



# Zalando The Starting Point for Fashion.

**Investor Factbook, August 2021**



# Welcome to Zalando

Zalando keeps the pace high. Only 13 years after founding the company in 2008, we today have around 45m active customers in 23 European countries and have become Europe's leading online fashion destination. Building on this, more than 15.000 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, Jim, David, Astrid and the IR team**

## Zalando Management Board

Robert Gentz, David Schneider, David Schröder, Astrid Arndt, Jim Freeman





# Table of Contents

1. **The Zalando Group**  
**Zalando at a glance**  
Group Strategy
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**

# 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



**>23**

European countries



**>85%**

mobile traffic



**>5bn**

site visits last year



**~45M**

active customers

## Strong Localization



**>4,500**

(local) Brands



**>20**

payment methods



**>20**

logistics partner



**19**

languages

Starting  
Point for  
Fashion

## 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

2009 GMV

€6m

2020 GMV

€10.7bn

2008 / 2009

2010 / 2011

2011 / 2012

2013 / 2014

2015

2019+

## 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



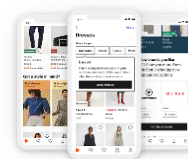
## Platform Transition

- 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)



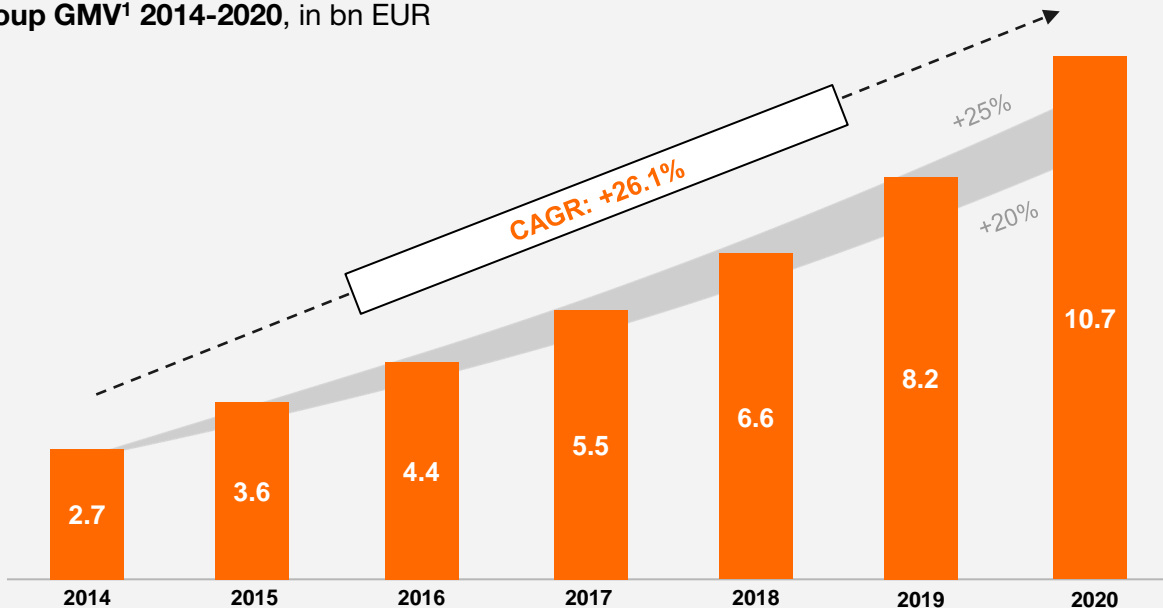
## Starting Point Vision & Sustainability

- Pursuing our vision to be the Starting Point for Fashion
- Ambitious sustainability strategy "Do More" as core part of our business strategy



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

Group GMV<sup>1</sup> 2014-2020, in bn EUR



Outgrew European online fashion market by factor of 2-3x<sup>2</sup>



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 a truly European fashion platform and are present in 23 European markets...



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



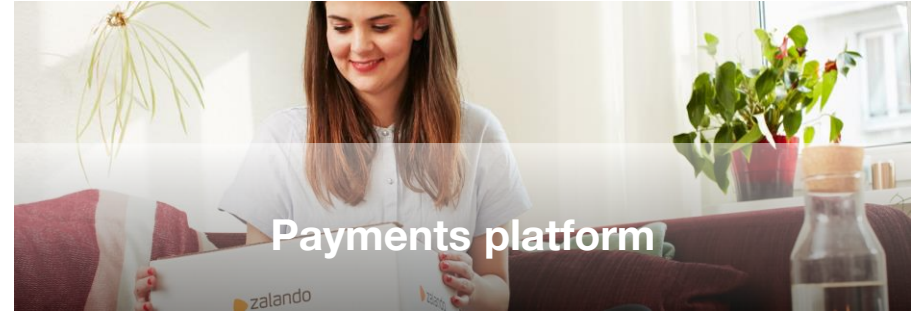
Exceeded **1bn EUR in GMV** in the **Nordics**



































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



...with our success built on best-in-class e-commerce capabilities



## Our competitive advantage is our clear focus to be a pureplay online fashion leader in Europe

	 zalando	GENERAL E-COMMERCE	FASHION E-COMMERCE	VERTICAL FASHION PLAYERS	BRAND OWN E-COMMERCE	SOCIAL MEDIA
Examples						
Online Scale						
Fashion Focus / Expertise						
Buy-In from Brands				n/m	n/m	
E-Commerce Infrastructure / Technology						n/m
Localization						n/m

**Zalando is still managed by its founders, supported by high-profile experts that secure a well-rounded view of the business**



**Robert Gentz**  
Co-CEO



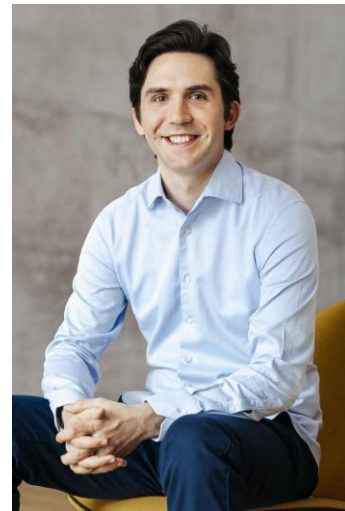
**David Schneider**  
Co-CEO



**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<sup>1</sup>**  
CEO and Co-Founder at  
Rent the Runway, Inc.



**Anders Hoch  
Povlsen<sup>1</sup>**  
CEO of Bestseller A/S



**Anika  
Mangelmann<sup>2</sup>**  
Zalando SE



**Niklas Östberg<sup>1</sup>**  
CEO and Co-Founder of  
Delivery Hero SE



**Cristina Stenbeck<sup>1</sup>**  
Investor, Company  
Director and member of  
board of Spotify



**Matti Ahtiainen<sup>2</sup>**  
Zalando Finland Oy



**Kelly Bennett<sup>1</sup>**  
Executive Advisor to  
Microsoft/Xbox, Nubank and  
Spotify leadership teams



**Mariella Röhm-  
Kottmann<sup>1</sup>**  
SVP of ZF Friedrichshafen  
AG



**Jade Buddenberg<sup>2</sup>**  
Zalando SE

(1) Current term until the end of Annual General Meeting 2021  
(2) Employee representatives



# Table of Contents

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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...

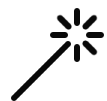
We provide customers a **distinct and compelling fashion proposition** ...



**Endless choice**

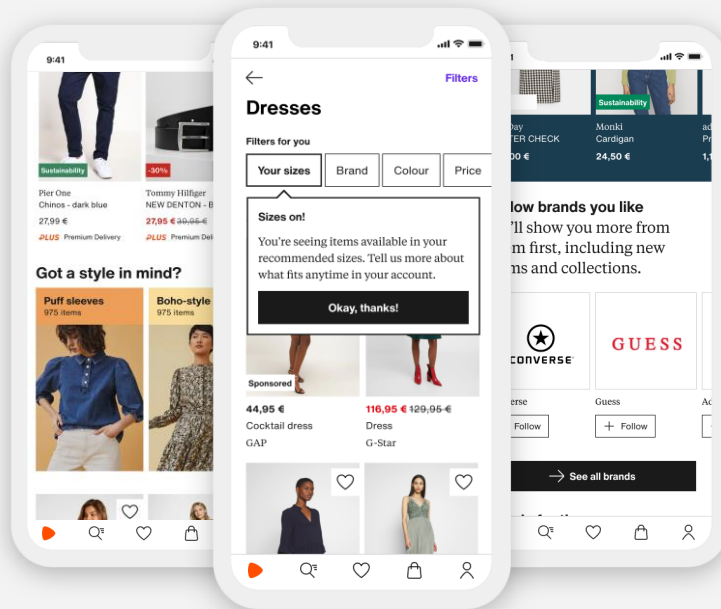


**Seamless convenience**



**Tailored digital experience**

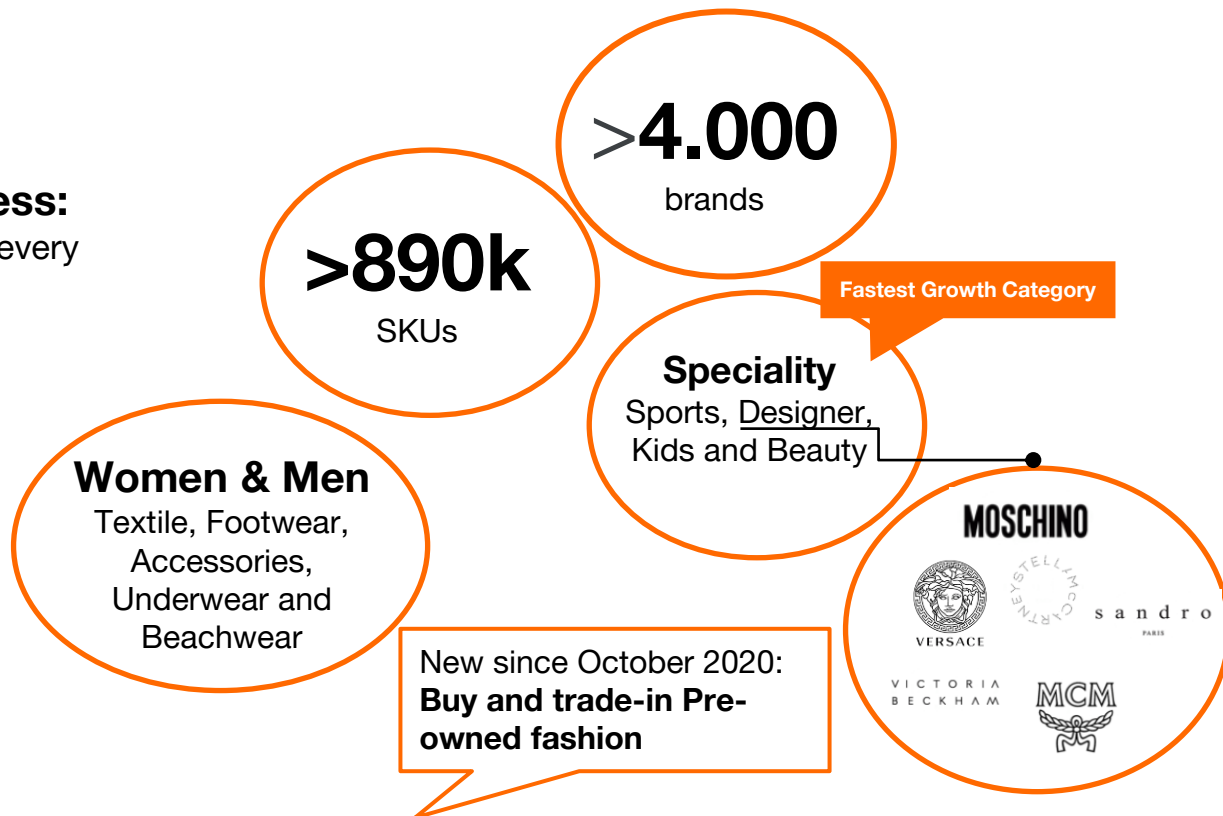
... making Zalando **THE app for fashion**



...and offering them everything from head to toe<sup>1</sup>

## Zalando offers fashion freshness:

95% of products online are brand new every season



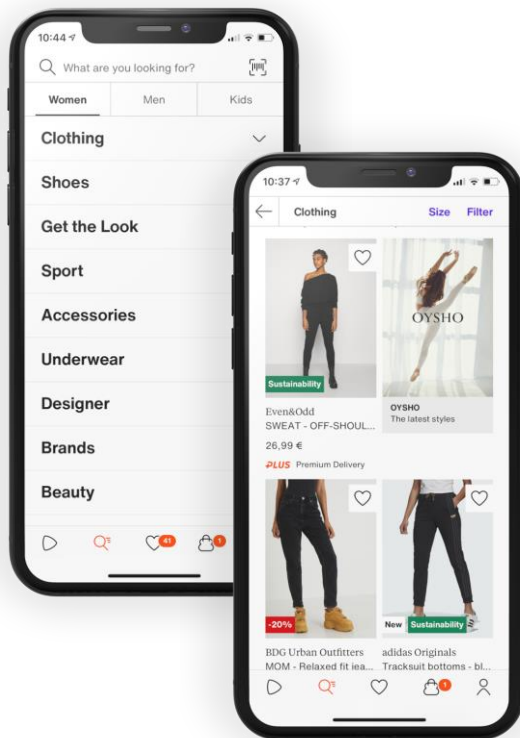
1) FY2020 figures

# 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)<sup>1</sup>

**6x** App customers browse more:  
More products viewed<sup>2</sup>  
(compared to browser)



**~1/2** of orders contain more  
than one brand<sup>3</sup>

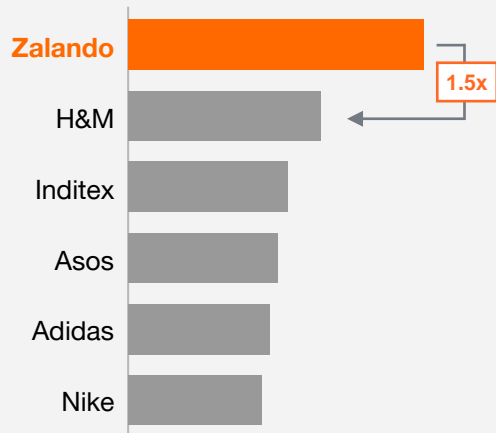
**18** average number of  
purchased brands<sup>4</sup>

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

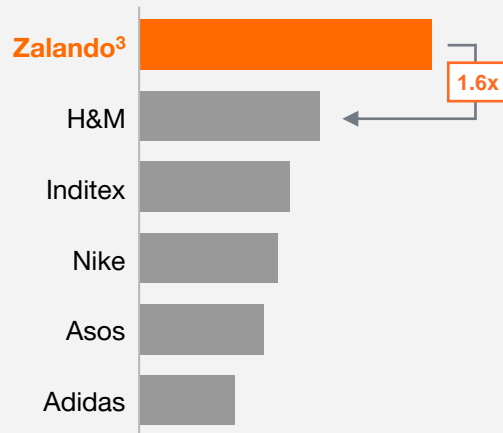
Total unique visitors 2020<sup>1</sup>



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

## Most downloaded fashion App

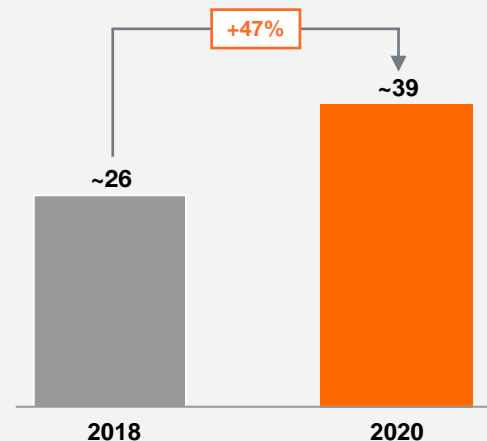
Total App downloads 2020<sup>2</sup>



**57% of orders done via App<sup>3</sup>**  
(+16pp vs. 2018)

## ~39m active customers

Active customers in # m



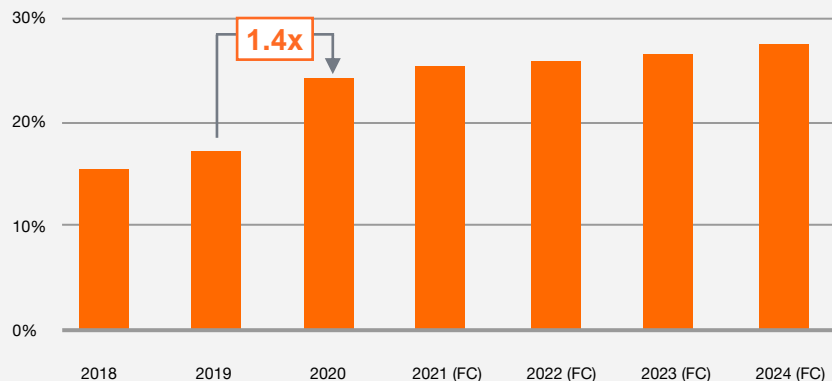
**4.8 orders per active customers**  
(+9% vs. 2018)

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<sup>1</sup>

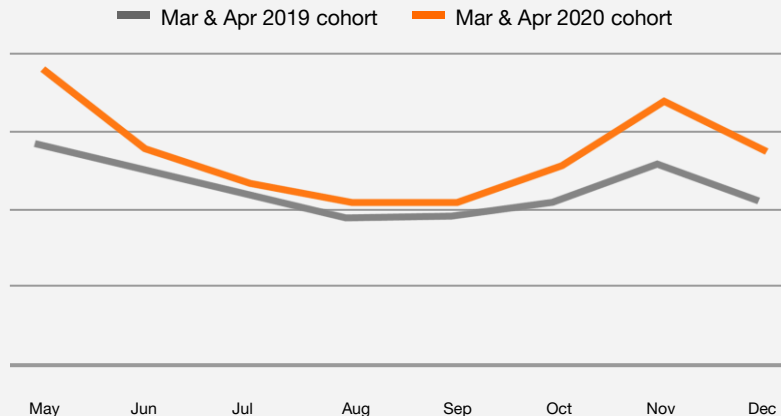
Share of online fashion in total fashion sales



