Zalando
The starting point for fashion.

Investor Factbook, April 2021
Welcome To Zalando

Zalando keeps the pace high. Only 13 years after founding the company in 2008, we today have around 38m active customers in 17 European countries and have become Europe’s leading online fashion destination. Building on this, more than 14,000 employees work hard every day to turn Zalando into the starting point for fashion for every fashion-loving European.

This factbook is designed to give you easy access to the most relevant capital markets information about Zalando.

Enjoy the read!

Robert, David, Rubin, Jim, David, Astrid and the IR team

Zalando Management Board
Robert Gentz, David Schneider, Rubin Ritter, David Schröder, Astrid Arndt, Jim Freeman
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Investment Highlights

01 Our vision is to become the Starting Point for Fashion, the destination that consumers gravitate to for all their fashion needs.

02 The number 1 priority is to focus on growth with 20-25% topline CAGR to achieve a scale of 30bn EUR GMV by 2025 and capture >10% of the fashion market long-term.

03 The most important building block on that journey is to transition our business towards a true platform business with a net-positive impact for people and the planet.

04 At scale our strategy will result in an attractive financial profile, characterized by double-digit margin profile and strong cash generation.

05 To reach our growth targets we aim to invest our economic surplus in our customer experience across assortment, digital experience and convenience to drive customer satisfaction and retention.
Zalando In A Nutshell

Unmatched Reach to European fashion consumer

- 17 European countries
- >5bn site visits last year
- >85% mobile traffic
- >38M active customers

Strong Localization

- >4,000 (local) Brands
- >20 payment methods
- >20 logistics partner
- 13 languages

Platform Strategy

Zalando is leveraging its position to develop from an online retailer to a platform business model with strong network effects

Best-In-Class Logistics & Tech Capabilities

Best-in-class e-commerce logistics infrastructure and technology platform
Strong Growth Track Record Since Foundation In 2008

- **Market Entry**
  - Focus on shoes
  - Defined value proposition
  - Leadership in Germany

- **Category Expansion**
  - Apparel
  - Sports
  - Accessories
  - Private label

- **Geographic Expansion**
  - 15 European markets
  - 425m population
  - Highly localized approach

- **Operational Excellence**
  - Building proprietary technology and logistics infrastructure
  - Creating scalable and efficient processes
  - Successful IPO October 2014

- **Platform Transition**
  - Opening our platform for partners (e.g. Partner Program, Connected Retail)
  - Leveraging capabilities beyond wholesale (e.g. ZFS, ZMS)
  - Focusing on customer loyalty (e.g. Zalando Plus)

- **Starting Point Vision & Sustainability**
  - Pursuing our vision to be the Starting Point for Fashion
  - Ambitious sustainability strategy “Do More” as core part of our business strategy

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2008 / 2009

**2009 GMV**

€6m

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2010 / 2011

2011 / 2012

2013 / 2014

2015

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2019+

**2020 GMV**

€10.7bn

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2009 GMV

2010 / 2011

2011 / 2012

2013 / 2014

2015

---

2019+

**2020 GMV**

€10.7bn
We have a strong and consistent growth track record, growing 4x in 6 years after IPO - clear confirmation of our strategy

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**Group GMV**\(^1\) **2014-2020**, in bn EUR

<table>
<thead>
<tr>
<th>Year</th>
<th>GMV</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2.7</td>
</tr>
<tr>
<td>2015</td>
<td>3.6</td>
</tr>
<tr>
<td>2016</td>
<td>4.4</td>
</tr>
<tr>
<td>2017</td>
<td>5.5</td>
</tr>
<tr>
<td>2018</td>
<td>6.6</td>
</tr>
<tr>
<td>2019</td>
<td>8.2</td>
</tr>
<tr>
<td>2020</td>
<td>10.7</td>
</tr>
</tbody>
</table>

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1. Gross Merchandise Volume (GMV) incl. VAT
We are a truly European fashion platform and are present in 17 European markets...

- >50% of GMV generated outside of DACH
- Exceeded 1bn EUR in GMV in the Nordics
- Generated highest active customer growth in Southern Europe
…With Our Success Build On Best-in-class E-commerce capabilities

- Access to Fashion Supply
- Technology & Data Platform
- Payments platform
- European Logistics network
Our Competitive Advantage Is Our Clear Focus To Be A Pureplay Online Fashion Leader In Europe

<table>
<thead>
<tr>
<th>Examples</th>
<th>GENERAL E-COMMERCE</th>
<th>FASHION E-COMMERCE</th>
<th>VERTICAL FASHION PLAYERS</th>
<th>BRAND OWN E-COMMERCE</th>
<th>SOCIAL MEDIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Scale</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Fashion Focus / Expertise</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Buy-In from Brands</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>n/m</td>
<td>●</td>
</tr>
<tr>
<td>E-Commerce Infrastructure / Technology</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>n/m</td>
<td>n/m</td>
</tr>
<tr>
<td>Geographic</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>n/m</td>
</tr>
</tbody>
</table>
Zalando Is Still Managed By Its Founders, Supported By High-profile Experts That Secure A Well-rounded View Of The Business

Management responsibilities following the Annual General Meeting

Robert Gentz
Co-CEO

David Schneider
Co-CEO

Astrid Arndt
Chief People Officer

Jim Freeman
Chief Business and Product Officer

David Schröder
Chief Financial Officer
All Supervisory Board Members Have The Relevant Track Record From Various Businesses To Support Zalando

Jennifer Hyman
Anders Hoch Povlsen
Anika Mangelmann
Jorgen Madsen Lindemann
Cristina Stenbeck

Matti Ahtiainen
Kelly Bennett
Mariella Röhm-Kottmann
Jade Buddenberg

(1) Current term until the end of Annual General Meeting 2021
(2) Employee representatives
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Our vision is to be the
Starting Point for Fashion in Europe
We want to be the destination that consumers gravitate to for all their fashion needs…

We provide customers a **distinct and compelling fashion proposition** …

- **Endless choice**
- **Seamless convenience**
- **Tailored digital experience**

... making Zalando **THE app for fashion**
Zalando offers fashion freshness:
95% of products online are brand new every season

Women & Men
Textile, Footwear, Accessories, Underwear and Beachwear

~890k SKUs

~4,000 brands

Speciality
Sports, Designer, Kids and Beauty

New since October 2020:
Buy and trade-in Pre-owned fashion

Fastest Growth Category
Consumers in the post-digital age prefer to have it all with one click in one App

- **57%** App order share (+16pp vs. 2018)
- **3x** App customers return more often: More visits (compared to browser)¹
- **6x** App customers browse more: More products viewed² (compared to browser)

- **~1/2** of orders contain more than one brand³
- **18** average number of purchased brands⁴

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1) Number of sessions per logged-in customer in HY2 2020, App vs desktop customers
2) Number of PDPs viewed per logged-in customer in HY2 2020, App vs desktop customers
3) Zalando basket analysis, 2020
4) Brands per active customer based on customer lifetime
Key indicators of a Starting Point confirm the strong position we already have today

**Most visited fashion destination**
Total unique visitors 2020¹

- Zalando
- H&M
- Inditex
- Asos
- Adidas
- Nike

1.5x

~5.4bn total visits in 2020 (+72% vs. 2018)

**Most downloaded fashion App**
Total App downloads 2020²

- Zalando³
- H&M
- Inditex
- Nike
- Asos
- Adidas

1.6x

57% of orders done via App³ (+16pp vs. 2018)

**~39m active customers**
Active customers in # m

- 2018: ~26
- 2020: ~39 (+47%)

4.8 orders per active customers (+9% vs. 2018)

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1) Source: Comscore, February 2021
2) Source: SensorTower, February 2021
3) Fashion Store only
COVID-19 led to a step change in online penetration that substantiated the relevance of being the Starting Point for Fashion.

**Online penetration Europe 2018 - 2024**

Share of online fashion in total fashion sales

- **1.4x**
- **Step change in online penetration** in 2020 that is expected to continue to increase from its higher base

**Repurchase rate Mar & Apr 2020 vs. Mar & Apr 2019 cohorts**

% of acquired customers repurchasing in upcoming months

- **Customers acquired during the first lockdown performed consistently strong**, also as stores reopened in the summer

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To achieve our vision
we are transitioning towards a true platform business
The most important building block of the Starting Point vision is our transition towards a true platform business model.

**At the core of our platform are our Direct-to-Consumer channels the Partner Program and Connected Retail where…**

- Zalando acts as an intermediary connecting consumers and inventory pools of multiple brand, retail and brick-and-mortar partners on Zalando.
- Products provided by these partners are either fulfilled directly (drop-shipping) or fulfilled by Zalando (Zalando Fulfillment Solutions).

**Zalando benefits**

- Becoming a platform strengthens our customer proposition.
- Adds scale to Zalando by consolidating partner offering.

**Customer benefits**

- Comprehensive assortment choice and competitive offers.
- Unmatched convenience.
- Inspiration, advice and entertainment.

**Partner benefits**

- Direct access to over 38m European customers.
- Growth, expansion and brand building opportunities.
- Leverage Zalando capabilities (tech, data, logistics) through our services and tools (e.g. ZFS, ZMS).
Only in partnership with our brand partners, we are able to offer a superior experience for our customers to enjoy

Partner Program offers growth opportunities and advantages to all parties

- **ZMS** Zalando Marketing Services
- **ZFS** Zalando Fulfillment Solutions
- Partner Program & Connected Retail

Cost-Plus

- Commission 5%-25%
- ZFS

Auction-bid pricing & campaigns

- ZFS

Direct-to-Consumer

- Control of Product, Content & Pricing
- Physical Access to Consumer, Superior Order Economics & Convenience
- High Sell-Through & Brand Building
Partners engage with Zalando more deeply than ever to capture the online opportunity.

