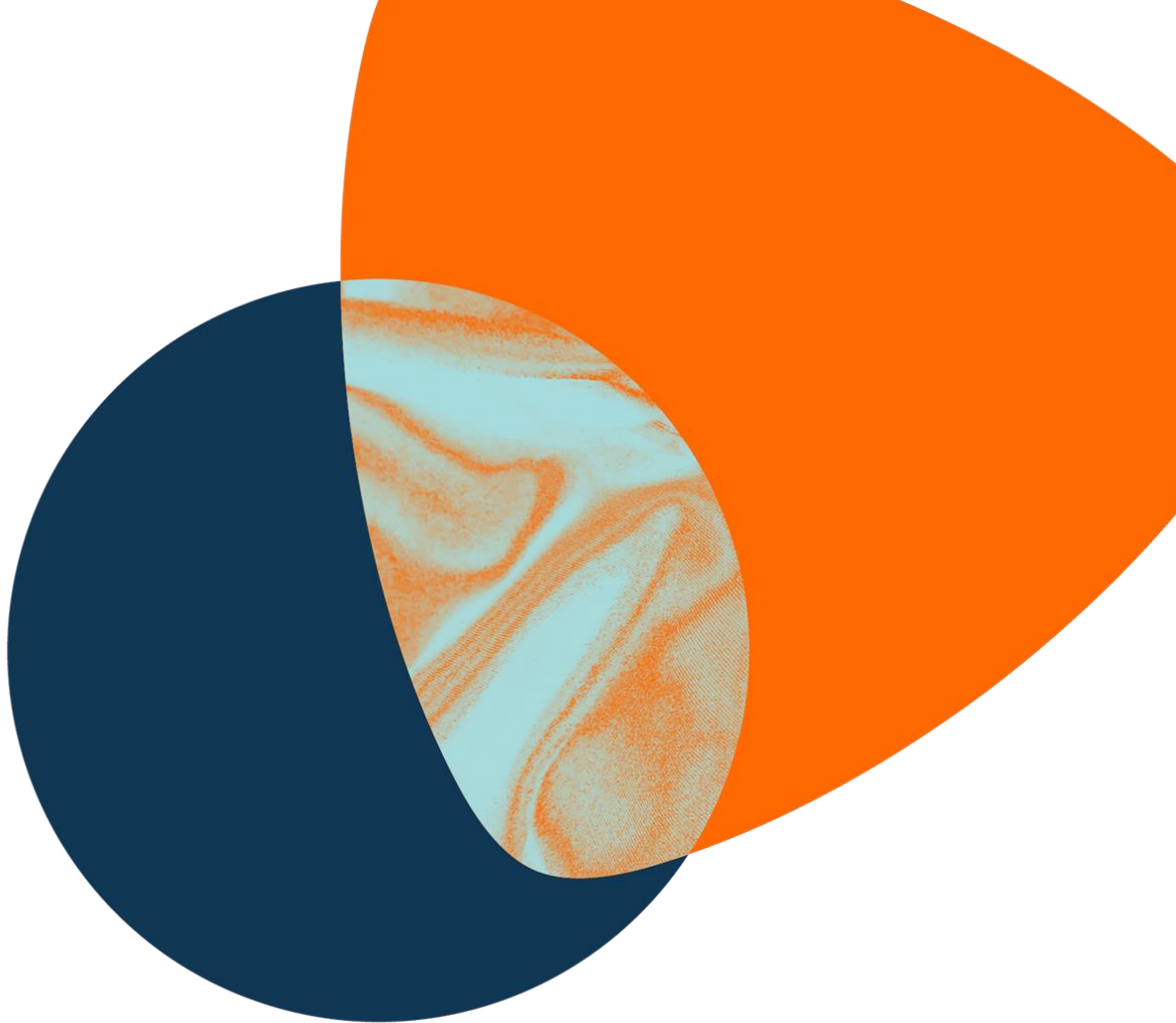


Roadshow Presentation

April 2021



Agenda



Investment highlights

Bringing our growth ambitions to life

Building a truly sustainable platform

Creating long term value

FY/2020 Results

Investment Highlights - 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

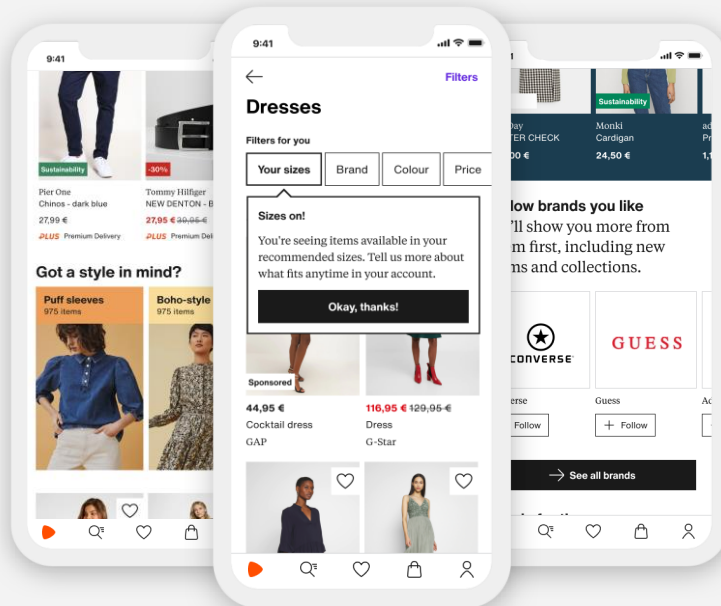


Seamless convenience



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

The Starting Point for Fashion.