**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

1) 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



**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)

## Customer benefits

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

## Zalando benefits

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

## 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)

**Platform  
Strategy**

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

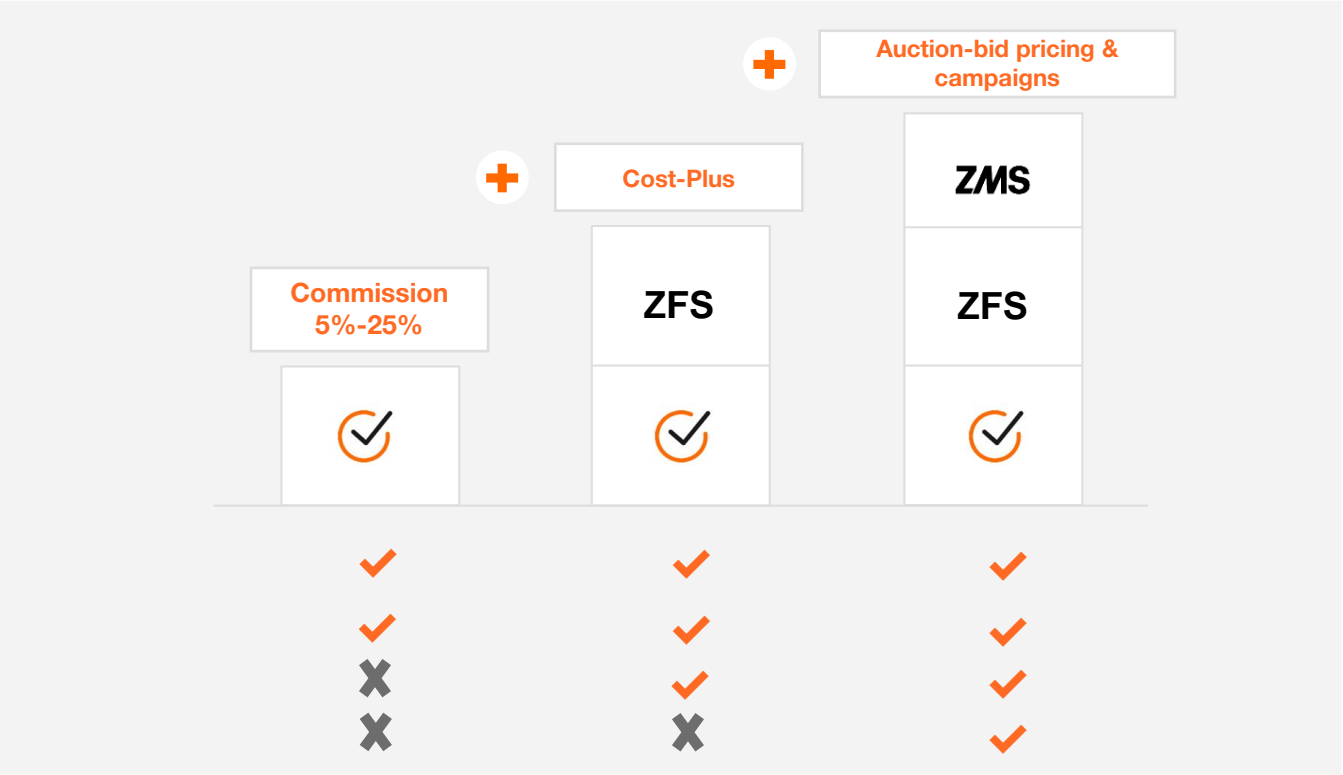
**ZMS**

Zalando Marketing Services

**ZFS**

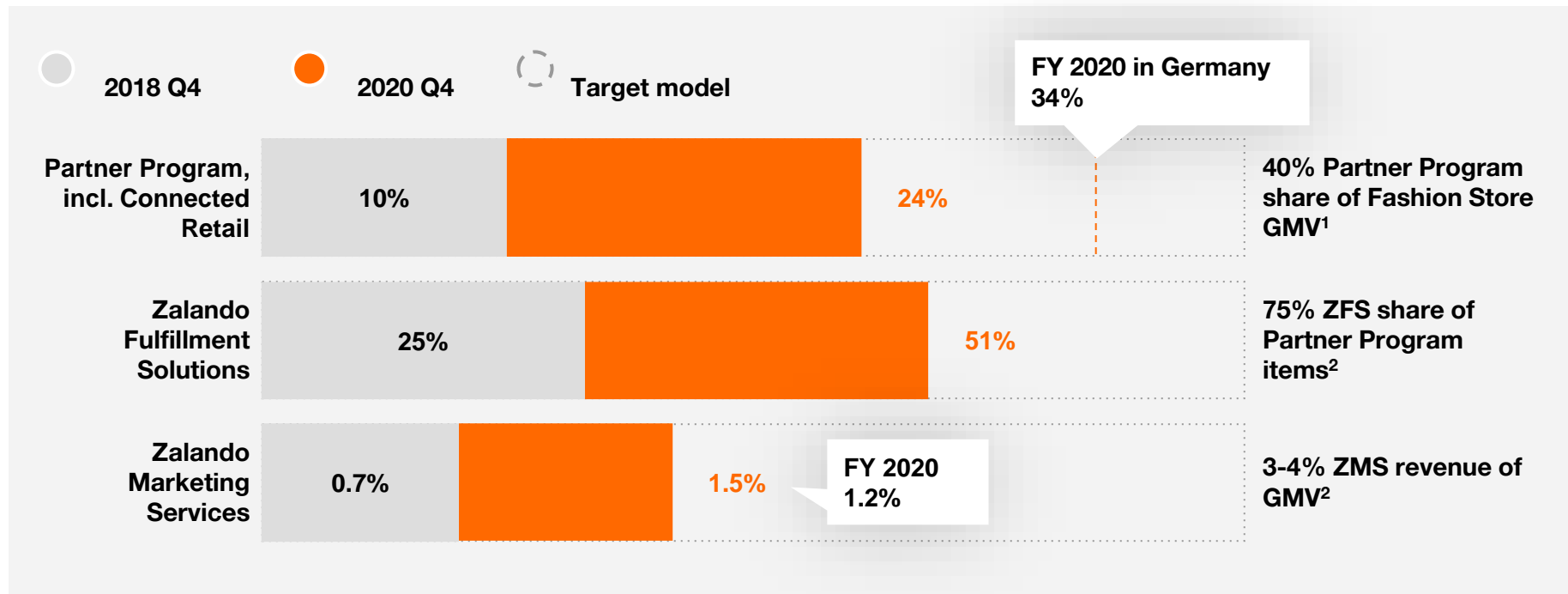
Zalando Fulfillment Solutions

Partner Program & Connected Retail



# In 2020, we have further accelerated our transition towards a platform business

## Progress towards our target model



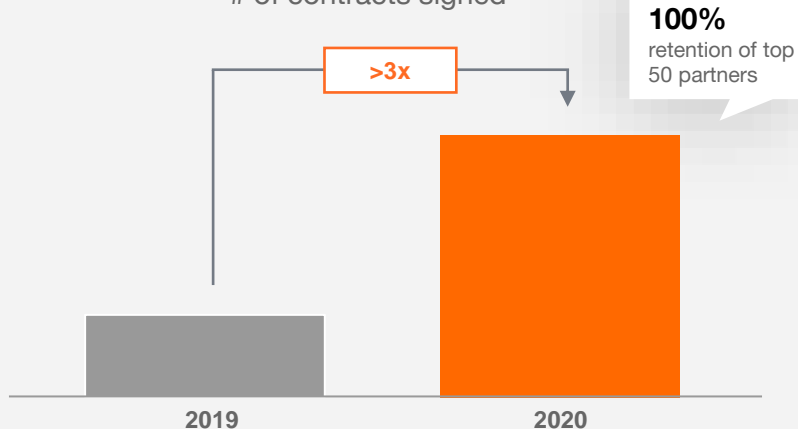
1) Partner Program share of 40% refers to our business model mix ambition for 2023/24. In our long-term target model, we aim for a 50% Partner Program share

2) Refers to our long-term target model ambition

# Partners engage with Zalando more deeply than ever to capture the online opportunity

## Interest to join Partner Program

# of contracts signed



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

## Depth of relationship with Partners

2020 vs. 2019 in %

# of articles per  
brand (top 50)<sup>1</sup>

+23%



# of markets  
launched by  
partners<sup>2</sup>

2x



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

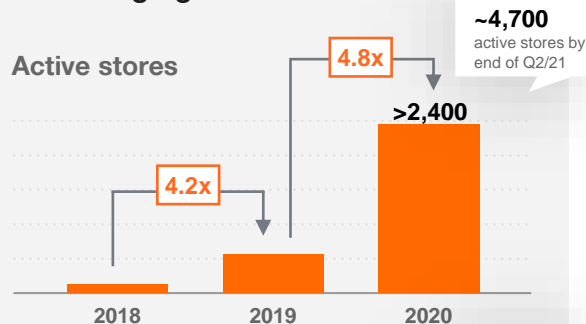
1) Dec 2020 vs. Dec 2019

24 2) Partner expansions to a market other than Germany

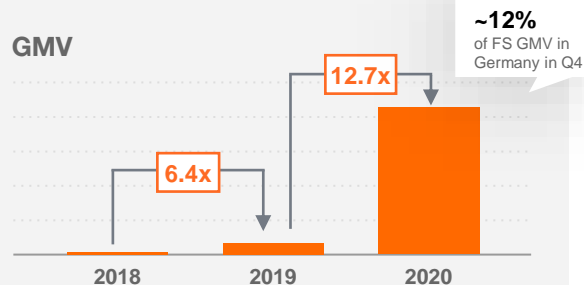
# Connected Retail expands the platform model to the offline world

Connected Retail showed high growth in 2020 ...

Active stores



GMV



... 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 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 1880<sup>1</sup>

**Up to 4.8°C**

expected increase in global  
temperature by 2100 if we don't  
take action<sup>2</sup>

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

**~4%**

fashion industry share of global  
greenhouse gas emissions<sup>3</sup>

**2x**

increase in global clothing  
production since 2002<sup>4</sup>

## ... and customers want to see change

**9 of 10**

Gen Z customers believe companies  
have responsibility to address  
environmental & social issues<sup>5</sup>

**50%**

of customers bought at least one  
product carrying the sustainability flag

- 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
- 4) Ellen MacArthur Foundation, "A New Textiles Economy: Redesigning Fashion's Future," Ellen MacArthur Foundation, 2017
- 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 be a sustainable fashion platform with a net-positive impact for people, product and the planet

PLANET		PRODUCT		PEOPLE	
					
<b>Reduce Carbon Footprint</b>		<b>Minimize waste + eliminate single-used plastics</b>		<b>Apply Principles of Circularity</b>	
<b>Set Science Based Targets</b>		<b>Pre-owned 100% plastic free packaging</b>		<b>25% of GMV with more sustainable fashion</b>	
Increased renewable electricity to 100% in own operations		22% of overall packaging plastic free		16% GMV in 2020	
Reduced carbon footprint in own operations by 64%		87% of all packaging material recycled		Tripled assortment to > 80.000 items from 500 brands	
		<b>Launch Pre-owned Fashion category in 13 countries for man + women</b>		Raised target from 20% to 25%	
		<b>1st collection designed for reuse and recycling</b>			
				<b>Increase Ethical Standards + only partners who align</b>	
				100% disclosure Tier 1 private label suppliers	
				Introduction assessment tool Higg BRM partner brands	
				Updated policies and standards	
				<b>Support 10,000 people in the workforce</b>	
				Defined scope of goal + planned measures	
				Upskilled 1355 people in the workforce in 2020	

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

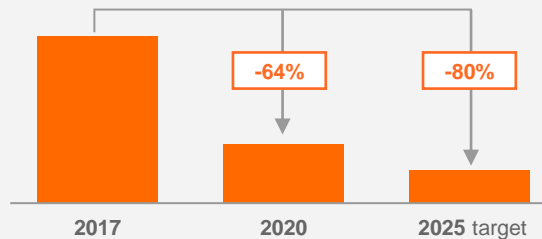


**Our aspiration:**

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**

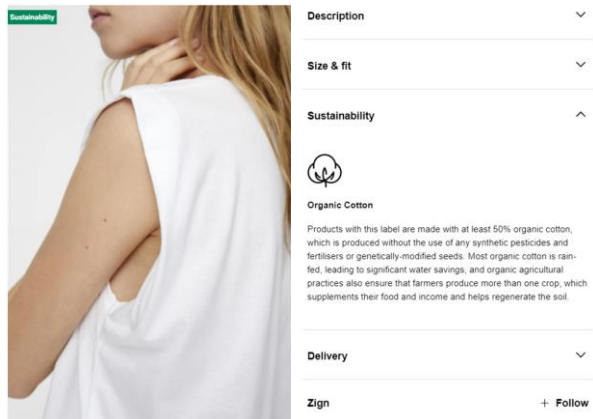
**Our supply chain (Scope 3)**

**Our Science Based Target:**

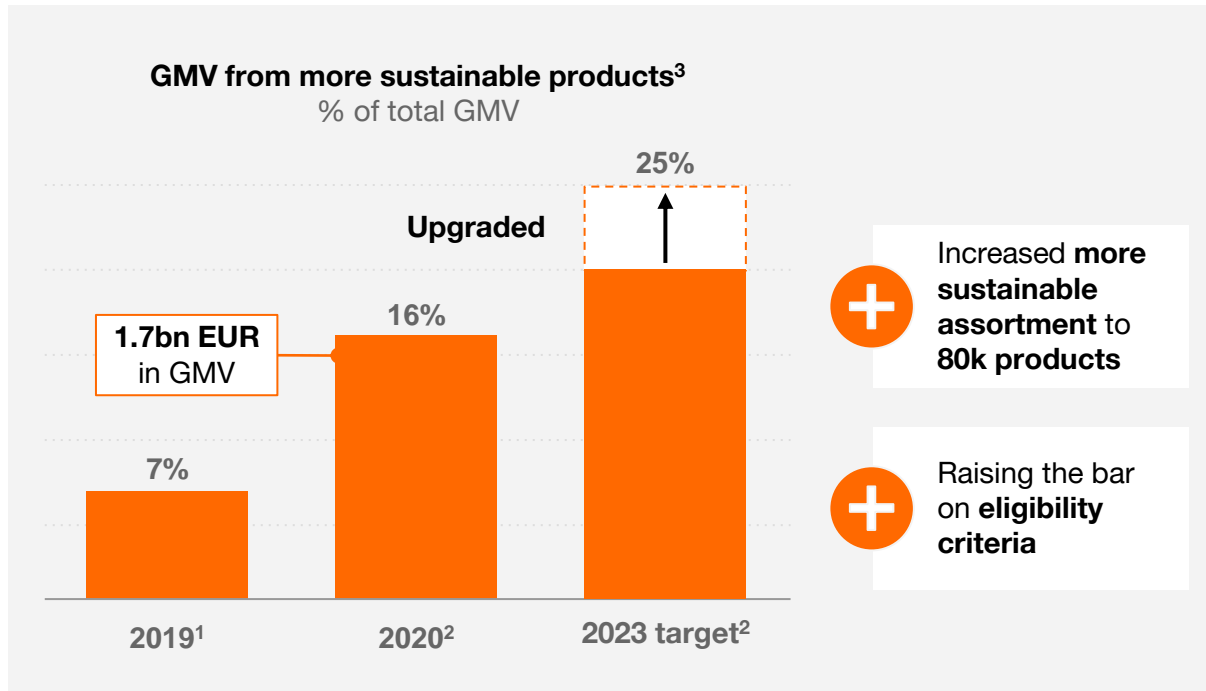
Zalando commits that 90% of our suppliers will have set Science Based Targets by 2025



# 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

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





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<sup>1</sup>

Total fashion  
>450bn EUR

>10%

Currently  
~3.0%

 zalando

## 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.

(1) Source: Company estimates and Euromonitor International, January. 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 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



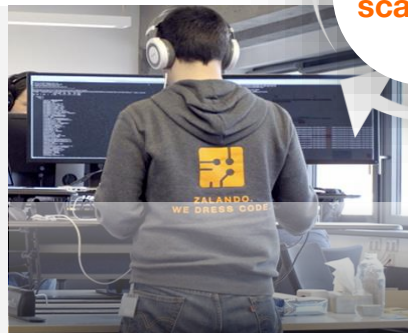
Highly  
scalable

## 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

## 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

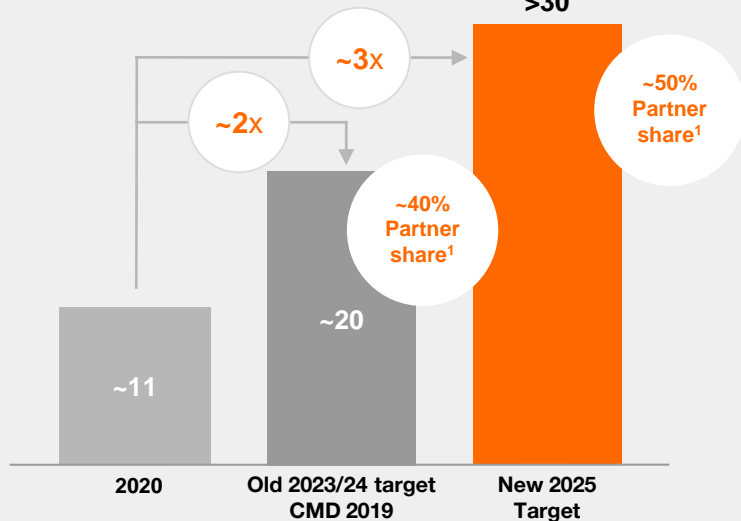
- Unique European logistics network with 10 sites across 5 countries and adding 2 new fulfillment centers in Madrid, Spain, and Rotterdam, the Netherlands, in 2021
- These 12 warehouses can fulfill ~14bn EUR GMV
- Plan to invest 1bn EUR Capex to build 7 more and enable 23bn EUR Zalando fulfilled GMV.