**Interest to join Partner Program**

- # of contracts signed

**Depth of relationship with Partners**

- 2020 vs. 2019 in %
- # of articles per brand (top 50): +23%
- # of markets launched by partners: 2x

Now offering ~4,000 brands and ~900,000 SKUs - “If I cannot find an item on Zalando it does not exist.”

Partners are getting more deeply engaged with Zalando allowing us to play a bigger role in their digital strategy.

1) Dec 2020 vs. Dec 2019
2) Partner expansions to a market other than Germany
Connected Retail expands the platform model to the offline world

Connected Retail showed high growth in 2020 ...

Active stores

- 4.2x in 2019
- 4.8x in 2020
- >3,400 active stores by end of February

GMV

- 6.4x in 2018
- 12.7x in 2020
- ~12% of FS GMV in Germany in Q4

... and stores make it part of their strategy ...

For the customer, the close linking of brick-and-mortar and online is a huge advantage because they get services that we probably don't even know about today. And I think we're just scratching the surface here.

Heiko Ronge, CEO PTH Group

... opening up huge growth potential

- ~300,000 fashion stores across Europe
- ~75% share of total fashion market

Expanding Connected Retail to 13 markets and tripling the no. of stores by end of 2021
In 2020, we have further accelerated our transition towards a platform business.

Progress towards our target model:

- **Partner Program, incl. Connected Retail**: 10% (2018 Q4), 24% (2020 Q4), Target model 40%
- **Zalando Fulfillment Solutions**: 25% (2018 Q4), 51% (2020 Q4), Target model 75%
- **Zalando Marketing Services**: 0.7% (2018 Q4), 1.5% (2020 Q4), Target model 3-4%

- FY 2020 in Germany: 34%
- 40% Partner Program share of Fashion Store GMV
- 75% ZFS share of Partner Program items
- 3-4% ZMS revenue of GMV

1) Partner Program share of 40% refers to our business model mix ambition for 2023/24. In our long-term target model, we aim for a 50% Partner Program share.
2) Refers to our long-term target model ambition.
In order to win the hearts and minds of consumers, we want to build a truly sustainable platform.
To be the Starting Point for Fashion, we need to become part of the solution on the sustainability challenges we face

Our planet has a problem ...

1°C increase in global temperature since 1880¹

Up to 4.8°C expected increase in global temperature by 2100 if we don’t take action²

... fashion is part of the problem ...

~4% fashion industry share of global greenhouse gas emissions³

2x increase in global clothing production since 2002⁴

... and customers want to see change

9 of 10 Gen Z customers believe companies have responsibility to address environmental & social issues⁵

50% of customers bought at least one product carrying the sustainability flag

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¹ The Intergovernmental Panel on Climate Change (IPCC), SR15 Headline Statements, 2019
² Climate Action Tracker, Global Temperatures, December 2020
³ Fashion on Climate 2020, McKinsey and Global Fashion Agenda, August 2020
⁵ The influence of woke consumers on fashion, McKinsey, February 2019
To maximise impact, sustainability is integrated into all business units

Management Board

Provides guidance on specific sustainability topics

Receives updates at least twice a year about the overall progress with relation to our sustainability strategy.

Sustainability Forum

Chair (David Schneider, Founder & Co-CEO)

Responsible for overall strategy and for sustainability strategy

+ Goal sponsors + Sustainability Team + additional experts (incl. Finance)

Sponsors

Experts

Work groups

Carbon Packaging Human Rights GMV Circularity Skilling

As the highest decision-making body, the Sustainability Forum serves as the overarching steering committee and keeps the necessary strategic oversight.
Our goal is to be a sustainable fashion platform with a net-positive impact for people, product, and the planet.

<table>
<thead>
<tr>
<th><strong>PLANET</strong></th>
<th><strong>PRODUCT</strong></th>
<th><strong>PEOPLE</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aspiration</strong></td>
<td><strong>Minimize waste + eliminate single-used plastics</strong></td>
<td><strong>Increase Ethical Standards + only partners who align</strong></td>
</tr>
<tr>
<td><strong>Reduce Carbon Footprint</strong></td>
<td>Pre-owned 100% plastic free packaging</td>
<td>100% disclosure Tier 1 private label suppliers</td>
</tr>
<tr>
<td><strong>2020 Milestones</strong></td>
<td>22% of overall packaging plastic free</td>
<td><strong>Tripled assortment to &gt; 80,000 items from 500 brands</strong></td>
</tr>
<tr>
<td>Set Science Based Targets</td>
<td>87% of all packaging material recycled</td>
<td><strong>Raised target from 20% to 25%</strong></td>
</tr>
<tr>
<td>Increased renewable electricity to 100% in own operations</td>
<td>Launch Pre-owned Fashion category in 6 countries for men + women</td>
<td><strong>Updated policies and standards</strong></td>
</tr>
<tr>
<td>Reduced carbon footprint in own operations</td>
<td>1st collection designed for reuse and recycling</td>
<td><strong>Support 10,000 people in the workforce</strong></td>
</tr>
<tr>
<td></td>
<td>25% of GMV with more sustainable fashion</td>
<td><strong>Defined scope of goal + planned measures</strong></td>
</tr>
<tr>
<td></td>
<td>16% GMV in 2020</td>
<td><strong>Upskilled 1,355 people in the workforce</strong></td>
</tr>
<tr>
<td></td>
<td>Tripled assortment to &gt; 80,000 items from 500 brands</td>
<td></td>
</tr>
</tbody>
</table>
We are drastically reducing our own emissions and will work with our partners to do the same.

As of 2019, we offset all remaining emissions, making us carbon neutral in our own operations, deliveries & returns.

**Our own operations (Scope 1+2)**

Tons of CO2 from own operations

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2020</th>
<th>2025 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>-64%</td>
<td>-80%</td>
<td></td>
</tr>
</tbody>
</table>

**Our supply chain (Scope 3)**

**Our Science Based Target:**
Zalando commits that 90% of our suppliers will have set Science Based Targets by 2025.

**Our aspiration:**
We are carbon neutral in our own operations and aim for a 1.5°C pathway in line with the Paris Agreement.
We encourage brands to produce and customers to choose more sustainable products

Our aspiration:
We enable customers to make more sustainable choices

GMV from more sustainable products
% of total GMV

- **Upgraded**
  - 2019: 7%
  - 2020: 16%
  - 2023 target: 25%

- **1.7bn EUR** in GMV

- Increased more sustainable assortment to 80k products
- Raising the bar on eligibility criteria

1) Zalando Fashion Store
2) Zalando Group
3) Products carrying the sustainability flag. Does not include Pre-Owned
On our path towards having a net-positive impact, we will continue to shape new business models and expand into circular systems.

Our aspiration:
We move the fashion industry from linear to circular

Products are collected for recycling or other end-of-use technologies

Products are designed for circularity and last longer, or consist of recycled and/or recyclable materials

Products are re-used and their lives extended

Products are used for as long as possible within original intended purpose (through restyling, care, or repair)
Looking ahead:
Capturing our growth opportunity and creating long-term value
We aspire to serve more than 10% of the European fashion market long-term.

European Fashion Market continues to offer massive growth opportunity

Total fashion
>450bn EUR

>10%

Currently ~3.0%

Our Path towards Long Term Value Creation

1. We remain primarily focused on growth and aim to significantly and consistently outperform the European online fashion market development.

2. In order to sustain this high level of growth and drive market share, we aim to reinvest our increasing economies of scale and platform benefits in our customer experience as well as partner proposition.

3. Once our growth rate approaches online fashion market level growth, our platform business model will result in an attractive financial profile, characterized by double-digit margins and strong cash generation.

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We are distinctly positioned to capitalize on this tremendous growth opportunity

Access to Fashion Supply
- Unique ability to access global fashion supply via three sources: own Wholesale inventory, Partner Program brand & retailer inventory, Connected Retail store inventory
- Enabling broad selection and high availability while sharing inventory risk with partners

Technology & Data Platform
- Highly scalable proprietary cloud based technology platform covering the whole value chain of fashion commerce – for us and our partners
- Unique data infrastructure and state of the art AI expertise that drive data based value creation (e.g. size & fit)

European Logistics Network
- Unique European logistics network with 10 sites across 5 countries and adding 2 new fulfillment centers in Madrid, Spain, and Rotterdam, the Netherlands, in 2021
- These 12 warehouses can fulfill ~14bn EUR GMV
- Plan to invest 1bn EUR Capex to build 7 more and enable 23bn EUR Zalando fulfilled GMV.

Payments Platform
- Powerful inhouse Payments Platform equipped with e-Money license
- Processing payment volume of ~20bn EUR in 2020 for all customers and partners
- Proprietary Buy Now Pay Later solution with >70% Offering Rate across 11 countries driving conversion and customer satisfaction

Focus on continued organic investments, supported by selective M&A
We aim to triple our business to more than 30bn EUR GMV over the next 5 years.

