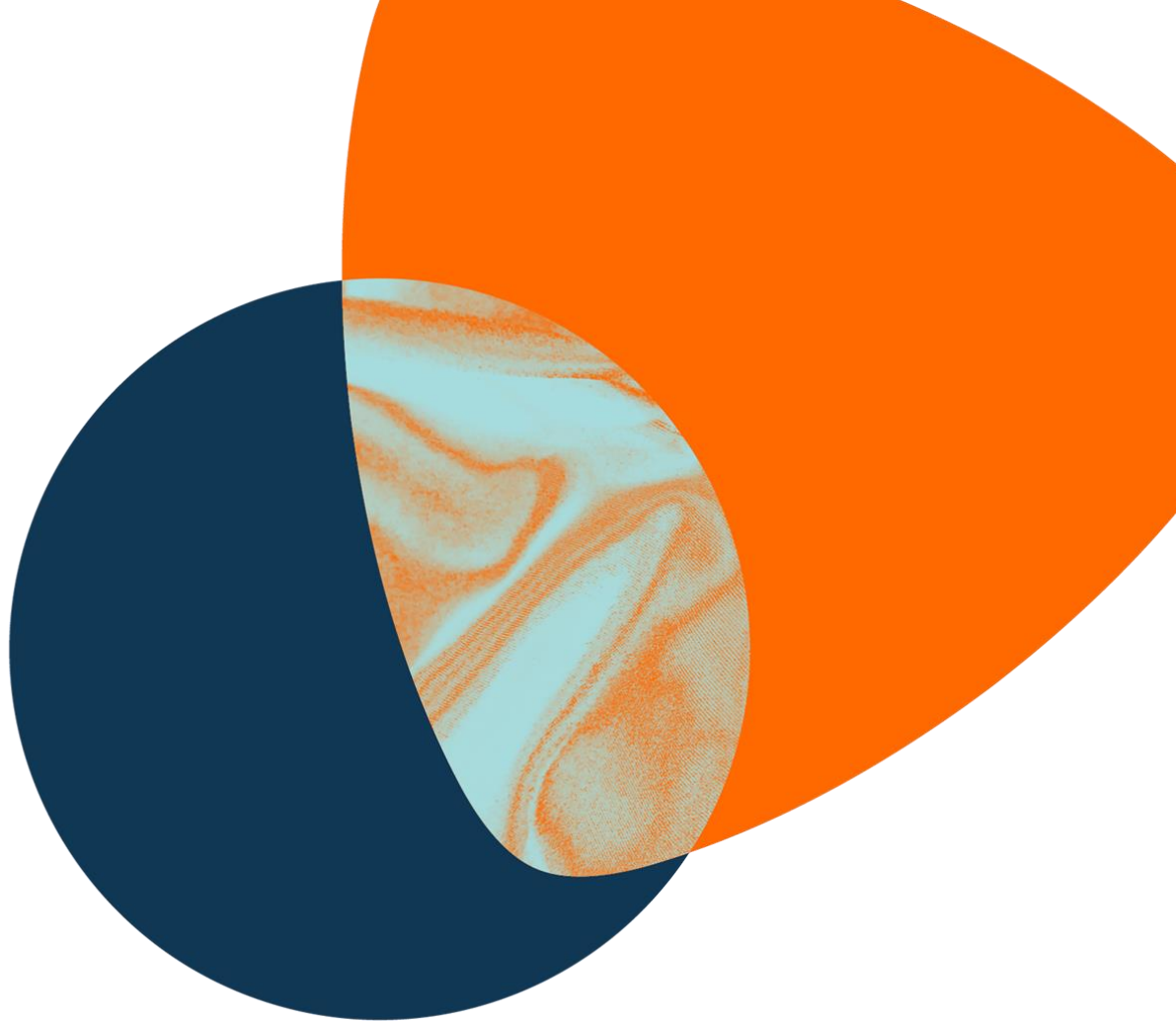




Roadshow Presentation

August 2021



Agenda



Investment highlights

Bringing our growth ambitions to life

Building a truly sustainable platform

Creating long term value

Q2/2021 Results

Zalando. The Starting Point for Fashion.

- 01** We have a **clear vision and strategy** and our **number one priority is growth**
- 02** Over the last years we have made **tremendous progress** and **consistently delivered on our targets**
- 03** The opportunity for Zalando is immense, making us confident that we can reach **>30bn EUR GMV by 2025** and capture **>10% of the fashion market long-term**
- 04** We continue to **drive investments that will catalyze long-term growth** for our business
- 05** At scale, our platform strategy will result in an **attractive financial profile** characterized by a double digit margin and strong cash generation