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

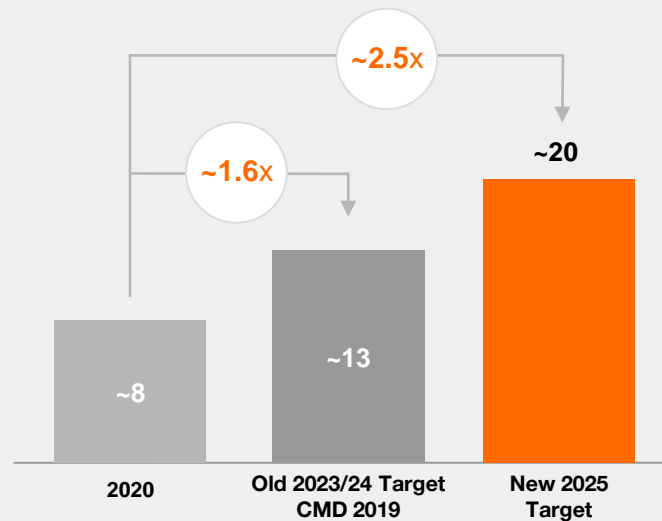
in bn EUR



CAGR: 20-25%

## Revenue Growth Ambition 2025

in bn EUR

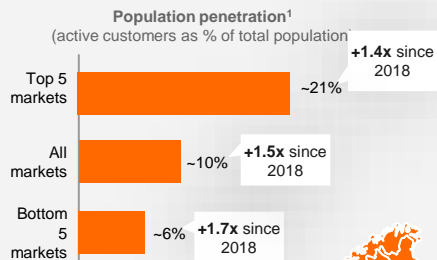


CAGR: ~20%

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

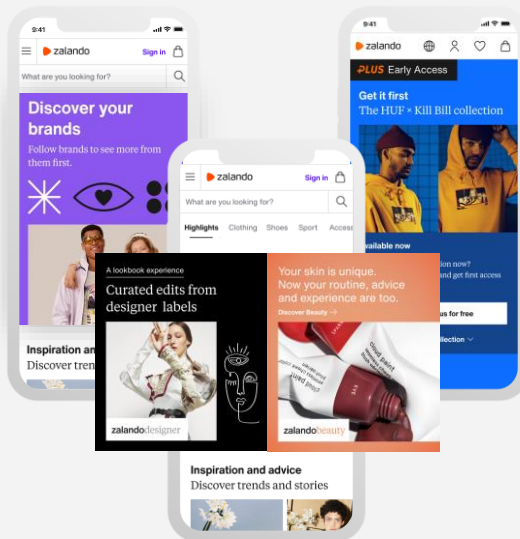
## Markets

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



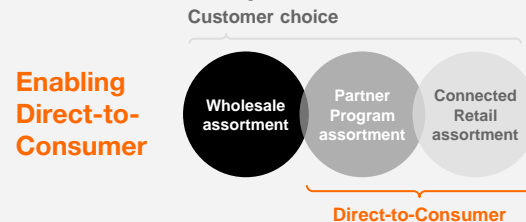
## Customer Propositions

Innovate the way we engage with our customers



## Platform

Build a platform that is relevant for all our partners

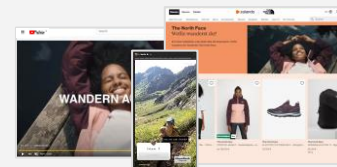


Driving internationalisation




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








Connecting to consumers



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

	2019 Guidance Transition Phase 2019 – 2021	New Guidance 2021 <sup>1</sup>	New Guidance for 2022 – 2025	
 <b>GROWTH</b> (GMV)	20-25%	27-32%	<b>20-25%</b>	Continue to grow 2-3x faster than online market growth
 <b>PROFITABILITY</b> (ADJ. EBIT <sup>2</sup> )	2-4%	3.5-4.1%	<b>3-6%</b> Starting in lower half in 2022 and approaching high end by 2025	(Re-)invest platform benefits and economies of scale to drive growth
 <b>CASH GENERATION</b>	<ul style="list-style-type: none"> <li>• Cash flow negative</li> <li>• NWC neutral</li> <li>• Capex of 4-5% of revenue</li> </ul>	<ul style="list-style-type: none"> <li>• <b>FCF neutral</b></li> <li>• NWC negative</li> <li>• Capex of 3.5-3.9% of revenue<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>• <b>FCF neutral</b></li> <li>• <b>NWC negative</b></li> <li>• <b>Capex of 3.5-4.5% of revenue<sup>3</sup></b></li> </ul>	Enable growth through investments in technology and infrastructure

## Long term, our partner business creates significant upside and...

Partner Business	 Partner Program	CR Connected Retail	ZFS Zalando Fulfillment Solutions	ZMS Zalando Marketing Services
Value Proposition	<ul style="list-style-type: none"> <li>Curated Marketplace enabling brands' direct-to-consumer business across Europe</li> </ul>	<ul style="list-style-type: none"> <li>Digital Storefront for Offline Retailers with Nationwide Reach</li> </ul>	<ul style="list-style-type: none"> <li>Flexible and cost-efficient turnkey solution for European E-Commerce logistics</li> </ul>	<ul style="list-style-type: none"> <li>Data infused marketing service to elevate branding and drive sales on and off premise</li> </ul>
Long-term Target	~50% of GMV <sup>1</sup>		~75% of Partner Program Items Shipped	~3-4% of GMV
Current Status (FY 2020)	~21% of GMV		~47% of Partner Program Items Shipped	~1.2% of GMV
Revenue Model	5-25% Commission in % of GMV		Cost Plus Model	Auction Model
Gross Margin Impact (vs. Group 2020)				

## ...will drive future long term profitability when fully at scale

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

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



# Table of Contents

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

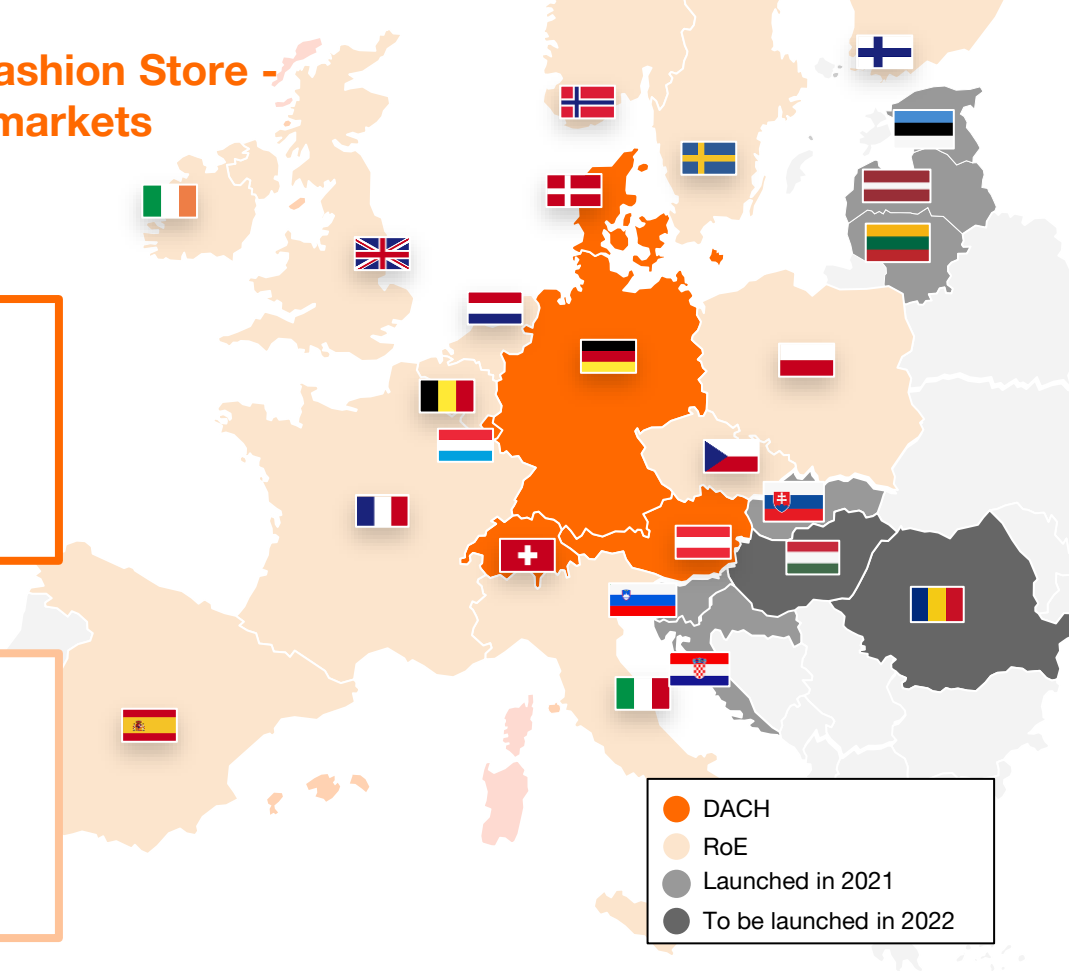
**Through our main sales channel - the Fashion Store - we offer fashion lovers in 23 European markets our wide range of products**

## 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

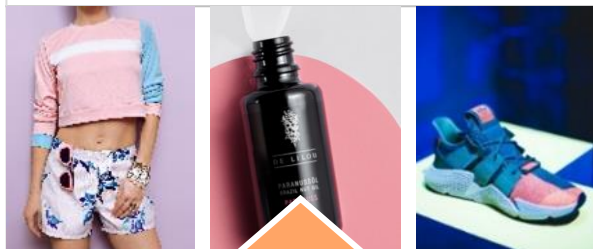
- Less mature Zalando markets
- Some less developed online markets (especially southern and eastern Europe)
- Diverse set of consumer behaviour (e.g. return rates, payment methods, discount affinity, ...)
- Currently in the process to build local fulfillment footprint



# The value proposition to our customer is centered around endless choice, a tailored digital experience and seamless convenience



## Endless Choice



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



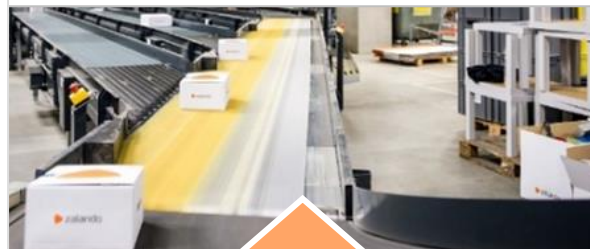
## Tailored Digital Experience



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



## Seamless Convenience



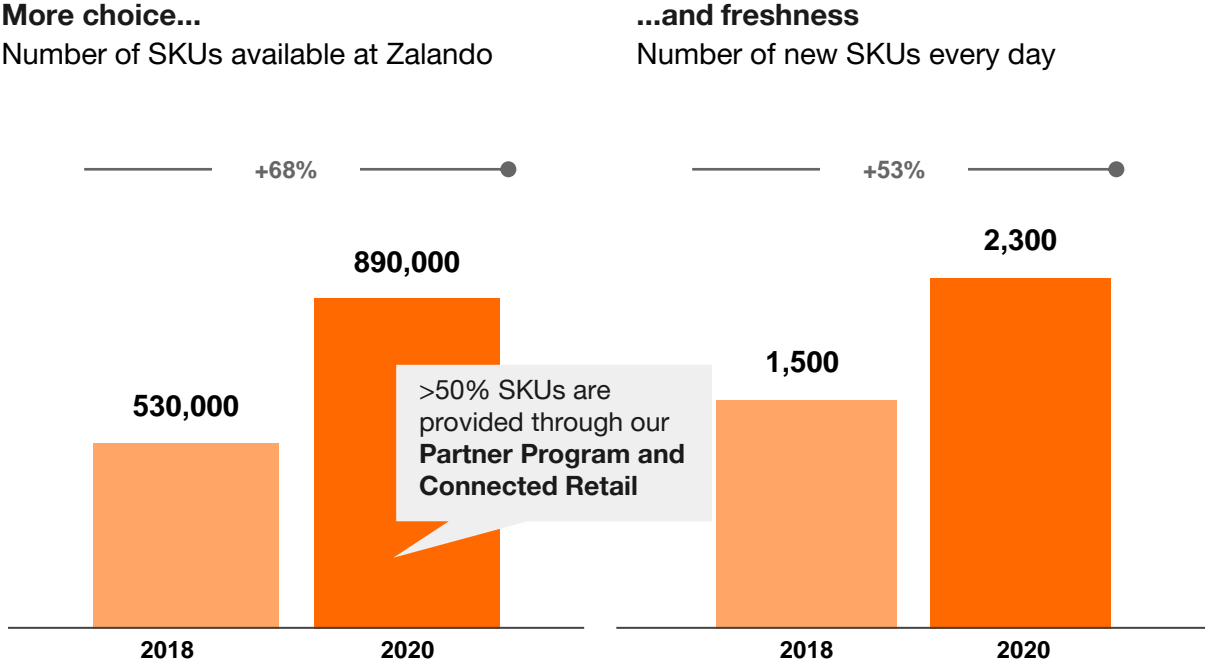
“I always buy fashion on Zalando –  
it’s so convenient, why would  
I look anywhere else?”

“Zalando is my one-stop-shop for everything I want in fashion”

# Our customers have a desirable and fresh assortment at their fingertips



Endless Choice



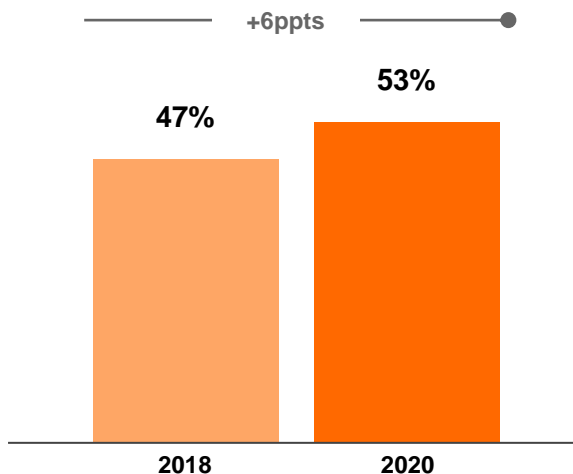
# We allow customers to spend more time with us in more relevant ways



## Tailored Digital Experience

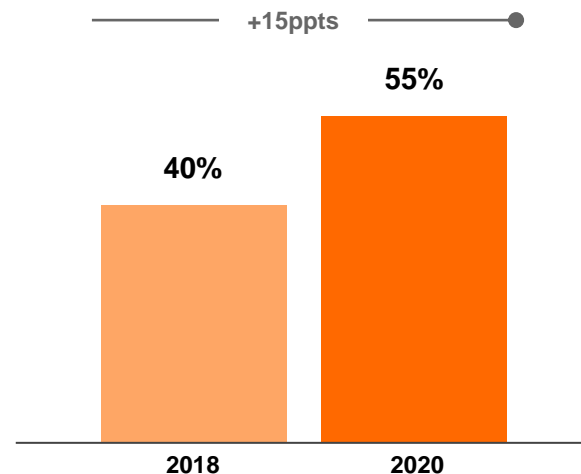
### Higher engagement...

Share of customers<sup>1</sup> visiting 5 (or more) times per month<sup>2</sup>



### ...driven by higher App visits

App visit<sup>3</sup> share in %



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

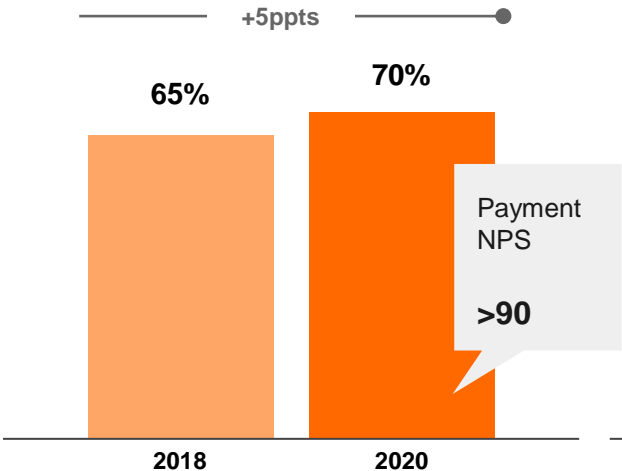
Making payments, delivery and returns more convenient is at the very core of what we do



Seamless  
Convenience

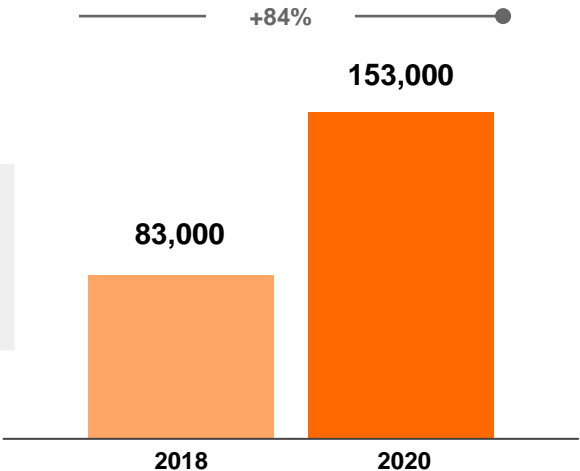
Improved payment...

