



Financial Year End Presentation 2021

March 1st, 2022
David Schneider, founder & co-CEO
David Schröder, CFO/COO

zalando



2021 marks another remarkable milestone on our journey to be the Starting Point for Fashion

With the successful launch of six new markets, we are now **active in 23 European markets**

We serve **>48m active customers¹**, more than 10% of the European population

And we serve our customers in a more meaningful way as active customers spending over 500 euros make up **more than 60% of our GMV²** in 2021



1) Each customer that has placed at least one order within the last year (based on the reporting date) is considered active

2) Gross Merchandise Volume (GMV) incl. VAT



Our strategy has enabled us to deliver exceptional 2021 financial performance

Group GMV in EUR

14.3bn

+34.1% YoY

Group revenue in EUR

10.4bn

+29.7% YoY

Adjusted EBIT¹ in EUR

468.4m

4.5% of revenue

We want to be the destination that consumers gravitate to for all their fashion needs

We provide customers a **distinct and compelling fashion proposition** making Zalando **THE app for fashion**



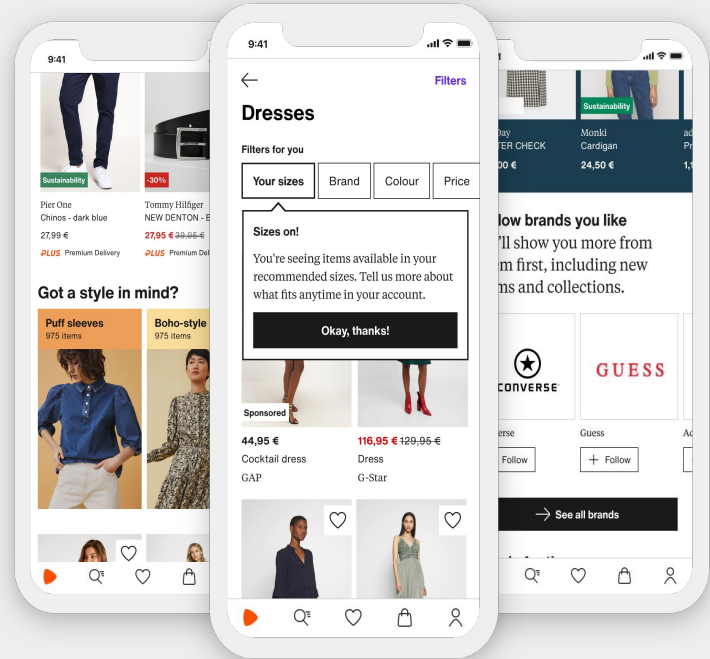
Endless choice



Seamless convenience



Tailored digital experience





In 2021, we have reached major milestones and will continue to progress strategic initiatives that drive our growth trajectory towards our 2025 goals

Our 2025 Ambition



Customers

We create deep customer relationships at scale

>30bn EUR GMV



Partners

We transition towards a true platform business

50%¹ partner business share



People & Planet

We build a sustainable platform

do.MORE sustainability targets

⁵ 1) Aggregated volume of Partner Program and Connected Retail in % of Fashion Store GMV



Customers

We create deep customer
relationships at scale



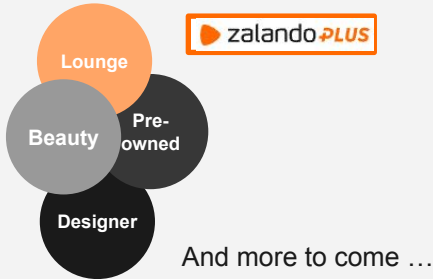
Improved our core experience, elevated and driven adoption of newer propositions and made it easier to engage with Zalando in multiple ways

Improve core fashion experience



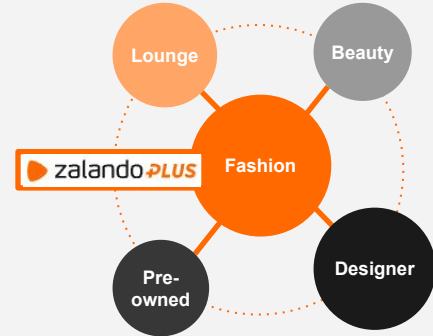
90% of our active customers buy fashion with us