Our vision is to be the Starting Point for Fashion

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



Most extensive assortment

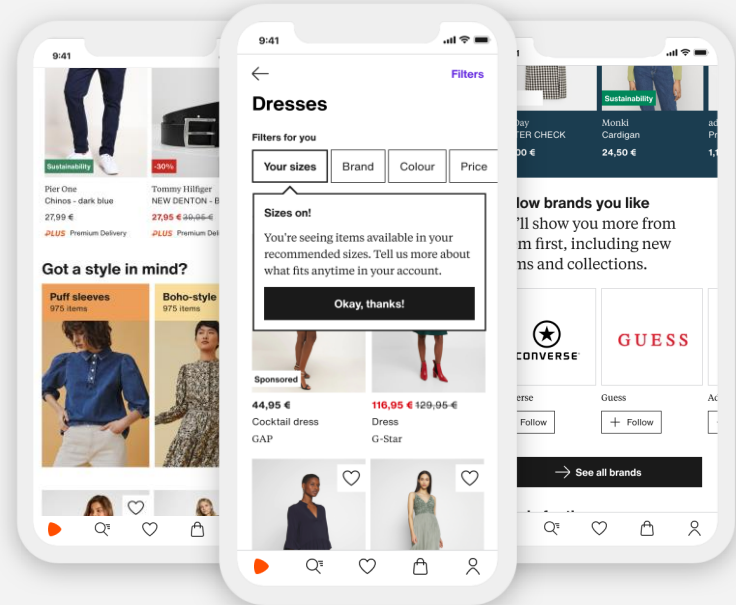


Seamless convenience

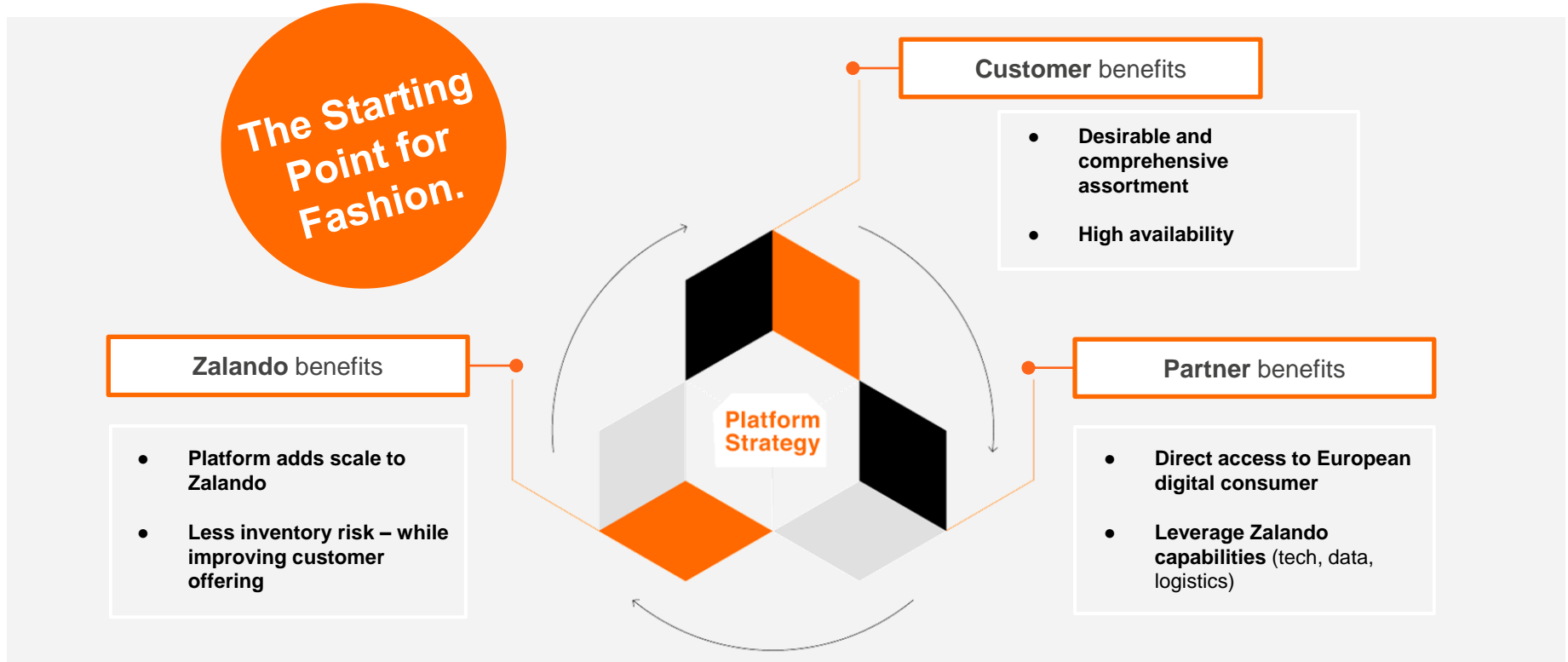


Tailored digital experience

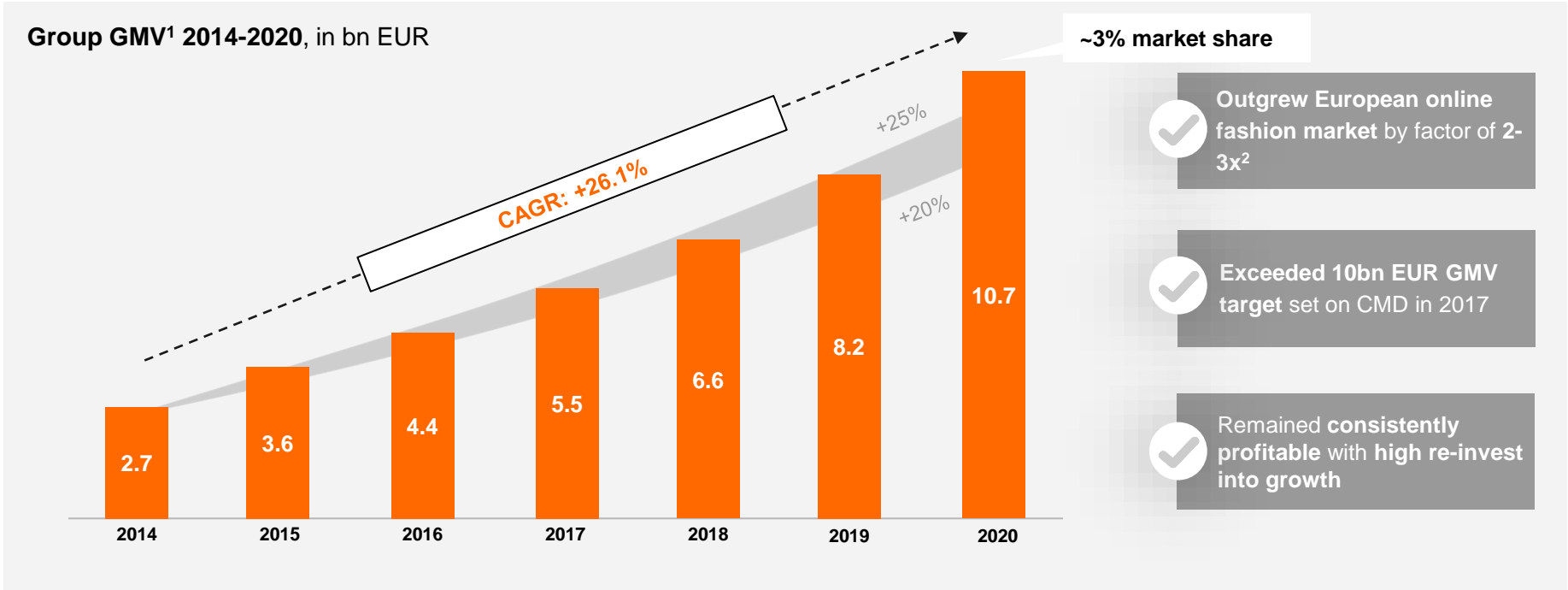
... making Zalando **THE app for fashion**



The most important building block of the Starting Point vision is to transition towards a true platform business model



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



1) Gross Merchandise Volume (GMV) incl. VAT
2) Source: Euromonitor International, February 2020. 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 are confident that we can capture more than 10% of the total European fashion market long-term by further executing on our vision and strategy

The COVID-19 pandemic **has accelerated change** in the fashion industry **that has long been in progress** and **blurred the boundaries between offline and online**

Our **platform strategy** allows us to **play an even bigger role in fashion** for customers and partners

Total fashion
>450bn EUR¹

>10%

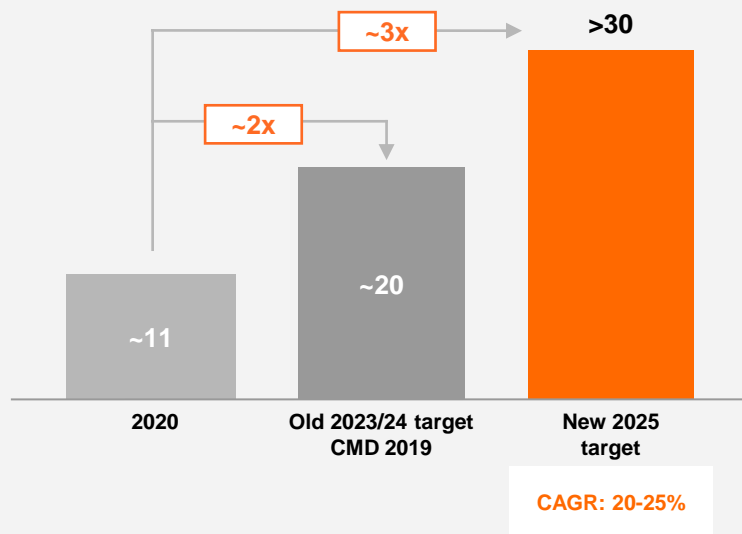
 zalando

1) Source: Company estimates and Euromonitor International forecasts, February 2020. Euromonitor forecasts the overall European Fashion Market to grow to roughly 450bn EUR over the next 5-10 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

We significantly upgrade our 2025 GMV ambition to more than 30bn EUR

GMV¹ growth ambition 2025

in bn EUR



Margin trajectory

Primary focus is on **capturing the immense growth opportunity**

Coming years therefore marked by **continued growth investments**

Long term **double digit profitability ambitions are unchanged**, but on a higher level of scale

1) Gross Merchandise Volume (GMV) incl. VAT

Our long term profitability ambitions are unchanged, but on a higher level of scale by transitioning to higher margin business and increasing economies of scale