Zalando benefits

- Platform adds scale to Zalando
- Less inventory risk – while improving customer offering

Customer benefits

- Desirable and comprehensive assortment
- High availability

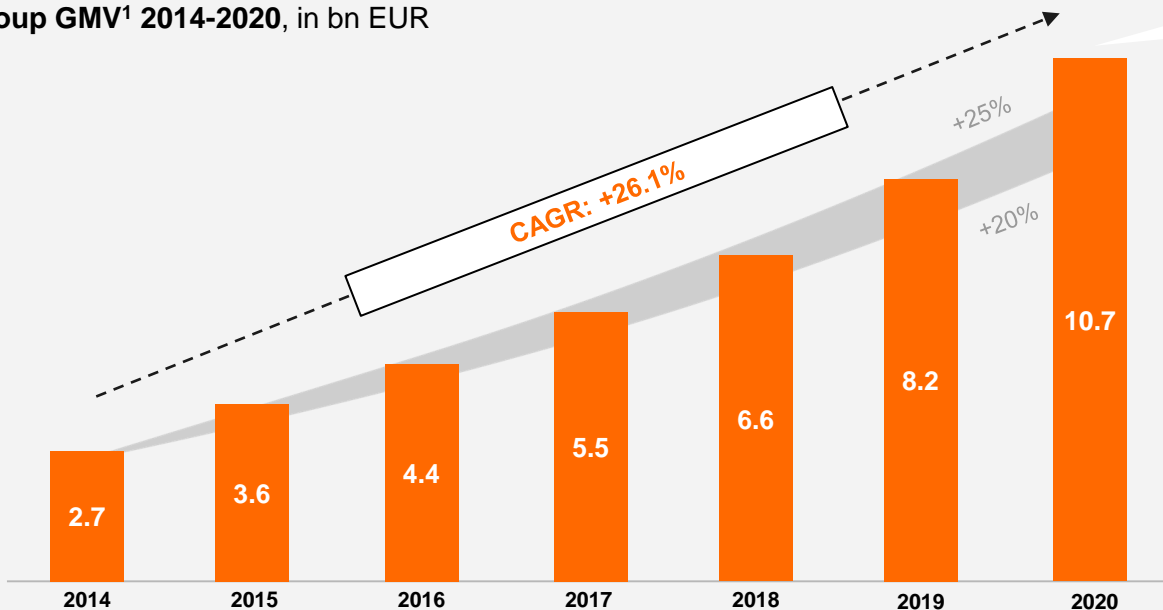
Partner benefits

- Direct access to European digital consumer
- Leverage Zalando capabilities (tech, data, logistics)

Platform Strategy

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

Group GMV¹ 2014-2020, in bn EUR



~3% market share



Outgrew European online fashion market by factor of 2-3x²



Exceeded 10bn EUR GMV target set on CMD in 2017



Remained **consistently** profitable with high re-invest into growth

- 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**

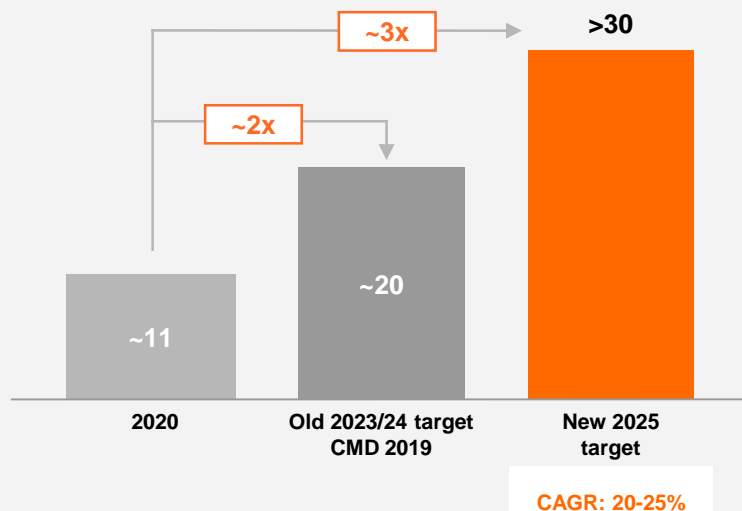
Our **platform strategy** allows us to **play an even bigger role in fashion** for customers and partners



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

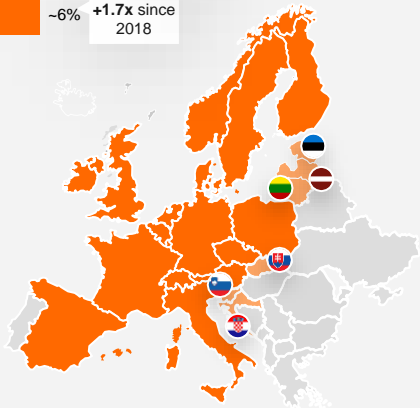
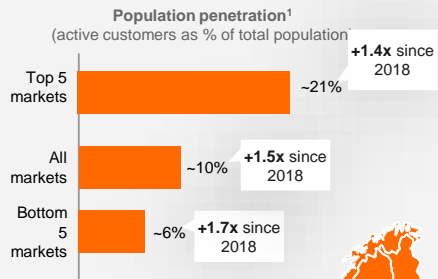
Building a truly sustainable platform