Elevate distinct propositions



Beauty GMV growth of 100% in FY/21

Connect all our propositions



One million Zalando Plus subscribers

More than doubled Zalando Plus members to one million and will continue to expand our loyalty program

One million members and growing at triple digit Rates

Plus members visit Zalando **twice as often** and **spend three times more** than non Plus customers

Ambition to **double the number of new markets** by the end of 2023

More benefits & improved benefits in the areas of convenience and assortment to further drive customer loyalty





Partners

We are transitioning towards
a true platform business



Created best-in-class multi brand environment that allows customers to engage with their most desired brands

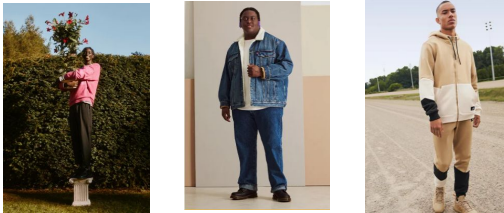
New Brand launches spark customer engagement, elevate brand equity



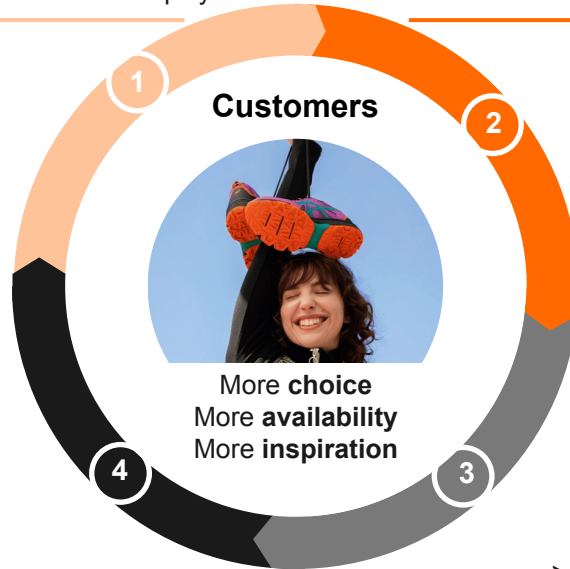
Increased assortment showcases full brand offer

>75% Increased assortment across the most relevant brands
>5,800 Brands

Shared values enable impactful brand collaborations



#Sustainability #Inclusivity #Genderless



Dedicated Brand Homes **enable elevated storytelling** and brand followship



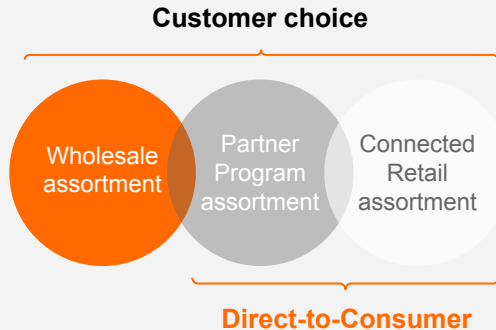
>40% increased followship resulting in 14m Zalando customers converted in "brand fans"



