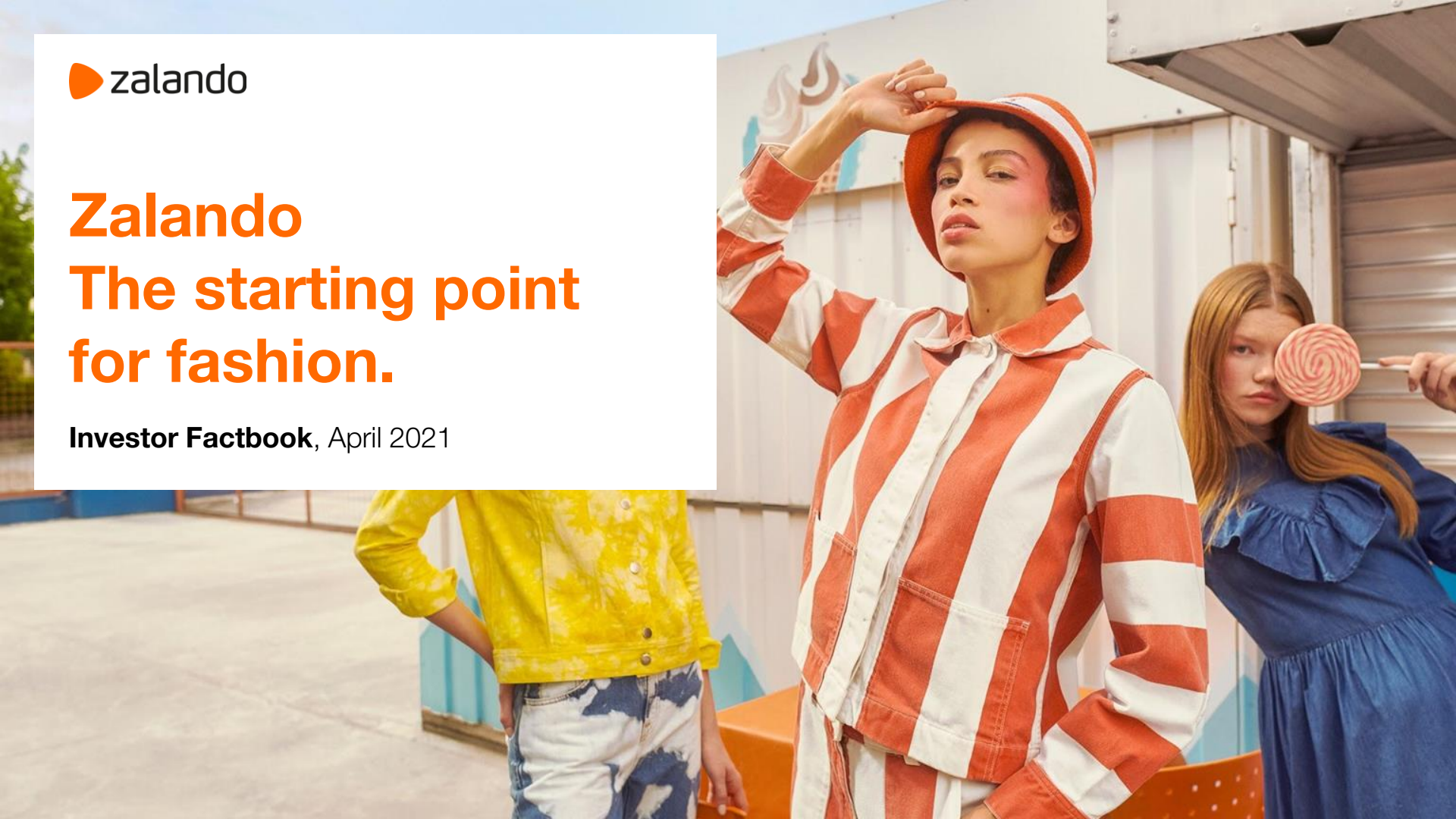




Zalando

The starting point for fashion.

Investor Factbook, April 2021



Welcome To Zalando

Zalando keeps the pace high. Only 13 years after founding the company in 2008, we today have around 42m active customers in 17 European countries and have become Europe's leading online fashion destination. Building on this, more than 14.000 employees work hard every day to turn Zalando into the starting point for fashion for every fashion-loving European.

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

Enjoy the read!

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

Zalando Management Board

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





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Group Strategy
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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



17

European countries



>85%

mobile traffic



>5bn

site visits last year



>38M

active customers

Strong Localization



>4,000

(local) Brands



>20

payment methods



>20

logistics partner



13

languages

Starting
Point for
Fashion

Platform Strategy



Zalando is leveraging its position to develop from a 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 infra- structure
- Creating scalable and efficient processes
- Successful IPO October 2014



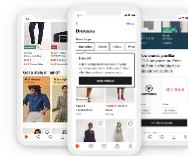
Platform Transition

- 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)



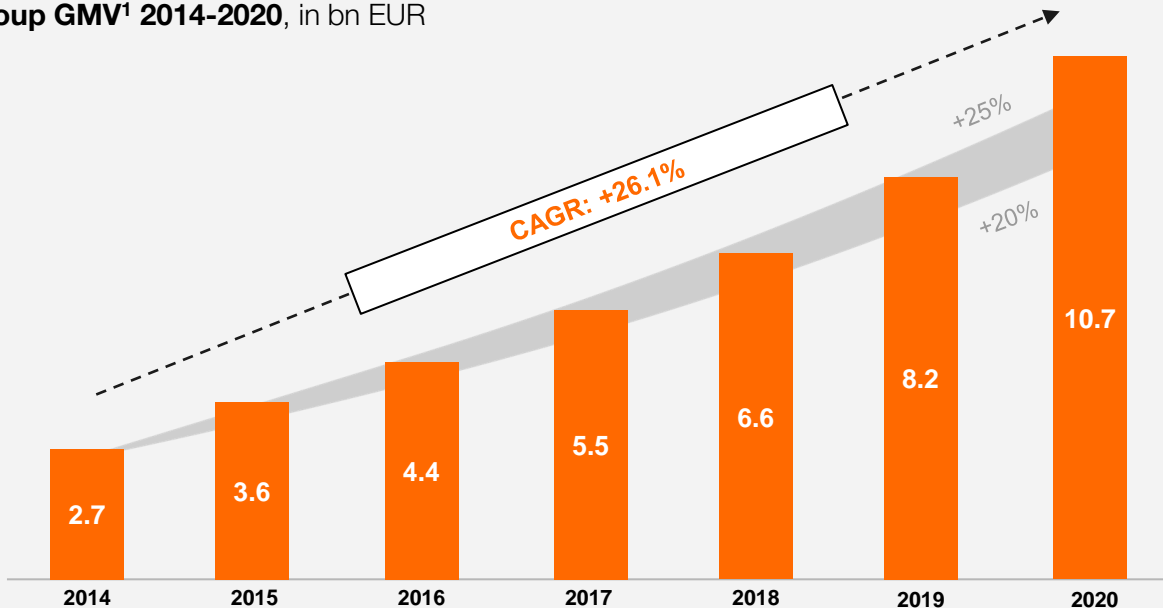
Starting Point Vision & Sustainability

- 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 GMV¹ 2014-2020, in bn EUR



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 a truly European fashion platform and are present in 17 European markets...



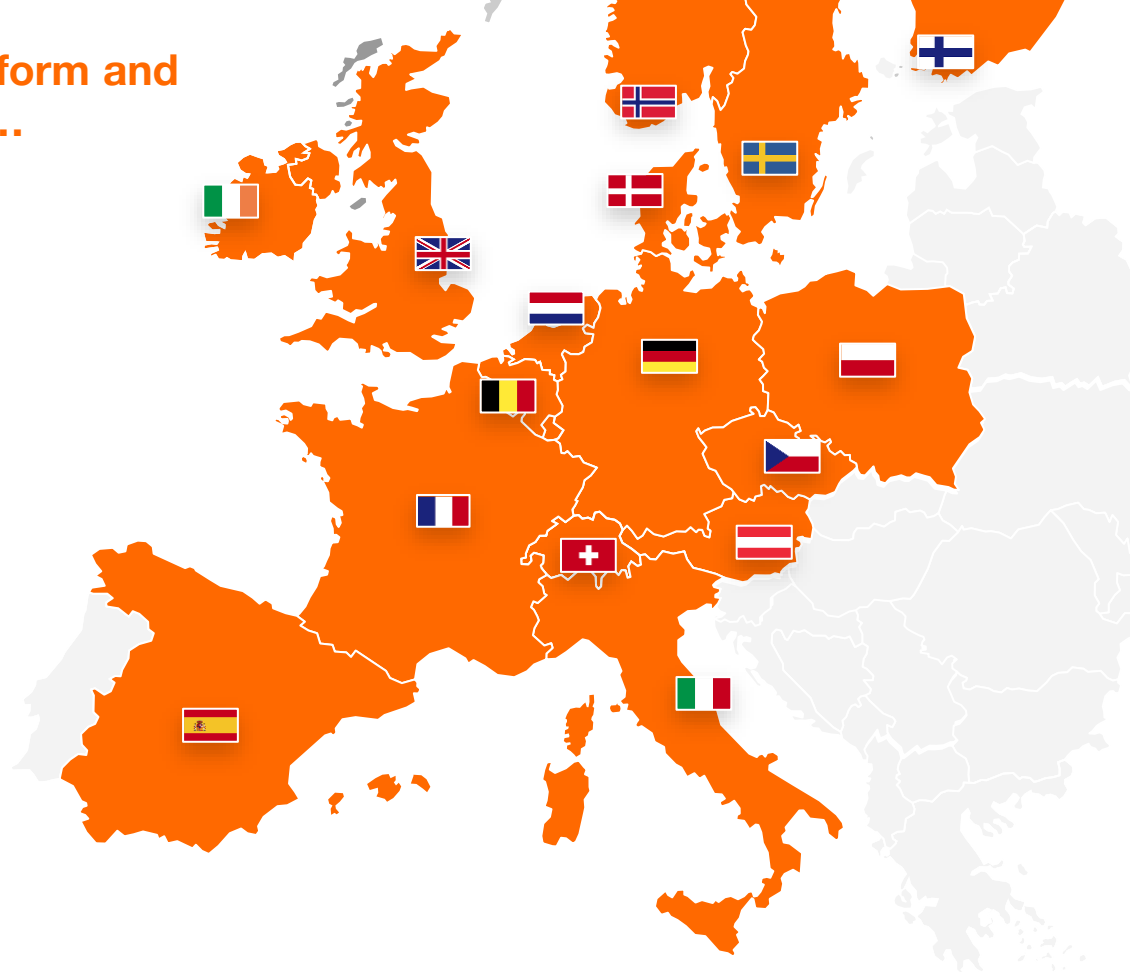
>50% of **GMV** generated **outside of DACH**