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

In % of revenue	Wholesale ¹	Partner Business	Group margin impact vs. 2020	Key Drivers
Gross margin			↑	<ul style="list-style-type: none"> Transition to a Platform business model and economies of scale
Fulfillment costs			↗	<ul style="list-style-type: none"> Reversal of temporary return rate benefit and enhanced, more sustainable convenience experience
Marketing costs			↓	<ul style="list-style-type: none"> Starting Point Vision unfolds and share of existing customers increases
Admin expenses			↓	<ul style="list-style-type: none"> Continued focus on overhead-efficiencies and economies of scale
Adj. EBIT margin	6-8%	20-25%	10-13%	<ul style="list-style-type: none"> Transition to higher margin platform business and increasing economies of scale

1) Wholesale includes Offprice

Agenda



Investment highlights

Bringing our growth ambitions to life

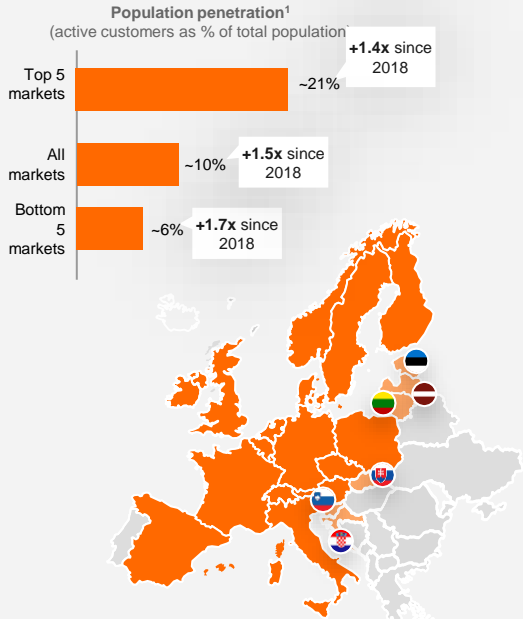
Building a truly sustainable platform

Creating long term value

Q2/2021 Results

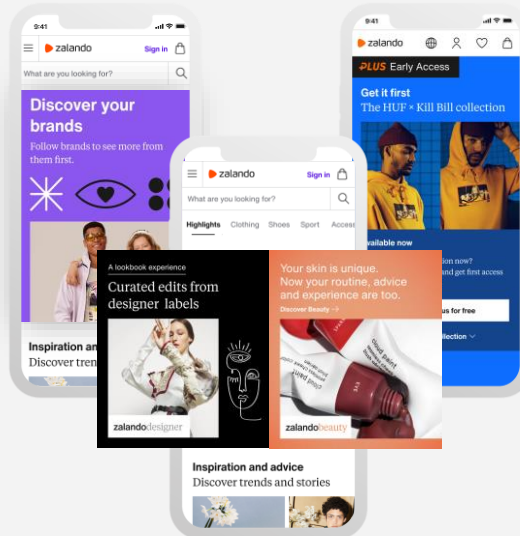
To bring our growth ambition to life, we follow clear strategic priorities

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



1) Excl. UK & Ireland

Innovate the way we engage with our customers



Build a platform that is relevant for all our partners

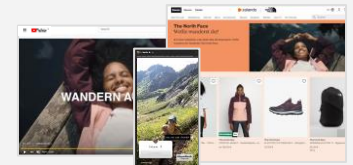


Driving internationalisation

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

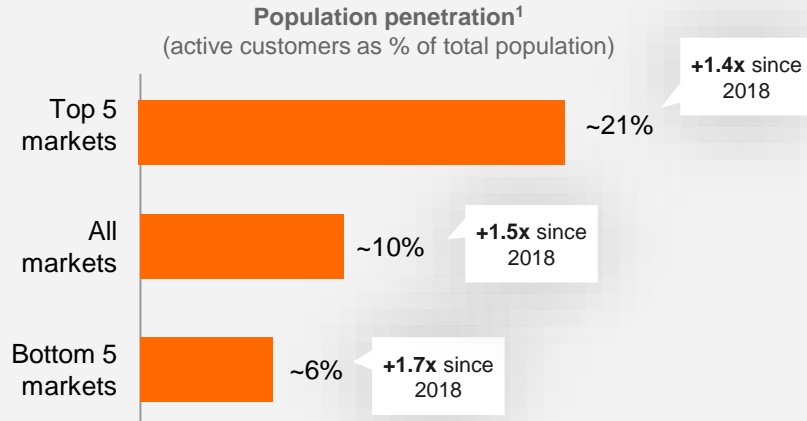


Connecting to consumers



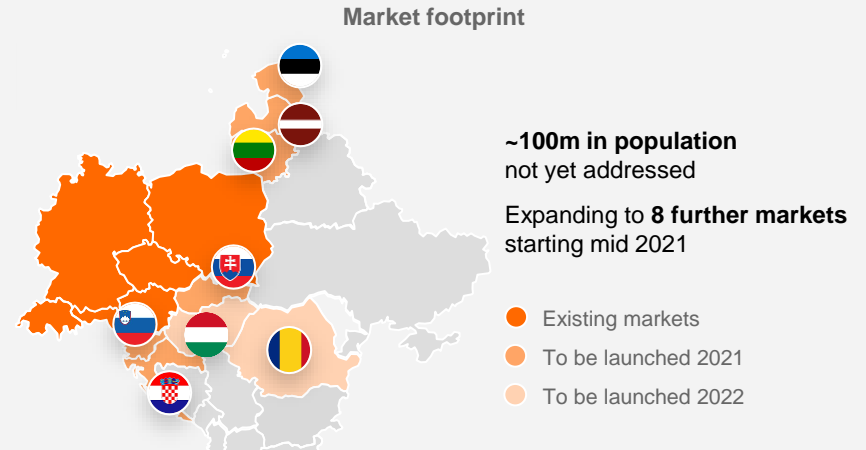
We have substantial leeway to grow active customers in existing markets and will expand our footprint to reach even more customers

Increasing penetration in existing markets



Increasing our overall penetration to the level already achieved in top 5 markets would **double our active customers**¹

Expanding footprint in Europe



We want to be the **Starting Point for Fashion** across Europe

1) Source: Statista, February 2021. Excluding UK & Ireland

We innovate and improve the customer experience along two dimensions

Improving the core (fashion) experience



Endless choice



Seamless convenience



Tailored digital experience

Elevating distinct customer propositions

Pre-Owned
Beauty
Zalando Lounge
Designer
Zalando Plus
And more.

We are building a platform that provides a scalable solution for brands, retailers and stores and thereby allows us to serve an increasing number of active customers...