Offering rate in % of  
buy now, pay later options<sup>1</sup>



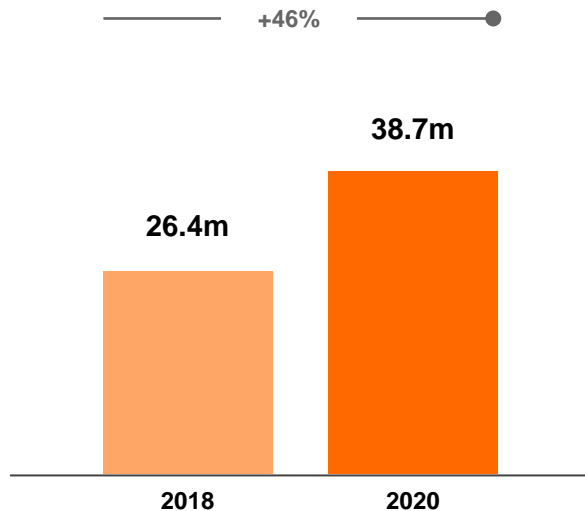
...and convenience offer

Number of pick-up and drop-off points

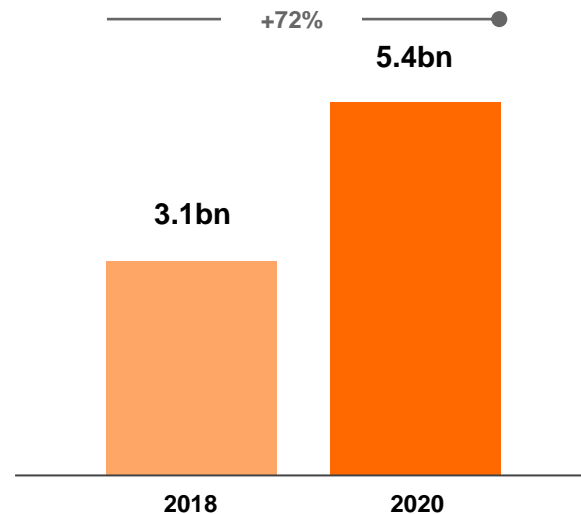


**As a result, our customer base is growing, visiting us more often and happier than ever with our experience**

### Active customers



### Site visits<sup>1</sup>

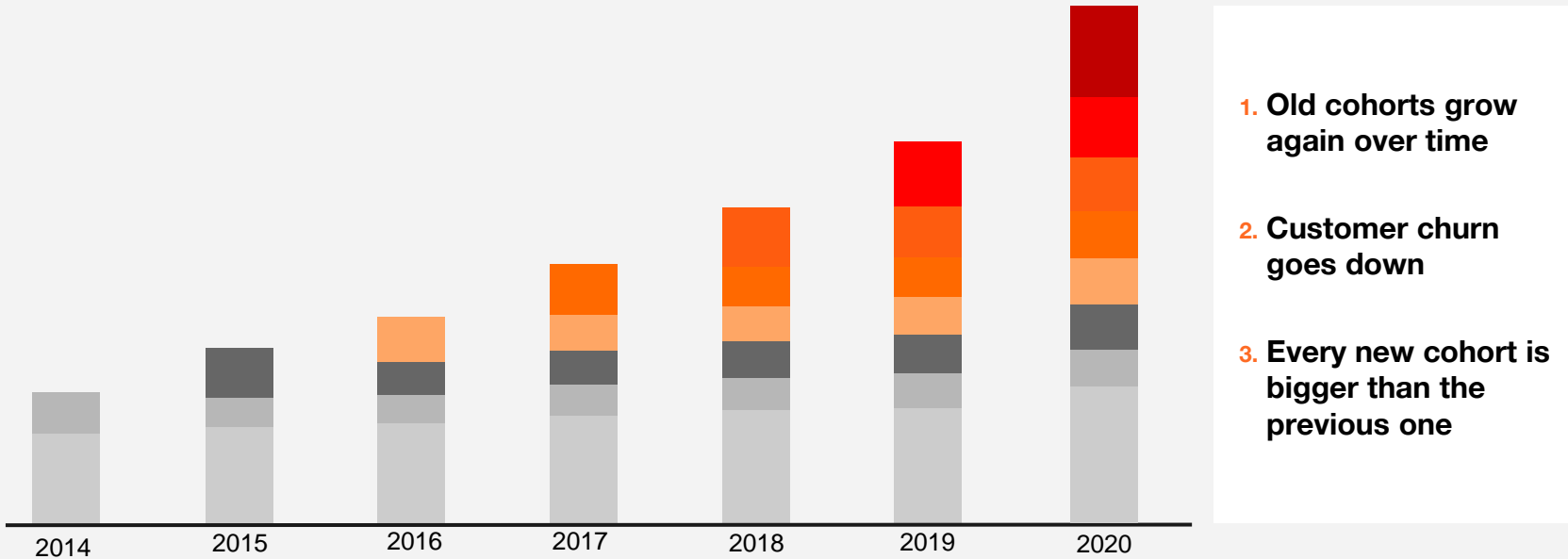


### Customer satisfaction (Zalando Fashion Store NPS)



# 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<sup>1</sup> and Order Year



**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

>16.000 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

Guide to DIY Beauty Salon  
At-home Beauty Treatments



Deep Nourishing Haircare



Premium skincare

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 Plus members will be notified first.

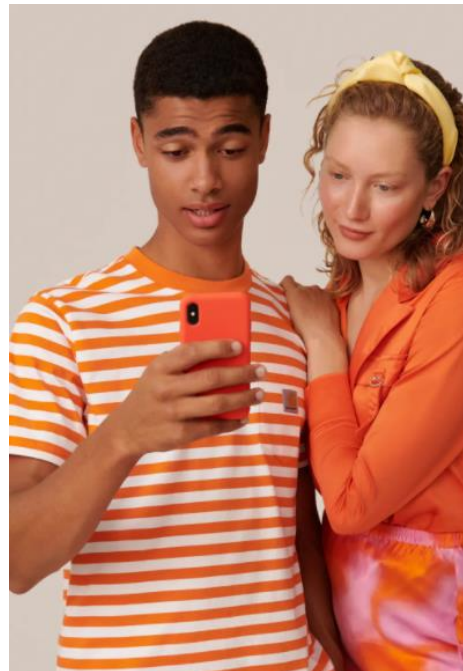
## Feel more fabulous

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

## Exclusive Offers

Members enjoy sneak preview, exclusive offers and more.

 zalando **PLUS**



...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

 **zalando PLUS**



**>500.000 paying Plus subscribers (in DE)**

# Zalando launched the most effortless Pre-owned fashion experience in Europe in 2020

## Buying Pre-owned<sup>1</sup>

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



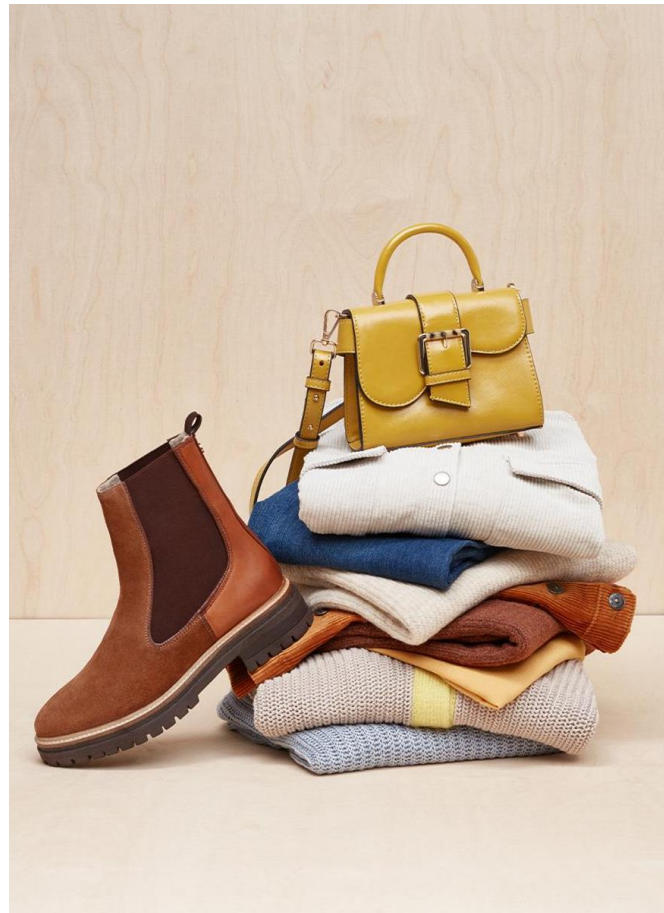
**Easy upload** with just one photo and seamless trade-in of items bought on Zalando or elsewhere



**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



## Zalando Lounge is our shopping club addressing discount affine bargain hunters looking for great fashion deals

Up to  
**75%**

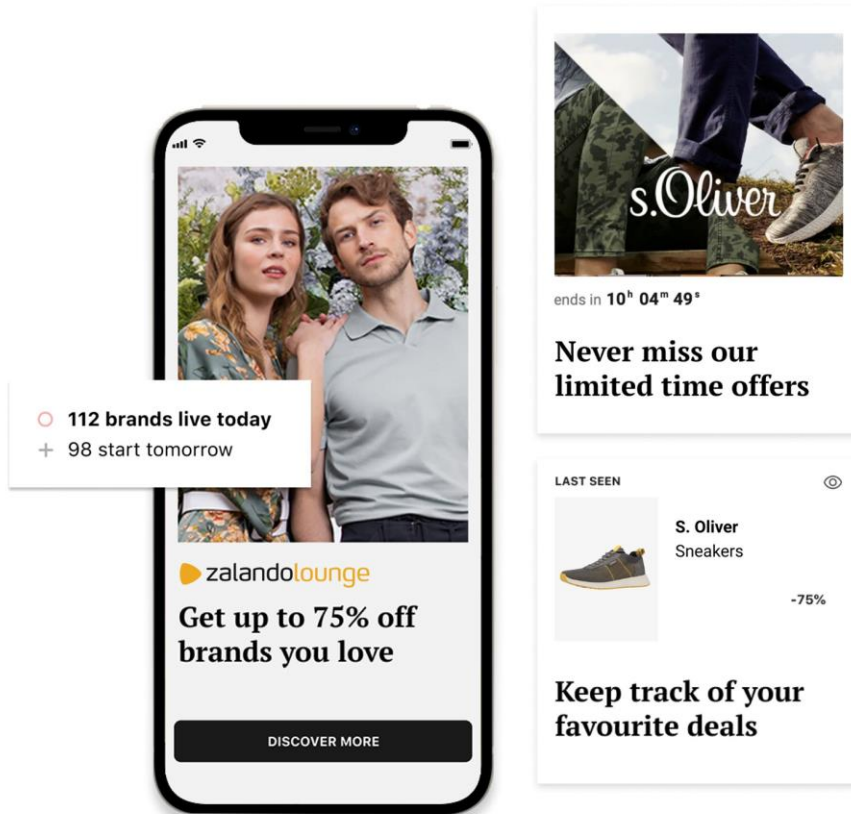
Discount offered

**72h**

Limited runtime  
of campaigns

**1bn**

GMV in 2020



# Zalando Lounge represents a distinct shopping proposition surprising fashion lovers with fresh deals every morning

**7AM**

Start of campaign

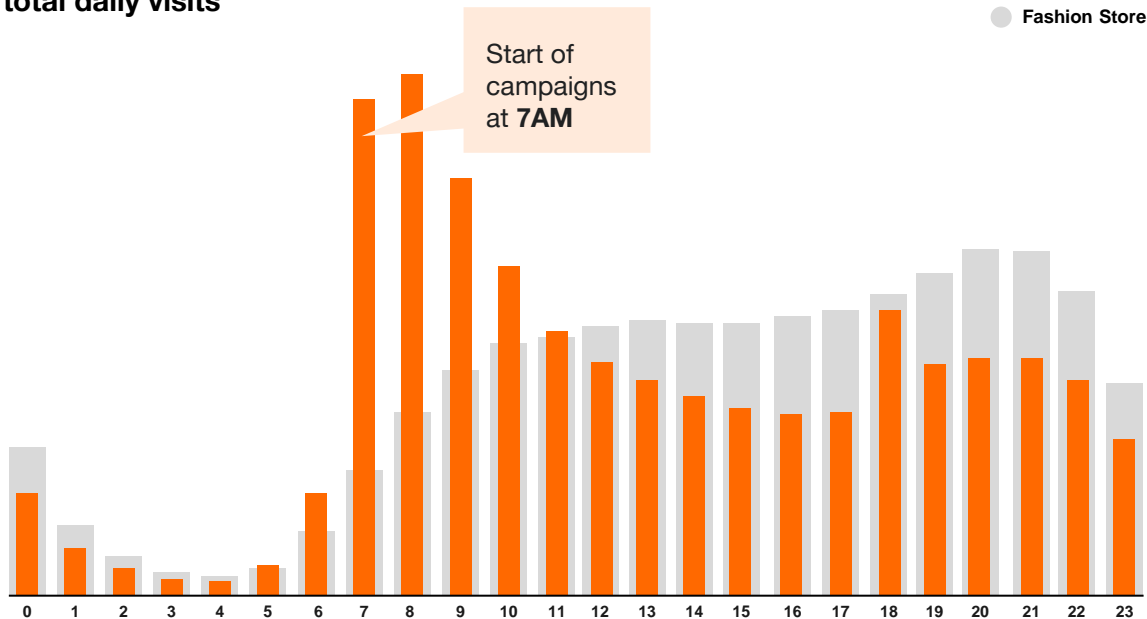
**25%**

DAU / MAU

**70%**

Share of new customers  
making purchase on  
the app

Hourly visits as % of  
total daily visits





# Table of Contents

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
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# The strong traction with the European fashion consumer is enabled through Zalando's best-in-class e-commerce capabilities

## Access to Fashion Supply

1

- 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

3

- 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)



## Payments Platform

2

- 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



## European Logistics Network

4

- 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.



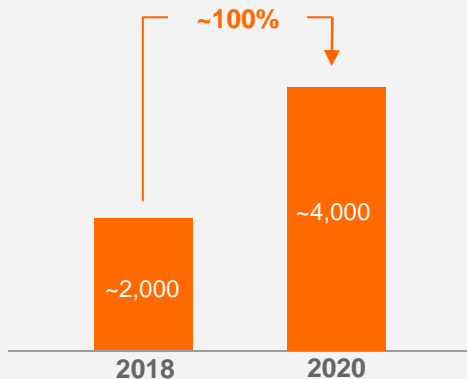
Focus on continued organic investments, supported by selective M&A

# Our customers are looking for the most comprehensive assortment – over the past two years we have made major steps forwards...

1 Access to Fashion Supply

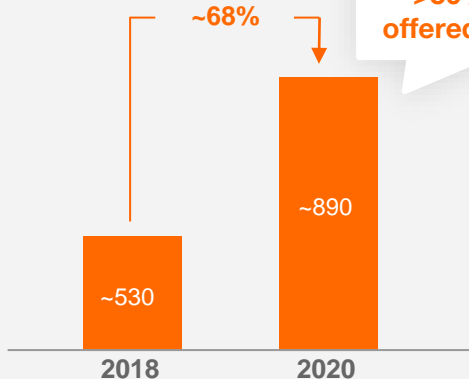
## All Brands

# of Brands on Zalando



## Endless Choice

# of SKUs (k) on Zalando

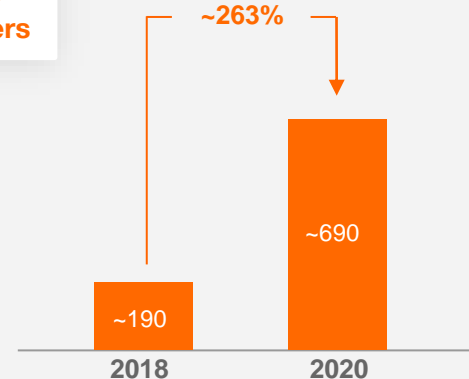


>50% of SKUS  
offered by partners

"If I cannot find an item on Zalando  
it does not exist"

## Better Availability

Backfill GMV<sup>1</sup> of Partners and Stores in m EUR

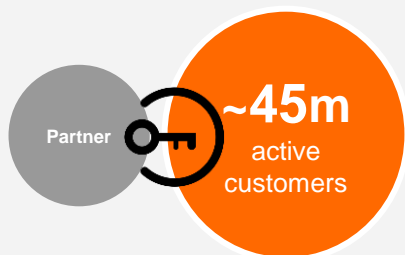


...by allowing our Partners to leverage several unrivaled benefits to tackle their challenges in selling direct-to-consumer

