table>
Zalando Investor Relations Team

Patrick Kofler – Team Lead IR
Patrick.Kofler@zalando.de

Dorothee Schultz – Junior Manager IR
Dorothee.Schultz@zalando.de

Nils Pöppinghaus – Manager IR
Nils.Poeppinghaus@zalando.de

Jan Edelmann – Manager IR
Jan.Edelmann@zalando.de

Team Contact
T: +49 30 20 9681 584
Zalando Tamara-Danz-Straße 1
10243 Berlin
investor.relations@zalando.de
https://corporate.zalando.com/en
Certain statements in this communication may constitute forward looking statements. These statements are based on assumptions that are believed to be reasonable at the time they are made, and are subject to significant risks and uncertainties. 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.