Enabling Direct-to-Consumer

Customer choice

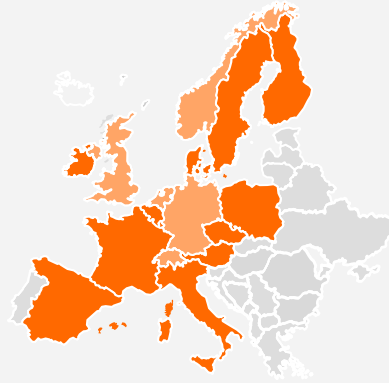


Direct-to-Consumer

Long-term target: **50% GMV share** from Partner Program & Connected Retail

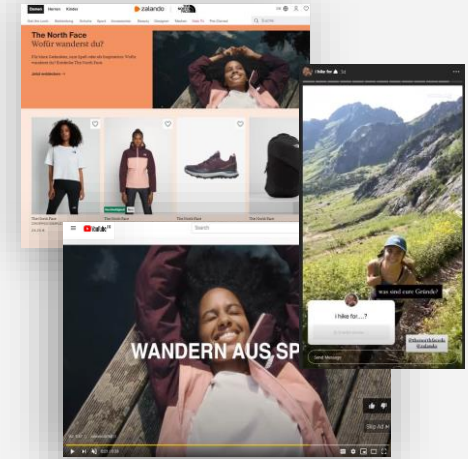
Driving internationalisation

- ZFS > 50% of sold items in PP
- ZFS < 50% of sold items in PP



Long-term target: **~75%** of Partner Program items **shipped by ZFS**

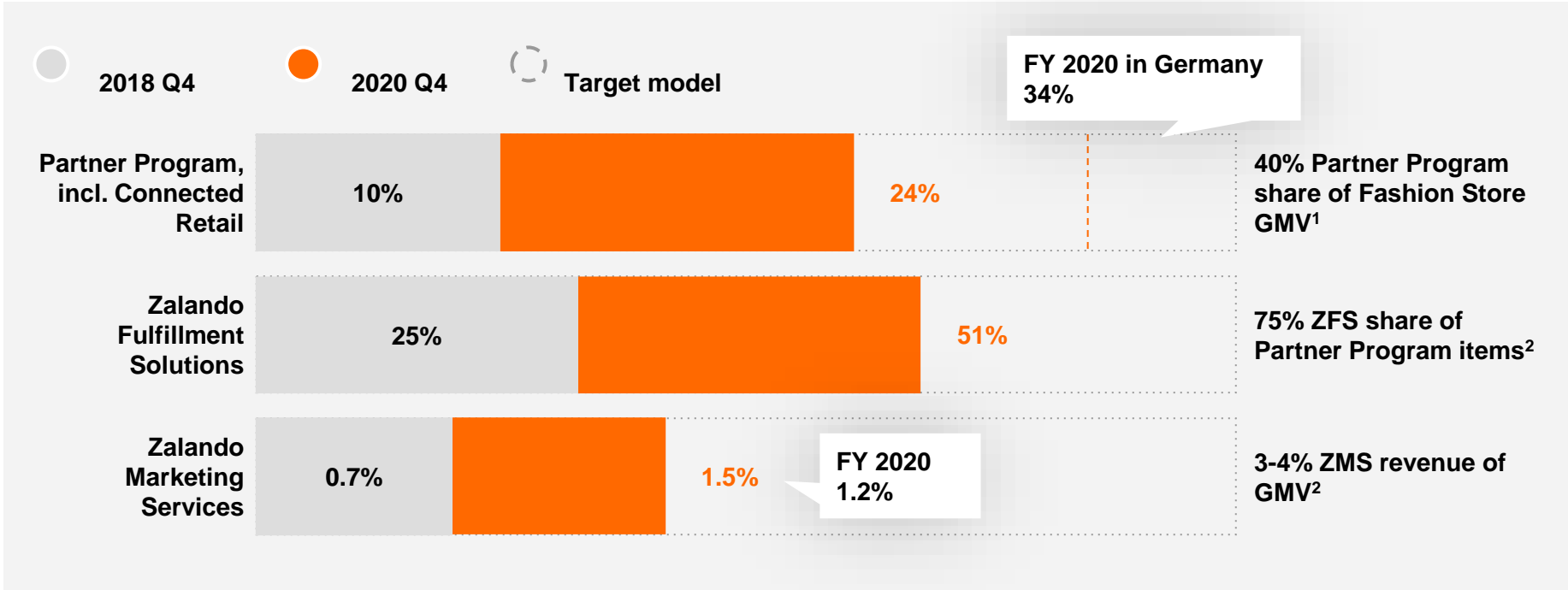
Connecting to consumers



Long-term target: **3-4% GMV share** from **ZMS**

Over the past the two years, we achieved important milestones in driving the Platform Transition

Progress towards our target model



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

Agenda



Investment highlights

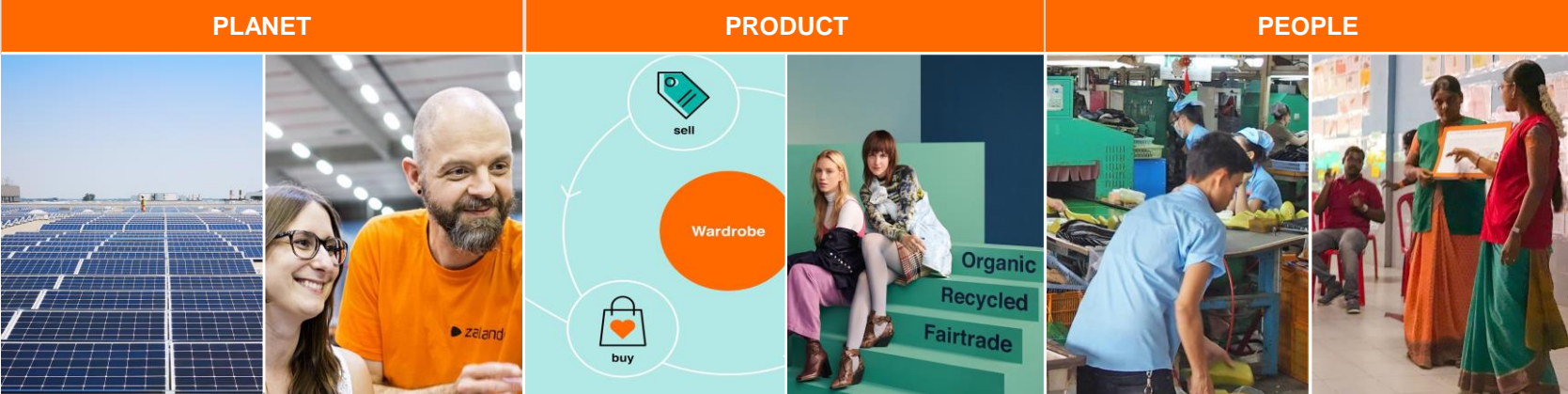
Bringing our growth ambitions to life

Building a truly sustainable platform

Creating long term results

Q2/2021 Results

We aim to become a truly sustainable Platform with a net positive impact for People and the Planet



Aspiration Reduce Carbon Footprint

Minimize waste + eliminate single-used plastics

Apply Principles of Circularity

25% of GMV with more sustainable fashion

Increase Ethical Standards + only partners who align

Support 10,000 people in the workforce

2020 Milestones Set Science Based Targets

Pre-owned 100% plastic free packaging

Launch Pre-owned Fashion category in 6 countries for man + women

16% GMV in 2020

100% disclosure Tier 1 private label suppliers

Defined scope of goal + planned measures

Increased renewable electricity to 100% in own operations

22% of overall packaging plastic free

1st collection designed for reuse and recycling

Tripled assortment to > 80.000 items from 500 brands

Introduction assessment tool Higg BRM partner brands

Upskilled 1355 people in the workforce

Reduced carbon footprint in own operations by 64%

87% of all packaging material recycled

Raised target from 20% to 25%

Updated policies and standards

To maximise impact, Sustainability is well 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)**