1 Access to Fashion Supply

### Fast & easy access

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



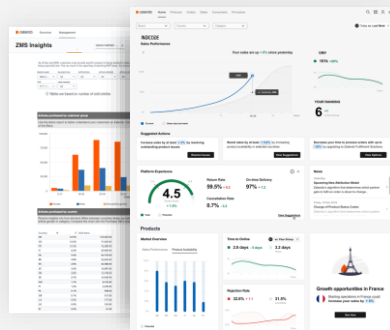
### Complementing capabilities

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



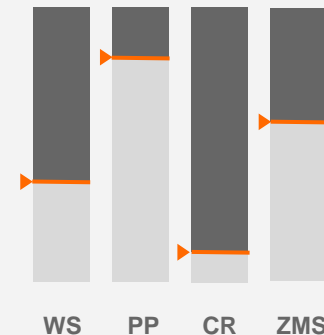
### Easy to use tools

...to steer performance and gather **insights** on customers and products



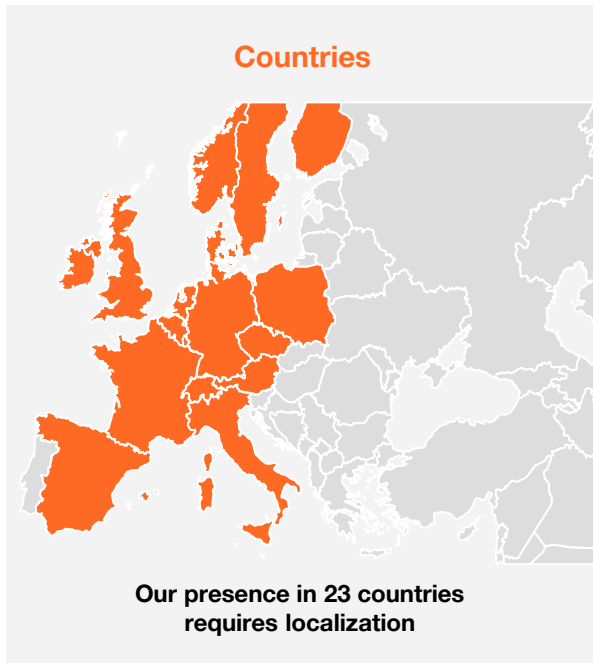
### Highly flexible

...**business model and service mix** to fit any Partners' challenges & strategy



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

### Countries

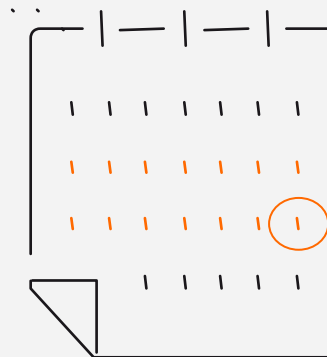


### Payment Methods



>20 different payment methods

### Deferred Payments



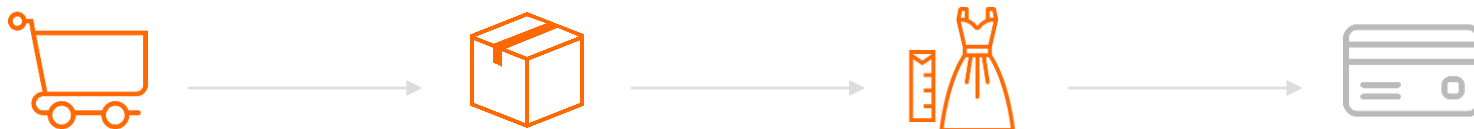
>70% offering rate (i.e. for invoice and other deferred payment methods)

...to create a risk-free check-out-at-home-experience for our customers

### Traditional e-commerce customer flow



### Zalando Pay Later experience



# We are building Europe's leading fashion technology & data platform to improve the customer experience, power the fashion ecosystem and maximize business value

3 Technology & data platform

## For our customers



Improving the customer experience through personalization and inspiration:

- Catalogue and search optimization
- Product recommendation
- Algorithmic outfit creation
- Size recommendation
- Personalized service offering

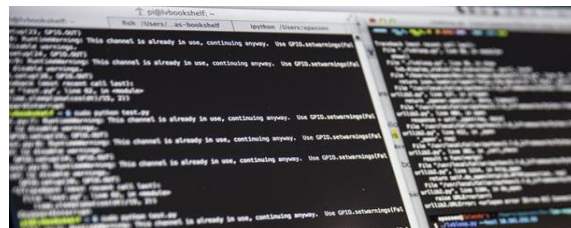
## For our partners



Enabling business opportunities through customer insights:

- Detailed customer & competitive insights
- Data driven marketing & merchandising
- Targeted brand & performance marketing (ZMS)
- Inventory management (ZFS)
- Targeted and testable product & content development

## For ourselves



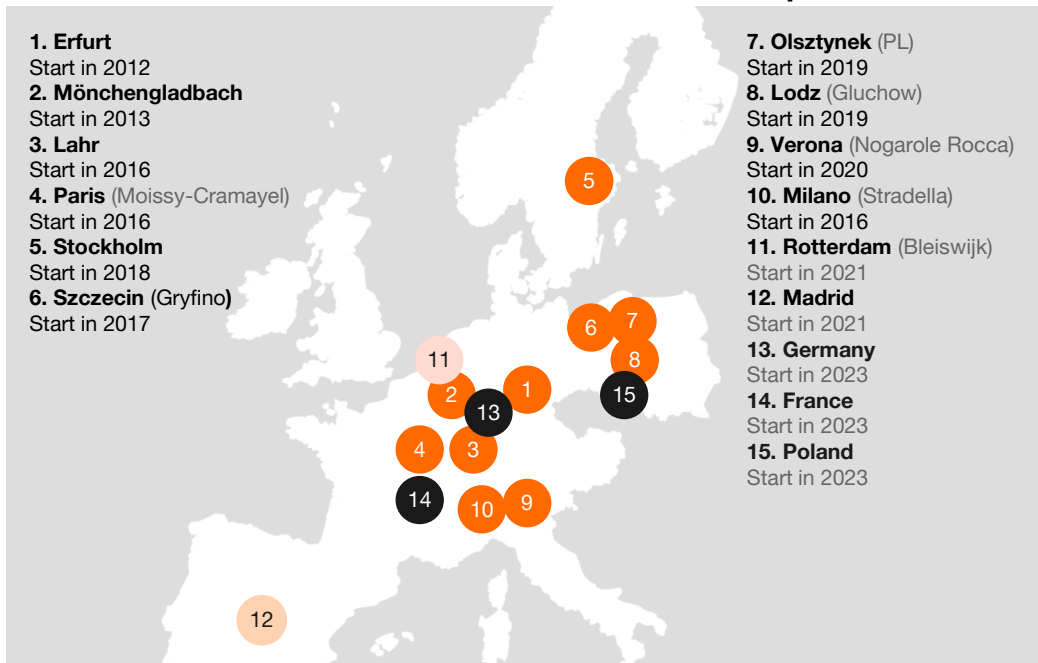
Scaling efficiently and maximizing value by leveraging the power of big data and AI:

- Demand forecasting
- ROI based performance marketing
- Pricing & inventory management
- Deferred payment risk management
- Logistics network optimization

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



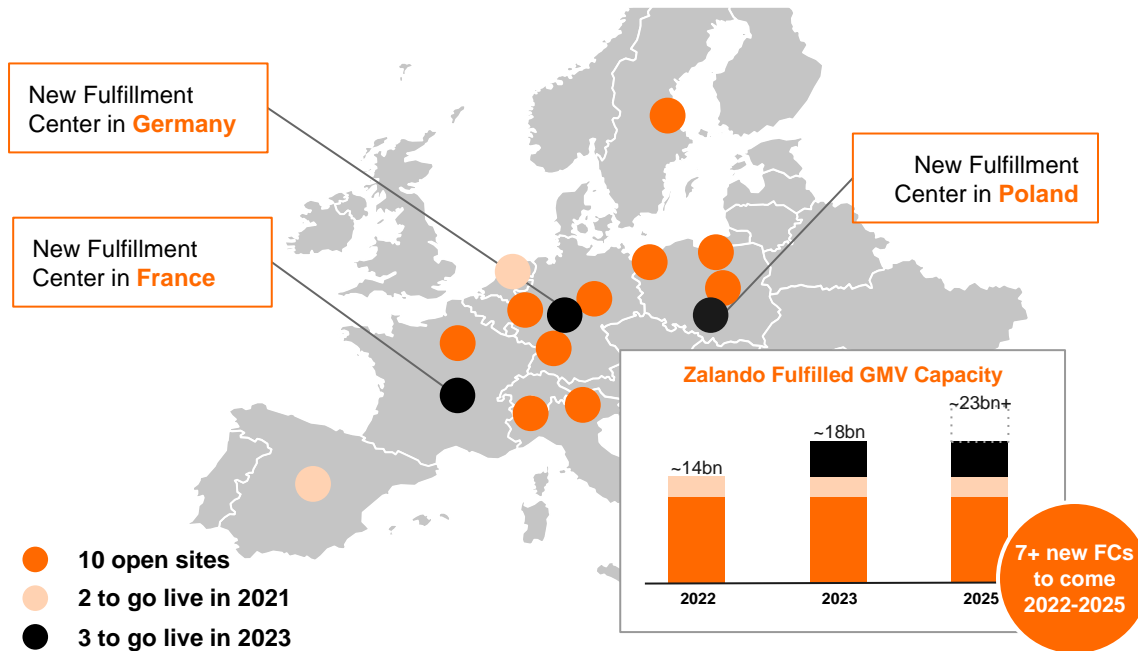
		Type	Capex (€m)	Size (k sqm)
1	<b>Erfurt (GER)</b>	Hub	~100	~130
2	<b>Mönchengladbach (GER)</b>	Hub	~100	~130
3	<b>Lahr (GER)</b>	Hub	~150	~130
4	<b>Paris (FR)</b>	Spoke	<50	<50
5	<b>Stockholm (SWE)</b>	Spoke	<50	<50
6	<b>Szczecin (PL)</b>	Hub	<50	<50
7	<b>Olsztynek (PL)</b>	Hub	~100	~130
8	<b>Lodz (PL)</b> (for Z-Lounge)	Hub	~100	~130
9	<b>Verona (IT)</b>	Hub	~150	~80
10	<b>Milano (IT)</b>	Spoke	<50	<50
11	<b>Rotterdam (NL)</b>	Hub	~200	~150
12	<b>Madrid (ES)</b>	Spoke	<50	<50
13	<b>Germany</b>	Hub	>250	~150
14	<b>France</b>	Hub	>250	~150
15	<b>Poland</b>	Hub	~100	~130

...and to serve our customers even better, we will expand our European logistics network by adding five new fulfillment centers by 2023

## Key Focus Areas

- Offer even more customers **faster and more convenient deliveries**
- Provide customers with **more sustainable logistics services**
- Enable our long term growth ambition by providing sufficient capacity
- Continue to drive cost efficiency through tailored automation

## Zalando European Logistics Network



# We continue to focus on warehouse automation to reduce lead time and costs

## Generation I (live)



Conveyor, linesorter, outbound sorter

## Generation II (live)



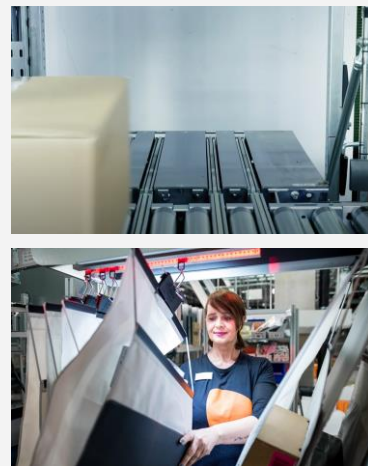
Bag sorter

## Generation III (live)



Warehouse robotics

## Generation IV (coming)



Shuttle technology and bag sorter

Without having strong partnerships with (local) logistics partners, a 'best-in-class' e-com network would be fruitless

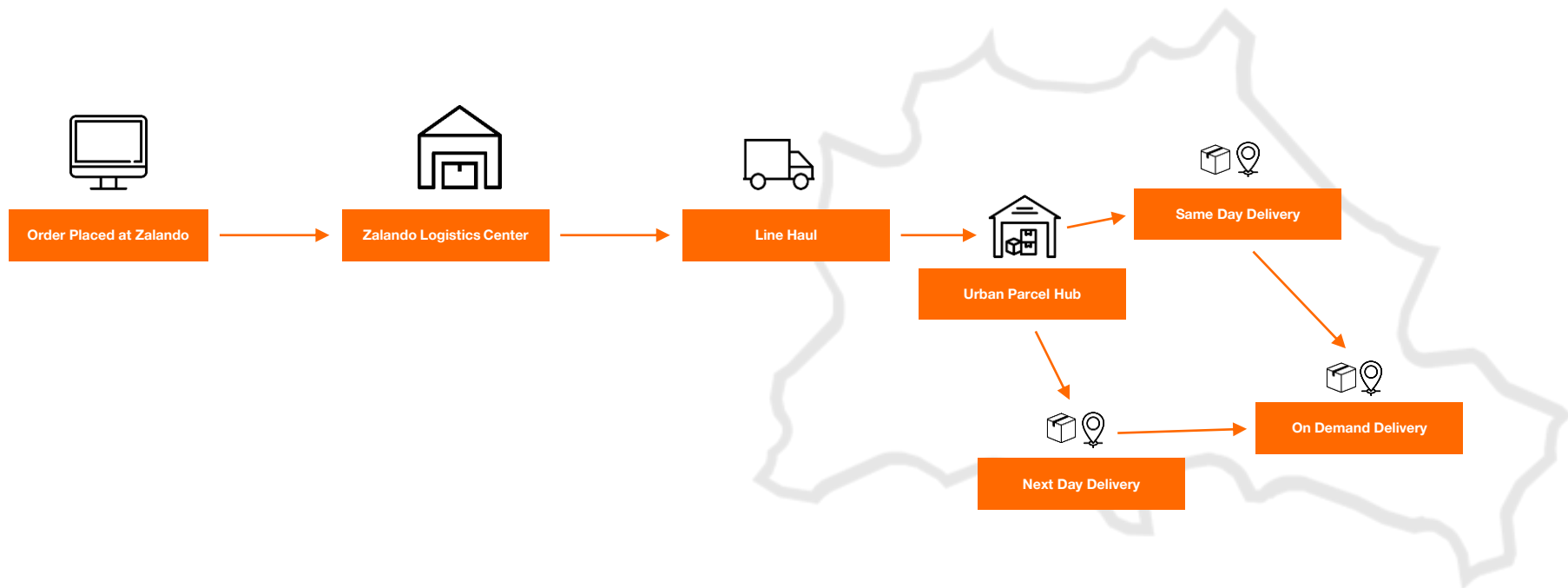
4

European logistics network



- 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





# Table of Contents

1. The Zalando Group
2. Zalando's value proposition to customers
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

**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.

## Direct-to-Consumer



## 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)



...and with **Connected Retail** we expanded the platform model to the offline world

## Connected Retail

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

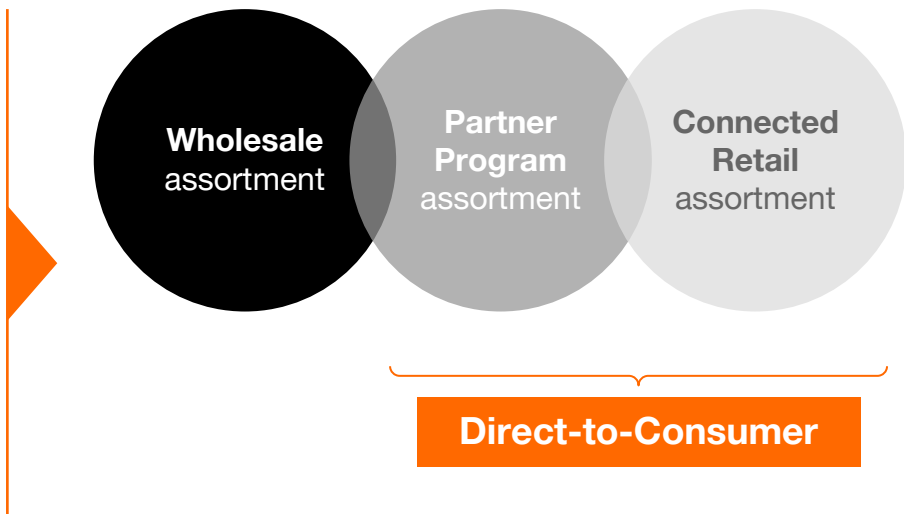
Combining business models drives  
availability (backfill) & width (exclusive)

#### 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



# 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.

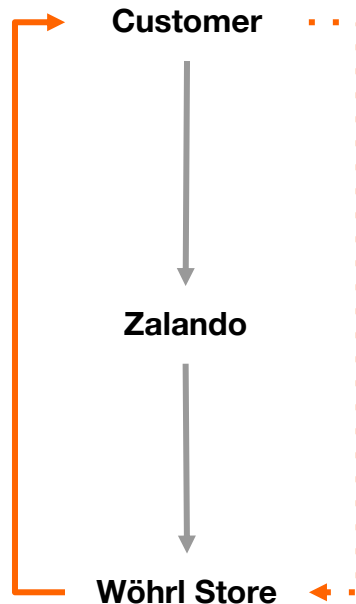
## Co-designing the future

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

## CR Ship-from-Store Model





# Table of Contents

1. The Zalando Group
2. Zalando's value proposition to customers
3. Strategic e-commerce capabilities
4. Zalando's value proposition to partners
  - Partnership models
  - Platform services
5. Business segments & financials
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# 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 excess inventory, acquiring new customers and reducing red-price items.