Creating long term value

FY/2020 Results

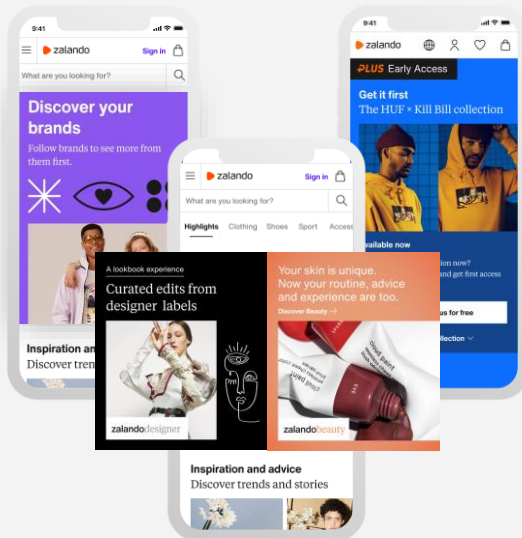
To bring our growth ambition to life, we follow clear strategic priorities

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

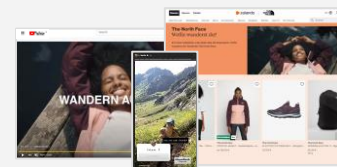


Driving internationalisation

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

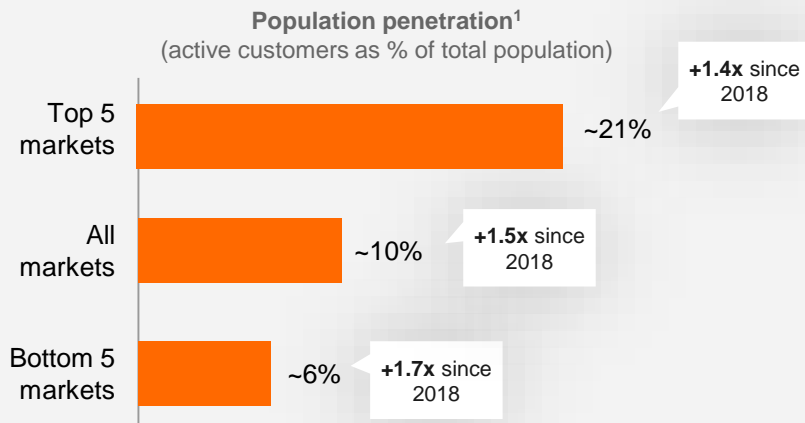


Connecting to consumers



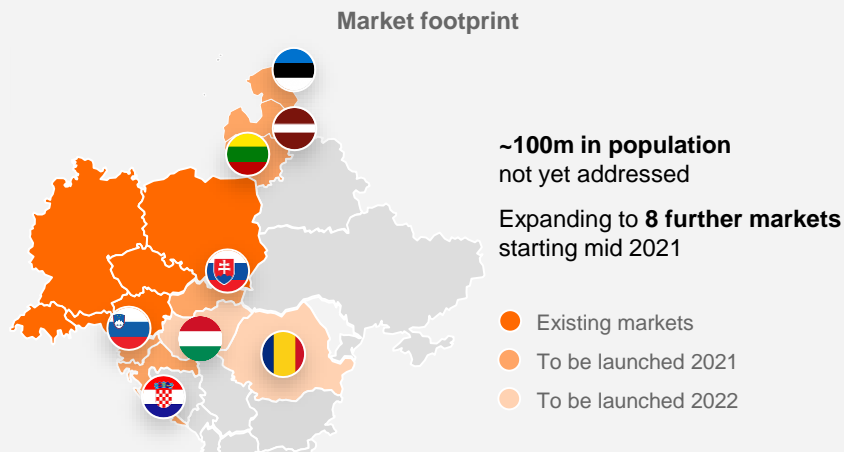
We have substantial leeway to grow active customers in existing markets and will expand our footprint to reach even more customers

Increasing penetration in existing markets



Increasing our overall penetration to the level already achieved in top 5 markets would **double our active customers¹**