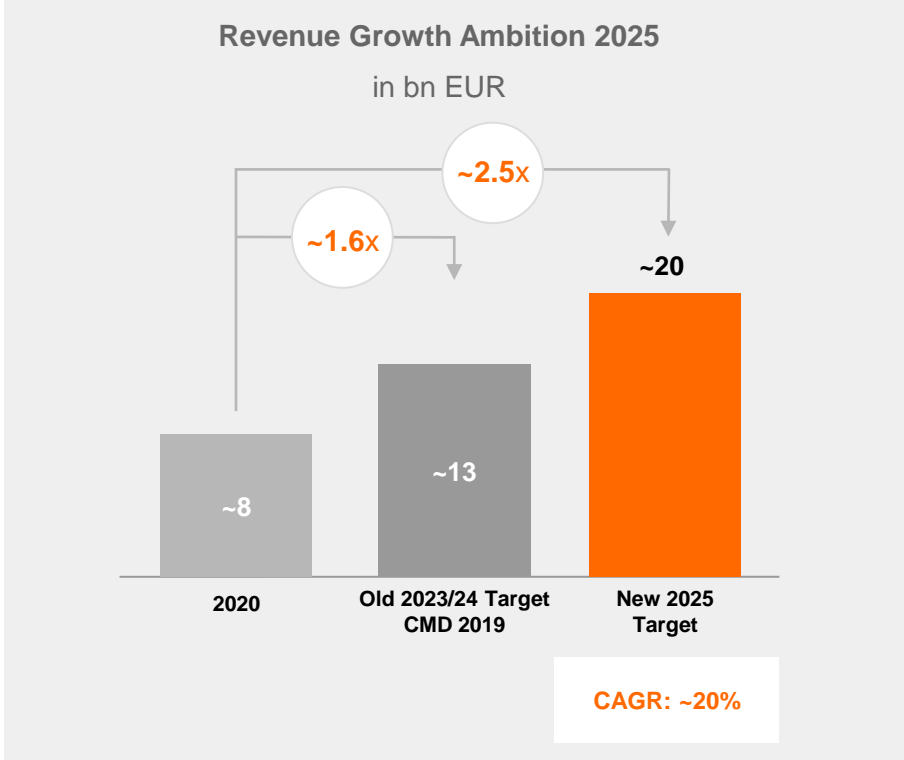
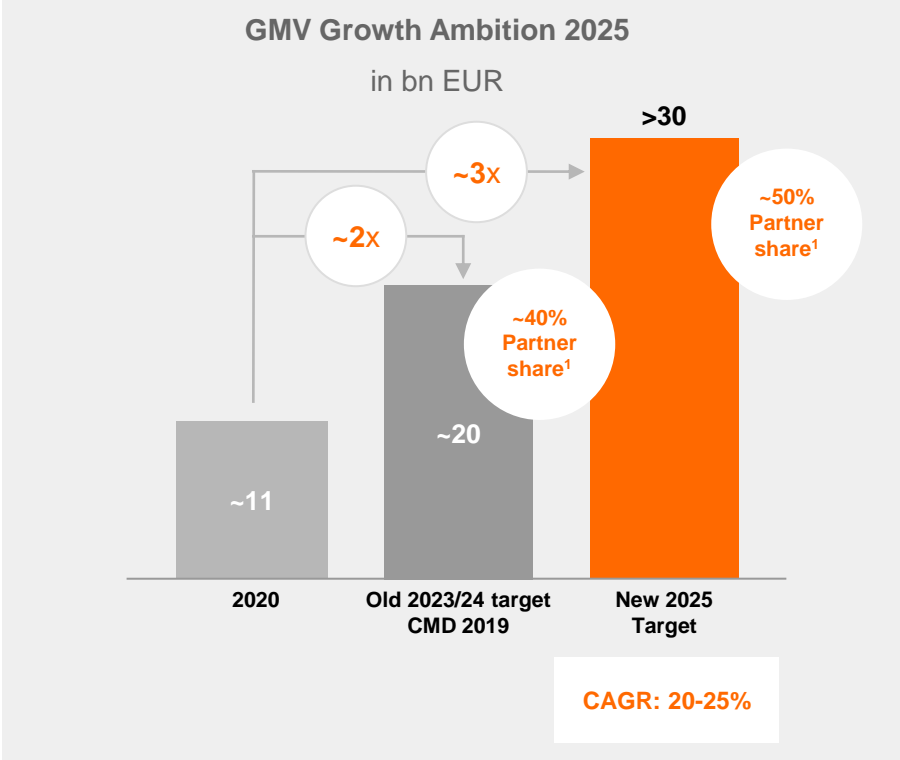
As the **highest decision-making body**, the Sustainability Forum serves as the **overarching steering committee** and keeps the necessary **strategic oversight**.

Agenda






Investment highlights
Bringing our growth ambitions to life
Building a truly sustainable platform
Creating long term value
Q2/2021 Results

We aim to triple our business to more than 30bn EUR GMV over the next 5 years



1) Partner Program Share in % of Fashion Store GMV

New mid-term guidance until 2025 reflects continued strong and profitable growth

	2019 Guidance Transition Phase 2019 – 2021	New Guidance 2021	New Guidance for 2022 – 2025	
 GROWTH (GMV)	20-25%	31-36%	20-25%	Continue to grow 2-3x faster than online market growth
 PROFITABILITY (ADJ. EBIT)	2-4%	4.0-4.5%	3-6% Starting in lower half in 2022 and approaching high end by 2025	(Re-)invest platform benefits and economies of scale to drive growth
 CASH GENERATION	<ul style="list-style-type: none"> • Cash flow negative • NWC neutral • Capex of 4-5% of revenue 	<ul style="list-style-type: none"> • FCF neutral • NWC negative • Capex of 3.5-3.9% of revenue 	<ul style="list-style-type: none"> • FCF neutral • NWC negative • Capex of 3.5-4.5% of revenue 	Enable growth through investments in technology and infrastructure

We have the necessary infrastructure and capabilities to support our 2025 ambition

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



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



Highly scalable

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
- **Adding 2 new fulfillment centers** in Madrid, Spain, and Rotterdam, the Netherlands, in 2021
- **12 warehouses can fulfill ~14bn EUR GMV**, plan to invest **1bn EUR Capex** to build **7 more** and enable **23bn EUR Zalando fulfilled GMV**.



Platform model to drive higher long-term profitability at scale

	 Partner Program	CR Connected Retail	ZFS Zalando Fulfillment Solutions	ZMS Zalando Marketing Services
Value Proposition	<ul style="list-style-type: none"> Curated Marketplace enabling brands' direct-to-consumer business across Europe 	<ul style="list-style-type: none"> Digital Storefront for Offline Retailers with Nationwide Reach 	<ul style="list-style-type: none"> Flexible and cost-efficient turnkey solution for European E-Commerce logistics 	<ul style="list-style-type: none"> Data infused marketing service to elevate branding and drive sales on and off premise
Long-term Target	~50% of GMV ¹		~75% of Partner Program Items Shipped	~3-4% of GMV
Current Status (Q4 2020)	~24% of GMV		~51% of Partner Program Items Shipped	~1.5% of GMV
Revenue Model	5-25% Commission in % of GMV		Cost Plus Model	Auction Model
Gross Margin Impact (vs. Group 2020)	↑	↑	↓	↑