Partners growing are growing their DTC business on Zalando

by leveraging our enabling capabilities

Enabling Direct-to-Consumer



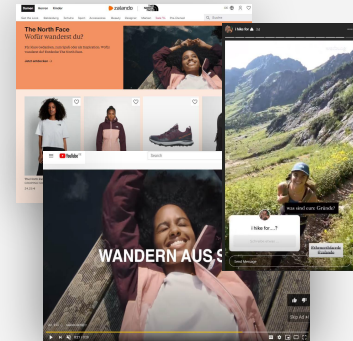
Partner business share¹: 30%

Driving internationalisation



Zalando-fulfilled partner business²: 55%

Connecting to consumers



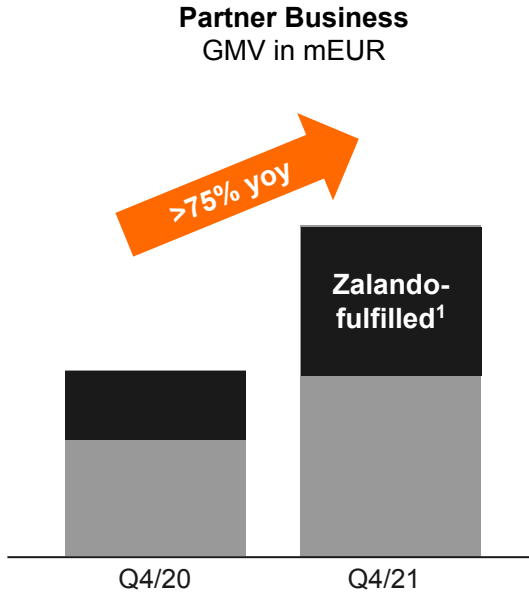
Revenue generated through Zalando Marketing Services (in % of GMV)³: 2%

1) Partner Program and Connected Retail; Q4/2021; expressed as %-share of Fashion Store GMV

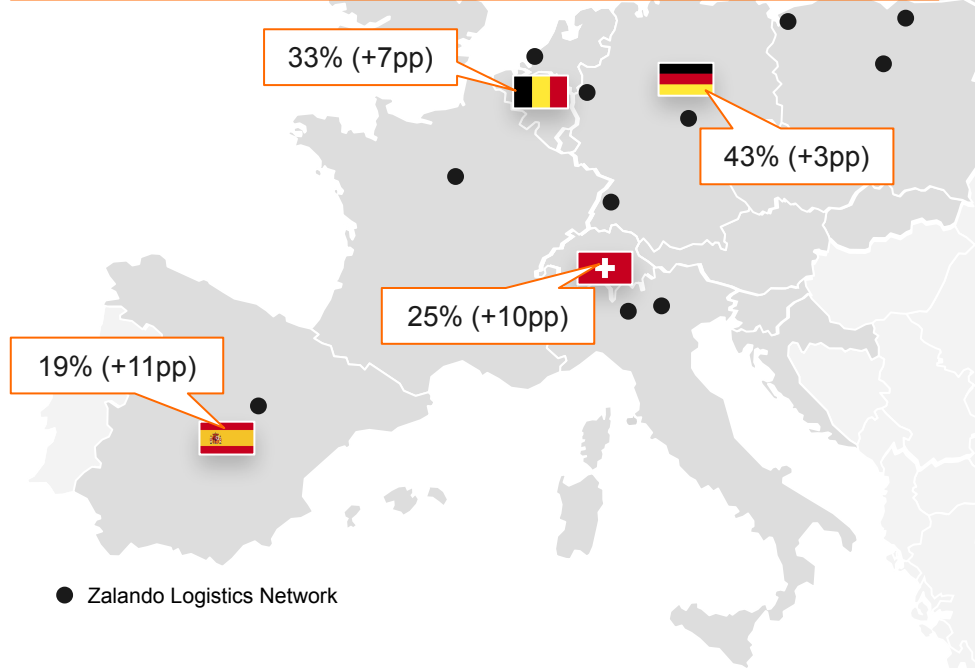
2) Refers to Zalando Fulfillment Solutions, Q4/2021, expressed as %-share of Partner Program items

3) Q4/2021, expressed as %-share of Fashion Store GMV

Many partners leverage our logistics capabilities to internationalize their business in Partner Program ...