Expanding footprint in Europe



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

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

We are a truly European fashion platform and have reached key milestones in 2020



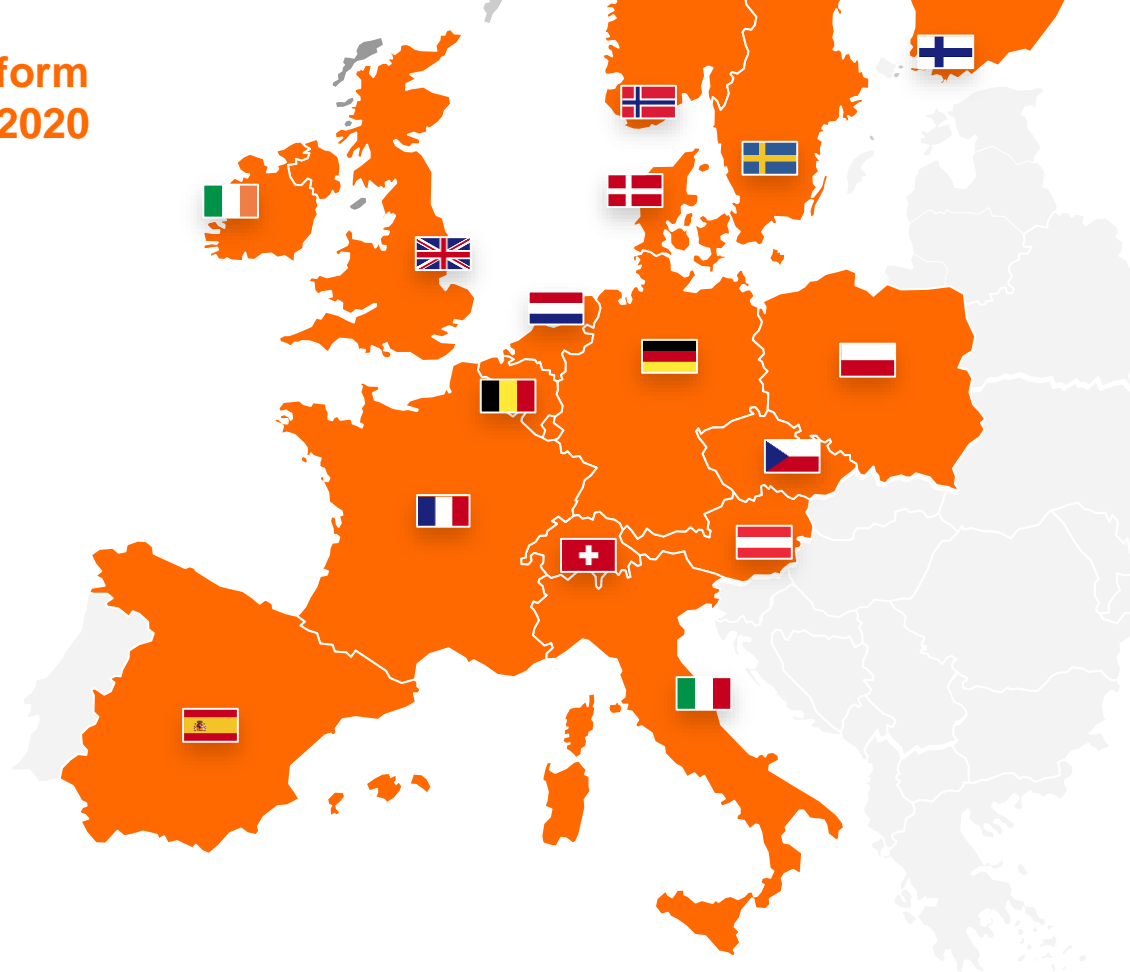
>50% of **GMV** generated **outside of DACH**



Exceeded **1bn EUR** in **GMV** in the **Nordics**



Generated **highest active customer growth** in **Southern Europe**



We innovate and improve the customer experience along two dimensions

Improving the core (fashion) experience



Endless choice



Seamless convenience



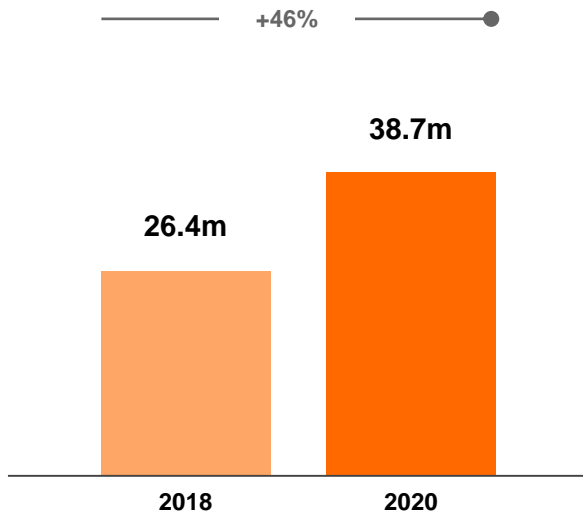
Tailored digital experience

Elevating distinct customer propositions

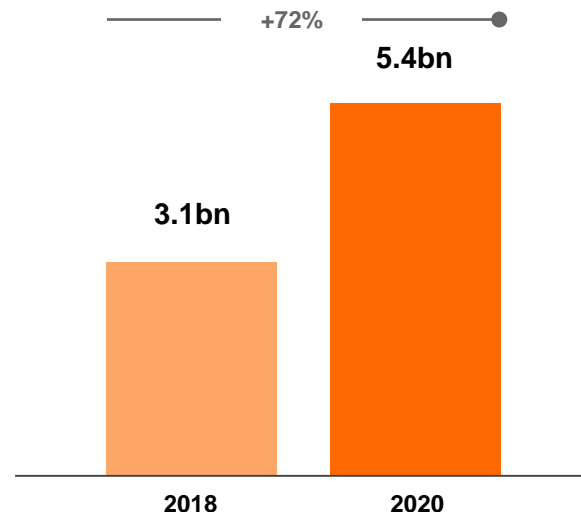
Pre-Owned
Beauty
Zalando Lounge
Designer
Zalando Plus
And more.