**GMV Growth Ambition 2025**

- **2020**: ~11 bn EUR
- **Old 2023/24 target CMD 2019**: ~20 bn EUR
- **New 2025 Target**: >30 bn EUR

CAGR: 20-25%

**Revenue Growth Ambition 2025**

- **2020**: ~8 bn EUR
- **Old 2023/24 Target CMD 2019**: ~13 bn EUR
- **New 2025 Target**: ~20 bn EUR

CAGR: ~20%
To bring our growth ambition to life, we follow clear strategic priorities

Increase penetration in existing markets and expand to new markets in Europe

Population penetration\(^1\) (active customers as % of total population)

- Top 5 markets: ~21% \(+1.4x\) since 2018
- All markets: ~10% \(+1.5x\) since 2018
- Bottom 5 markets: ~6% \(+1.7x\) since 2018

Innovate the way we engage with our customers

Build a platform that is relevant for all our partners

Customer choice

- Wholesale assortment
- Partner Program assortment
- Connected Retail assortment

Enabling Direct-to-Consumer

Driving internationalisation

- ZFS < 50% of GMV
- ZFS > 50% of GMV

Connecting to consumers

1) Excl. UK & Ireland
Our mid-term guidance until 2025 reflects continued strong and profitable growth

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GROWTH (GMV)</strong></td>
<td>20-25%</td>
<td>27-32%</td>
<td>20-25%</td>
</tr>
<tr>
<td><strong>PROFITABILITY (ADJ. EBIT)</strong>*</td>
<td>2-4%</td>
<td>3.5-4.1%</td>
<td>3-6% Starting in lower half in 2022 and approaching high end by 2025</td>
</tr>
<tr>
<td><strong>CASH GENERATION</strong></td>
<td>Cash flow negative</td>
<td>FCF neutral</td>
<td>FCF neutral</td>
</tr>
<tr>
<td></td>
<td>NWC neutral</td>
<td>NWC negative</td>
<td>NWC negative</td>
</tr>
<tr>
<td></td>
<td>Capex of 4-5% of revenue</td>
<td>Capex of 3.5-3.9% of revenue</td>
<td>Capex of 3.5-4.5% of revenue</td>
</tr>
</tbody>
</table>

1) Excluding equity-settled share-based payment expense ("SBC"), restructuring costs and non-operating one-time effects
2) Excludes M&A transactions

Continue to grow 2-3x faster than online market growth

(Re-)invest platform benefits and economies of scale to drive growth

Enable growth through investments in technology and infrastructure
Long term, our partner business creates significant upside and...

<table>
<thead>
<tr>
<th>Partner Business</th>
<th>Partner Program</th>
<th>CR Connected Retail</th>
<th>ZFS Zalando Fulfillment Solutions</th>
<th>ZMS Zalando Marketing Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value Proposition</strong></td>
<td>• Curated Marketplace enabling brands’ direct-to-consumer business across Europe</td>
<td>• Digital Storefront for Offline Retailers with Nationwide Reach</td>
<td>• Flexible and cost-efficient turnkey solution for European E-Commerce logistics</td>
<td>• Data infused marketing service to elevate branding and drive sales on and off premise</td>
</tr>
<tr>
<td><strong>Long-term Target</strong></td>
<td>~50% of GMV¹</td>
<td>~75% of Partner Program Items Shipped</td>
<td>~3-4% of GMV</td>
<td></td>
</tr>
<tr>
<td><strong>Current Status (FY 2020)</strong></td>
<td>~21% of GMV</td>
<td>~47% of Partner Program Items Shipped</td>
<td>~1.2% of GMV</td>
<td></td>
</tr>
<tr>
<td><strong>Revenue Model</strong></td>
<td>5-25% Commission in % of GMV</td>
<td>Cost Plus Model</td>
<td>Auction Model</td>
<td></td>
</tr>
<tr>
<td><strong>Gross Margin Impact (vs. Group 2020)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
...will drive future long term profitability when fully at scale

<table>
<thead>
<tr>
<th>In % of revenue</th>
<th>Wholesale¹</th>
<th>Partner Business</th>
<th>Group margin impact vs. 2020</th>
<th>Key Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross margin</td>
<td></td>
<td></td>
<td></td>
<td>● Transition to a Platform business model and economies of scale</td>
</tr>
<tr>
<td>Fulfillment costs</td>
<td></td>
<td></td>
<td></td>
<td>● Reversal of temporary return rate benefit and enhanced, more sustainable convenience experience</td>
</tr>
<tr>
<td>Marketing costs</td>
<td></td>
<td></td>
<td></td>
<td>● Starting Point Vision unfolds and share of existing customers increases</td>
</tr>
<tr>
<td>Admin expenses</td>
<td></td>
<td></td>
<td></td>
<td>● Continued focus on overhead-efficiencies and economies of scale</td>
</tr>
<tr>
<td>Adj. EBIT margin</td>
<td>6-8%</td>
<td>20-25%</td>
<td>10-13%</td>
<td>● Transition to higher margin platform business and increasing economies of scale</td>
</tr>
</tbody>
</table>

¹ Wholesale includes Offprice

Target Margin (growth in line with / slightly above online fashion market)

In % of revenue:
- Wholesale: 6-8%
- Partner Business: 20-25%
- Adj. EBIT margin: 10-13%

Key Drivers:
- Transition to a Platform business model and economies of scale
- Reversal of temporary return rate benefit and enhanced, more sustainable convenience experience
- Starting Point Vision unfolds and share of existing customers increases
- Continued focus on overhead-efficiencies and economies of scale
- Transition to higher margin platform business and increasing economies of scale
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Through our main sales channel the Fashion Store we offer fashion lovers in 17 European markets our wide range of products

**DACH**
- Most mature Zalando markets
- Developed online markets
- Similar consumer behaviour
  (e.g. higher gross baskets, high return rates, high invoice share)
- Proximity to warehouse footprint

**Rest of Europe**
- Less mature Zalando markets
- Some less developed online markets (especially southern and eastern Europe)
- Diverse set of consumer behaviour (e.g. return rates, payment methods, discount affinity, …)
- Currently in the process to build local fulfillment footprint
The value proposition to our customer is centered around endless choice, a tailored digital shopping experience and seamless convenience.

Endless Choice

“If it’s not on Zalando, it doesn’t exist”

Tailored Digital Experience

“Zalando always knows what I want and what inspires me”

Seamless Convenience

“I always buy fashion on Zalando – it’s so convenient, why would I look anywhere else?”

“Zalando is my one-stop-shop for everything I want in fashion”
Our customers can avail of desirable and fresh assortment

Endless Choice

More choice...
Number of SKUs available at Zalando

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>530,000</td>
<td>890,000</td>
</tr>
<tr>
<td>Change</td>
<td>+68%</td>
<td></td>
</tr>
</tbody>
</table>

...and freshness
Number of new SKUs every day

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1,500</td>
<td>2,300</td>
</tr>
<tr>
<td>Change</td>
<td>+53%</td>
<td></td>
</tr>
</tbody>
</table>

>50% SKUs are provided through our Partner Program and Connected Retail
Higher engagement...
Share of customers\textsuperscript{1} visiting 5 (or more) times per month\textsuperscript{2}

\begin{align*}
\text{2018} & \quad 47\% \\
\text{2020} & \quad 53\% \\
\end{align*}

...driven by higher App visits
App visit\textsuperscript{3} share in %

\begin{align*}
\text{2018} & \quad 40\% \\
\text{2020} & \quad 55\% \\
\end{align*}

Tailored Digital Experience

1) Defined as “logged-in visitor”
2) Fashion Store only
3) Based on the change in consent management following the privacy requirements, part of the data is estimated on a statistical method
Making payments, delivery and returns more convenient is at the very core of what we do.

**Improved payment...**
Offering rate in % of buy now, pay later options

**...and convenience offer**
Number of pick-up and drop-off points

<table>
<thead>
<tr>
<th>Year</th>
<th>Payment Rate</th>
<th>NPS</th>
<th>Pick-up and Drop-off Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>65%</td>
<td>&gt;90</td>
<td>83,000</td>
</tr>
<tr>
<td>2020</td>
<td>70%</td>
<td>&gt;90</td>
<td>153,000</td>
</tr>
</tbody>
</table>

1) Fashion Store only
As a result, our customer base is growing, visiting us more often and happier than ever with our experience.

### Active customers

- **2018**: 26.4m
- **2020**: 38.7m

+46% growth since 2018.

### Site visits

- **2018**: 3.1bn
- **2020**: 5.4bn

+72% growth since 2018.

### Customer satisfaction

(Zalando Fashion Store NPS)

- **2020**: 63

*All time high*

---

1) Based on the change in consent management following the privacy requirements, part of the data is estimated on a statistical method.
The consistently positive long term development of our customer cohorts demonstrates our ability to build deeper and healthier customer relationships over time.

Total GMV per Cohort\(^1\) and Order Year

1. Old cohorts grow again over time
2. Customer churn goes down
3. Every new cohort is bigger than the previous one

\(^1\)Cohort refers to customers grouped by the calendar year in which they first placed an order with Zalando.
On top of our core fashion experience we continuously introduce our customers to adjacent and new propositions to drive deeper engagement and long-term loyalty.

Improving the core (fashion) experience

- Endless choice
- Seamless convenience
- Tailored digital experience

Elevating distinct customer propositions

- Beauty
- Zalando Plus
- Pre-Owned
- Zalando Lounge
- And more. (e.g. Designer)
To make the look for our customers complete, we have launched our beauty segment in 2018 and serve them a distinct multisensory experience.

>14,000 PRODUCTS
Available in Germany, Austria, Poland, Sweden, Denmark, Italy, France, Belgium, Switzerland and Netherlands

>350 BRANDS
and many more to come

>60% of beauty orders contain at least one fashion item

ENGAGING AND INSPIRING CONTENT AND ADVICE
To provide our best customers the best version of Zalando, we introduced our fashion tailored membership program Zalando Plus in 2018…

Get items faster
*Unlimited premium delivery* – members get orders within 1-2 business days, without paying extra. Depending on where they live, they may arrive the very same day.