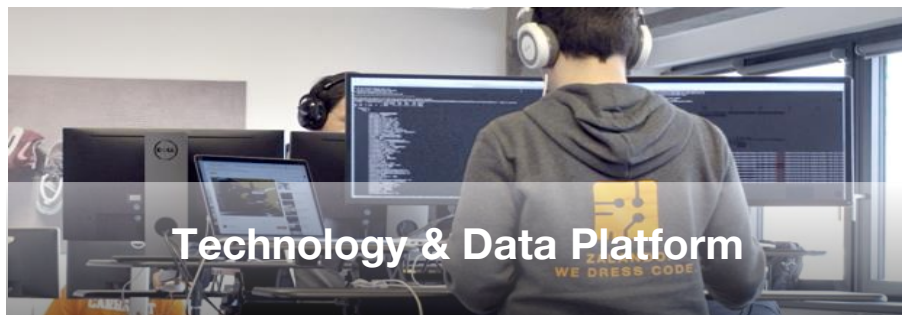
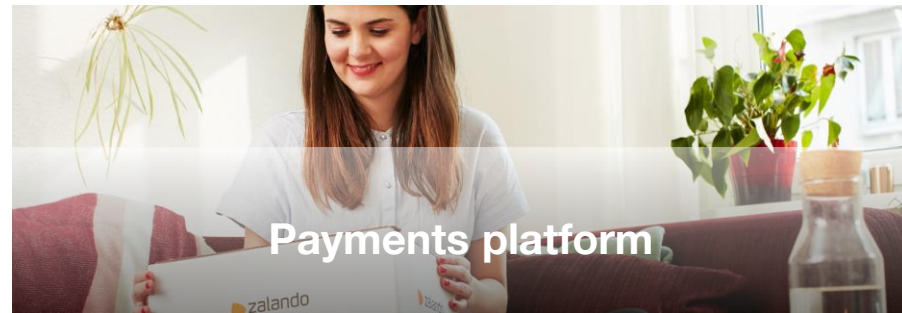
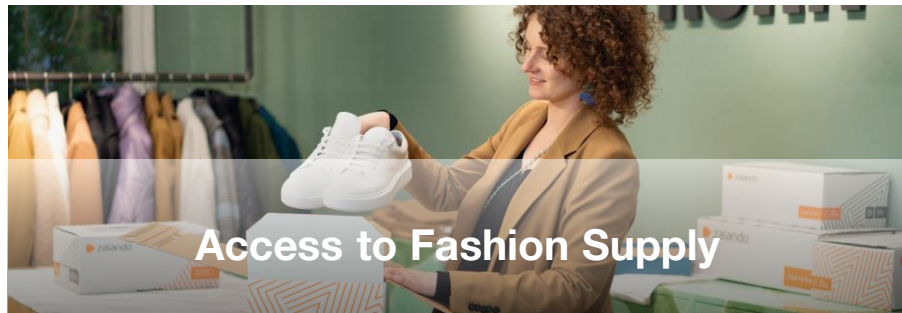
Exceeded **1bn EUR in GMV** in the **Nordics**



































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



...With Our Success Build On Best-in-class E-commerce capabilities



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
Geographic						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



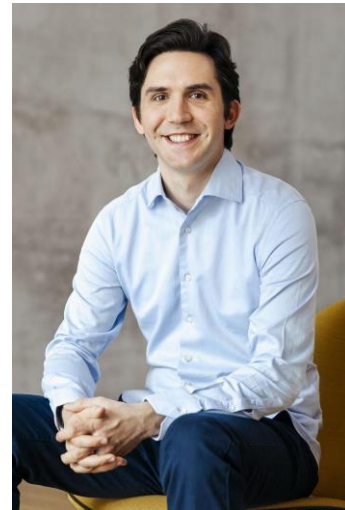
David Schneider
Co-CEO



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 Hyman¹



**Anders Hoch
Povlsen¹**



**Anika
Mangelmann²**



Niklas Östberg¹



Cristina Stenbeck¹



Matti Ahtiainen²



Kelly Bennett¹



**Mariella Röhm-
Kottmann¹**



Jade Buddenberg²

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



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Our vision is to be the
Starting Point for Fashion in Europe

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

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



Endless choice

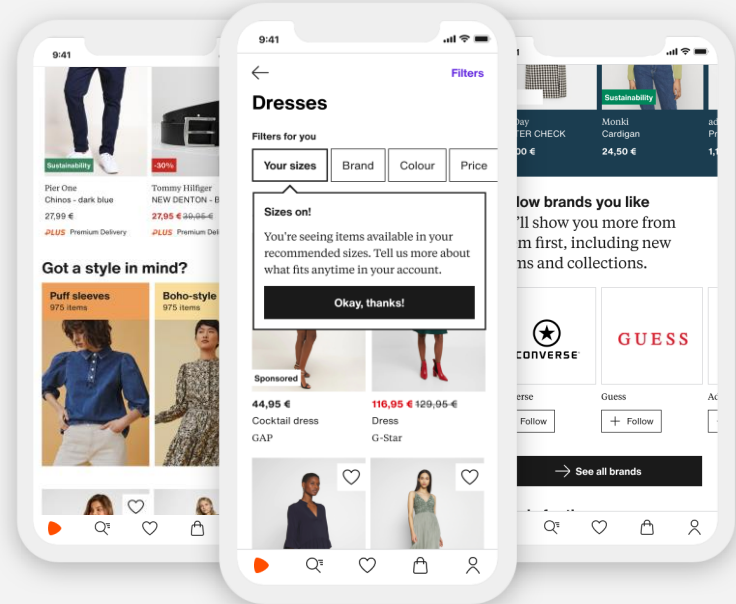


Seamless convenience



Tailored digital experience

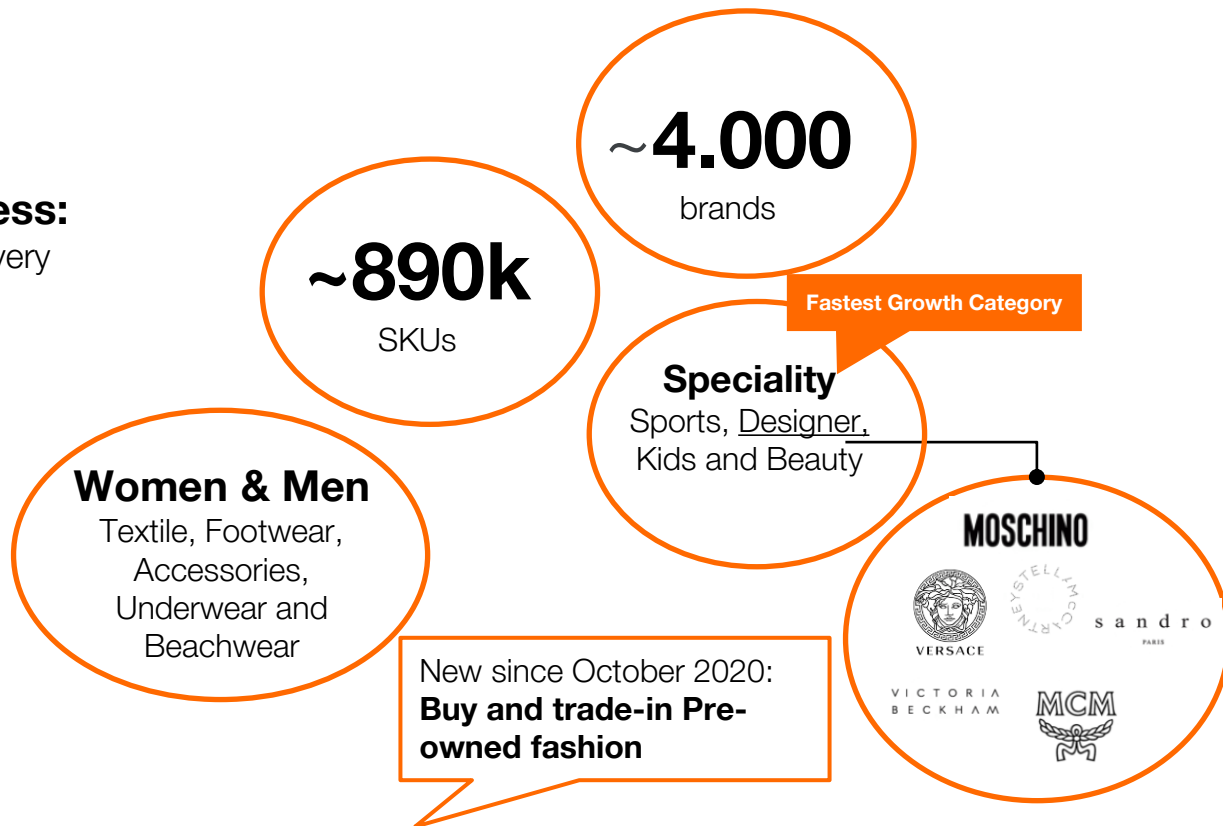
... making Zalando **THE app for fashion**