As a result, our customer base is growing, visiting us more often and happier than ever with our experience

Active customers



Site visits¹



Customer satisfaction
(Zalando Fashion Store NPS)



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

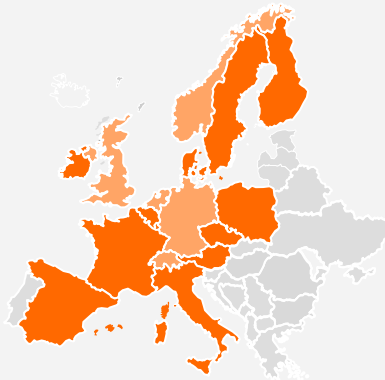


Direct-to-Consumer

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

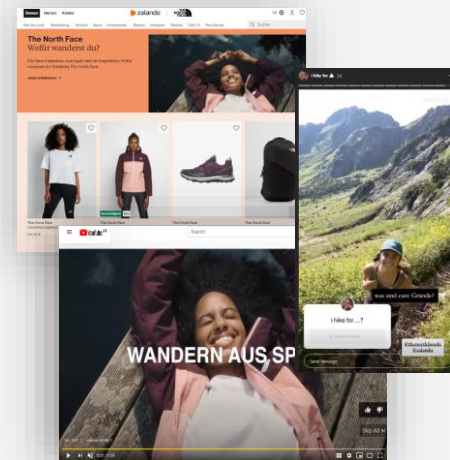
Driving internationalisation

- 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**

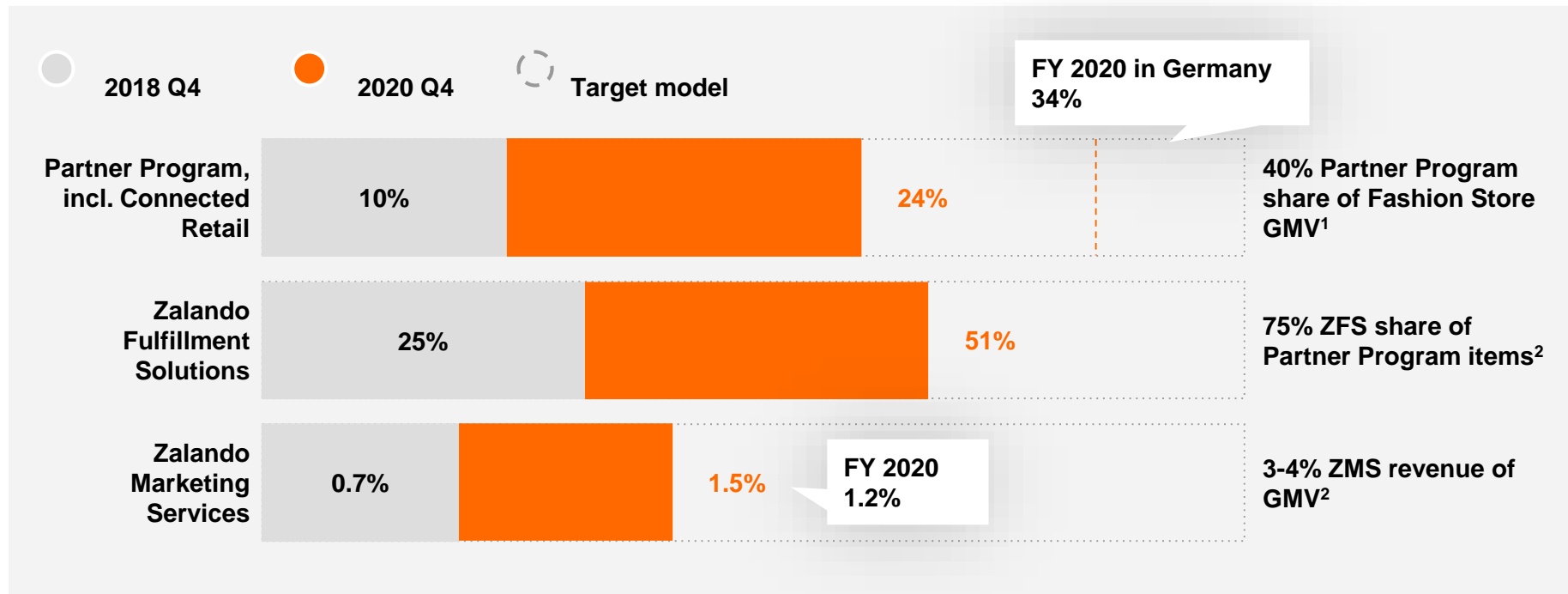
Connecting to consumers



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

FY/2020 Results

We are drastically reducing our own emissions and will work with our partners to do the same

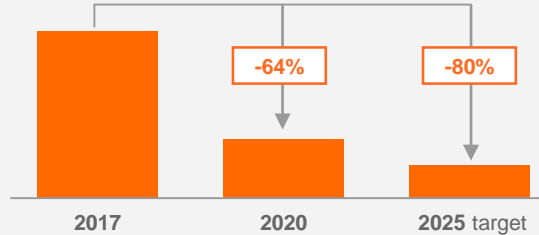


Our aspiration:

We are carbon neutral in our own operations and aim for a 1.5°C pathway in line with the Paris Agreement

Our own operations (Scope 1+2)