Shop it first
*Members find out first* if liked items are back in stock or on sale.

Feel more fabulous
*Service with style* - free advice from our personal stylists, and priority treatment every time you contact Customer Care.

With further benefits coming in 2021!
...and our members love it!

| 3x   | Higher GMV spend per Plus customer vs. average non-Plus customer (in Germany) |
| +10pts | NPS score of Plus members significantly higher than non-members |
| 3     | New markets for Plus in 2021: France, the Netherlands and one more |

>500,000 paying Plus subscribers (in DE)
Zalando launched the most effortless Pre-owned fashion experience in Europe in 2020

Buying Pre-owned
Discover pre-owned items in a dedicated Category (separate section onsite) with the same seamless Zalando experience

- Curated assortment of quality-checked Women’s and Men’s wear items.
- All items processed and sold by Zalando: no customer-to-customer sales.
- Same Zalando convenience proposition (100 day return, payment, etc.) plus carbon neutral shipping in plastic-free packaging.

Trade-in*
Effortlessly trade in those fashion items you no longer wear to Zalando in exchange for credit or a donation

- Easy upload with just one photo and seamless trade-in of items bought on Zalando or elsewhere
- Fast and direct offer from Zalando: no C2C bargaining, no waiting time
- Free shipping: Zalando pays all delivery & returns of trade-in items for our customers

1) Live in BE, DE, ES, FR, NL and PL
Zalando Lounge is our shopping club addressing discount affine bargain hunters looking for great fashion deals

<table>
<thead>
<tr>
<th>Up to 75%</th>
<th>Discount offered</th>
</tr>
</thead>
<tbody>
<tr>
<td>72h</td>
<td>Limited runtime of campaigns</td>
</tr>
<tr>
<td>1bn</td>
<td>GMV in 2020</td>
</tr>
</tbody>
</table>
Zalando Lounge represents a distinct shopping proposition surprising fashion lovers with fresh deals every morning.

- **7AM** | Start of campaign
- **25%** | DAU / MAU
- **70%** | Share of new customers making purchase on the app

Hourly visits as % of total daily visits

Start of campaigns at 7AM
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The Zalando Group</td>
</tr>
<tr>
<td>2.</td>
<td>Zalando’s value proposition to customers</td>
</tr>
<tr>
<td>3.</td>
<td>Strategic e-commerce capabilities</td>
</tr>
<tr>
<td>4.</td>
<td>Zalando’s value proposition to partners</td>
</tr>
<tr>
<td>5.</td>
<td>Business segments &amp; financials</td>
</tr>
<tr>
<td>6.</td>
<td>Share, convertible bond &amp; contact</td>
</tr>
</tbody>
</table>
The strong traction with the European fashion consumer is enabled through Zalando’s best-in-class e-commerce capabilities

Access to Fashion Supply

- Unique ability to access global fashion supply via three sources: own Wholesale inventory, Partner Program brand & retailer inventory, Connected Retail store inventory
- Enabling broad selection and high availability while sharing inventory risk with partners

Technology & Data Platform

- Highly scalable proprietary cloud based technology platform covering the whole value chain of fashion commerce – for us and our partners
- Unique data infrastructure and state of the art AI expertise that drive data based value creation (e.g. size & fit)

European Logistics Network

- Unique European logistics network with 10 sites across 5 countries and adding 2 new fulfilment centers in Madrid, Spain, and Rotterdam, the Netherlands, in 2021
- These 12 warehouses can fulfill ~14bn EUR GMV
- Plan to invest 1bn EUR Capex to build 7 more and enable 23bn EUR Zalando fulfilled GMV.

Highly scalable

Payments Platform

- Powerful inhouse Payments Platform equipped with e-Money license
- Processing payment volume of ~20bn EUR in 2020 for all customers and partners
- Proprietary Buy Now Pay Later solution with >70% Offering Rate across 11 countries driving conversion and customer satisfaction.

Focus on continued organic investments, supported by selective M&A
Our customers are looking for the most comprehensive assortment – over the past two years we have made major steps forwards...

All Brands
# of Brands on Zalando

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>~2,000</td>
<td>~4,000</td>
<td></td>
</tr>
</tbody>
</table>

Endless Choice
# of SKUs (k) on Zalando

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>~530</td>
<td>~890</td>
<td></td>
</tr>
</tbody>
</table>

Better Availability
Backfill GMV$^1$ of Partners and Stores in m EUR

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>~190</td>
<td>~690</td>
<td></td>
</tr>
</tbody>
</table>

>50% of SKUS offered by partners

"If I cannot find an item on Zalando it does not exist"
...by allowing our Partners to leverage several unrivaled benefits to tackle their challenges in selling direct-to-consumer

**Fast & easy access**
...to the largest & most diverse online customer base in fashion in Europe

**Complementing capabilities**
...with a variety of business models & services

**Easy to use tools**
...to steer performance and gather insights on customers and products

**Highly flexible**
...business model and service mix to fit any Partners’ challenges & strategy

Partner

~39m active customers

![Platform Diagram]
We offer a broad range of payment methods to satisfy local customer preferences with a particular focus on deferred payments...

Our presence in 17 countries requires localization

>20 different payment methods

>70% offering rate (i.e. for invoice and other deferred payment methods)
...to create a risk-free check-out-at-home-experience for our customers
We are building Europe’s leading fashion technology & data platform to improve the customer experience, power the fashion ecosystem and maximize business value.

<table>
<thead>
<tr>
<th>For our customers</th>
<th>For our partners</th>
<th>For ourselves</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving the customer experience through personalization and inspiration:</td>
<td>Enabling business opportunities through customer insights:</td>
<td>Scaling efficiently and maximizing value by leveraging the power of big data and AI:</td>
</tr>
<tr>
<td>• Catalogue and search optimization</td>
<td>• Detailed customer &amp; competitive insights</td>
<td>• Demand forecasting</td>
</tr>
<tr>
<td>• Product recommendation</td>
<td>• Data driven marketing &amp; merchandising</td>
<td>• ROI based performance marketing</td>
</tr>
<tr>
<td>• Algorithmic outfit creation</td>
<td>• Targeted brand &amp; performance marketing (ZMS)</td>
<td>• Pricing &amp; inventory management</td>
</tr>
<tr>
<td>• Size recommendation</td>
<td>• Inventory management (ZFS)</td>
<td>• Deferred payment risk management</td>
</tr>
<tr>
<td>• Personalized service offering</td>
<td>• Targeted and testable product &amp; content development</td>
<td>• Logistics network optimization</td>
</tr>
</tbody>
</table>

Unique data infrastructure and state of the art governance allow all Zalando teams to drive data based value creation.
To ensure a fast and convenient delivery and return handling to our customers we are heavily investing into our fulfillment network.

Zalando’s fulfillment network and start of operations

1. Erfurt
   Start in 2012
2. Mönchengladbach
   Start in 2013
3. Lahr
   Start in 2016
4. Paris (Moissy-Cramayel)
   Start in 2016
5. Stockholm
   Start in 2018
6. Szczecin (Gryfino)
   Start in 2017
7. Olsztynek (PL)
   Start in 2019
8. Lodz (Gluchow)
   Start in 2019
9. Verona (Nogarole Rocca)
   Start in 2020
10. Milano (Stradella)
    Start in 2016
11. Rotterdam (Bleiswijk)
    Start in 2021
12. Madrid
    Start in 2021

When network fully ramped-up and at 100% utilization: >14bn GMV capacity

<table>
<thead>
<tr>
<th></th>
<th>Type</th>
<th>Capex (€m)</th>
<th>Size (k sqm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Erfurt (GER)</td>
<td>Hub</td>
<td>~100</td>
</tr>
<tr>
<td>2</td>
<td>Mönchengladbach (GER)</td>
<td>Hub</td>
<td>~100</td>
</tr>
<tr>
<td>3</td>
<td>Lahr (GER)</td>
<td>Hub</td>
<td>~150</td>
</tr>
<tr>
<td>4</td>
<td>Paris (FR)</td>
<td>Spoke</td>
<td>&lt;50</td>
</tr>
<tr>
<td>5</td>
<td>Stockholm (SWE)</td>
<td>Spoke</td>
<td>&lt;50</td>
</tr>
<tr>
<td>6</td>
<td>Szczecin (PL)</td>
<td>Hub</td>
<td>&lt;50</td>
</tr>
<tr>
<td>7</td>
<td>Olsztynek (PL)</td>
<td>Hub</td>
<td>~100</td>
</tr>
<tr>
<td>8</td>
<td>Lodz (PL) (for Z-Lounge)</td>
<td>Hub</td>
<td>~100</td>
</tr>
<tr>
<td>9</td>
<td>Verona (IT)</td>
<td>Hub</td>
<td>~150</td>
</tr>
<tr>
<td>10</td>
<td>Milano (IT)</td>
<td>Spoke</td>
<td>&lt;50</td>
</tr>
<tr>
<td>11</td>
<td>Rotterdam (NL)</td>
<td>Hub</td>
<td>~200</td>
</tr>
<tr>
<td>12</td>
<td>Madrid (ES)</td>
<td>Spoke</td>
<td>&lt;50</td>
</tr>
</tbody>
</table>

European logistics network
We continue to focus on warehouse automation to reduce lead time and costs

<table>
<thead>
<tr>
<th>Generation I (live)</th>
<th>Generation II (live)</th>
<th>Generation III (live)</th>
<th>Generation IV (coming)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conveyor, linesorter, outbound sorter</td>
<td>Bag sorter</td>
<td>Warehouse robotics</td>
<td>Shuttle technology and bag sorter</td>
</tr>
</tbody>
</table>
Without having strong partnerships with (local) logistics partners, a 'best-in-class' e-com network would be fruitless.