...and offering them everything from head to toe

Zalando offers fashion freshness:

95% of products online are brand new every season

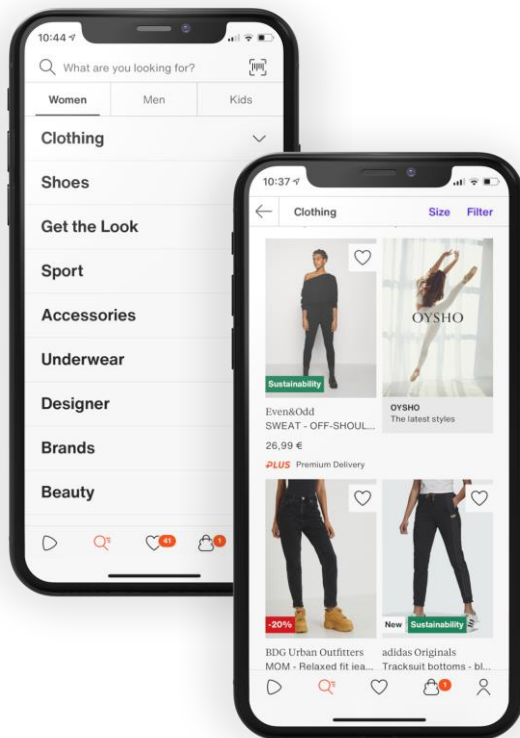


Consumers in the post-digital age prefer to have it all with one click in one App

57% App order share
(+16pp vs. 2018)

3x App customers return more often:
More visits (compared to browser)¹

6x App customers browse more:
More products viewed²
(compared to browser)



~1/2 of orders contain more
than one brand³

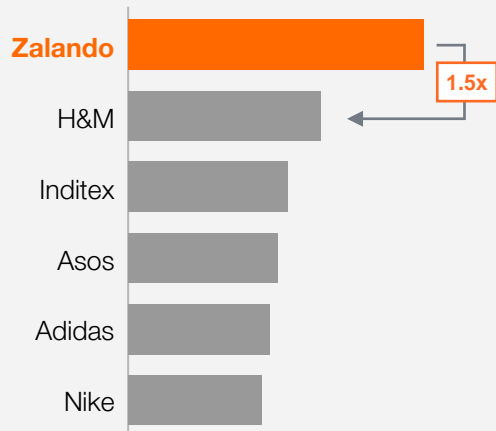
18 average number of
purchased brands⁴

1) Number of sessions per logged-in customer in HY2 2020, App vs desktop customers
2) Number of PDPs viewed per logged-in customer in HY2 2020, App vs desktop customers
3) Zalando basket analysis, 2020
4) Brands per active customer based on customer lifetime

Key indicators of a Starting Point confirm the strong position we already have today

Most visited fashion destination

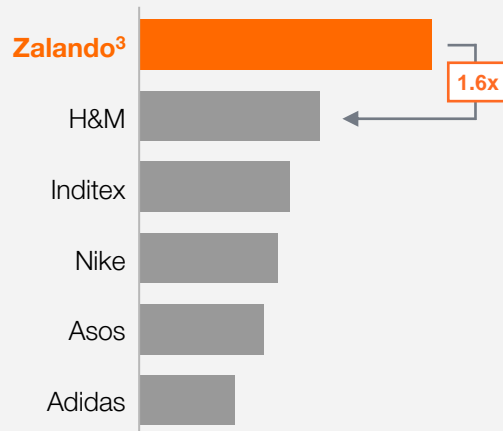
Total unique visitors 2020¹



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

Most downloaded fashion App

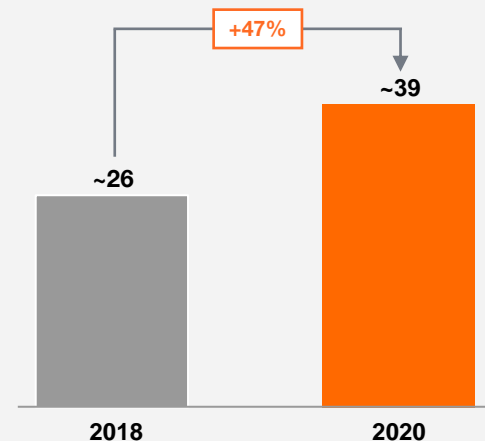
Total App downloads 2020²



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

~39m active customers

Active customers in # m



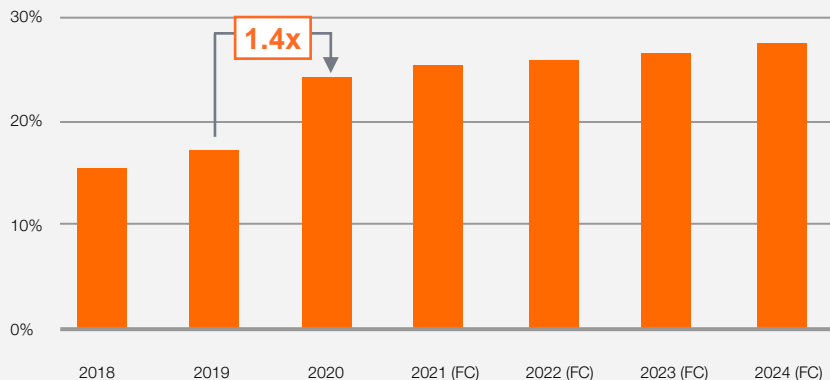
4.8 orders per active customers
(+9% vs. 2018)

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 - 2024¹

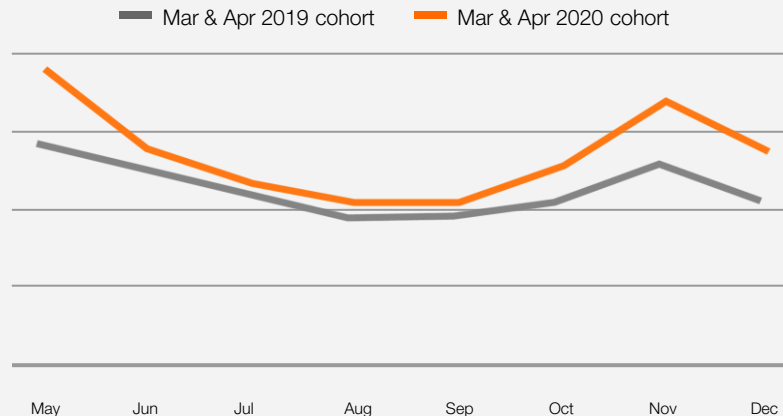
Share of online fashion in total fashion sales



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

Direct-to-Consumer

Control of Product, Content & Pricing

Physical Access to Consumer, Superior Order Economics & Convenience

High Sell-Through & Brand Building



Auction-bid pricing & campaigns



Cost-Plus

Commission
5%-25%

ZFS

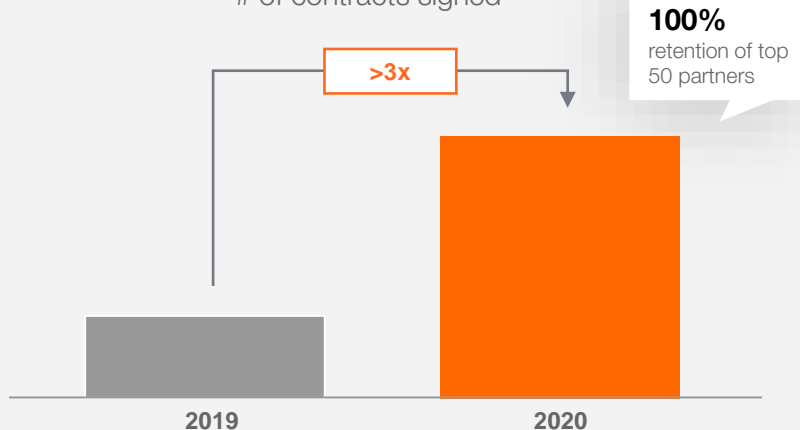
ZMS

ZFS

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)¹

+23%



of markets
launched by
partners²

2x



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

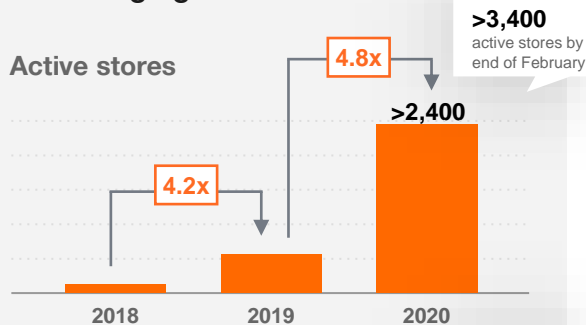
1) Dec 2020 vs. Dec 2019

23 2) Partner expansions to a market other than Germany

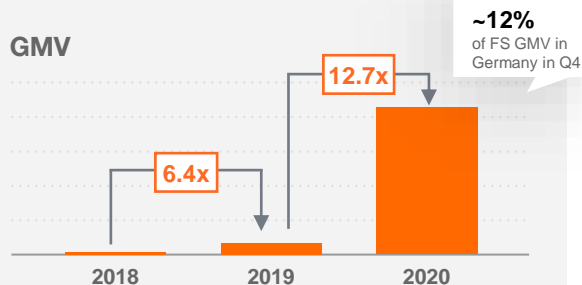
Connected Retail expands the platform model to the offline world