1) Partner Program Share in % of Fashion Store GMV

Agenda



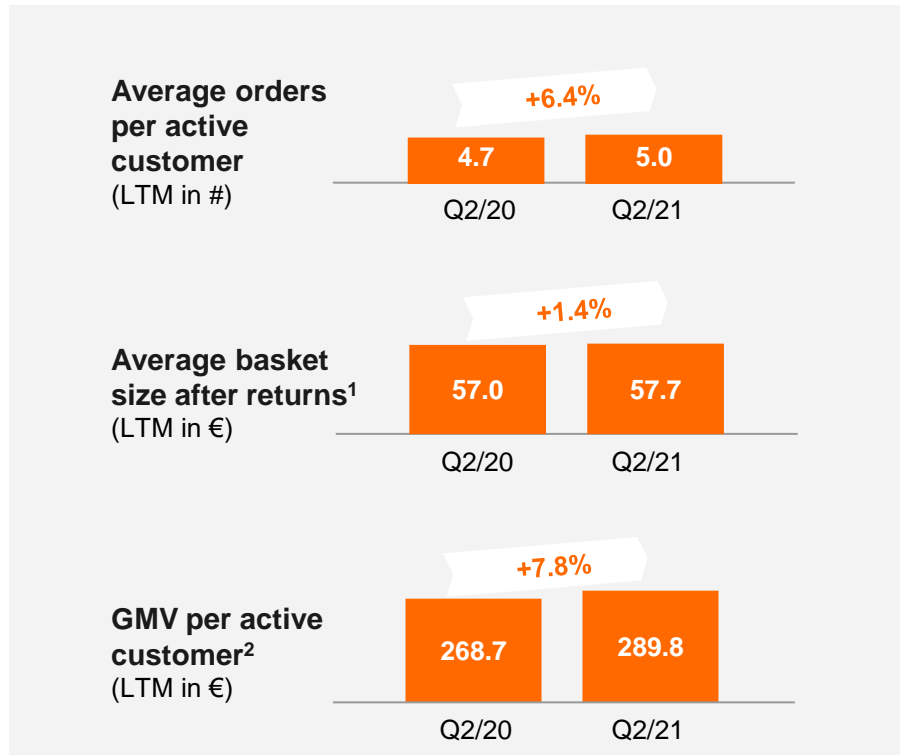
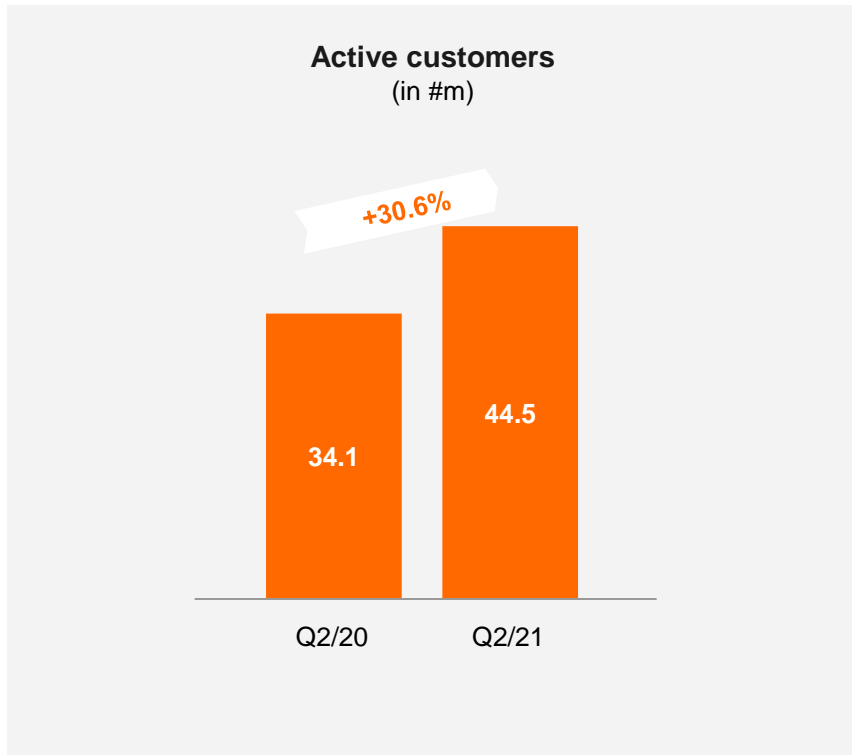
Investment highlights
Bringing our growth ambitions to life
Building a truly sustainable platform
Creating long term value
Q2/2021 Results

Exceptional H1 performance underlines our opportunity to play an even bigger role for customers and partners through our platform strategy

- **Growing customer and partner engagement:** Active Customers grew by >30% to 44.5m and Partner Program GMV by >100% in H1 while pandemic induced restrictions have been gradually lifted.
- **Elevating our Beauty proposition:** Building a distinct Beauty proposition is a key priority for us and the Sephora partnership presents an attractive opportunity to accelerate our growth trajectory.
- **Expanding our footprint in Europe:** Customers in six additional markets can now enjoy Zalando's endless choice, seamless convenience and tailored digital experience.
- **Delivering strong financial results in Q2:** Delivered GMV growth of +40% YoY and strong profitability with an adj. EBIT margin of 6.7% against exceptional Q2/2020 comparables.
- **Reiterating FY/2021 guidance:** GMV and revenue growth unchanged at +31-36% and +26-31% YoY, respectively, adj. EBIT now expected to reach the upper half of the guided 400-475m EUR range.



Strongest absolute growth in active customers on record and increasing order frequency demonstrate strong consumer demand

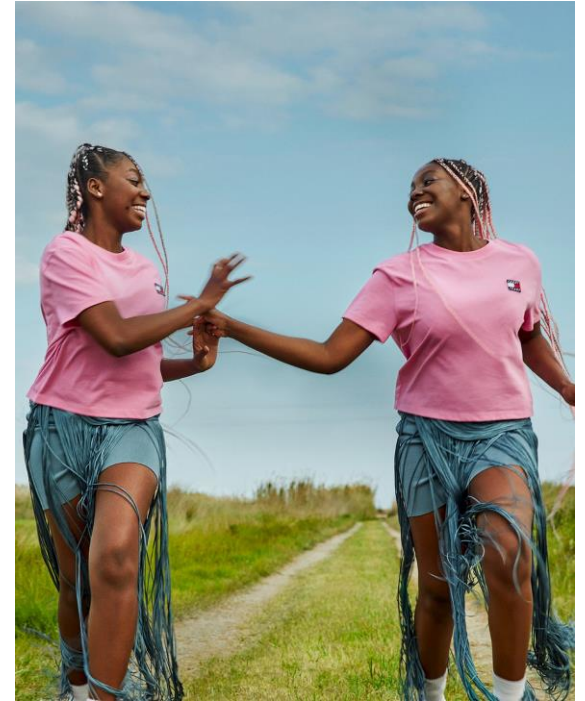
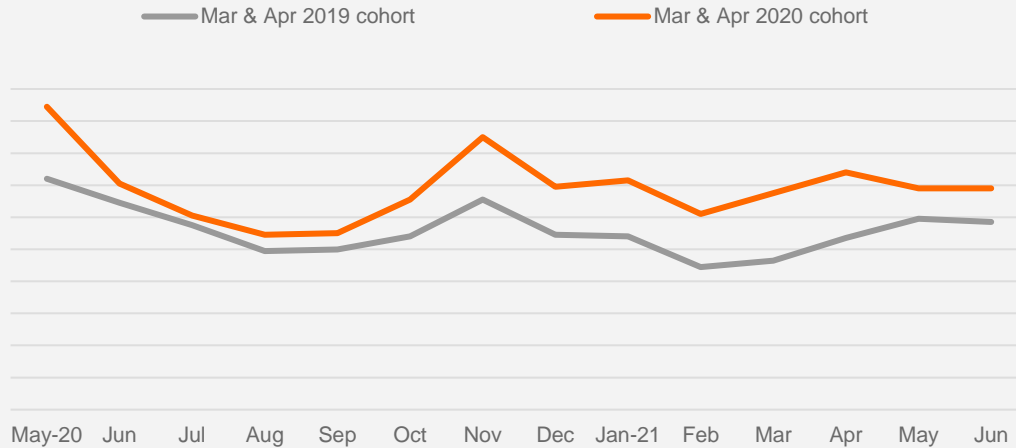


- 1) Defined as GMV divided by the number of orders
- 2) Defined as GMV divided by the number of active customers