### Availability

✗ 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

1 Logistics Solutions

## Enables internationalisation

Fast and easy internationalisation in just one contract

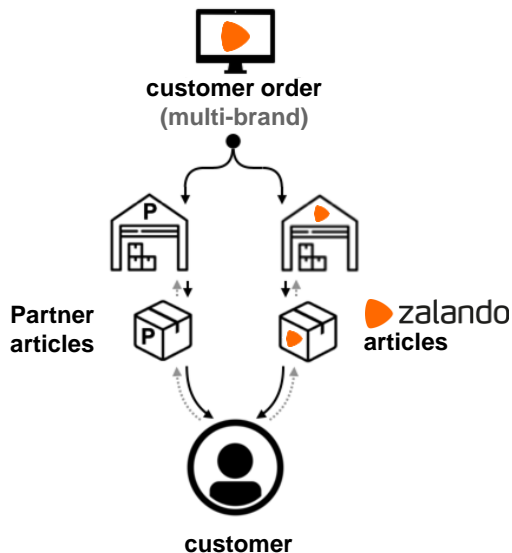
## Superior Order Economics

Significant savings through bundling multi-brand orders in a single parcel

## Unmatched convenience experience

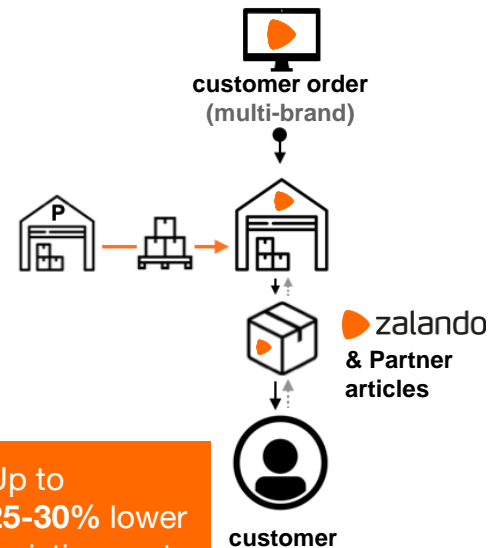
Convenience proposition on par with Zalando wholesale

### Drop ship model



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

### ZFS model



Up to  
25-30% lower  
logistics costs

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

# 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:

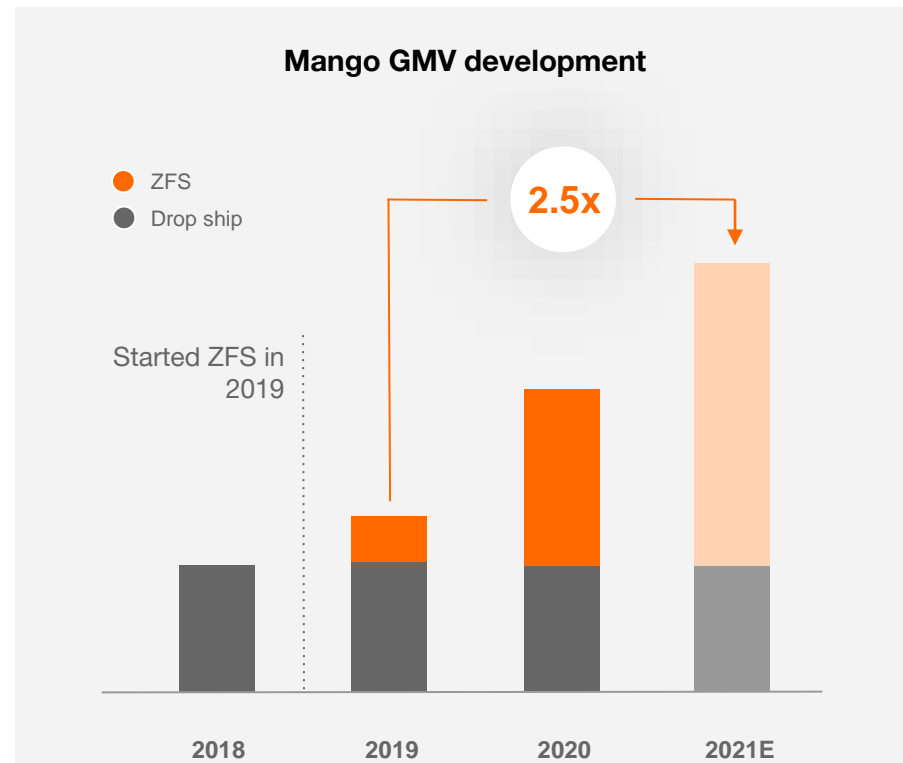
- Unfavorable drop-ship fulfillment cost
- Difficulties to meet Zalando convenience proposition

## Platform solution:

- Joined ZFS to leverage our European logistics network

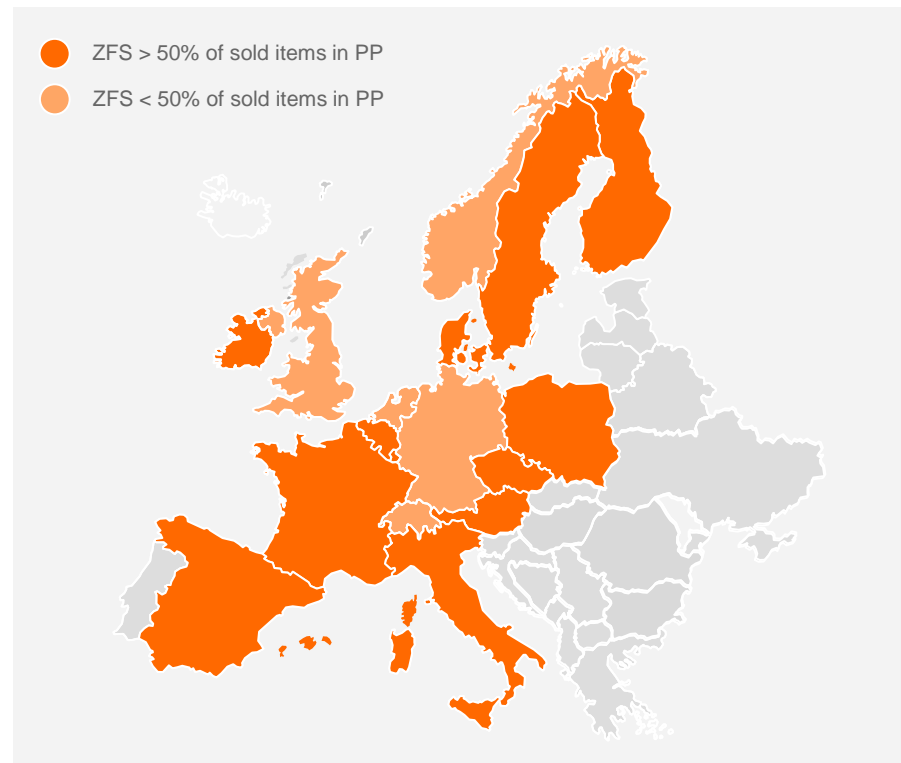
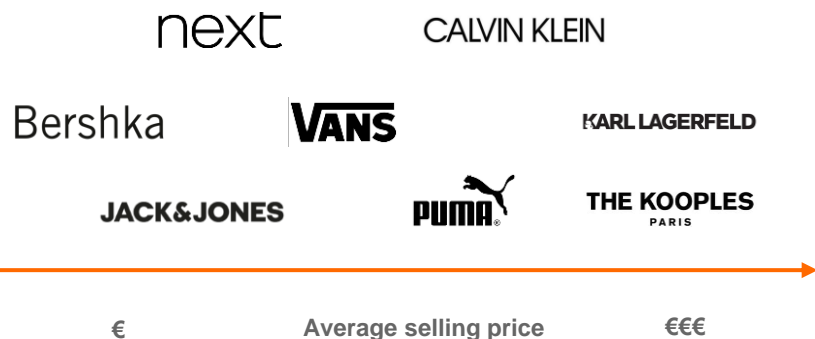
## Results:

- 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 partners leveraging ZFS for their advantage

- ZFS is the **preferred fulfilment option** in **11 of 17 countries** (FY20)
- In 2020, **more than half of all Partners** in Partner Program used ZFS to some extent
- Resulting in a **51% ZFS items<sup>1</sup>** share of all Partner Program items shipped



<sup>1</sup>51% ZFS share in Q4 2020

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

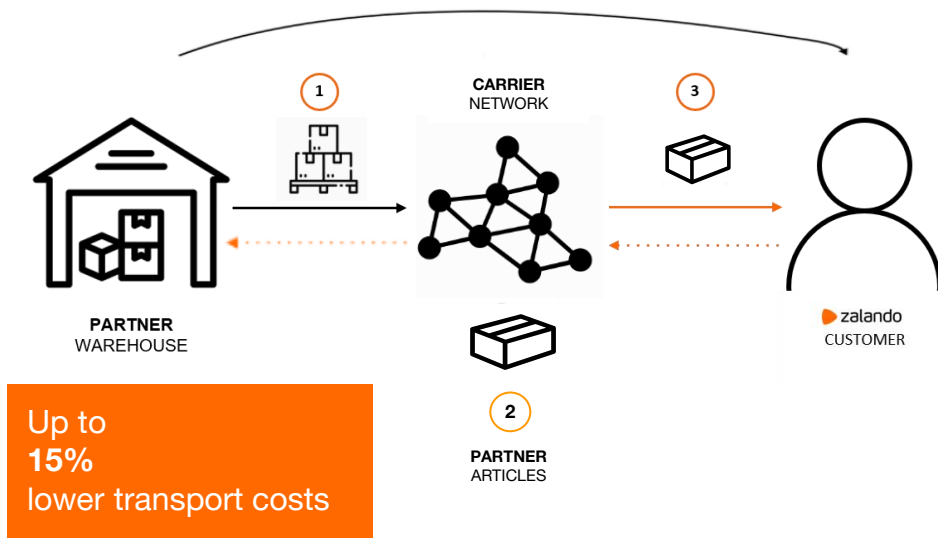
## Zalando Shipping Solutions (ZSS)

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



# Our logistic services make customers benefit from increased choice and the ability to shop multiple brands at one single destination with maximum convenience

	One order = one parcel			
	Wholesale / Retail	Partner Program with ZFS	Partner Program Drop-ship (w ZSS)	Connected Retail
Product ownership & control	Zalando buys product and has full control	Direct integration of stock and brand has full control over products, prices and product representation.		
Customer check-out (point of sale)	Zalando shops / App (e.g. Zalando.de)			
Warehousing & Packaging	Zalando warehouse; one Zalando-branded parcel		Partner warehouse; separate partner-branded parcel	Brick & Mortar store; separate partner-branded parcel
Shipping	Zalando transportation network (middle and last mile) <b>PLUS</b> Premium Delivery		Zalando transportation network (middle and last mile)	Partner transportation network (middle and last mile)
Returns	Customer returns products in one parcel to Zalando network		Customer returns products in separate parcel to partner network	Customer returns products in separate parcel to store

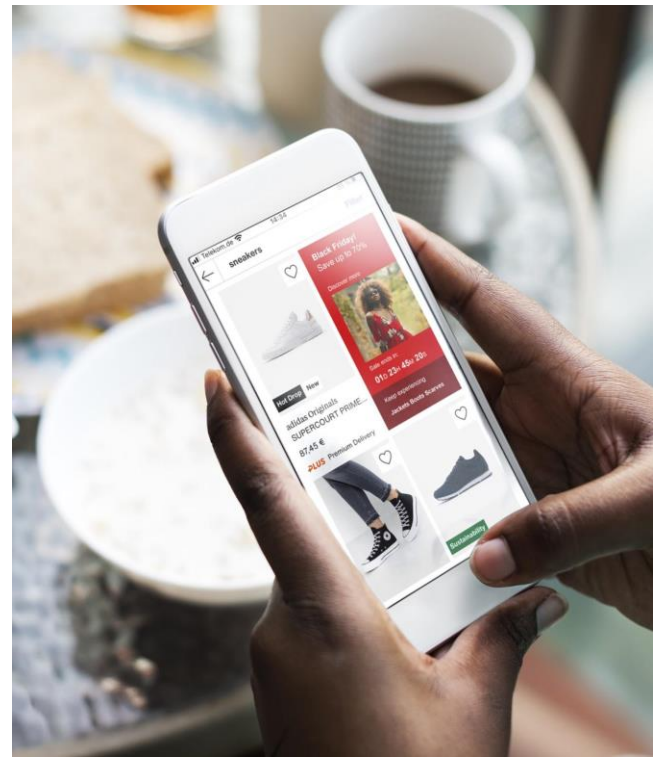
# ZMS enables partners to connect their brands to Europe's largest fashion audience at the point of sale and beyond

## Zalando Marketing Services (ZMS)

ZMS connects our partners to >45m customers, boosts their sales and positions their brand.

### Partner benefits:

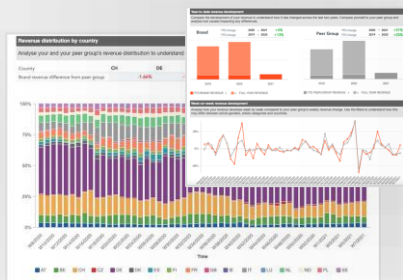
- Partners drive sales by tailor-made campaigns
- Strengthen brand positioning and tell brand stories
- Celebrate product drops across many different channels and all Zalando markets
- Source and distribute authentic content produced by the most inspiring influencers



# With ZMS brands can drive growth and branding by tailoring content and reaching customers across all relevant touchpoints on and off Zalando's premises

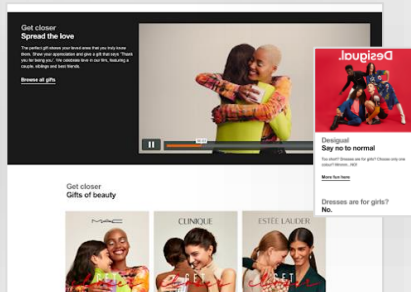
2 Marketing Services

## Insights



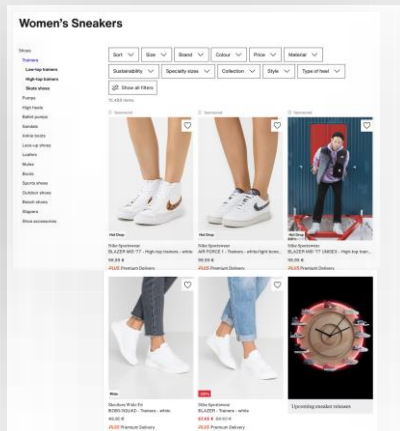
Integration of **customer insights** alongside the Partners' **Go-to-Market Process**

## Content



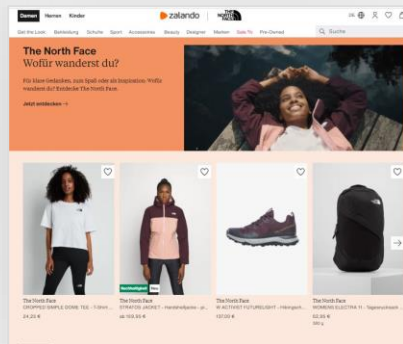
**Inspiring and tailored stories** through disruptive ideas **powered by data**

## Growth



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

## Branding

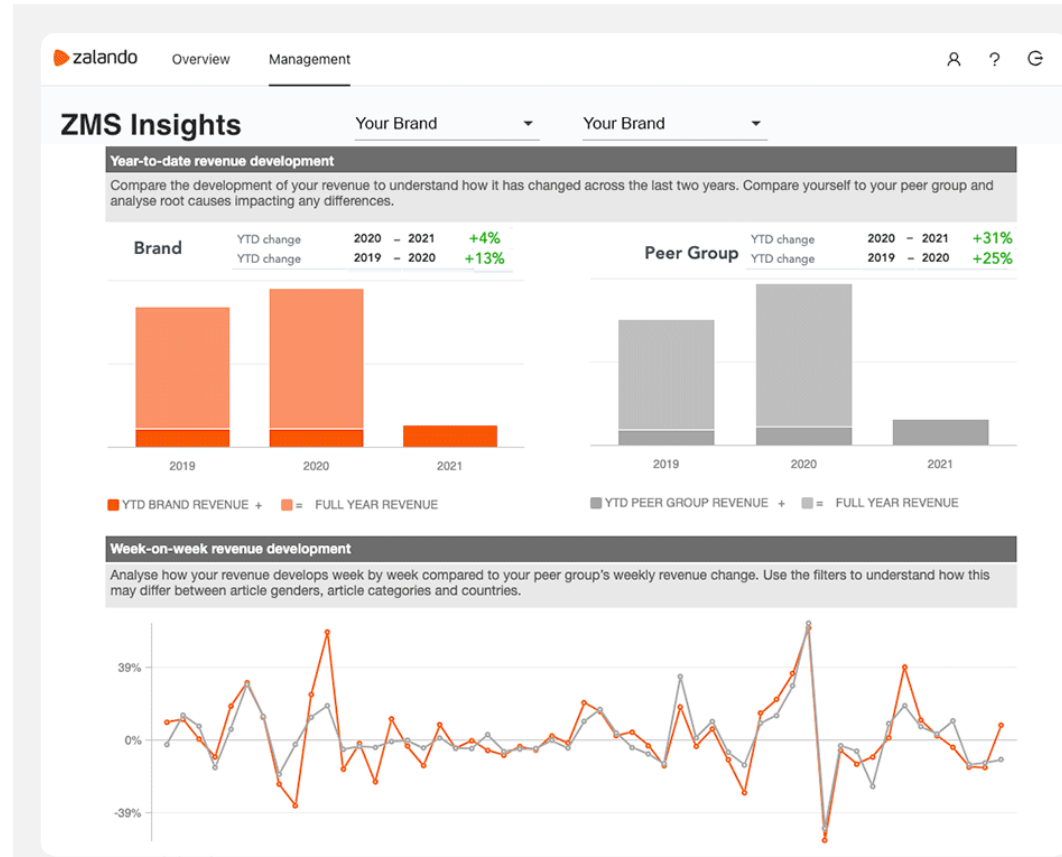


Boosting your **brand visibility across multiple channels** on Zalando and beyond

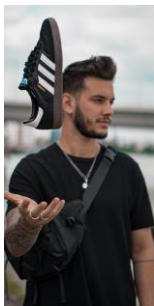
# Through ZMS we offer our partners actionable insights to understand customers...