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

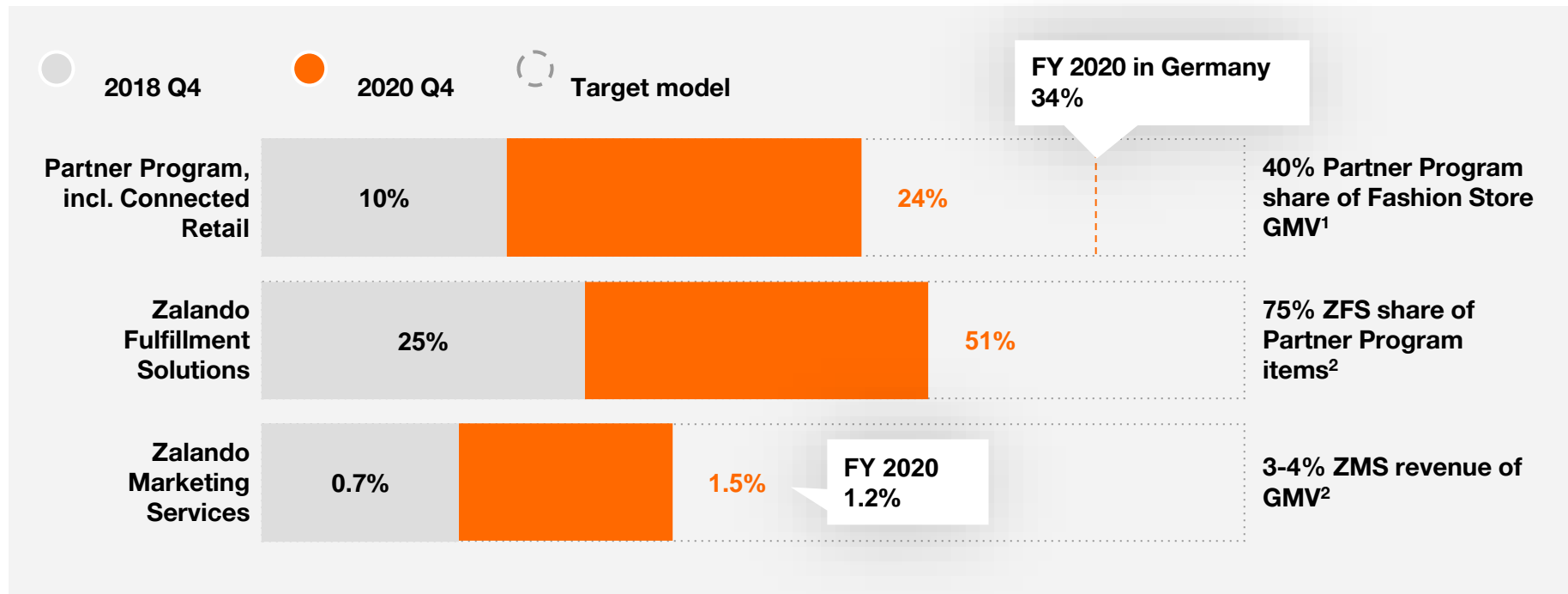
~300,000 fashion stores across Europe

~75% share of total fashion market

Expanding Connected Retail to **13 markets and tripling the no. of stores** by end of 2021

In 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



In order to win the hearts and minds of consumers,
we want to build a truly sustainable platform

To be the Starting Point for Fashion, we need to become part of the solution on the sustainability challenges we face

Our planet has a problem ...

1°C

increase in global temperature
since 1880¹

Up to 4.8°C

expected increase in global
temperature by 2100 if we don't
take action²

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

~4%

fashion industry share of global
greenhouse gas emissions³

2x

increase in global clothing production
since 2002⁴

... and customers want to see change

9 of 10

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

50%

of customers bought at least one
product carrying the sustainability flag

- 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	
					
Aspiration Reduce Carbon Footprint		Minimize waste + eliminate single-used plastics		Apply Principles of Circularity	
2020 Milestones Set Science Based Targets		Pre-owned 100% plastic free packaging		25% of GMV with more sustainable fashion	
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	
		Launch Pre-owned Fashion category in 6 countries for man + women		Increased Ethical Standards + only partners who align	
		1st collection designed for reuse and recycling		100% disclosure Tier 1 private label suppliers	
				Introduction assessment tool Higg BRM partner brands	
				Updated policies and standards	
				Support 10,000 people in the workforce	
				Defined scope of goal + planned measures	
				Upskilled 1355 people in the workforce	

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

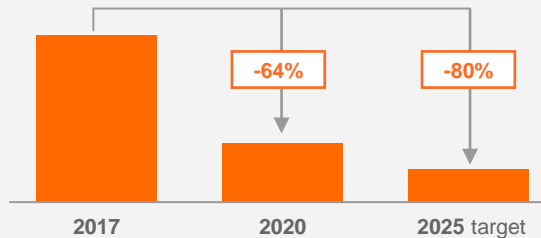


Our aspiration:

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**

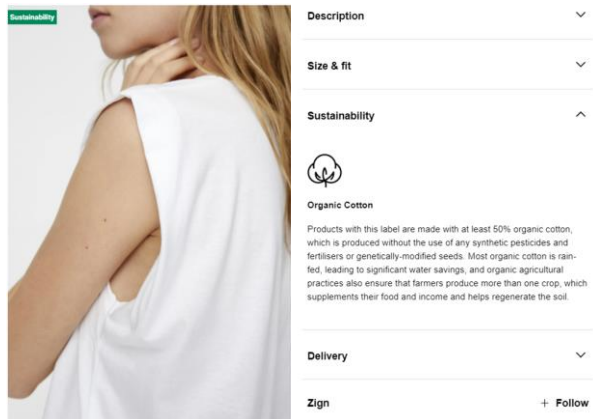
Our supply chain (Scope 3)

Our Science Based Target:

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

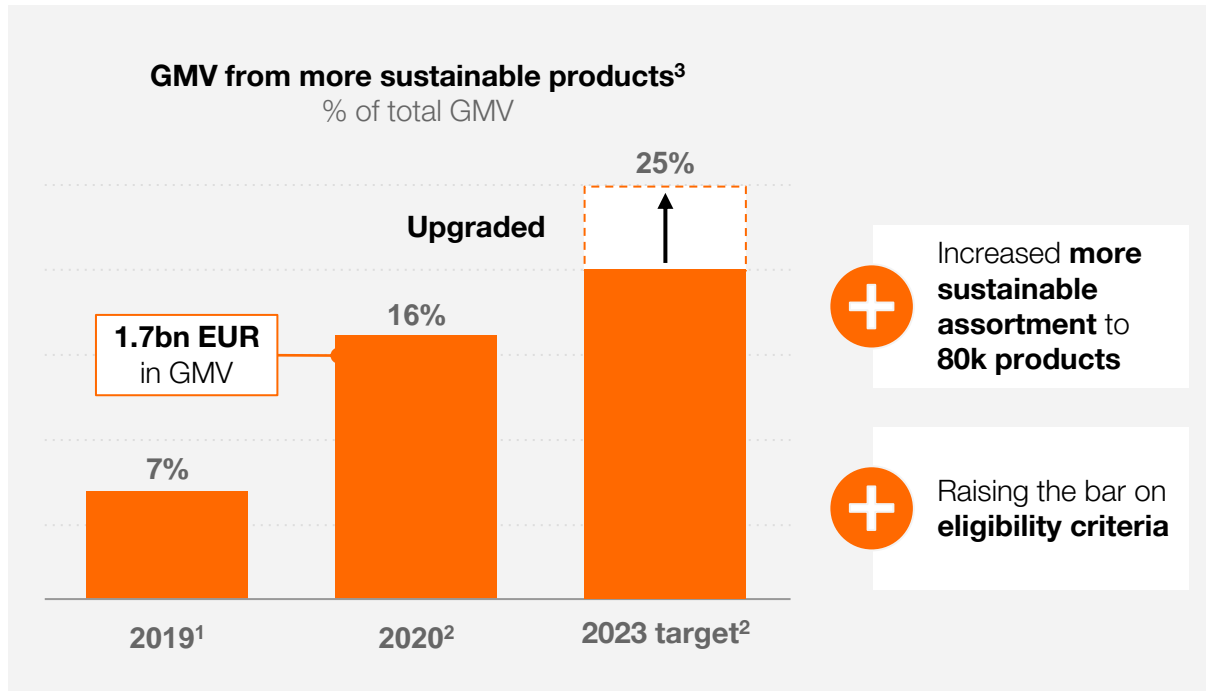


We encourage brands to produce and customers to choose more sustainable products



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 opportunity¹

Total fashion
>450bn EUR

>10%

zalando

Currently
~3.0%

Our Path towards Long Term Value Creation

#1

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

#2

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

#3

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

(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

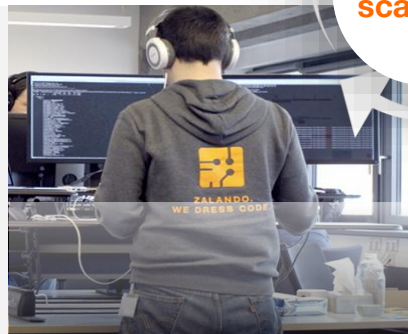


Payments Platform

- 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)