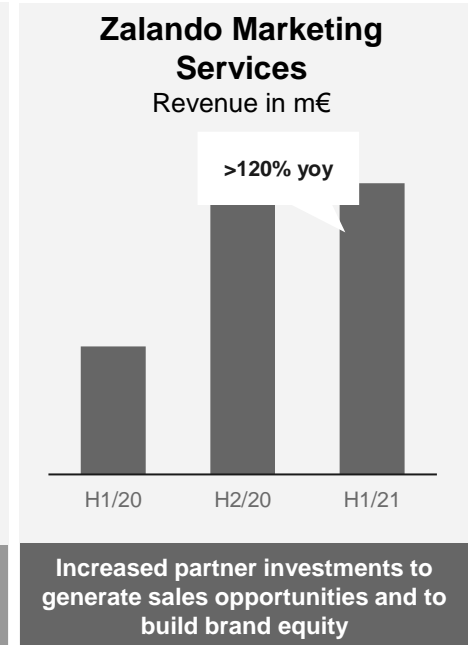
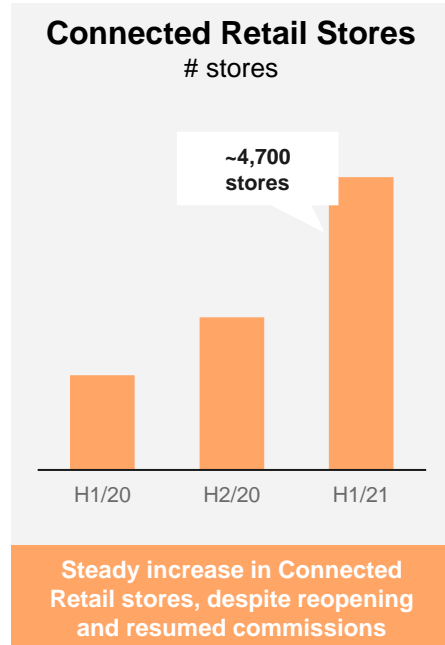
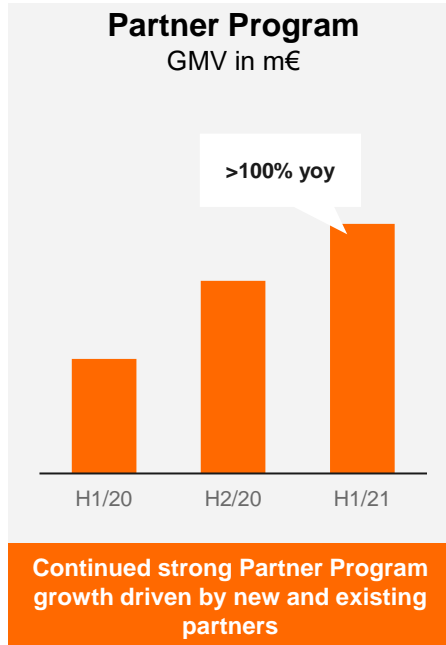
Customers acquired during the first lockdown in 2020 continued to remain very active as stores reopened and restrictions eased throughout Q2

Repurchase rate March & April 2020 vs. March & April 2019 cohorts

% of acquired customers repurchasing in upcoming months

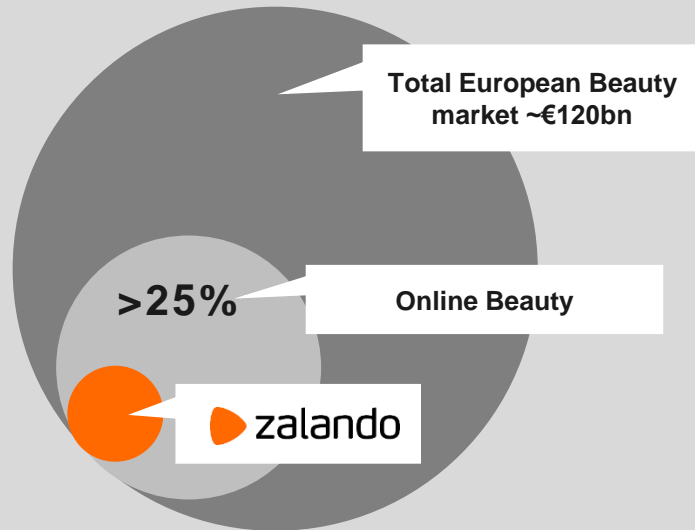


COVID-19 induced a step change in online penetration and our partners capitalized strongly on the online growth opportunity by leveraging our Direct-To-Consumer platform offerings



Next to improving our core fashion experience, elevating distinct and marketable propositions such as Beauty is a key priority for us to drive customer engagement and spending

Beauty enlarges our already massive ~€450bn fashion TAM by another ~€120bn in the next 5-10 years^{1,2}



Beauty is highly complementary to Fashion:

3 out of 5 of our customer also buy fashion products when shopping Beauty

Comparatively low online penetration despite COVID-19 step change: share of online beauty sales jumped from 8% in 2019 to 11% in 2020², still significantly lower than in fashion

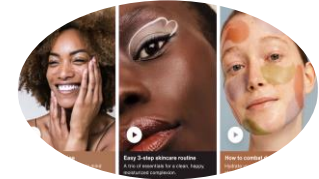
We are distinctly positioned to capitalize on this additional growth opportunity:

We have the necessary customer insights, infrastructure and capabilities to support our growth ambitions

1) TAM: Total Addressable Market

2) Source: Company and Euromonitor International, July 2021. Values based on actuals and estimates; fixed exchange rates. Western and Eastern Europe excluding Russia; Beauty and Personal care

We are excited about our multi-year vision to build an industry-leading Beauty proposition, which is being further accelerated by our Sephora partnership



Beauty launched

2018

More choice, more markets

- >16,000 SKUs covering the full beauty spectrum
- >350 brands with popular brands from Estée Lauder & Coty group
- Live in 10 markets

H1/2021

Sephora partnership boosts choice

- Access to +**300 prestige and exclusive brands** with halo-brands like Chanel and Dior
- Sephora to **join Partner Program** in Germany in Q4
- Partnership is set to be rolled out to **other markets as of 2022**

Q4/2021

Elevate Beauty proposition

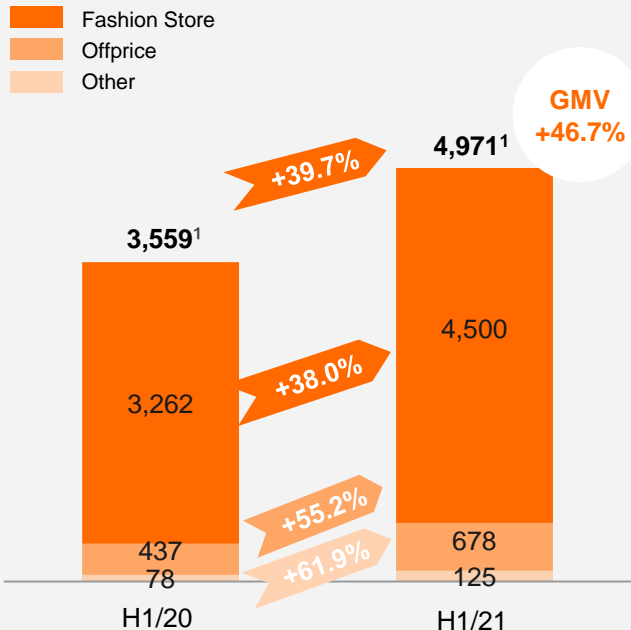
- **Endless choice** for our customers covering the most sought-after beauty products
- **Multisensory experience** with improved functionalities, online advice and trial solutions

2022

Outstanding topline momentum fueled by strong customer and partner engagement even as restrictions eased and stores re-opened

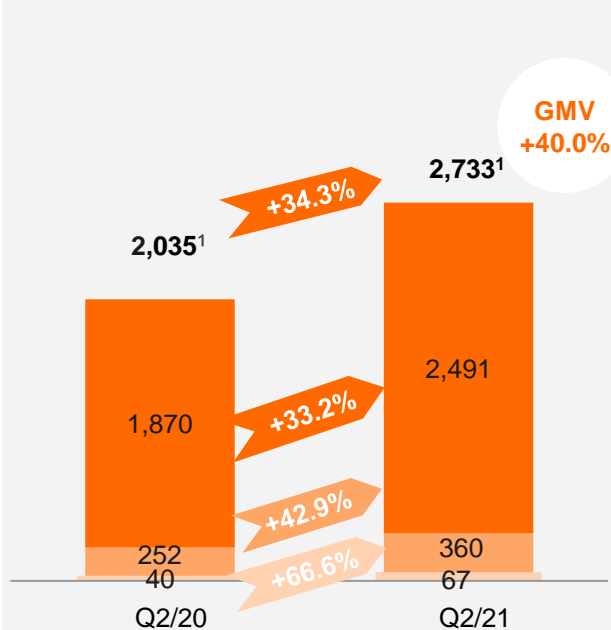
Revenue – Group (H1)