Partner business GMV share across markets (Q4): 30% (+6pp yoy)





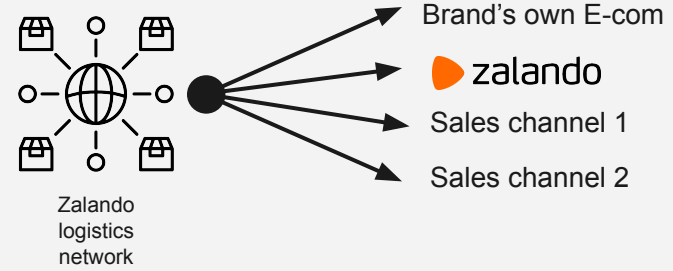
... and we will enable our partners with our unique logistics backbone to drive the success of their DTC business across all channels

Brands face a variety of complex challenges when growing their own Direct-to-Consumer business

- ❌ Fragmentation of inventories
- ❌ Increasing cross-border e-commerce
- ❌ Raising customer expectations
- ❌ Sustainability is difficult to address structurally alone



By opening up ZFS to channels beyond Zalando we enable multi-channel fulfillment for our partners



One network, one stock pool



- ✓ Better customer service
- ✓ Superior economics
- ✓ More sustainable business



People and the Planet
We build a
sustainable platform



In order to truly reimagine fashion for the good of all, we need to become a **sustainable fashion platform with a net-positive impact** for people and the planet

To have a net-positive impact means that we give back more to society and the environment than we take



Planet



Product



People





While we play a leading role in driving adoption of more sustainable products in the industry and on the consumer side, we constantly strive to raise the bar

Progress 2021

We made significant progress on our aspiration to offer the widest possible choice of more sustainable products



Percentage of GMV generated with more sustainable products¹



140.000 more sustainable products (+75% yoy)

Key focus going forward

In order for this progress to be truly meaningful, we need to overcome three key challenges

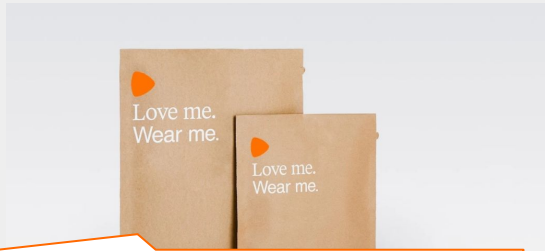
- 1 Finding a common definition of sustainability for fashion products and agree on standards
- 2 Tracing information across the value chain starting from the source and making it accessible
- 3 Help customers to understand these information to translate their values into actions



To tackle the global plastics challenge, we focus on holistic solutions together with our partners

Progress 2021

To enable our customer to dispose our packaging responsibly, we reimagine packaging to minimize waste



Roll-out of paper shipping bags almost complete

Percentage of our own packaging that contain recycled input¹

89%

Key focus going forward

To magnify our impact outside of our direct scope, we tackle a key industry challenge together with our partners