Highly scalable



European Logistics Network

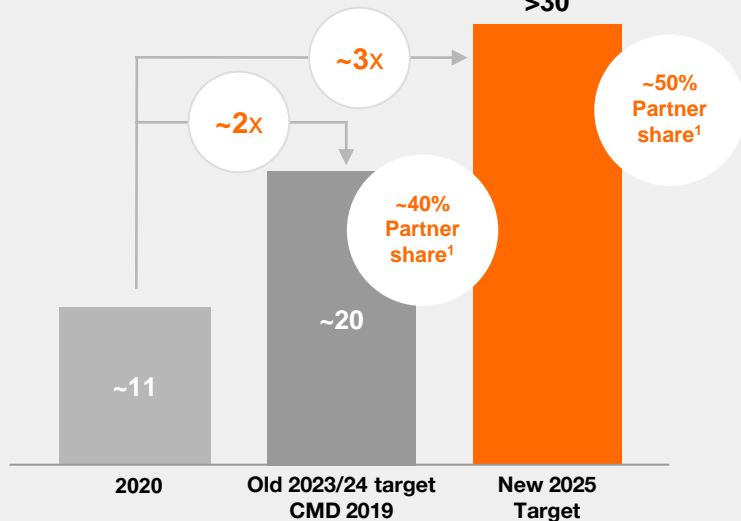
- Unique European logistics network with 10 sites across 5 countries and adding 2 new fulfillment centers in Madrid, Spain, and Rotterdam, the Netherlands, in 2021
- These 12 warehouses can fulfill ~14bn EUR GMV
- Plan to invest 1bn EUR Capex to build 7 more and enable 23bn EUR Zalando fulfilled GMV.

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

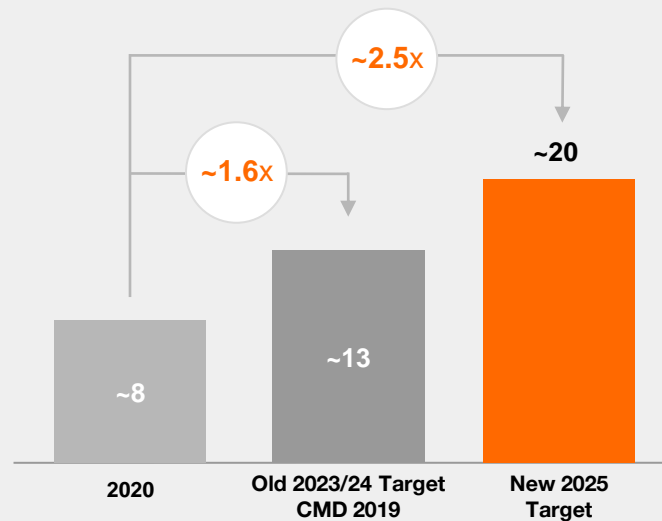
in bn EUR



CAGR: 20-25%

Revenue Growth Ambition 2025

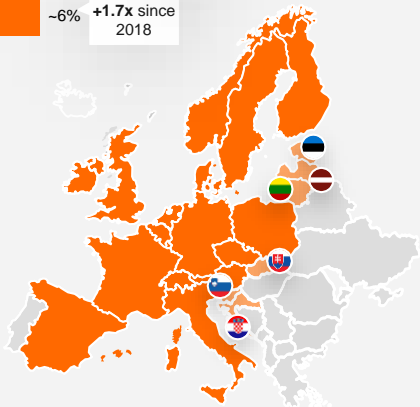
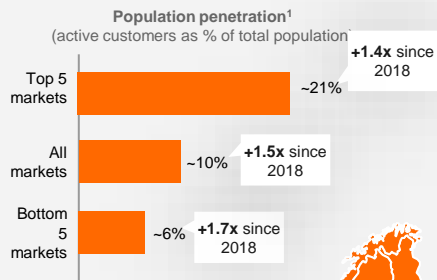
in bn EUR



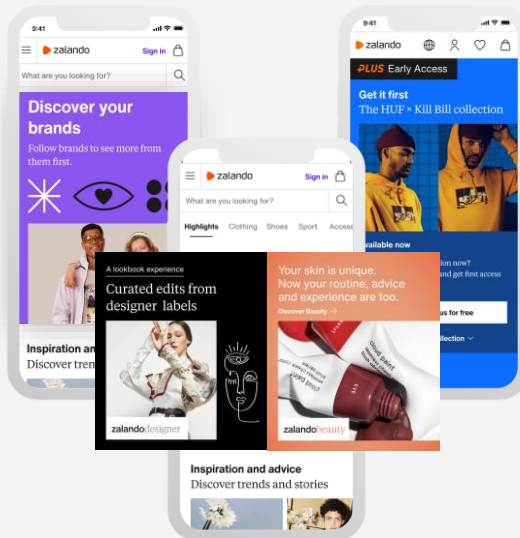
CAGR: ~20%

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

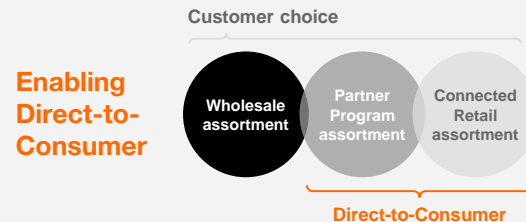
Increase penetration in existing markets and expand to new markets in Europe



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



Our 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 ¹)	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 revenue² 	<ul style="list-style-type: none"> • FCF neutral • NWC negative • Capex of 3.5-4.5% of revenue² 	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"> 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 (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 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



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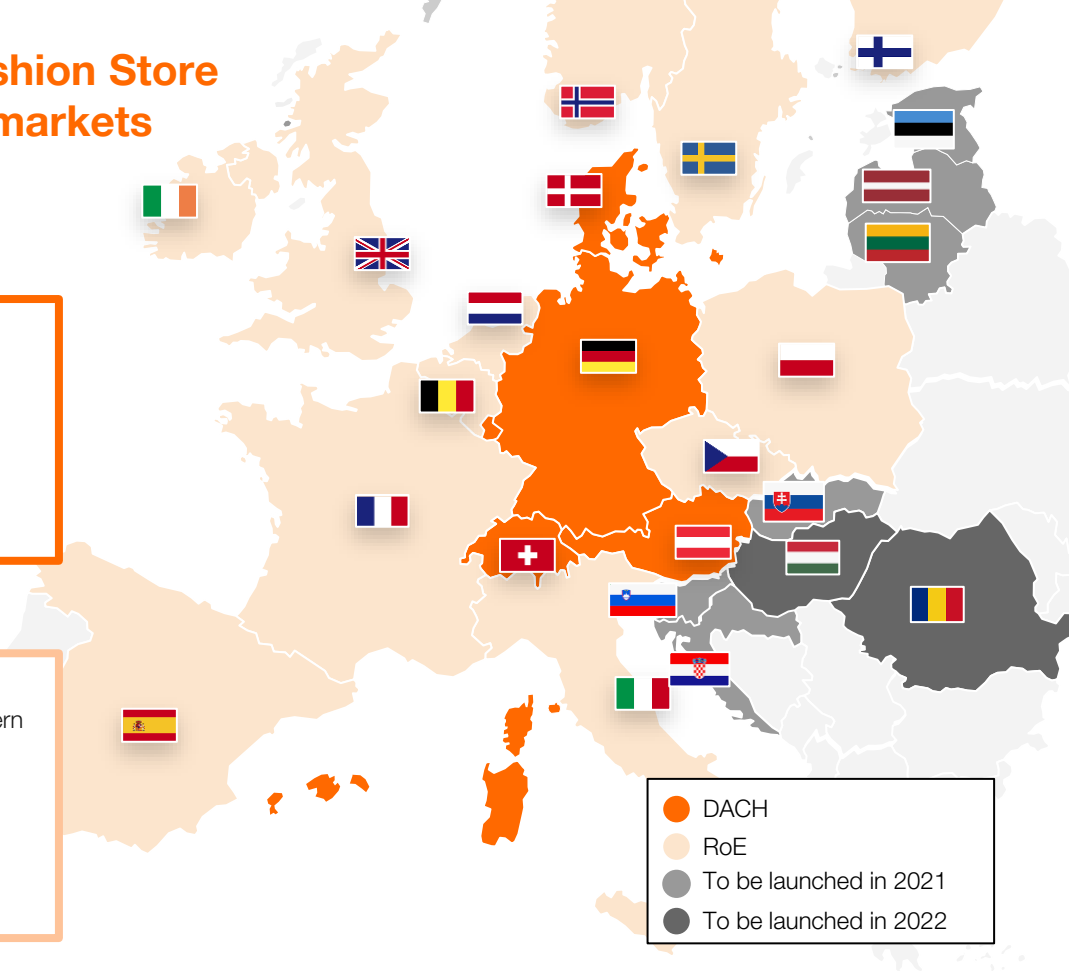
Through our main sales channel the Fashion Store we offer fashion lovers in 17 European markets our wide range of products

DACH

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

Rest of Europe

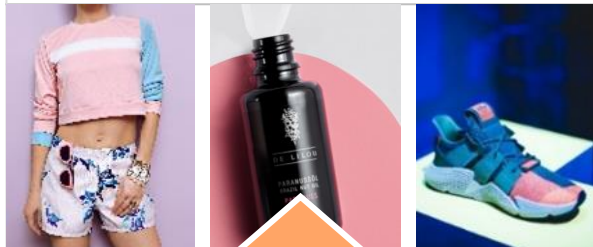
- Less mature Zalando markets
- Some less developed online markets (especially southern and eastern Europe)
- Diverse set of consumer behaviour (e.g. return rates, payment methods, discount affinity, ...)
- Currently in the process to build local fulfillment footprint