(in €m and %)



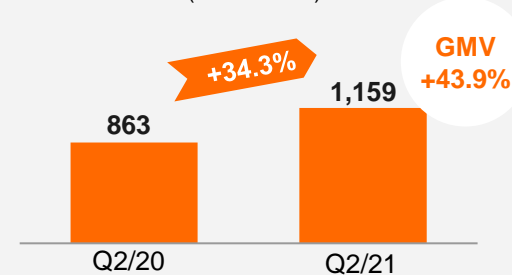
Revenue – Group (Q2)

(in €m and %)



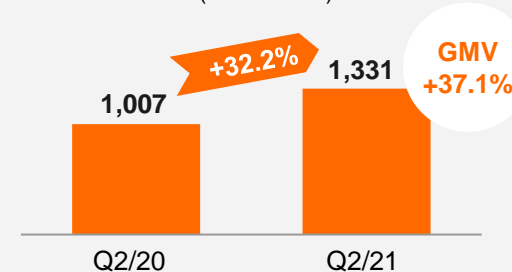
Fashion Store – DACH (Q2)

(in €m and %)



Fashion Store – Rest of Europe (Q2)

(in €m and %)



1) H1/21 (H1/20) contains -332.9 €m (-217.4 €m) reconciliation of internal revenues; Q2/21 (Q2/20) contains -184.9 €m (-127.8 €m) reconciliation of internal revenues

We delivered healthy profitability on the back of strong topline momentum, but increased marketing spend to capture full demand potential drives Q2 profitability lower.

Costs and margins (in % of revenue) ¹	H1				Q2				
	2019	2020	2021	YoY Delta	2019	2020	2021	YoY Delta	
Cost of sales	(57.0%)	(59.5%)	(57.3%)	2.2pp	(54.3%)	(55.6%)	(55.8%)	(0.2pp)	
Gross profit	43.0%	40.5%	42.7%	2.2pp	45.7%	44.4%	44.2%	(0.2pp)	
Fulfillment costs	(28.0%)	(27.3%)	(24.8%)	2.5pp	(27.3%)	(25.4%)	(24.2%)	1.2pp	Continued return rate benefit and high network utilization
Marketing costs	(7.6%)	(6.4%)	(8.9%)	(2.4pp)	(8.2%)	(5.2%)	(9.8%)	(4.6pp)	ROI based marketing and lapping of LYs savings measures
Administrative expenses & Other	(4.9%)	(4.3%)	(3.7%)	(0.6pp)	(4.4%)	(4.0%)	(3.4%)	0.6pp	
EBIT	2.5%	2.4%	5.3%	2.9pp	5.8%	9.8%	6.8%	(2.9pp)	
Adj. EBIT²	3.6%	3.2%	5.6%	2.4pp	6.4%	10.4%	6.7%	(3.7pp)	

1) Rounding differences may occur.

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

Upgraded FY/2021 outlook confirmed

GMV growth of 31 – 36%, and Revenue growth of 26 – 31%

Adj. EBIT¹ in the upper half of the €400 – 475m range

Negative net working capital and Capex around €350m (previously: €350-400m range²)

1) Excluding equity-settled share-based payment expense ("SBC") of ~60 €m, restructuring costs and non-operating one-time effects for FY/21

2) Excludes M&A transactions

Appendix



Management Board

The Zalando Share

Zalando Investor Relations Team

Management responsibilities following the Annual General Meeting



Robert Gentz
Co-CEO



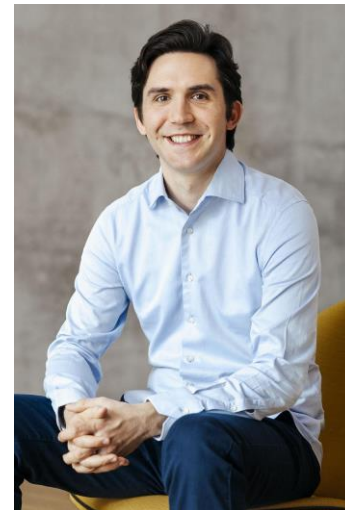
David Schneider
Co-CEO



Astrid Arndt
Chief People Officer



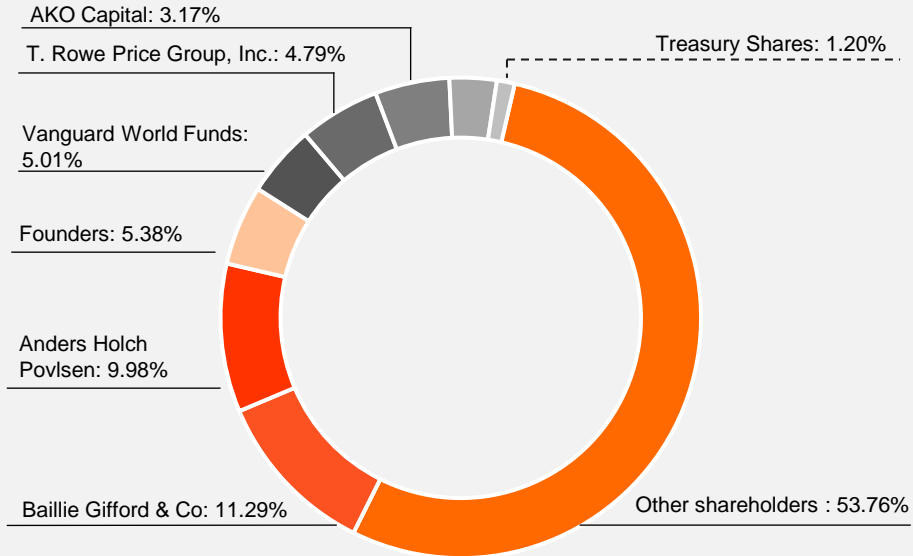
Jim Freeman
Chief Business and
Product Officer



David Schröder
Chief Financial Officer

The Zalando Share

Shareholder structure^{1,2}



Share information¹

Type of Shares	Ordinary bearer shares with no-par value (<i>Stückaktien</i>)
Stock Exchange	Frankfurt Stock Exchange
Market Segment	Regulated Market (<i>Prime Standard</i>)
Index Listings	MDAX, STOXX600, FTSE4Goods
First day of trading	October 1, 2014
Issue price	EUR 21.50
Total Number of Shares Outstanding	261,531,764
Issued Share capital	EUR 261,531,764

- 1) Free-Float of 88.92%
- 2) Aggregated Shareholdings of Founders

Zalando Investor Relations Team



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Head of IR

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Manager IR - ESG

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10243 Berlin

investor.relations@zalando.de
<https://corporate.zalando.com/en>

Upcoming events

All events
are virtual

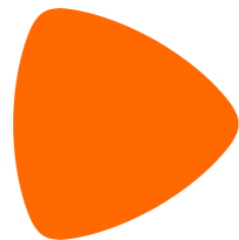
Date	Event
Tuesday, August 10th	Fireside Chat with our CFO David Schröder (hosted by RBC)
Thursday, September 2nd	Commerzbank Corporate Conference, Frankfurt
Tue-Wed, September 7th-8th	Asia Roadshow (DAIWA)
Mon-Wed, September 13th-15th	Citi Tech Conference, New York
Mon-Tue, September 20th-21st	Goldman Sachs/Berenberg German Corporate Conference, Munich
Wed-Thu, September 22nd-23rd	Baader Bank Investment, Conference Munich
Wednesday, November 3rd	Publication Q3/2021 Results

Disclaimer

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.



zalando