- 12 international warehouses
- >30 domestic carrier integrations,
- >5 express carrier,
- >40 same day destinations
We furthermore make use of a local delivery network - orchestrated via technology
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   - Partnership models
     - Platform services
5. Business segments & financials
6. Share, convertible bond & contact
We offer our brand and retail partners three different partnership models that determines the way how we source fashion supply for our platform.

**Wholesale**
Zalando buys from suppliers, stores in warehouses and sells to customers. Zalando does pricing and merchandising. Zalando carries inventory risk.

**Partner Program**
Partners connect to the Zalando platform and sell directly to consumers. Partner does pricing and merchandising. Partner carries inventory risk.
For Backfill + additional assortment.

**Connected Retail**
Physical stores connect to the Zalando platform and sell directly to consumers. Store does pricing and merchandising. Store carries inventory risk.
For Backfill + additional assortment.
Strong wholesale partnerships represent a key success criterion in establishing Zalando as Europe’s leading online retailer and lay the foundation of our platform transformation.

Wholesale

Partners can leverage Europe’s most powerful sales channel for their products while we take care of all operations and inventory (price is set by Zalando)

Partner benefits:

- Profound expertise of Zalando buyers
- Data-driven insights into customers’ online shopping behavior
- We take care of all operations
- Inventory risk is on Zalando
Opening our infrastructure for partners was a logical next step and our strategic response to the emerging trend of direct-to-consumer among our partners...

**Partner Program**

Partners can directly integrate stock with Zalando and manage their growth, while retaining control over products, prices and brand representation.

**Partner benefits:**

- Increase profitability, leverage overall business processes and cut costs
- Get direct access to millions of customers
- Partner sets prices
- Curated assortment integrated in catalogue
- Partners can manage growth (not limited by budget)
Partners can integrate physical stores with Zalando and start selling online to millions of Zalando customers - without the need of having an own ecom channel!

Partner benefits:

- More than 60% increase in store revenue per sqm
- More than 100% increase in stock turnover
- No upfront investments, all costs are variable
- Be in full control of article prices at all times
- Increase in sales per square meter is independent of foot traffic
Consequently, our platform offers two major direct-to-consumer business models our partners can combine to complement their existing channel mix.

**Partner Program**
- **Partner**: Brands & large multi-brand Retailers (with own e-com operations)
- **Fulfilment**: ZFS & drop ship

**Connected Retail**
- **Partner**: Brick-and-mortar (Brand, Franchise & independent)
- **Fulfilment**: drop ship

Combining business models drives availability (backfill) & width (exclusive)
Case Study: Connected Retail

Accelerating Direct-to-Consumer leveraging the platform

Wöhrl
Wöhrl leveraging Connected Retail to strengthen their online presence

**Boosting the topline**
Wöhrl has shipped more than 401k parcels to customers all over DE - In Q1/21, the partner has already reached a growth of >89% compared to 2020 and belongs to the top 3 Connected Retail partners.

**Co-designing the future**
Wöhrl is actively involved in designing (future) use cases and interfaces - creating maximum value for the retailer

**Joining a movement**
Wöhrl joined the dynamically growing Connected Retail network of more than 3,400 stores
1. The Zalando Group
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3. Strategic e-commerce capabilities
4. Zalando’s value proposition to partners
   Partnership models
   Platform services
5. Business segments & financials
6. Share, convertible bond & contact
Zalando enables partners to maximize the benefits of their business on Zalando with its tailor-made services

1 Improve logistics: Logistics Solutions

Zalando Fulfillment Solutions (ZFS) takes over responsibility for the entire customer facing logistics chain. Allows partners to have more impact in Zalando’s PP, an easier access to markets, high service standards, and lower shipping costs.

Zalando Shipping Solutions (ZSS) enables shipments from the partner's warehouse by leveraging Zalando’s transportation network.

2 Create demand: Marketing Services

Zalando Marketing Services (ZMS) helps brands to create, connect and grow on a new level across different channels.

Zalando serves as strategic partner to advertisers, helps to increase brand impact, drive sales and celebrate product launches with tailored messages.

3 Reduce overstock: Offprice Solutions

Zalando Lounge offers the possibility to manage excess inventory, clearing overstock while maintaining brand equity.

Provides help minimizing access inventory, acquiring new customers and reducing red-price items.

Availability

- Wholesale
- Partner Program
- Connected Retail

✓ Wholesale
✓ Partner Program
✓ Connected Retail
✓ Wholesale
✓ Partner Program
✓ Connected Retail
✓ Wholesale
✓ Partner Program (via ZFS integration)
✗ Connected Retail
Since fulfillment is challenging for partners at times they can make use of our fulfillment capabilities via Zalando fulfillment solutions

**Zalando Fulfillment Solutions (ZFS)**

ZFS drives Partner Program success by giving you access to Europe’s most efficient fashion fulfillment network - We take over the entire customer-facing fulfillment chain.

**Partner benefits:**

- Quicker reach throughout Europe
- Lower shipping costs
- Ensuring your customers’ receive a single parcel when ordering on Zalando
ZFS offers partners a cost efficient fulfilment solution to internationalise in Partner Program while meeting the high convenience expectations of our customers.

**Enables internationalisation**
Fast and easy internationalisation in just one contract

**Superior Order Economics**
Significant savings through bundling multi-brand orders in a single parcel

**Unmatched convenience experience**
Convenience proposition on par with Zalando wholesale

---

**Drop ship model**
- customer order (multi-brand)
- Partner articles
- zalando articles

**ZFS model**
- customer order (multi-brand)
- zalando & Partner articles

---

- No parcel sharing
- High fulfilment cost
- Less compelling convenience proposition

- Multi-Brand orders in one parcel
- Parcel sharing cuts fulfilment cost
- ZFS orders are **PLUS Premium Delivery** enabled

---

Up to 25-30% lower logistics costs
Case Study: Partner Program & ZFS

Driving profitable growth across all markets in a platform enabled Direct-to-Consumer model

Mango
Mango accelerating profitable growth by leveraging ZFS to improve efficiencies in convenience

Mango’s challenge:
- Unfavorable drop-ship fulfillment cost
- Difficulties to meet Zalando convenience proposition

Platform solution:
- Joined ZFS to leverage our European logistics network

Results:
- The fast and reliable service of ZFS improved Mango’s convenience proposition and increased customer satisfaction
- Mango will further grow the ZFS share in 2021
Mango is one of many Partner leveraging ZFS for their advantage

- ZFS is the preferred fulfilment option in 11 of 16 countries
- In 2020, more than half of all Partners in Partner Program used ZFS to some extent
- Resulting in a 51% ZFS items\(^1\) share of all Partner Program items shipped

\(^1\)51% ZFS share in Q4 2020

Average selling price

\(€\) \(\text{€€€}\)

Logistics Solutions
With ZSS Zalando offers procedural simplicity with one integration and attractive transport conditions for its partners

Zalando Shipping Solutions (ZSS)
ZSS enables our partners to grow internationally and deliver on customer promises cross-border from partner warehouse to end consumer by leveraging the Zalando transportation network and contracts with last-mile carriers.

Partner benefits:
- Grow business in new markets with cross-border shipping from your warehouse to end consumer
- Only one contract partner and single integration
- Attractive pricing without integration costs

One Integration = Multiple Countries

Up to 15% lower transport costs
Our logistic services make customers benefit from increased choice and the ability to shop multiple brands at one single destination with maximum convenience.

### Wholesale / Retail
- Product ownership & control: Zalando buys product and has full control.
- Customer check-out (point of sale): Zalando shops / App (e.g., Zalando.de).
- Warehousing & Packaging: Zalando warehouse; one Zalando-branded parcel.
- Shipping: Zalando transportation network (middle and last mile).
- Returns: Customer returns products in one parcel to Zalando network.

### Partner Program with ZFS
- Direct integration of stock and full control over products, prices and brand representation.
- Customer check-out: Zalando shops / App (e.g., Zalando.de).
- Warehousing & Packaging: Zalando warehouse; one Zalando-branded parcel.
- Shipping: Zalando transportation network (middle and last mile).
- Returns: Customer returns products in one parcel to Zalando network.

### Partner Program Drop-ship (w ZSS)
- Partner warehouse; separate partner-branded parcel.
- Shipping: Zalando transportation network (middle and last mile).
- Returns: Customer returns products in separate parcel to partner network.

### Connected Retail
- Brick & Mortar store; separate partner-branded parcel.
- Shipping: Partner transportation network (middle and last mile).
- Returns: Customer returns products in separate parcel to store.
Zalando Marketing Services (ZMS)

ZMS connects our partners to >38m customers, boosts their sales and positions their brand.

Partner benefits:

- Partners drive sales by tailor-made campaigns
- Strengthen brand positioning and tell brand stories
- Celebrate product drops across many different channels and all Zalando markets
- Source and distribute authentic content produced by the most inspiring influencers

ZMS enables partners to connect their brands to Europe’s largest fashion audience at the point of sale and beyond
With ZMS brands can drive growth and branding by tailoring content and reaching customers across all relevant touchpoints on and off Zalando’s premises.