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



Endless Choice



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



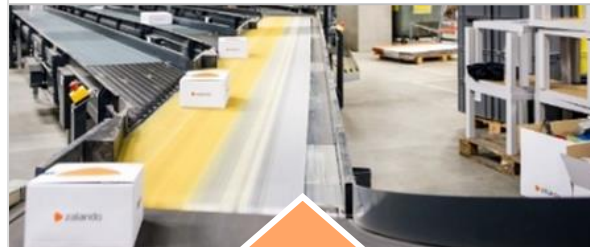
Tailored Digital Experience



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



Seamless Convenience



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

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

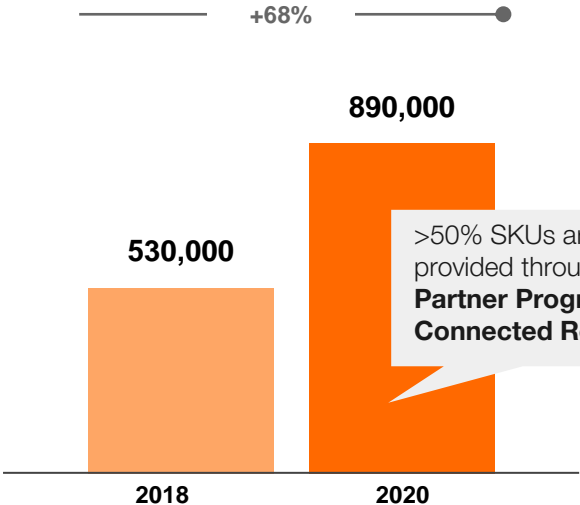
Our customers can avail of desirable and fresh assortment



Endless Choice

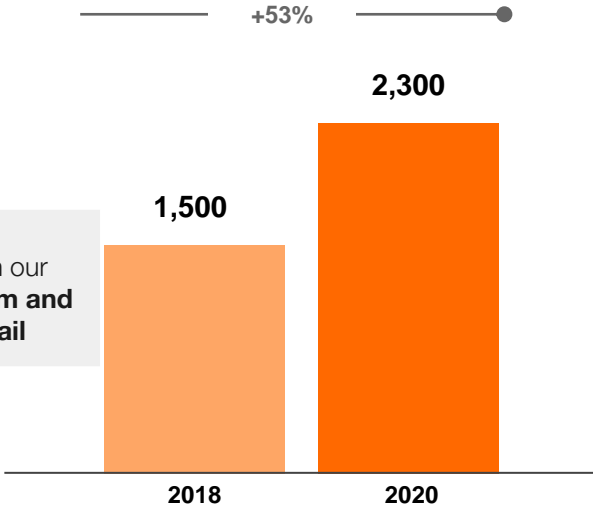
More choice...

Number of SKUs available at Zalando



...and freshness

Number of new SKUs every day



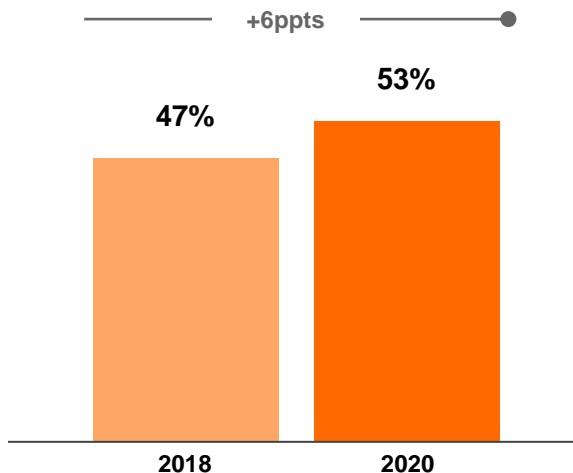
We allow customers to spend more time with us in more relevant ways



Tailored Digital Experience

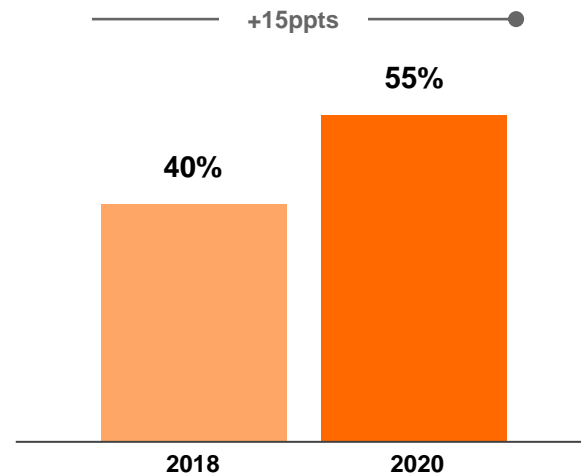
Higher engagement...

Share of customers¹ visiting 5 (or more) times per month²



...driven by higher App visits

App visit³ 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

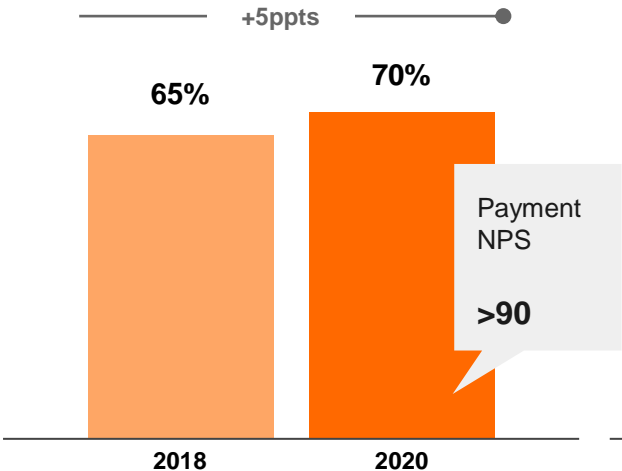
Making payments, delivery and returns more convenient is at the very core of what we do



Seamless
Convenience

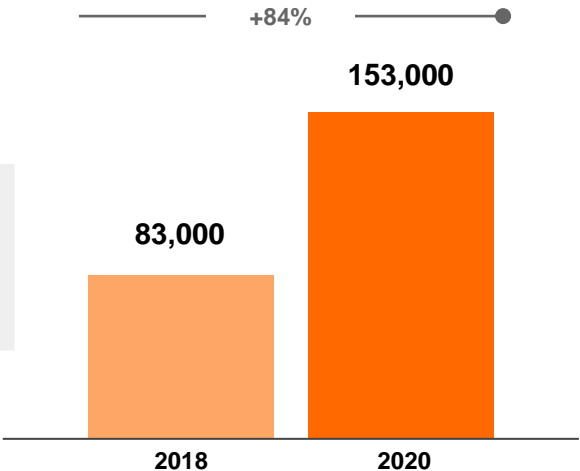
Improved payment...

Offering rate in % of
buy now, pay later options¹



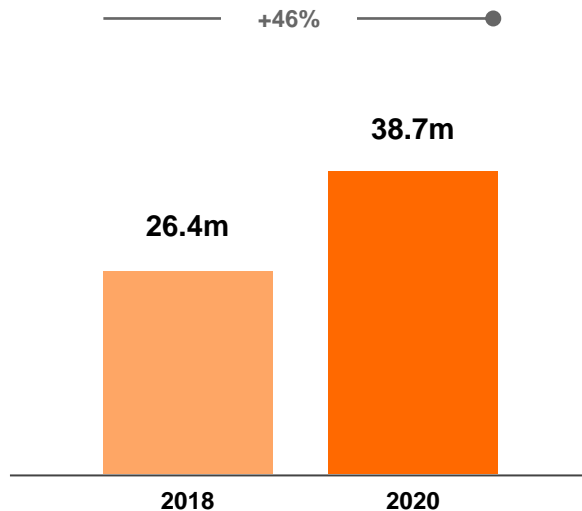
...and convenience offer

Number of pick-up and drop-off points

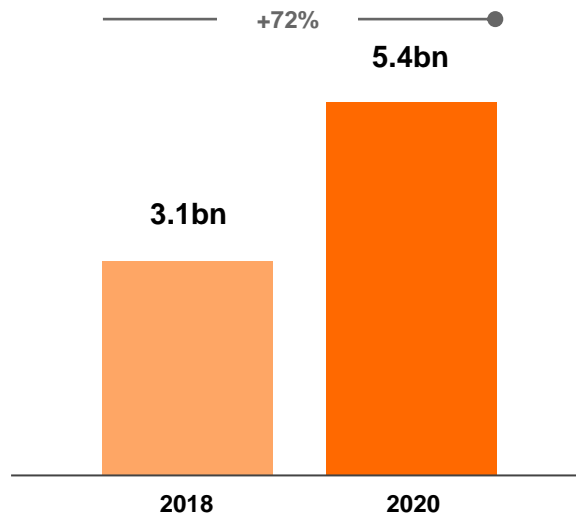


As a result, our customer base is growing, visiting us more often and happier than ever with our experience