## 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



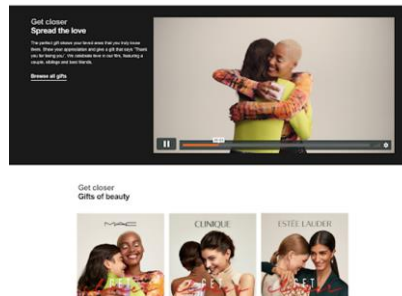
### Creative Campaigns

- Creative Strategy
- Ideation
- Execution



### Product-Focused Content

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

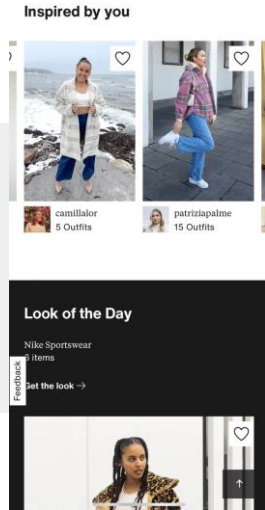


### Digital Experiences

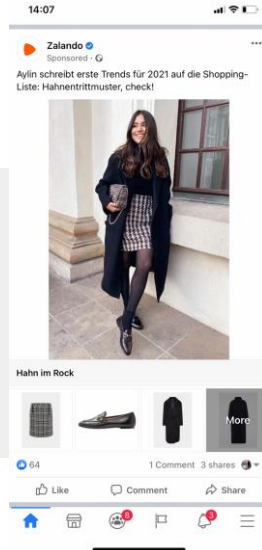
- Landing pages
- Style guides
- Interactive Fit Finder

Partner can use these valuable insights and engaging contents to either drive direct sales or to build their brand across all relevant touchpoints

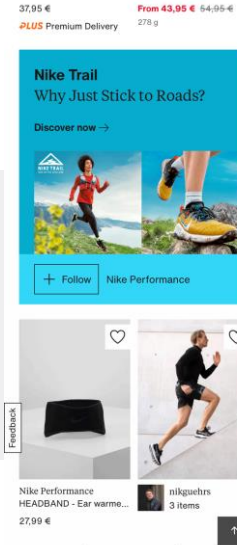
Growth & branding across all relevant touchpoints:



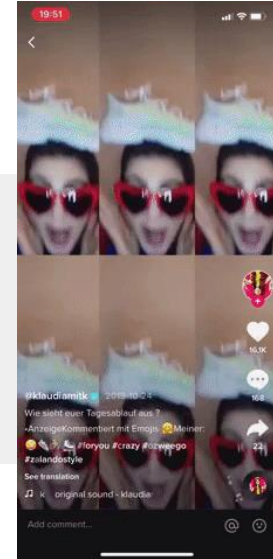
Through **awareness** formats in Zalando's inspiring and content-focused environment



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



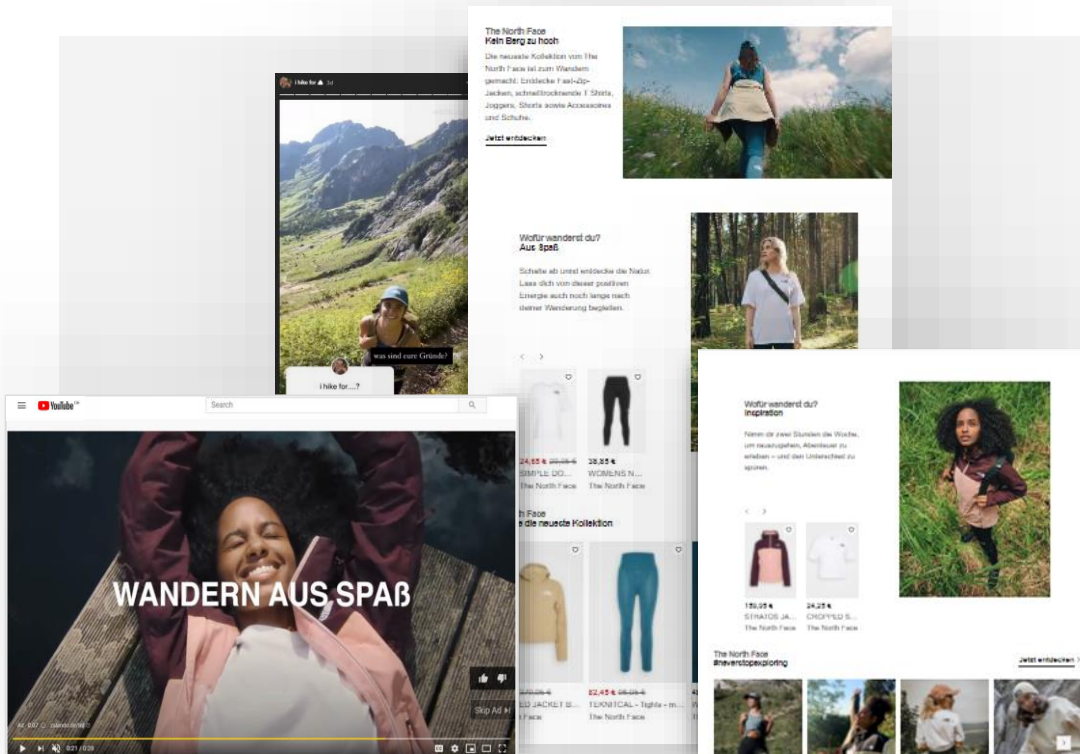
# The North Face conveyed their brand story to a new target audience by leveraging ZMS

## 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

3 Offprice solutions

### Partner benefits:

- Minimize excess 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





# Table of Contents

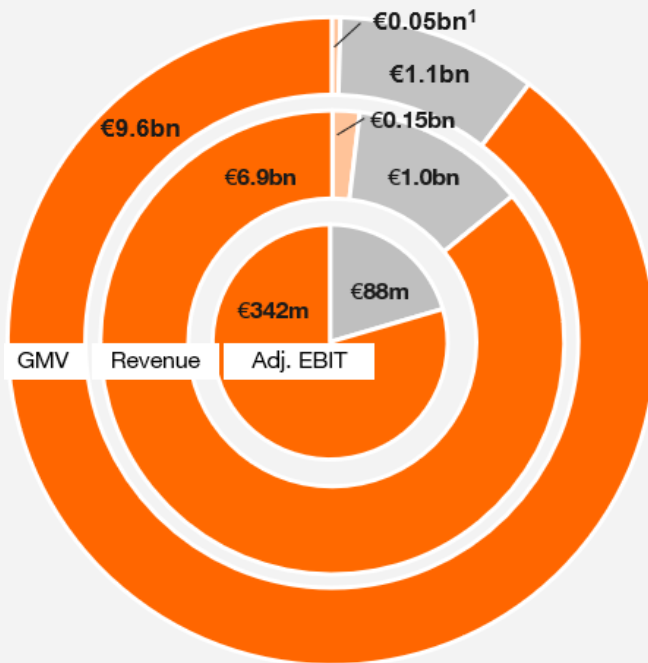
1. The Zalando Group
2. Zalando's value proposition to customers
3. Strategic e-commerce capabilities
4. Zalando's value proposition to partners
5. **Business segments & financials**
6. Share, convertible bond & contact

# We manage our business in three distinct segments representing a sales channel logic...

Group revenue & adj. EBIT FY/20 per segment

## zalando Fashion Store

- **The online shops**, i.e. the main sales channel in 23 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 outlet** - 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)

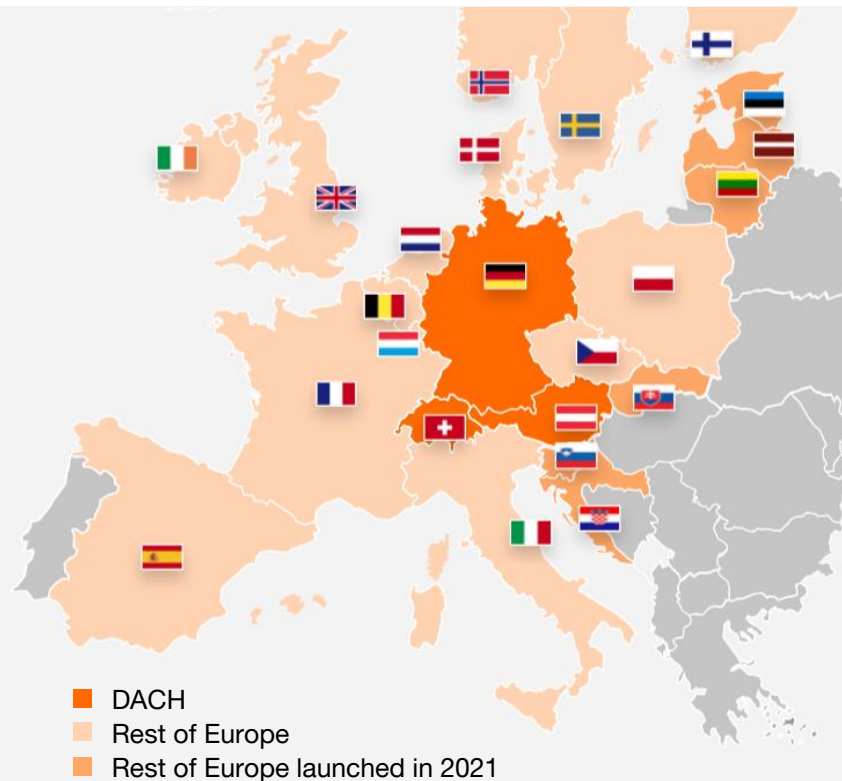
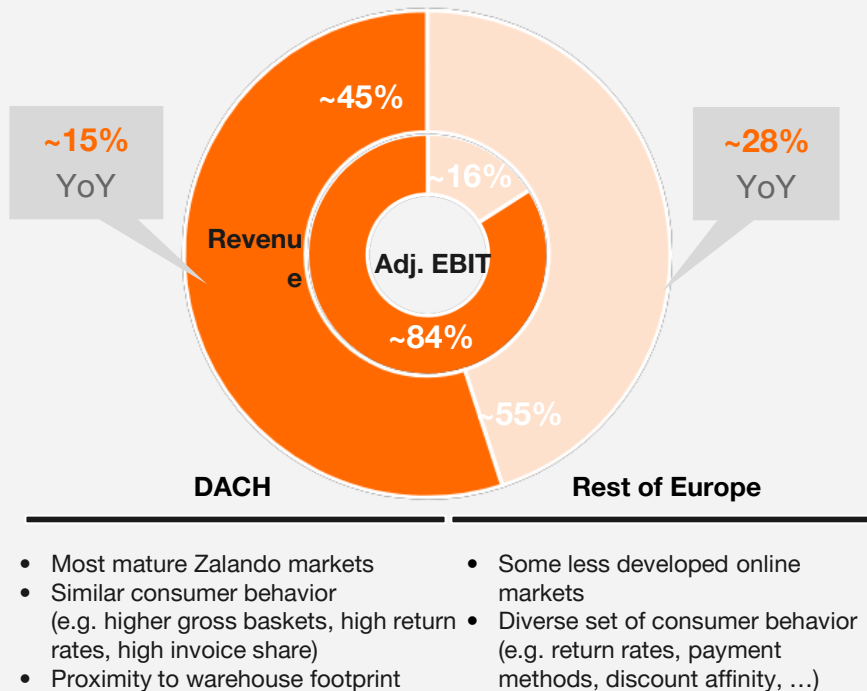
ZALON

ZMS

Tradebyte  
Cycle of eCommerce

## ...and report our 23 European markets in two geographical segments

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



# Group Key Figures<sup>1</sup>

	Year FY/14	Year FY/15	Year FY/16	Year FY/17	Year FY/18	Year FY/19	Year FY/20
<b>Group Key Performance Indicators</b>							
Site Visits (m) <sup>1</sup>	1.363,8	1.656,4	1.991,6	2.563,5	3.137,2	4.178,1	5.393,6
Mobile Visit Share (in % of Site Visits) <sup>1</sup>	42,3%	57,1%	65,6%	70,7%	79,3%	83,7%	86,3%
Active Customers (m)	14,7	17,9	19,9	23,1	26,4	31,0	38,7
Number of Orders (m)	41,4	55,3	69,2	90,5	116,2	144,9	185,5
Average Order per Active Customer (LTM)	2.82x	3.08x	3.48x	3.92x	4.40x	4.68x	4.79x
Average Basket Size (in €) (LTM)	-	-	-	60,6	57,2	56,6	57,7
<b>Results of Operations</b>							
Gross merchandise volume (GMV) (in €bn)	-	-	-	5,48	6,64	8,20	10,70
Revenue (in €m)	2.214,0	2.958,2	3.639,0	4.489,0	5.387,9	6.482,5	7.982,0
EBIT (in €m)	62,1	89,6	207,0	187,6	119,2	165,8	367,0
EBIT (as % of revenue)	2,8%	3,0%	5,7%	4,2%	2,2%	2,6%	4,6%
Adjusted EBIT (in €m)	82,0	107,5	216,3	215,1	173,4	224,9	420,8
Adjusted EBIT (as % of revenue)	3,7%	3,6%	5,9%	4,8%	3,2%	3,5%	5,3%
EBITDA (in €m)	88,0	123,8	255,2	246,4	205,7	360,7	581,5
EBITDA (as % of revenue)	4,0%	4,2%	7,0%	5,5%	3,8%	5,6%	7,3%
Adjusted EBITDA (in €m)	107,8	141,7	264,5	273,8	259,9	419,7	635,3
Adjusted EBITDA (as % of revenue)	4,9%	4,8%	7,3%	6,1%	4,8%	6,5%	8,0%
<b>Financial Position (in €m)</b>							
Net working capital	(3,6)	(2,6)	(127,6)	(62,4)	(84,3)	(147,7)	(87,4)
Cash flow from operating activities	174,9	119,4	275,8	193,7	212,8	327,2	527,4
Cash flow from investing activities	(51,9)	(196,5)	(277,1)	(88,3)	(207,0)	(290,3)	(217,8)
Free cash flow	123,8	42,6	63,7	(85,0)	(78,4)	41,6	284,5
Cash Capex	(51,1)	(60,0)	(181,7)	(243,9)	(278,4)	(306,5)	(250,0)
Cash and cash equivalents	1.051,0	976,2	972,6	1.065,5	995,0	976,5	2.644,0
<b>Other</b>							
Employees (as of reporting date)	7.588	9.987	11.998	15.091	15.619	13.763	14.194
Basic earnings per share (in €)	0,2	0,5	0,5	0,4	0,2	0,4	0,9

# Income Statement<sup>12</sup>

	Year FY/14	Year FY/15	Year FY/16	Year FY/17	Year FY/18	Year FY/19	Year FY/20
<b>Revenue</b>	<b>2.214,0</b>	<b>2.958,2</b>	<b>3.639,0</b>	<b>4.489,0</b>	<b>5.387,9</b>	<b>6.482,5</b>	<b>7.982,0</b>
% growth	25,7%	33,6%	23,0%	23,4%	20,0%	20,3%	23,1%
Cost of Sales	(1255,3)	(1624,0)	(2029,6)	(2529,6)	(3107,0)	(3724,3)	(4587,8)
<b>Gross Profit</b>	<b>958,7</b>	<b>1.334,1</b>	<b>1.609,4</b>	<b>1.959,4</b>	<b>2.280,9</b>	<b>2.758,2</b>	<b>3.394,2</b>
% margin	43,3%	45,1%	44,2%	43,6%	42,3%	42,5%	42,5%
Selling and Distribution Costs	(793,8)	(1.118,9)	(1.223,7)	(1.530,8)	(1.899,2)	(2.295,1)	(2.716,0)
Administrative Expenses	(109,1)	(129,0)	(191,3)	(242,9)	(268,9)	(298,9)	(319,2)
Other Operating Income	12,2	10,2	16,7	11,8	18,7	18,2	26,7
Other Operating Expenses	(5,8)	(7,0)	(4,1)	(9,9)	(12,3)	(16,6)	(18,7)
<b>EBIT</b>	<b>62,1</b>	<b>89,6</b>	<b>207,0</b>	<b>187,6</b>	<b>119,2</b>	<b>165,8</b>	<b>367,0</b>
% margin	2,8%	3,0%	5,7%	4,2%	2,2%	2,6%	4,6%
Net Financial Result	(4,5)	(3,0)	(14,1)	(12,4)	(13,6)	(20,9)	(48,6)
<b>EBT</b>	<b>57,7</b>	<b>86,6</b>	<b>192,9</b>	<b>175,2</b>	<b>105,6</b>	<b>144,9</b>	<b>318,5</b>
% margin	2,6%	2,9%	5,3%	3,9%	2,0%	2,2%	4,0%
Income and Other Tax	(10,5)	34,9	(72,5)	(73,6)	(54,4)	(45,2)	(92,4)
<b>Net Income</b>	<b>47,2</b>	<b>121,5</b>	<b>120,5</b>	<b>101,6</b>	<b>51,2</b>	<b>99,7</b>	<b>226,1</b>
% margin	2,1%	4,1%	3,3%	2,3%	0,9%	1,5%	2,8%
Depreciation & Amortization	25,8	34,2	48,2	58,7	86,5	194,8	214,5
<b>EBITDA</b>	<b>88,0</b>	<b>123,8</b>	<b>255,2</b>	<b>246,4</b>	<b>205,7</b>	<b>360,6</b>	<b>581,5</b>
% margin	4,0%	4,2%	7,0%	5,5%	3,8%	5,6%	7,3%
Share Based Compensation (SBC)	19,8	17,9	19,9	27,5	43,3	46,0	53,8
Restructuring costs / non-operating one-time effects	0,0	0,0	(10,6)	0,0	10,9	13,1	0
<b>Adj. EBIT</b>	<b>82,0</b>	<b>107,5</b>	<b>216,3</b>	<b>215,1</b>	<b>173,4</b>	<b>224,9</b>	<b>420,8</b>
% margin	3,7%	3,6%	5,9%	4,8%	3,2%	3,5%	5,3%
<b>Adj. EBITDA</b>	<b>107,8</b>	<b>141,7</b>	<b>264,5</b>	<b>273,8</b>	<b>259,9</b>	<b>419,7</b>	<b>635,3</b>
% margin	4,9%	4,8%	7,3%	6,1%	4,8%	6,5%	8,0%