**Insights**
Integration of **customer insights alongside** the Partners’ Go-to-Market Process

**Content**
**Inspiring and tailored stories** through disruptive ideas powered by data

**Growth**
Drive Business growth on Zalando platform by **securing product visibility in the catalog**

**Branding**
Boosting your **brand visibility across multiple channels** on Zalando and beyond
Through ZMS we offer our partners actionable insights to understand customers...

**Insights** to understand the customer:

- Via brand health metrics in the Zalando app
- Via purchase behaviour by demographic and target group
- Via SKU performance insights
- Via benchmarks of your brands and sales to your peers
- Via survey based perception analyses
Tailor content to customers

Influencer Marketing
- Address new audiences
- Produce creative campaigns
- Inspire through authentic stylings

Creative Campaigns
- Creative Strategy
- Ideation
- Execution

Product-Focused Content
- Engaging video and lifestyle images for PDPs
- e-Com content production

Digital Experiences
- Landing pages
- Style guides
- Interactive Fit Finder
Partner can use these valuable insights and engaging contents to either drive direct sales or to build their brand across all relevant touchpoints

**Growth & branding** across all relevant touchpoints:

- Through **awareness** formats in Zalando’s inspiring and content-focused environment
- Through all **digital channels**
- Through category and **product-focused** ad slots within the multi-brand shopping funnel
- Through **influencer** generated content
Case Study: ZMS

Connecting to the consumer on the platform

The North Face
The North Face conveyed their brand story to a new target audience by leveraging ZMS

The North Face’s challenge:

- Customer acquisition and deepening customer relationships
- Low brand consideration among younger female customers
- Content production & consumer activation in difficult times of COVID-19

Platform solution:

- **ZMS insights** enabled TNF to understand consumers and their own positioning better
- Based on the insights, ZMS Creative **ideated & produced inspiring content** for the right target audience
- **Integrated media activation** from branding to performance all along the user journey with the right message at the right moment.
With Zalando Lounge Zalando supports its partners to minimize excess inventory while maintaining brand image

**Partner benefits:**

- Minimize access inventory while maintaining brand image
- Max. 4 days of brand visibility per campaign
- Acquire new customers
- Minimize the number of red-price items on partner’s regular sales channels
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2. Zalando’s value proposition to customers
3. Strategic e-commerce capabilities
4. Zalando’s value proposition to partners
5. Business segments & financials
6. Share, convertible bond & contact
We manage our business in three distinct segments representing a sales channel logic...

**Fashion Store**

- **The online shops**, i.e. the main sales channel in 17 European markets
- **Digital shopping mall experience**, characterized by a **high level of convenience**, a comprehensive **in-season assortment** and an **on-site experience optimized for browsing and inspiration**
- Business model currently under transformation: from **wholesale to platform** i.e. fast-growing partner program businesses where products are provided by multiple third parties (e.g. brand & retail partners)
- **Includes private label business** zLabels (~5% of revenue)

**Offprice**

- **zalando lounge** – online shopping club for bargain hunters that focuses on **off-season and highly discounted merchandise** with lower level of convenience (pure retail), active in 14 markets
- **Zalando O**: eleven physical stores in DE

**Others**

- Segment contains several different businesses like Zalon (in 6 markets) and Zalando Marketing Services and inventory integration service from Tradebyte (SaaS)

---

1) As Zalon is the only customer-facing application it is the only GMV generating business in the Others segment (all remaining businesses are B2B and generate revenue only)
...and report our 17 European markets in two geographical segments

**DACH**
- Most mature Zalando markets
- Similar consumer behavior (e.g. higher gross baskets, high return rates, high invoice share)
- Proximity to warehouse footprint

**Rest of Europe**
- Some less developed online markets
- Diverse set of consumer behavior (e.g. return rates, payment methods, discount affinity, …)

**Fashion Store revenue & adj. EBIT FY/20 per region**

- DACH: ~45% Revenue, ~55% Adj. EBIT
- Rest of Europe: ~16% Revenue, ~84% Adj. EBIT

- Since 2018, YoY:
  - Revenue: ~15%
  - Adj. EBIT: ~28%
## Group Key Figures

### Group Key Performance Indicators

<table>
<thead>
<tr>
<th>Year</th>
<th>FY/14</th>
<th>Year</th>
<th>FY/15</th>
<th>Year</th>
<th>FY/16</th>
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<th>H1/20</th>
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<th>Q3/20</th>
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<th>Q4/20</th>
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<td>85.9%</td>
<td>85.3%</td>
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<td>3.92x</td>
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<td>-</td>
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### Results of Operations

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<th>Gross merchandise volume (GMV) (in €bn)</th>
<th>Revenue (in €m)</th>
<th>EBIT (in €m)</th>
<th>Adjusted EBIT (in % of revenue)</th>
<th>Adjusted EBIT (as % of revenue)</th>
<th>EBITDA (in % of revenue)</th>
<th>EBITDA (as % of revenue)</th>
<th>Adjusted EBITDA (in % of revenue)</th>
<th>Adjusted EBITDA (as % of revenue)</th>
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<td>165.8</td>
<td>(113.1)</td>
<td>158.4</td>
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<td>2.8%</td>
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<td>5.7%</td>
<td>4.2%</td>
<td>2.2%</td>
<td>2.5%</td>
<td>(7.4%)</td>
<td>8.6%</td>
<td>2.4%</td>
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<td>216.3</td>
<td>215.1</td>
<td>173.4</td>
<td>224.9</td>
<td>(56.6)</td>
<td>211.9</td>
<td>113.3</td>
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<td>3.7%</td>
<td>3.6%</td>
<td>5.9%</td>
<td>4.8%</td>
<td>3.2%</td>
<td>3.5%</td>
<td>(6.6%)</td>
<td>10.4%</td>
<td>3.2%</td>
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<td>255.2</td>
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<td>360.7</td>
<td>(62.5)</td>
<td>250.7</td>
<td>188.2</td>
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<td>4.2%</td>
<td>7.0%</td>
<td>5.5%</td>
<td>3.8%</td>
<td>5.6%</td>
<td>(4.1%)</td>
<td>12.3%</td>
<td>5.3%</td>
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<td>141.7</td>
<td>264.5</td>
<td>273.8</td>
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<td>419.7</td>
<td>(48.0)</td>
<td>264.1</td>
<td>216.1</td>
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<td>4.8%</td>
<td>7.3%</td>
<td>6.1%</td>
<td>4.8%</td>
<td>6.5%</td>
<td>(3.2%)</td>
<td>13.0%</td>
<td>6.1%</td>
</tr>
</tbody>
</table>

### Financial Position (in €m)

| | Net working capital | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 |
| | Cash flow from operating activities | 174.9 | 119.4 | 275.8 | 193.7 | 212.8 | 327.2 | (260.8) | 385.8 | 124.9 | 212.2 | 190.1 | 527.4 |
| | Cash flow from investing activities | 51.9 | (195.5) | (277.1) | (83.0) | (207.0) | (290.3) | (41.8) | (43.3) | (85.1) | 0.8 | (133.6) | (217.8) |
| | Free cash flow | 123.8 | 42.6 | 63.7 | (85.0) | (78.4) | 41.6 | (302.6) | 342.5 | 39.0 | 213.1 | 31.5 | 284.5 |
| | Capex | 51.1 | (60.0) | (181.7) | (243.9) | (278.4) | (306.5) | (47.8) | (43.3) | (91.1) | (31.9) | (127.1) | (250.0) |
| | Cash and cash equivalents | 1,051.0 | 976.2 | 972.6 | 1,065.5 | 996.0 | 976.5 | 1,034.0 | 1,377.5 | 1,377.5 | 2,596.1 | 2,644.0 | 2,644.0 |

### Other

| | Employees (as of reporting date) | 7,588 | 9,987 | 11,998 | 15,091 | 15,619 | 13,763 | 13,825 | 13,744 | 13,744 | 13,709 | 14,194 | 14,194 |
| | Basic earnings per share (in €) | 0.2 | 0.5 | 0.5 | 0.4 | 0.2 | 0.4 | (0.4) | 0.5 | 0.1 | 0.2 | 0.9 | 0.9 |