Active customers



Site visits¹



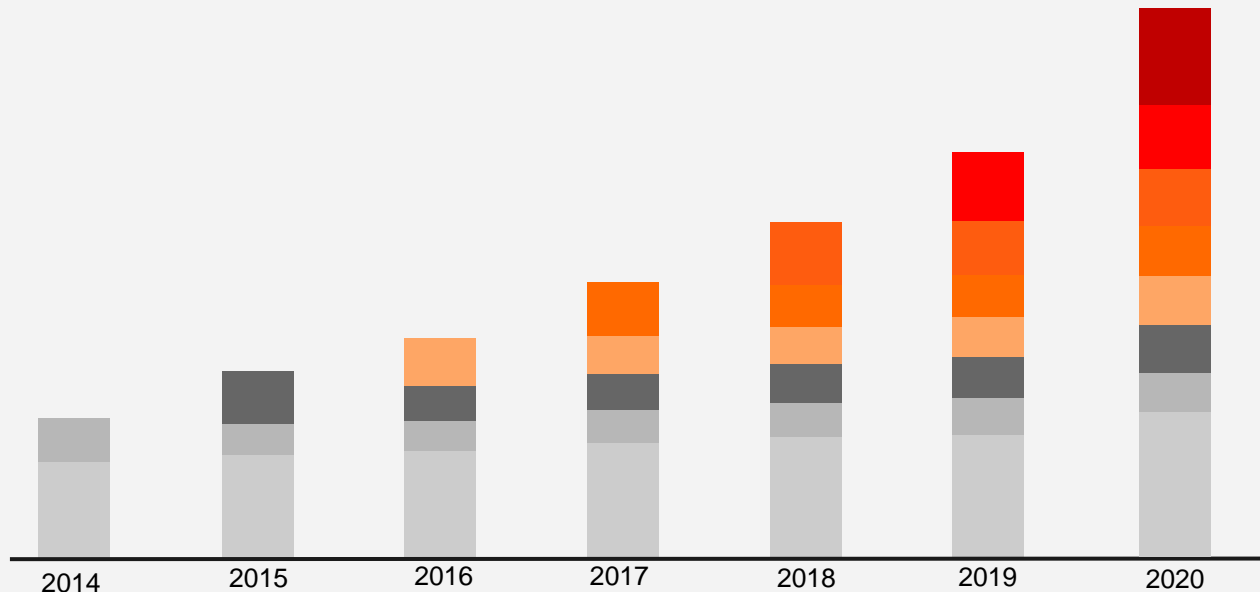
Customer satisfaction

(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 Cohort¹ and Order Year



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

On top of our core fashion experience we continuously introduce our customers to adjacent and new propositions to drive deeper engagement and long-term loyalty

Improving the core (fashion) experience



Endless choice



Seamless convenience



Tailored digital experience

Elevating distinct customer propositions

Beauty
Zalando Plus
Pre-Owned
Zalando Lounge
And more. (e.g. Designer)

To make the look for our customers complete, we have launched our beauty segment in 2018 and serve them a distinct multisensory experience

>14.000 PRODUCTS

Available in Germany, Austria, Poland, Sweden, Denmark, Italy, France, Belgium, Switzerland and Netherlands



>350
BRANDS
and many more
to come



>60%

of beauty orders
contain at least one
fashion item

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

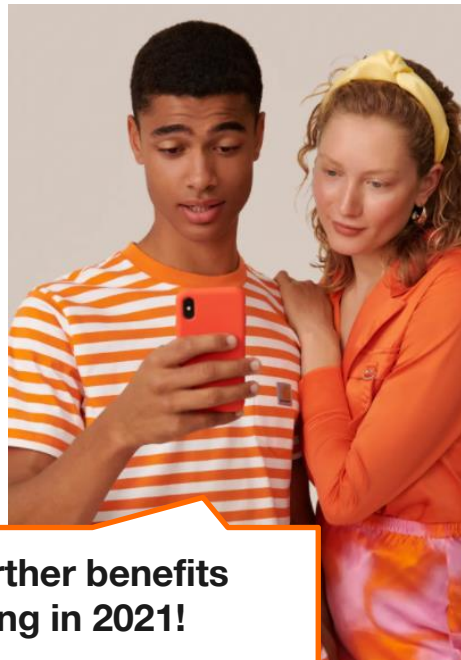
Shop it first

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

Feel more fabulous

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

 zalando **PLUS**



**With further benefits
coming in 2021!**

...and our members love it!

3x

Higher GMV spend per Plus customer vs. average non-Plus customer (in Germany)

+10pts

NPS score of Plus members significantly higher than non-members

3

New markets for Plus in 2021: France, the Netherlands and one more

 **zalando PLUS**



>500.000 paying Plus subscribers (in DE)

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

Buying Pre-owned¹

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



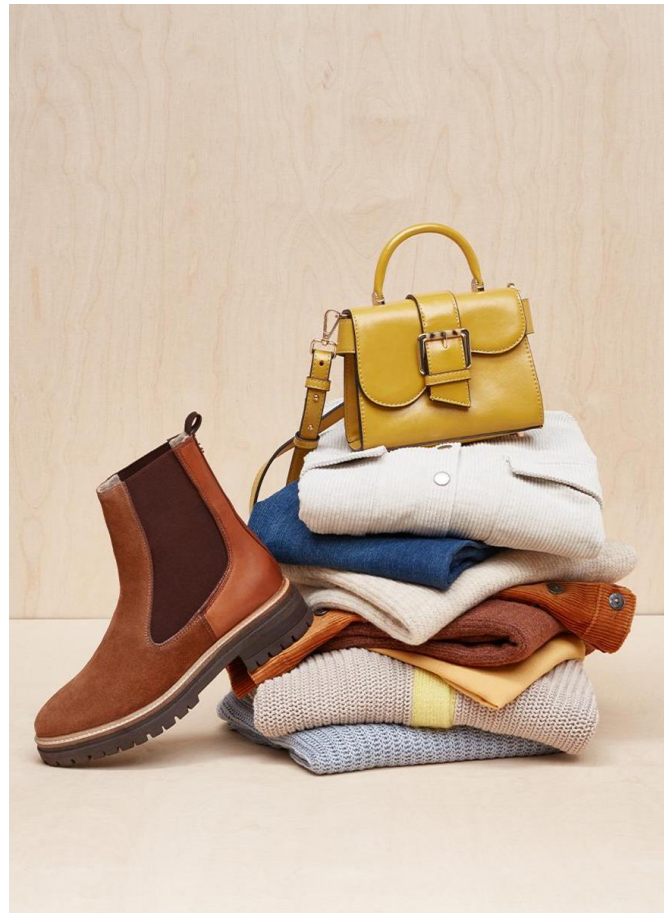
Easy upload with just one photo and seamless trade-in of items bought on Zalando or elsewhere