Tons of CO2 from own operations



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

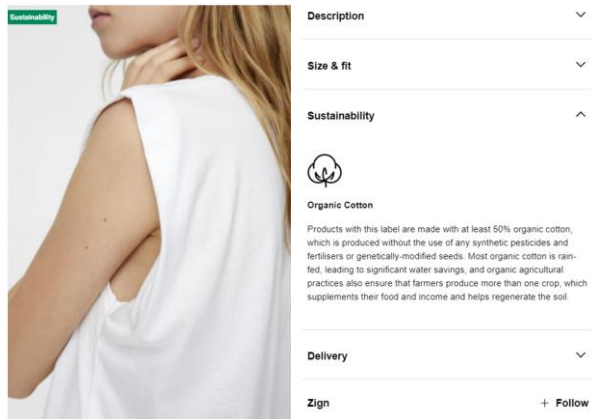
Our supply chain (Scope 3)

Our Science Based Target:

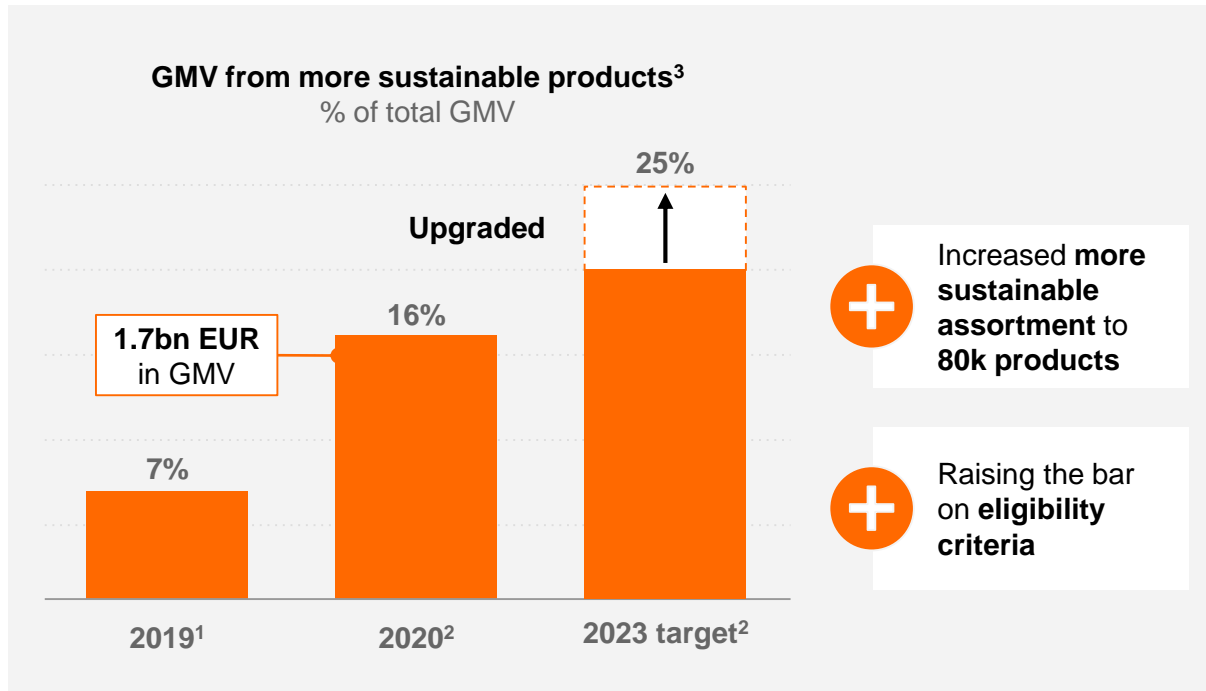
Zalando commits that 90% of our suppliers will have set Science Based Targets by 2025



We encourage brands to produce and customers to choose more sustainable products



Our aspiration:
We enable customers to make
more sustainable choices



- 1) Zalando Fashion Store, after returns
- 2) Zalando Group, after returns
- 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