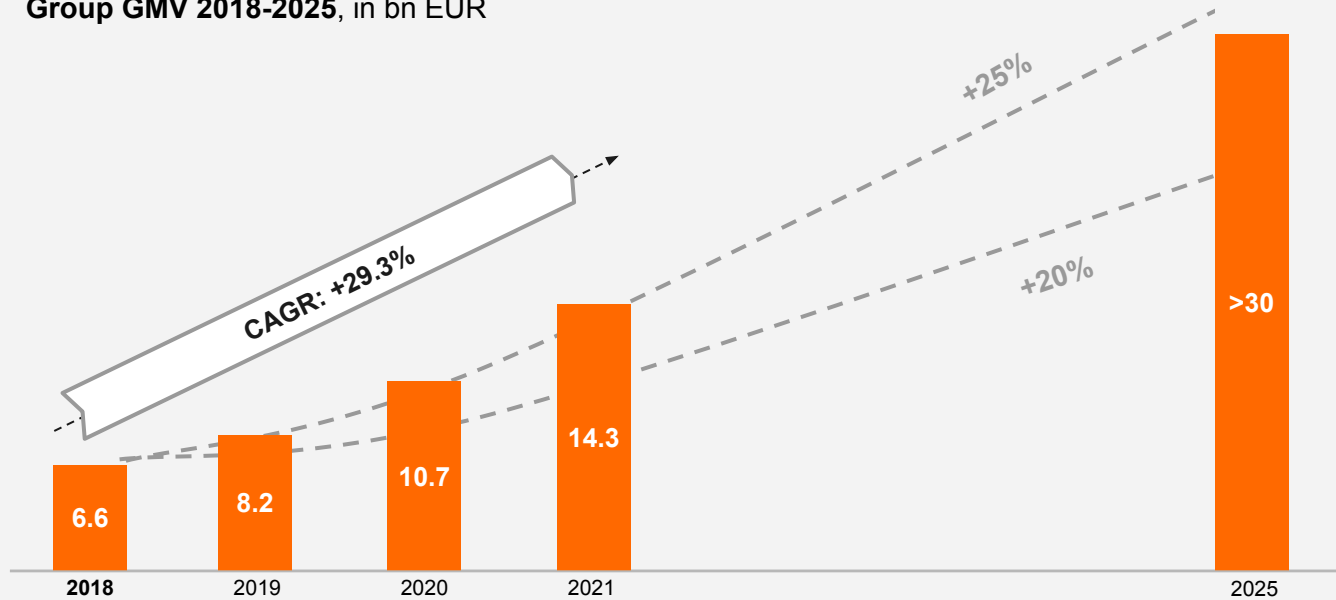


Find a suitable replacement for single-use plastic polybags the industry is using to protect products along the entire supply chain



Following the strong progress on our strategic agenda and financial plan in 2021, we are well on track to reach our 2025 ambition of more than EUR 30bn GMV

Group GMV 2018-2025, in bn EUR



- ✓ Continue to **grow faster** than online fashion segment¹
- ✓ (Re-)invest platform benefits and economies of scale to **drive growth**
- ✓ Enable growth through **investments in technology and infrastructure**

1) Source: Euromonitor International, February 2022. 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



We have an immense opportunity ahead of us and invest through cycle to create long term value while navigating through a volatile market environment

Long term opportunity

Total fashion
>450bn EUR¹

>10%

 zalando

Volatile market environment 2022

- 1 Consumer sentiment
- 2 Supply chain
- 3 Inflation

Focusing on value creation

- ✓ Investing through the cycle
- ✓ Steering business in an agile manner
- ✓ Driving efficiencies

19 ¹⁾ Source: Company estimates and Euromonitor International forecasts, February 2022. Euromonitor forecasts the overall European Fashion Market to grow to roughly 450bn EUR over the next few years. 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



FY/2022 Outlook

16% - 23%

GMV growth

12% - 19%

Revenue growth

EUR 430 - 510m

Adj. EBIT¹

EUR 400 - 500m

Capex² and negative net working capital

Excludes a potential negative impact from Russia-Ukraine armed conflict

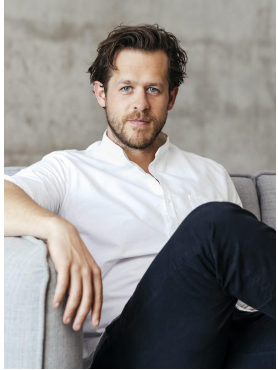


20 1) Excludes equity-settled share-based payment expense ("SBC") of EUR ~65m, restructuring costs and non-operating one-time effects for FY/22
2) Excludes M&A transactions



To further advance our strategic agenda and scale the business

David Schröder assumes newly created role as COO
and Sandra Dembeck joins as new CFO



Robert Gentz
Founder & Co-CEO



David Schneider
Founder & Co-CEO



David Schröder
COO (former CFO)



Astrid Arndt
CPO



Jim Freeman
CBPO



Sandra Dembeck
CFO

We are on track to reach our ambitious 2025 goals

- 01 Clear vision and strategy**
We have a clear vision and strategy and our number one priority is growth
- 02 Tremendous progress**
We are making tremendous progress and have consistently delivered on our targets
- 03 High ambition**
The opportunity for Zalando is immense, making us confident that we can reach >30bn EUR GMV by 2025 and serve >10% of the fashion market long-term
- 04 Long-term focus**
We continue to drive investments that will catalyze long-term growth for our business
- 05 Attractive financial profile**
At scale, our platform strategy will result in double digit margins and strong cash generation





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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 in this communication 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.