1) Adj. EBIT excludes equity-settled share-based payment expense ("SBC"), restructuring costs and non-operating one-time effects.
<table>
<thead>
<tr>
<th>Income statement</th>
<th>Year</th>
<th>Year</th>
<th>Year</th>
<th>Year</th>
<th>Year</th>
<th>Quarter</th>
<th>Quarter</th>
<th>Quarter</th>
<th>Half-Year</th>
<th>Quarter</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,214.0</td>
<td>2,958.2</td>
<td>3,639.0</td>
<td>4,469.0</td>
<td>5,387.9</td>
<td>6,462.5</td>
<td>1,524.2</td>
<td>2,034.7</td>
<td>3,558.9</td>
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<td>23.0%</td>
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<td>20.0%</td>
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<td>10.6%</td>
<td>27.4%</td>
<td>19.6%</td>
<td>21.6%</td>
<td>29.6%</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>(1255.3)</td>
<td>(1634.0)</td>
<td>(2029.6)</td>
<td>(2529.6)</td>
<td>(3107.0)</td>
<td>(3724.3)</td>
<td>(986.2)</td>
<td>(1131.4)</td>
<td>(2117.6)</td>
<td>(1029.2)</td>
<td>(1441.1)</td>
</tr>
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<td>Gross Profit</td>
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<td>1,959.4</td>
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<td>42.3%</td>
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<td>35.3%</td>
<td>44.4%</td>
<td>40.5%</td>
<td>44.4%</td>
<td>44.0%</td>
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<td>(1,223.7)</td>
<td>(1,530.8)</td>
<td>(1,899.2)</td>
<td>(2,265.1)</td>
<td>(579.7)</td>
<td>(622.5)</td>
<td>(1,202.1)</td>
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<td>(268.9)</td>
<td>(256.9)</td>
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<td>(7.0)</td>
<td>(4.1)</td>
<td>(9.9)</td>
<td>(12.3)</td>
<td>(16.6)</td>
<td>(1.3)</td>
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<td>2.2%</td>
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<td>(7.4%)</td>
<td>9.6%</td>
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<td>(8.6%)</td>
<td>9.7%</td>
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<td>7.0%</td>
<td>5.5%</td>
<td>3.8%</td>
<td>5.6%</td>
<td>(4.1%)</td>
<td>12.3%</td>
<td>5.3%</td>
<td>8.8%</td>
<td>9.2%</td>
</tr>
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<td>13.5</td>
<td>27.9</td>
<td>13.2</td>
<td>12.7</td>
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<td>0.0</td>
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<td>216.3</td>
<td>215.1</td>
<td>173.4</td>
<td>224.9</td>
<td>(96.6)</td>
<td>211.9</td>
<td>113.3</td>
<td>118.2</td>
<td>189.3</td>
</tr>
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<td>3.6%</td>
<td>5.9%</td>
<td>4.8%</td>
<td>3.2%</td>
<td>3.5%</td>
<td>(6.5%)</td>
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<td>3.2%</td>
<td>6.4%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Adj. EBITDA</td>
<td>107.8</td>
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<td>264.5</td>
<td>273.8</td>
<td>259.9</td>
<td>419.7</td>
<td>(46.0)</td>
<td>264.1</td>
<td>216.1</td>
<td>170.1</td>
<td>249.1</td>
</tr>
<tr>
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<td>7.3%</td>
<td>6.1%</td>
<td>4.8%</td>
<td>6.5%</td>
<td>(3.2%)</td>
<td>13.0%</td>
<td>6.1%</td>
<td>9.2%</td>
<td>9.7%</td>
</tr>
</tbody>
</table>

1) Prior year figures not re-stated for shifts between cost lines as a result of new segment structure as of Jan 2018.
2) Adj. EBIT excludes equity-settled share-based payment expense ("SBC"), restructuring costs and non-operating one-time effects.
### Segments

<table>
<thead>
<tr>
<th>Year</th>
<th>segments</th>
<th>Revenue (in €m)</th>
<th>Adjusted EBIT (in €m)</th>
<th>Adjusted EBIT margin (in %)</th>
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<tbody>
<tr>
<td>FY14</td>
<td>Fashion Store</td>
<td>2.214.0</td>
<td>-</td>
<td>3.7%</td>
</tr>
<tr>
<td>FY15</td>
<td>thereof DACH</td>
<td>2.215.0</td>
<td>-</td>
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<tr>
<td>FY16</td>
<td>thereof Rest of Europe</td>
<td>2.004.0</td>
<td>-</td>
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<tr>
<td>FY17</td>
<td>Offprice</td>
<td>345.3</td>
<td>-</td>
<td>4.8%</td>
</tr>
<tr>
<td>FY18</td>
<td>Other</td>
<td>255.1</td>
<td>-</td>
<td>5.3%</td>
</tr>
<tr>
<td>FY19</td>
<td>Reconciliation</td>
<td>-</td>
<td>(352.0)</td>
<td>(0.4%)</td>
</tr>
<tr>
<td>Q1/20</td>
<td>Fashion Store</td>
<td>213.7</td>
<td>36.2</td>
<td>16.9</td>
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<tr>
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<td>thereof DACH</td>
<td>195.3</td>
<td>17.7</td>
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<td>H1/20</td>
<td>thereof Rest of Europe</td>
<td>20.3</td>
<td>-</td>
<td>-</td>
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<td>Q3/20</td>
<td>Offprice</td>
<td>-</td>
<td>27</td>
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<td>Q4/20</td>
<td>Other</td>
<td>6.9</td>
<td>-</td>
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<td>FY20</td>
<td>Reconciliation</td>
<td>-</td>
<td>(0.0)</td>
<td>-</td>
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1) New segment structure from Jan 1, 2018 onwards. Offprice reported separately from Q2/18 onwards. FY/14 to FY/16 not restated.
2) Adj. EBIT excludes equity-settled share-based payment expense ("SBC"), restructuring costs and non-operating one-time effects.

---

**Notes:**

- Offprice reported separately from Q2/18 onwards.
- FY/14 to FY/16 not restated.
- Adj. EBIT excludes equity-settled share-based payment expense ("SBC"), restructuring costs and non-operating one-time effects.

---

**Revenue Breakdown:**

- **Fashion Store:**
  - FY14: 2,214.0
  - FY15: 2,958.2
  - FY16: 3,639.0

- **thereof DACH:**
  - FY14: 1,580.1
  - FY15: 1,813.8
  - FY16: 2,150.0

- **thereof Rest of Europe:**
  - FY14: 1,211.6
  - FY15: 1,570.2
  - FY16: 2,000.4

- **Offprice:**
  - FY14: 345.3
  - FY15: 497.5
  - FY16: 659.4

- **Other:**
  - FY14: 255.1
  - FY15: 444.8
  - FY16: 252.3

- **Reconciliation:**
  - FY14: (352.0)
  - FY15: (522.0)
  - FY16: (394.1)

---

**Adjusted EBIT Breakdown:**

- **Adjusted EBIT:**
  - FY14: 107.5
  - FY15: 216.3
  - FY16: 215.1

- **Adjusted EBIT Margin:**
  - FY14: 173.4
  - FY15: 224.9
  - FY16: 211.9

---

**Margins Breakdown:**

- **Fashion Store:**
  - FY14: 5.2%
  - FY15: 3.3%
  - FY16: 3.7%

- **Fashion Store – DACH:**
  - FY14: 6.4%
  - FY15: 12.5%
  - FY16: 9.0%

- **Fashion Store – Rest of Europe:**
  - FY14: (0.3%)
  - FY15: (0.2%)
  - FY16: 1.0%

- **Offprice:**
  - FY14: 8.0%
  - FY15: 7.1%
  - FY16: 4.2%

- **Other:**
  - FY14: 5.3%
  - FY15: 7.6%
  - FY16: (7.6%)

- **Reconciliation:**
  - FY14: 0.4%
  - FY15: 3.4%
  - FY16: (0.4%)
Zalando Group adjusted cost lines

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<tr>
<th></th>
<th>Year FY/14</th>
<th>Year FY/15</th>
<th>Year FY/16</th>
<th>Year FY/17</th>
<th>Year FY/18</th>
<th>Year FY/19</th>
<th>Quarter Q1/20</th>
<th>Quarter Q2/20</th>
<th>Half-Year H1/20</th>
<th>Quarter Q3/20</th>
<th>Quarter Q4/20</th>
<th>Year FY/20</th>
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<tr>
<td>Revenue (in €m)</td>
<td>2,214.0</td>
<td>2,958.2</td>
<td>3,639.0</td>
<td>4,489.0</td>
<td>5,387.9</td>
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<td>(2,024.6)</td>
<td>(2,522.7)</td>
<td>(3,103.4)</td>
<td>(3,710.9)</td>
<td>(685.2)</td>
<td>(1,130.6)</td>
<td>(2,115.7)</td>
<td>(1,028.3)</td>
<td>(1,440.2)</td>
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<td>Gross Profit (in €m)</td>
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<td>1,614.4</td>
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<td>904.1</td>
<td>1,443.1</td>
<td>621.5</td>
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<td>Gross Profit (in % of revenue)</td>
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<td>45.3%</td>
<td>44.4%</td>
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<td>42.4%</td>
<td>42.8%</td>
<td>35.4%</td>
<td>44.4%</td>
<td>40.6%</td>
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<td>Fulfillment Cost Ratio (in €m)</td>
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<td>(702.5)</td>
<td>(842.8)</td>
<td>(1,161.4)</td>
<td>(1,493.5)</td>
<td>(1,786.6)</td>
<td>(454.1)</td>
<td>(514.9)</td>
<td>(989.0)</td>
<td>(491.3)</td>
<td>(586.5)</td>
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<td>25.8%</td>
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<td>22.8%</td>
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<td>Marketing Cost Ratio (in €m)</td>
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<td>(347.4)</td>
<td>(371.0)</td>
<td>(355.7)</td>
<td>(365.8)</td>
<td>(518.8)</td>
<td>(122.9)</td>
<td>(104.9)</td>
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<td>(659.2)</td>
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<td>8.0%</td>
<td>6.4%</td>
<td>6.4%</td>
<td>7.8%</td>
<td>6.4%</td>
<td>11.1%</td>
<td>6.3%</td>
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<tr>
<td>Selling and Distribution Costs (in €m)</td>
<td>(784.2)</td>
<td>(1,109.9)</td>
<td>(1,213.7)</td>
<td>(1,517.0)</td>
<td>(1,879.3)</td>
<td>(2,286.4)</td>
<td>(376.9)</td>
<td>(619.5)</td>
<td>(1,196.8)</td>
<td>(636.3)</td>
<td>(872.9)</td>
<td>(2,706.0)</td>
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<td>Selling and Distribution Costs (in % of revenue)</td>
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<td>34.9%</td>
<td>35.3%</td>
<td>37.9%</td>
<td>36.5%</td>
<td>33.5%</td>
<td>34.2%</td>
<td>33.3%</td>
<td>33.9%</td>
</tr>
<tr>
<td>Administrative Expenses &amp; Other (in €m)</td>
<td>(96.9)</td>
<td>(121.2)</td>
<td>(164.3)</td>
<td>(234.2)</td>
<td>(231.8)</td>
<td>(260.3)</td>
<td>(60.7)</td>
<td>(72.4)</td>
<td>(133.1)</td>
<td>(67.0)</td>
<td>(70.9)</td>
<td>(271.0)</td>
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<tr>
<td>Administrative Expenses &amp; Other (in % of revenue)</td>
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<td>4.1%</td>
<td>5.1%</td>
<td>5.3%</td>
<td>4.4%</td>
<td>4.0%</td>
<td>4.0%</td>
<td>3.6%</td>
<td>3.6%</td>
<td>3.6%</td>
<td>2.8%</td>
<td>3.4%</td>
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<tr>
<td>Adj. EBIT (in €m)</td>
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<td>216.1</td>
<td>173.4</td>
<td>224.9</td>
<td>(98.6)</td>
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<td>Adj. EBIT (in % of revenue)</td>
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<td>3.8%</td>
<td>5.9%</td>
<td>4.8%</td>
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<td>3.5%</td>
<td>(6.5%)</td>
<td>10.4%</td>
<td>10.4%</td>
<td>10.4%</td>
<td>10.4%</td>
<td>5.3%</td>
</tr>
</tbody>
</table>