Agenda



Investment highlights

Bringing our growth ambitions to life

Building a truly sustainable platform

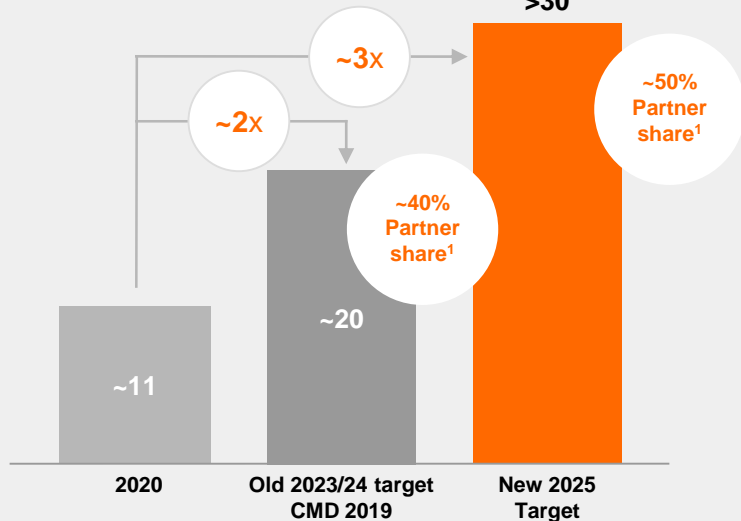
Creating long term value

FY/2020 Results

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

GMV Growth Ambition 2025

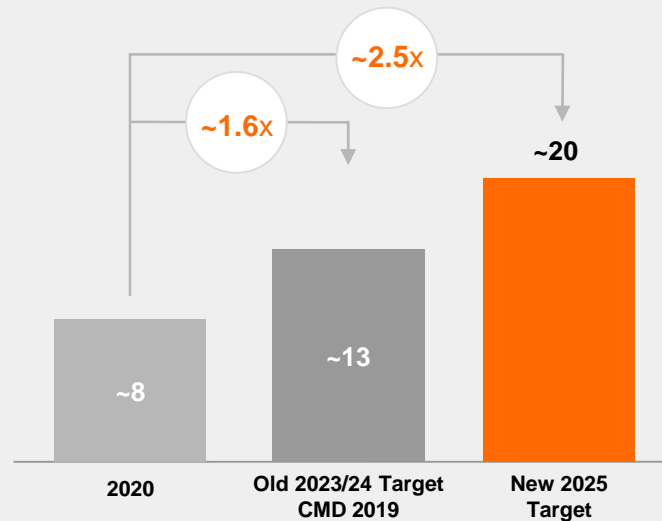
in bn EUR



CAGR: 20-25%

Revenue Growth Ambition 2025




in bn EUR



CAGR: ~20%

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%	27-32%	20-25%	Continue to grow 2-3x faster than online market growth
 PROFITABILITY (ADJ. EBIT)	2-4%	3.5-4.1%	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

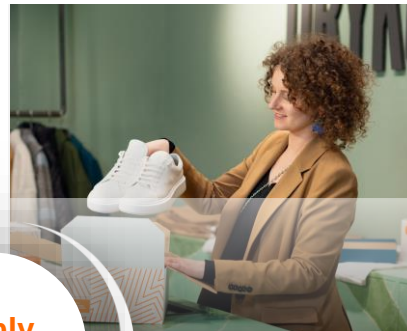
Payments Platform

- 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



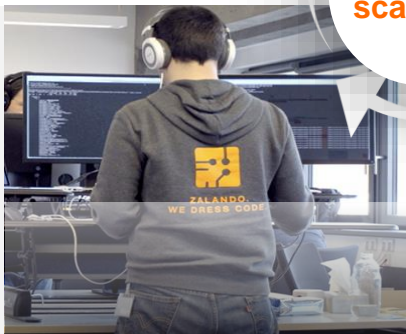
Access to Fashion Supply

- 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



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)








Highly scalable

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
FY/2020 Results

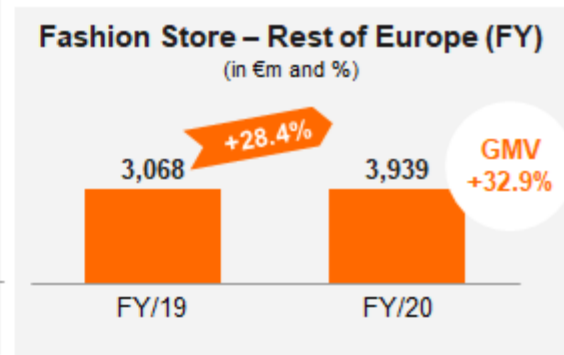
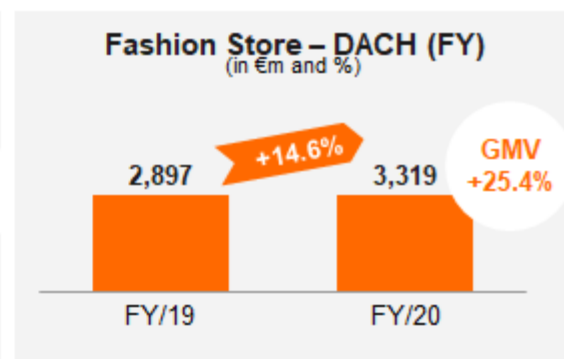
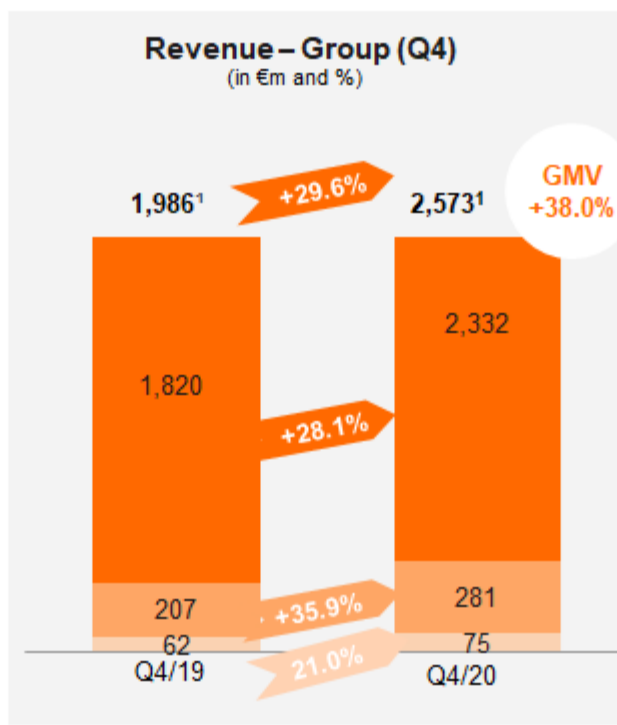
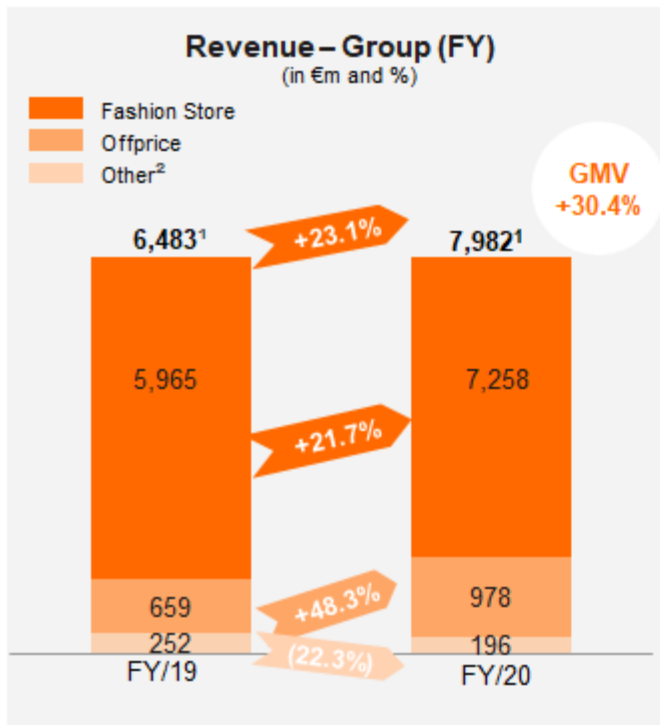
In 2020 we made significant progress towards our vision to be the Starting Point for Fashion, combined with an outstanding financial and operational performance