## Segments<sup>12</sup>

	Year FY/14	Year FY/15	Year FY/16	Year FY/17	Year FY/18	Year FY/19	Year FY/20
<b>Revenue (in €m)</b>	<b>2.214,0</b>	<b>2.958,2</b>	<b>3.639,0</b>	<b>4.489,0</b>	<b>5.387,9</b>	<b>6.482,5</b>	<b>7.982,0</b>
Fashion Store	-	-	-	4.150,5	4.967,7	5.964,9	7.257,7
thereof DACH	-	1.580,1	1.813,8	2.150,0	2.483,7	2.897,2	3.319,0
thereof Rest of Europe	-	1.211,6	1.570,2	2.000,4	2.484,0	3.067,7	3.938,7
Offprice	-	-	-	345,3	497,5	659,4	978,1
Other	-	166,5	255,1	345,3	444,8	252,3	196,0
Reconciliation	-	-	-	(352,0)	(522,0)	(394,1)	(449,8)
<b>Adjusted EBIT (in €m)</b>	<b>82,0</b>	<b>107,5</b>	<b>216,3</b>	<b>215,1</b>	<b>173,4</b>	<b>224,9</b>	<b>420,8</b>
Fashion Store	-	-	-	213,7	162,0	219,9	341,7
thereof DACH	-	101,9	226,3	193,5	139,9	219,5	288,4
thereof Rest of Europe	-	(3,3)	(3,3)	20,3	22,0	0,4	53,3
Offprice	-	-	-	27,6	35,2	27,7	88,0
Other	-	8,9	(6,7)	(26,3)	(24,4)	(23,3)	(9,1)
Reconciliation	-	-	-	(0,0)	0,7	0,6	0,2
<b>Adjusted EBIT margin (in %)</b>	<b>3,7%</b>	<b>3,6%</b>	<b>5,9%</b>	<b>4,8%</b>	<b>3,2%</b>	<b>3,5%</b>	<b>5,3%</b>
Fashion Store	-	-	-	5,2%	3,3%	3,7%	4,7%
Fashion Store – DACH	-	6,4%	12,5%	9,0%	5,6%	7,6%	8,7%
Fashion Store – Rest of Europe	-	(0,3%)	(0,2%)	1,0%	0,9%	0,0%	1,4%
Offprice	-	-	-	8,0%	7,1%	4,2%	9,00%
Other	-	-	5,3%	(7,6%)	(5,5%)	(9,2%)	(4,6%)
Reconciliation	-	-	-	(0,4%)	3,4%	(0,2%)	(0,1%)

# Balance Sheet<sup>1</sup>

	Year FY/14	Year FY/15	Year FY/16	Year FY/17	Year FY/18	Year FY/19	Year FY/20
<b>Total Non-Current Assets</b>	<b>194,0</b>	<b>253,1</b>	<b>392,6</b>	<b>569,6</b>	<b>760,2</b>	<b>1.455,1</b>	<b>1.560,0</b>
Thereof: Property, Plant and Equipment	111,0	128,2	243,0	350,5	546,4	708,4	810,1
Lease Assets						525,6	479,8
Other Financial Assets	49,4	25,0	44,1	31,8	18,7	11,7	13,6
Non-Financial Assets	3,7	3,5	3,0	3,5	3,8	7,3	5,1
Other Non-Current Assets	29,9	96,3	102,5	183,8	191,4	202,0	251,4
<b>Total Current Assets</b>	<b>1.591,6</b>	<b>1.863,5</b>	<b>2.145,6</b>	<b>2.410,7</b>	<b>2.473,5</b>	<b>2.878,0</b>	<b>4.934,8</b>
Thereof: Inventories	348,4	493,5	576,9	778,9	819,5	1.098,3	1.361,2
Trade and Other Receivables	140,1	149,7	216,0	278,7	395,1	462,3	602,5
Other Assets	52,1	244,0	380,0	287,6	263,9	340,9	327,1
Cash and Cash Equivalents	1.051,0	976,2	972,6	1.065,5	995,0	976,5	2.644,0
<b>Total Assets</b>	<b>1.785,5</b>	<b>2.116,5</b>	<b>2.538,2</b>	<b>2.980,3</b>	<b>3.233,7</b>	<b>4.333,1</b>	<b>6.494,8</b>
<b>Total Equity</b>	<b>1.126,7</b>	<b>1.271,4</b>	<b>1.407,5</b>	<b>1.538,9</b>	<b>1.549,1</b>	<b>1.683,8</b>	<b>2.151,1</b>
Thereof: Issued Capital	244,8	247,0	247,2	247,2	247,9	248,7	253,1
Capital Reserves	1.120,4	1.140,9	1.161,0	1.182,4	1.155,6	1.200,5	1.428,9
Retained earnings	0,9	1,4	(2,4)	8,7	(4,9)	(15,6)	(7,3)
Accumulated Loss	(239,4)	(118,0)	1,6	100,7	150,7	250,4	476,6
Minority Interests				(0,1)	(0,1)	(0,2)	(0,2)
<b>Total Non-Current Liabilities</b>	<b>30,9</b>	<b>31,3</b>	<b>32,5</b>	<b>71,9</b>	<b>70,9</b>	<b>542,6</b>	<b>1.404,2</b>
Thereof: Non-current Lease Liabilities	17,6	14,4	11,2	8,4	5,6	481,4	443,0
Financial Liabilities						2,7	0,0
Other Non-Current Liabilities	7,5	7,8	8,8	63,5	65,3	58,5	961,2
<b>Total Current Liabilities</b>	<b>627,9</b>	<b>813,8</b>	<b>1.098,2</b>	<b>1.369,5</b>	<b>1.613,7</b>	<b>2.106,7</b>	<b>2.939,5</b>
Thereof: Trade Payables and Similar Obligations	492,1	645,8	920,5	1.120,0	1.298,9	1.708,3	2.050,5
Other Current Liabilities	132,1	164,8	172,7	249,5	314,8	398,4	889,0
<b>Total Equity &amp; Liabilities</b>	<b>1.785,5</b>	<b>2.116,5</b>	<b>2.538,2</b>	<b>2.980,3</b>	<b>3.233,7</b>	<b>4.333,1</b>	<b>6.494,8</b>
<b>Net Working Capital</b>	<b>(3,6)</b>	<b>(2,6)</b>	<b>(127,6)</b>	<b>(62,4)</b>	<b>(84,3)</b>	<b>(147,7)</b>	<b>(87,4)</b>

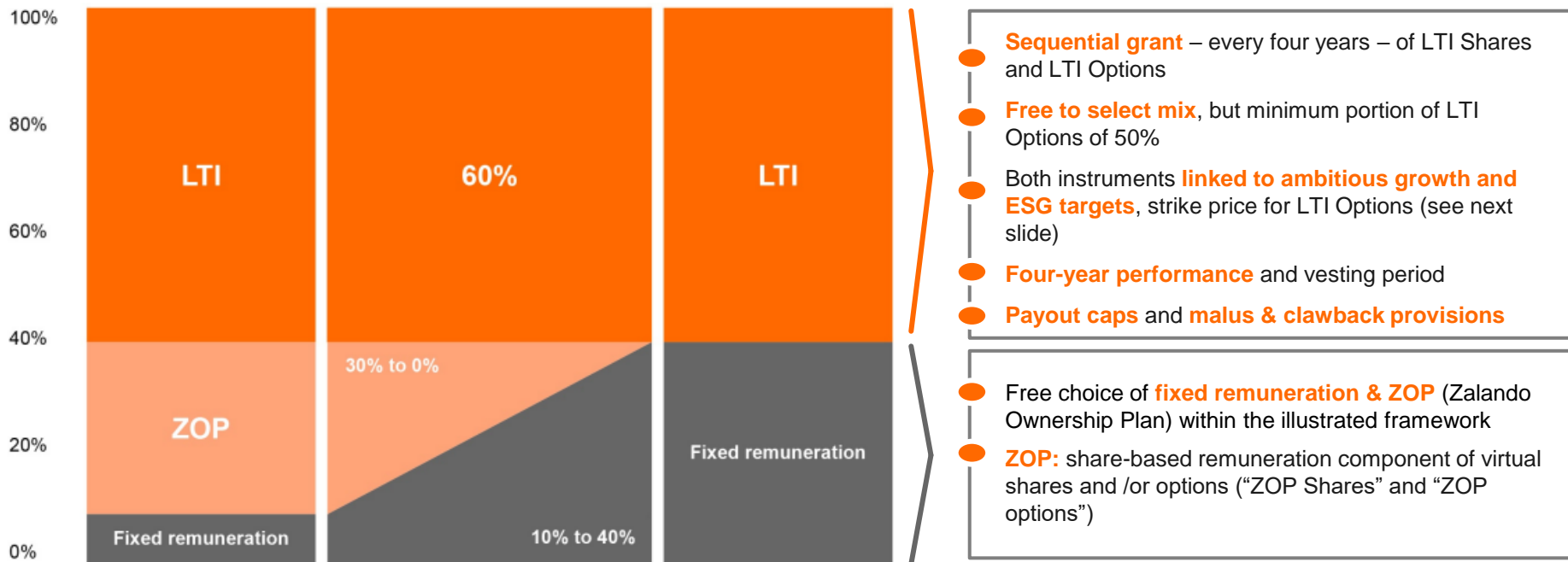
100 <sup>1)</sup> Other assets includes investments into short-term deposits of €20m, which are not listed under Cash and Cash Equivalents due to their maturity of more than 3 but less than 12 months.

# Cash Flow Statement

	Year FY/14	Year FY/15	Year FY/16	Year FY/17	Year FY/18	Year FY/19	Year FY/20
<b>Net Income</b>	<b>47,2</b>	<b>121,5</b>	<b>120,5</b>	<b>101,6</b>	<b>51,2</b>	<b>99,7</b>	<b>226,1</b>
Non-Cash Expenses from Share-Based Payments	19,8	17,9	19,9	27,5	43,3	46,0	53,8
Cash Settlement of Claims from Share-Based Payments	0,0	(2,3)	0,0	0,0	0,0	0,0	(3,5)
Depreciation & Amortization	25,8	34,2	48,2	58,7	86,5	194,8	214,5
Income Taxes	10,5	(34,9)	72,5	73,6	54,4	45,2	92,4
Income Taxes Paid, Less Refunds	0,0	(0,0)	(33,8)	(49,4)	(42,2)	(96,5)	(116,7)
Change in Provisions	1,0	(0,5)	0,1	(1,5)	0,3	6,1	(2,1)
Other Non-Cash Income	(0,2)	(1,0)	1,2	6,5	4,2	5,0	4,3
Change in Inventories and Receivables	(68,7)	(154,2)	(147,4)	(251,0)	(157,0)	(346,0)	(402,5)
Change in Trade Liabilities	94,9	154,9	264,3	198,4	180,6	403,6	329,2
Change in Other Assets/Other Liabilities	44,6	(16,2)	(69,7)	29,2	(8,5)	(30,7)	132,1
<b>Cash Flow from Operating Activities</b>	<b>174,9</b>	<b>119,4</b>	<b>275,8</b>	<b>193,7</b>	<b>212,8</b>	<b>327,2</b>	<b>527,4</b>
Payments received from the sale of fixed assets	0,0	0,0	0,0	0,0	58,9	22,5	38,7
Payments for Investments in Fixed and Intangible Assets	(51,1)	(60,0)	(181,7)	(243,9)	(278,4)	(306,5)	(250,0)
Payments for Acquisitions	0,0	(16,8)	(30,4)	(34,9)	(7,1)	(1,7)	(31,5)
Cash Paid for Investments in Term Deposits	0,0	(155,0)	(65,0)	180,0	20,0	5,0	25,0
Change in Restricted Cash	(0,8)	35,3	0,0	10,4	(0,4)	0,4	0,0
<b>Cash Flow from Investing Activities</b>	<b>(51,9)</b>	<b>(196,5)</b>	<b>(277,1)</b>	<b>(88,3)</b>	<b>(207,0)</b>	<b>(290,3)</b>	<b>(217,8)</b>
<b>Free Cash Flow</b>	<b>123,8</b>	<b>42,6</b>	<b>63,7</b>	<b>(85,0)</b>	<b>(13,8)</b>	<b>41,6</b>	<b>284,5</b>
Payments Received from Capital Increases	510,1	6,4	1,1	3,9	38,2	38,5	55,1
Cash Received from Loans	3,9	0,0	0,0	0,0	0,0	0,0	375,0
Repurchase of treasury shares	0,0	(1,7)	0,0	(11,3)	(111,3)	(38,8)	0,0
Cash payments for the principle portion of leasing liabilities	0,0	0,0	0,0	0,0	0,0	(54,2)	(67,2)
Cash Repayments of Loans	(3,2)	(3,2)	(3,2)	(3,2)	(2,8)	(2,8)	(2,8)
Cash received from the issue of convertible bonds							994,0
<b>Cash Flow from Financing Activities</b>	<b>510,8</b>	<b>1,5</b>	<b>(2,9)</b>	<b>(10,6)</b>	<b>(75,9)</b>	<b>(57,3)</b>	<b>1.354,1</b>
<b>Change in Cash &amp; Cash Equivalents</b>	<b>633,8</b>	<b>(75,6)</b>	<b>(4,1)</b>	<b>94,8</b>	<b>(70,1)</b>	<b>(20,4)</b>	<b>1.663,6</b>
<b>Effects of Exchange Rate on Cash &amp; Cash Equivalents</b>	<b>0,0</b>	<b>0,9</b>	<b>0,5</b>	<b>(1,9)</b>	<b>0,3</b>	<b>1,9</b>	<b>3,9</b>

# Management Board Remuneration Scheme 2021 - Overview (1/2)<sup>1</sup>

Composition as % of target total remuneration



1) The new management compensation system became effective as of June 1, 2021, only applicable for the CPO Astrid Arndt to a largest extent. For the remuneration of both Co-CEOs, David Schneider and Robert Gentz, please see LTI 2018 ( 5-year term commencing on December 1, 2018). For the remuneration of Chief Business and Product Officer Jim Freeman and CFO David Schröder please see LTI 2019 (4-year term commencing April 1, 2019)

# Management Board Remuneration Scheme 2021 - GMV growth and ESG targets (2/2)<sup>1</sup>

GMV CAGR (April 1, 2021 - March 31, 2025)	Vesting rate
Less than 11.5%	0%
11.5% to less than 13.8%	50%
13.8% to less than 16.1%	60%
16.1% to less than 18.4%	70%
18.4% to less than 20.7%	80%
20.7% to less than 23.0%	90%
23.0% to less than 25.3%	100%
25.3% to less than 28.8%	110%
28.8% and above	125%



**Up to 20 %-points reduction of GMV vesting rate** in case ESG targets are not (fully) achieved.

The ESG modifier consists of a combination of different sub-targets, *environmental* criteria can be derived from our Sustainability strategy, e.g.:

- Reduction of scope 1 and 2 greenhouse gas (GHG) emissions
- Reduction of scope 3 GHG emissions (private label products)
- Increase in annual sourcing of renewable electricity
- Commitment that suppliers also implement science-based targets

Potential further criteria (e.g., *social, governance*) are currently being discussed and derived from inter alia our Diversity and Inclusion strategy



GMV CAGR (April 1, 2021 - March 31, 2025)	Modified vesting rate
Less than 11.5%	0%
11.5% to less than 13.8%	30-50%
13.8% to less than 16.1%	40-60%
16.1% to less than 18.4%	50-70%
18.4% to less than 20.7%	60-80%
20.7% to less than 23.0%	70-90%
23.0% to less than 25.3%	80-100%
25.3% to less than 28.8%	90-110%
28.8% and above	105-125%

1) The below CAGR is an example only for the period stated below (will be adapted and new targets in line with strategy set with the commencement of every new service agreement/extension of every existing service agreement)

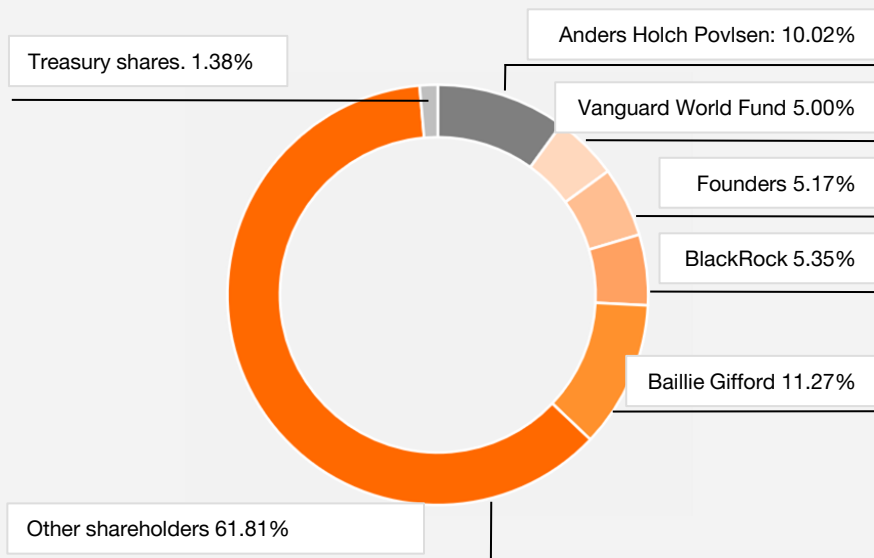


# Table of Contents

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<sup>1,2</sup>























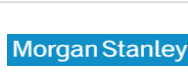











## Share information<sup>1</sup>

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	261,903,651
Issued Share capital	EUR 261,903,651
ISIN	DE000ZAL1111
WKN	ZAL111
Ticker Symbol	ZAL
Common Code	111189528
Thomson Reuters	ZALG.F
Bloomberg	ZAL.GR

# Convertible Bond 2020

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

# Zalando Analyst Coverage

						
Rocco Strauss	Volker Bosse	Geoffroy de Mendez	Andrew Ross	Michael Benedict	Clement Genelot	José Rito
						
Catherine O'Neill	Simon Irwin	Rashmitha Selvaraj	Nizla Naizer	Thomas Maul	Konrad Grygo	Charlie Muir-Sands
						
Richard Edwards	Paul Rossington	Christian Salis	Georgina Johanan	Jürgen Kolb	Wayne Brown	Miriam Adisa
						
Daniel Ovin	Andreas Riemann	Mark Josefson	Ralf Marinoni	Sherri Malek	Emily Cooledge	Anne Critchlow
						
Rebecca Mcclellan	Benjamin Kohnke	Olivia Townsend	Jörg Philipp Frey			

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## 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.