SBC per Income Statement Line Item (in €m)

<table>
<thead>
<tr>
<th></th>
<th>Year FY/14</th>
<th>Year FY/15</th>
<th>Year FY/16</th>
<th>Year FY/17</th>
<th>Year FY/18</th>
<th>Year FY/19</th>
<th>Quarter Q1/20</th>
<th>Quarter Q2/20</th>
<th>Half-Year H1/20</th>
<th>Quarter Q3/20</th>
<th>Quarter Q4/20</th>
<th>Year FY/20</th>
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<tbody>
<tr>
<td>Cost of Sales</td>
<td>4.4</td>
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<td>1.0</td>
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<td>0.8</td>
<td>0.9</td>
<td>3.6</td>
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<tr>
<td>Selling and Distribution Costs</td>
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<td>10.1</td>
<td>8.4</td>
<td>2.7</td>
<td>2.6</td>
<td>5.4</td>
<td>2.1</td>
<td>2.6</td>
<td>10.0</td>
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<tr>
<td>Administrative Expenses</td>
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<td>4.5</td>
<td>5.0</td>
<td>6.9</td>
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<td>10.0</td>
<td>20.7</td>
<td>10.3</td>
<td>9.3</td>
<td>40.2</td>
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<td>19.9</td>
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<td>46.0</td>
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<td>27.9</td>
<td>13.2</td>
<td>12.7</td>
<td>53.8</td>
</tr>
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</table>

Restructuring costs / non-operating one-time effects | 0.0        | 0.0        | (10.6)     | 0.0        | 13.1       | 0.0        | 0.0           | 0.0           | 0.0            | 0.0            | 0.0            | 0.0        |

Total adjustments | 19.8       | 17.9       | 9.3        | 27.5       | 54.2       | 59.1       | 14.5          | 13.5          | 27.9           | 13.2           | 12.7           | 53.8       |
<table>
<thead>
<tr>
<th>Year</th>
<th>Total Non-Current Assets</th>
<th>Year</th>
<th>Year</th>
<th>Year</th>
<th>Year</th>
<th>Year</th>
<th>Year</th>
<th>Year</th>
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<th>Year</th>
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<tbody>
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<td>1,560.0</td>
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<td>5.1</td>
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<td>475.9</td>
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<td>387.7</td>
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<td>405.4</td>
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<td>327.7</td>
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<td>1,630.1</td>
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1) Other assets includes investments into short-term deposits of €20m, which are not listed under Cash and Cash Equivalents due to their maturity of more than 3 but less than 12 months.
# Cash Flow Statement

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<th>FY/16</th>
<th>FY/17</th>
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<th>Quarter</th>
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<th>Q2/20</th>
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<th>Q3/20</th>
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</table>
1. The Zalando Group
2. Zalando’s value proposition to customers
3. Strategic e-commerce capabilities
4. Zalando’s value proposition to partners
5. Business segments & financials
6. Share, convertible bond & contact
The Zalando Share

Shareholder structure

- Treasury shares, 0.70%
- Kinnevik AB (publ): 20.71%
- Anders Holch Povlsen: 10.01%
- Other shareholders (free float): 68.58%

Share information

- 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, STOXX600, FTSE4Goods
- First day of trading: October 1, 2014
- Issue price: EUR 21.50
- Total Number of Shares Outstanding: 260,939,349
- Issued Share capital: EUR 260,939,349
- ISIN: DE000ZAL1111
- WKN: ZAL111
- Ticker Symbol: ZAL
- Common Code: 111189528
- Thomson Reuters: ZALG.F
- Bloomberg: ZAL.GR

1) As of 09 April 2021, Voting rights held directly or by a subsidiary
2) Free float definition of Deutsche Börse
3) Kinnevik intends to distribute its shareholding in Zalando of 54.0m shares through an automatic redemption program starting in May 2021
Overview on Kinnevik’s share distribution

Transaction timeline

1. FEB 17
   Intention of share distribution announced

2. MAR 16
   Zalando FY2020 results and Capital Markets Day

3. APR 29
   Kinnevik AGM

4. MAY 6
   Zalando Q1 2021 results

5. Mid MAY
   Redemption rights trading period

6. Early JUNE
   Re-registration

Transaction details

1. Share Distribution
   - Kinnevik intends to distribute its shareholding in Zalando of 54.0m shares through an automatic redemption program
   - The distribution is subject to the approval of Kinnevik’s shareholders at the AGM on April 29, 2021

2. Share Split
   - Every Kinnevik share is split into 2 new shares
     - One redemption share reflecting the value of Kinnevik’s ownership in Zalando
     - One ordinary share reflecting the value of Kinnevik excluding the ownership in Zalando

3. Redemption rights trading
   - Redemption shares trade for ~3 weeks on Stockholm Stock Exchange
   - Kinnevik shareholders have 2 options:
     - Keep redemption shares and receive Swedish Zalando shares for every redemption share
     - Sell redemption shares during the trading period

4. Re-registration
   - Swedish Zalando shares can be re-registered into German Zalando shares that can be traded on the Frankfurt Stock Exchange

Benefits

- **Liquidity**
  - Substantially increases Zalando’s free float from currently ~67% (1) to up to 88% and thus improving the liquidity in the stock

- **Index**
  - Expected increase in the weighting of current indices and thus triggering of additional passive demand
  - Timing of re-weighting and hence emergence of passive demand will depend on each individual index
  - Larger free float clearly positions Zalando as DAX candidate

- **Direct exposure**
  - Opportunity to grant Kinnevik shareholders direct exposure to Zalando and gain renewed support for its vision and strategy going forward

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(1) As per Deutsche Boerse DAX ranking
## Convertible Bond 2020

<table>
<thead>
<tr>
<th>Pricing Terms</th>
<th>5-year</th>
<th>7-year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issue size</strong></td>
<td>€1,000mm</td>
<td></td>
</tr>
<tr>
<td>Tranche size</td>
<td>€500mm</td>
<td>€500mm</td>
</tr>
<tr>
<td>Status</td>
<td>Senior, unsecured</td>
<td>Senior, unsecured</td>
</tr>
<tr>
<td>Maturity</td>
<td>5 years</td>
<td>7 years</td>
</tr>
<tr>
<td>Issuer call</td>
<td>After year 3 at 130% trigger</td>
<td>After year 5 at 150% trigger</td>
</tr>
<tr>
<td>Reference share price</td>
<td>€61.50</td>
<td>€61.50</td>
</tr>
<tr>
<td>Issue price</td>
<td>100.88%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Redemption price</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>Yield to maturity</strong></td>
<td>-0.125%</td>
<td>0.625%</td>
</tr>
<tr>
<td><strong>Coupon</strong></td>
<td>0.05%</td>
<td>0.625%</td>
</tr>
<tr>
<td><strong>Conversion premium</strong></td>
<td>42.5%</td>
<td>50.0%</td>
</tr>
<tr>
<td><strong>Conversion price</strong></td>
<td>€87.6375</td>
<td>€92.2500</td>
</tr>
<tr>
<td><strong>Underlying shares (mm)</strong></td>
<td>5.7mm</td>
<td>5.4mm</td>
</tr>
<tr>
<td><strong>Underlying shares (% ISC)</strong></td>
<td>2.2%</td>
<td>2.1%</td>
</tr>
</tbody>
</table>
Zalando Analyst Coverage

- Rocco Strauss
- Volker Bosse
- David Holmes
- Andrew Ross
- Michael Benedict
- Aneesha Sherman
- Clement Genelot
- José Rito
- Catherine O'Neill
- Andreas Riemann
- Simon Irwin
- Nizla Naizer
- Thomas Maul
- Konrad Grygo
- Charlie Muir-Sands
- Richard Edwards
- Adela Dashian
- Christian Salis
- Georgina Johanan
- Jürgen Kelb
- Wayen Brown
- Clara Kamenicek
- Geoff Ruddell
- Daniel Ovin
- Mark Josefson
- Ralf Marinoni
- Sherri Malek
- Rebecca McClellan
- Anne Critchlow
- Olivia Townsend
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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.