- **Becoming the Starting Point for Fashion in Europe:** Accelerated new customer growth of 33% YoY, lifting our active customer base to 38.7m
- **Accelerated Platform Transition:** 24% Partner Program share¹ (+9pp) in Q4, ZFS surpassing 50% share and ZMS with strong recovery in HY2/2020
- **Outstanding Performance:** GMV growth of 30.4%, revenue growth of 23.1% and adjusted EBIT margin of 5.3% in FY/20, exceeding our initial 2020 guidance
- **Strong Balance Sheet:** Successful placement of 1bn EUR in Convertible Bonds to further accelerate our growth strategy and to invest with even more conviction



1) Including Connected Retail

Despite a challenging start, 2020 saw a significant acceleration in GMV growth with an outstanding finish in Q4



1) FY/20 (FY/19) contains -€449.8m (-€394.1m) reconciliation; Q4/20 (Q4/19) contains -€114.2m (-€103.3m) reconciliation

2) Other segments including various emerging businesses; private label offering zLabels no longer presented as separate unit since Q1/19

Significant YoY profitability increase driven by temporary benefits from lower return rates and structurally increasing operating leverage

Costs and margins (in % of revenue)	FY			Q4			
	2019	2020	Delta	2019	2020	Delta	
Cost of sales	(57.5%)	(57.5%)	0.0pp	(57.0%)	(56.0%)	(1.0pp)	Less price investments offset by category mix
Gross profit	42.5%	42.5%	0.0pp	43.0%	44.0%	1.0pp	
Fulfillment costs	(27.3%)	(25.7%)	(1.6pp)	(25.3%)	(22.9%)	(2.5pp)	Higher utilization & lower return rate
Marketing costs	(8.1%)	(8.3%)	0.2pp	(8.7%)	(11.1%)	2.5pp	Increased marketing to capture full demand potential
Administrative expenses & Other	(4.6%)	(3.9%)	(0.7pp)	(4.0%)	(3.1%)	(0.9pp)	
EBIT	2.6%	4.6%	2.0pp	5.0%	6.9%	1.9pp	FY/20 pro-forma margin: 3.8% ²
Adj. EBIT ¹	3.5%	5.3%	1.8pp	5.6%	7.4%	1.8pp	

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

2) Excluding positive impact from temporary Covid-19 related lower Return Rate in 2020.

For 2021, we aim to continue to grow at an accelerated pace while investing to further elevate our customer experience and to drive our platform transition

GMV growth of 27 – 32%, and Revenue growth of 24 – 29%

Adj. EBIT¹ of €350 – 425m

Negative net working capital and €350 – 400m in Capex²

1) Excluding equity-settled share-based payment expense ("SBC") of ~€57m, 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

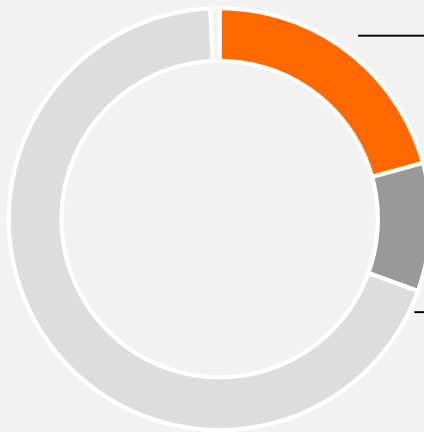
Shareholder structure^{1,2}

Treasury shares. 0.7%

Kinnevik AB (publ): 20.71%

Anders Holch Povlsen 9.83%

Other shareholders (free float) 68.76%



Share information¹

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

Zalando Investor Relations Team



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10243 Berlin

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

Upcoming events

All events
are virtual

Date	Event
Thursday, May 6	Q1/2021 Results
Wednesday, May 19	Annual General Meeting, Berlin

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.

Your Notes

Your Notes

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