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%

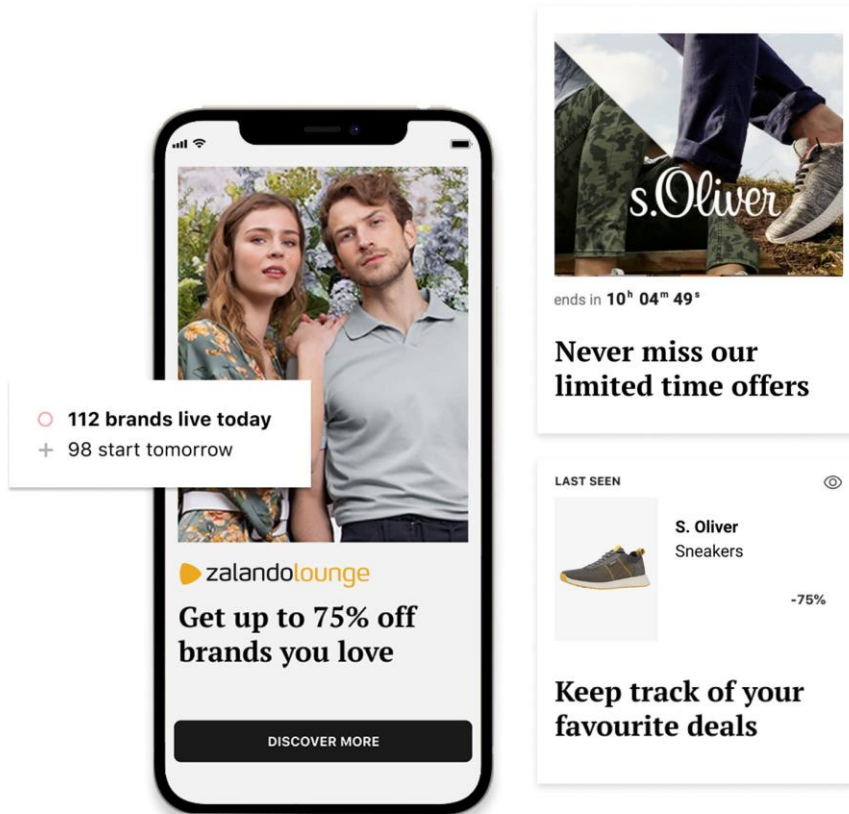
Discount offered

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

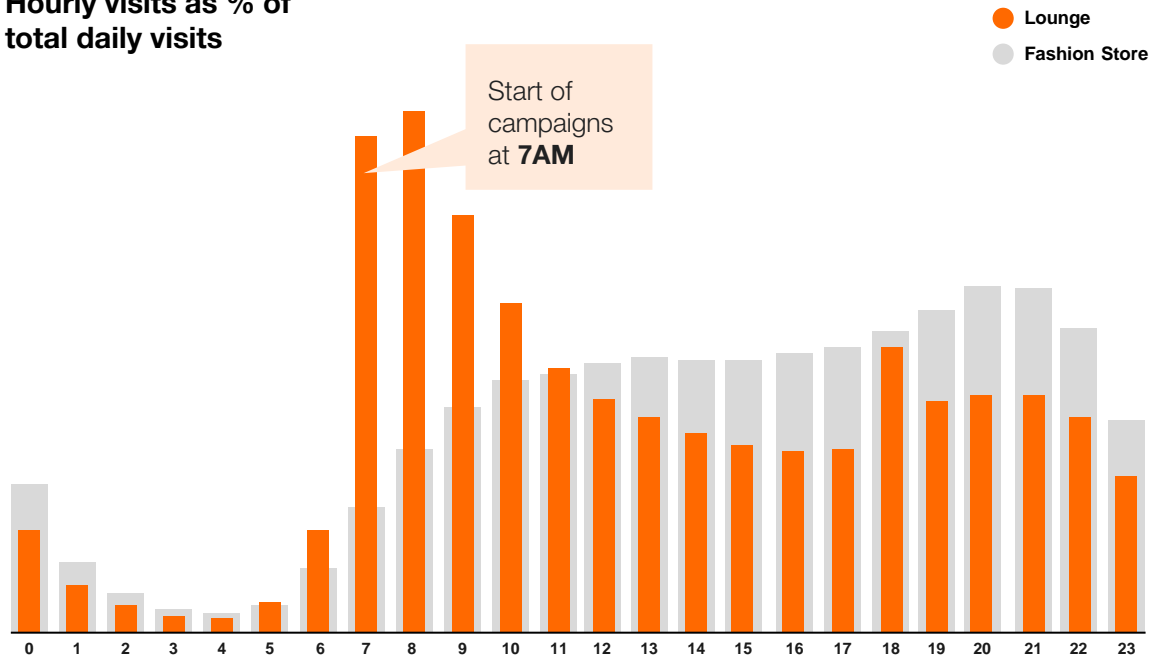




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The strong traction with the European fashion consumer is enabled through Zalando's best-in-class e-commerce capabilities

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



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

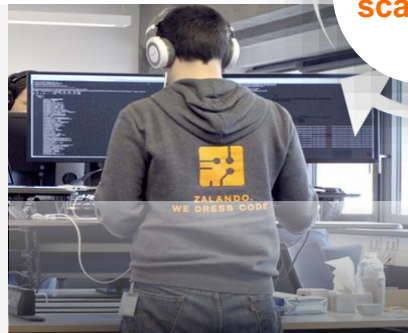


Highly scalable

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)



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.



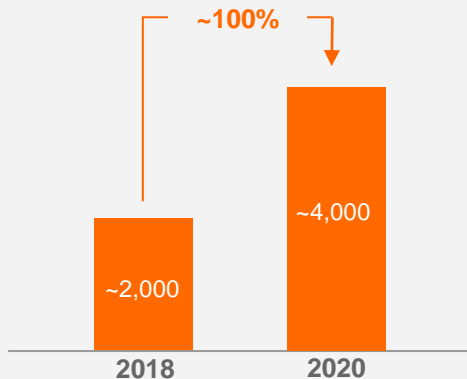
Focus on continued organic investments, supported by selective M&A

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

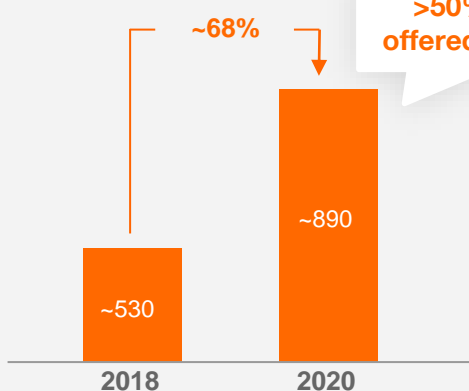
All Brands

of Brands on Zalando



Endless Choice

of SKUs (k) on Zalando

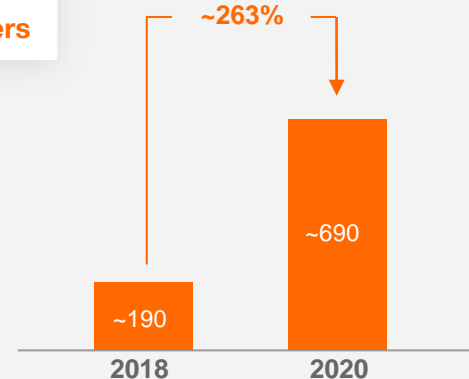


>50% of SKUS
offered by partners

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

Better Availability

Backfill GMV¹ of Partners and Stores in m EUR

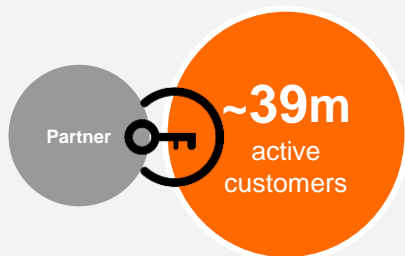


...by allowing our Partners to leverage several unrivaled benefits to tackle their challenges in selling direct-to-consumer

1 Access to Fashion Supply

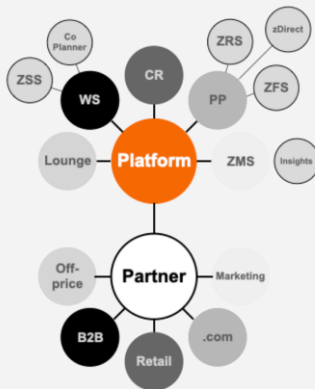
Fast & easy access

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



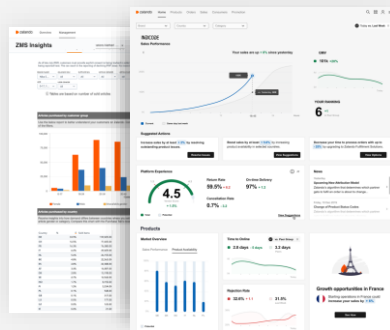
Complementing capabilities

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



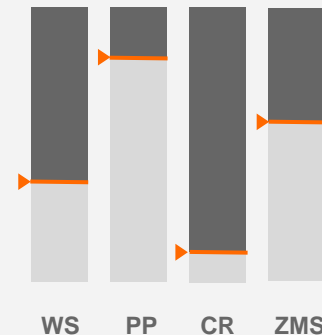
Easy to use tools

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



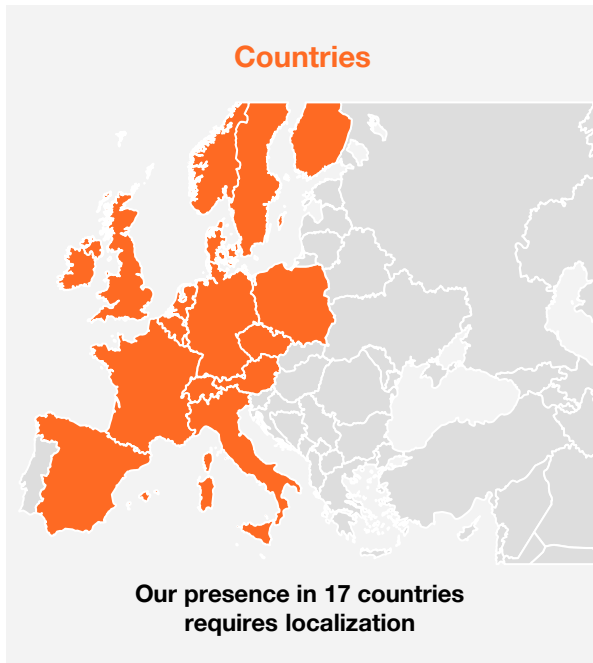
Highly flexible

...**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

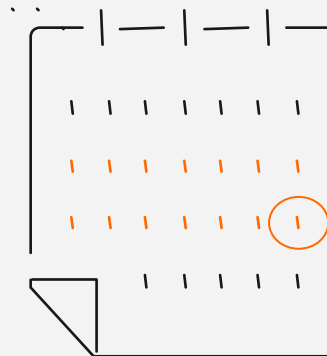


Payment Methods



>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

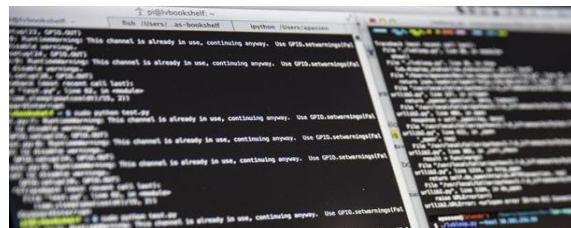
For our partners



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

- 1. Erfurt
Start in 2012
- 2. Mönchengladbach
Start in 2013
- 3. Lahr
Start in 2016
- 4. Paris (Moissy-Cramayel)
Start in 2016
- 5. Stockholm
Start in 2018
- 6. Szczecin (Gryfino)
Start in 2017

- 7. Olsztynek (PL)
Start in 2019
- 8. Lodz (Gluchow)
Start in 2019
- 9. Verona (Nogarole Rocca)
Start in 2020
- 10. Milano (Stradella)
Start in 2016
- 11. Rotterdam (Bleiswijk)
Start in 2021
- 12. Madrid
Start in 2021

12

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

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

...and 7 more to come until 2025

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

Generation I (live)



Conveyor, linesorter, outbound sorter

Generation II (live)



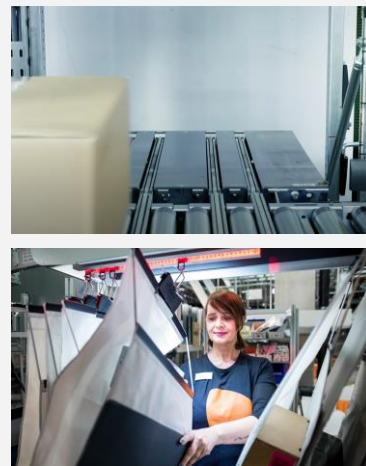
Bag sorter

Generation III (live)



Warehouse robotics

Generation IV (coming)

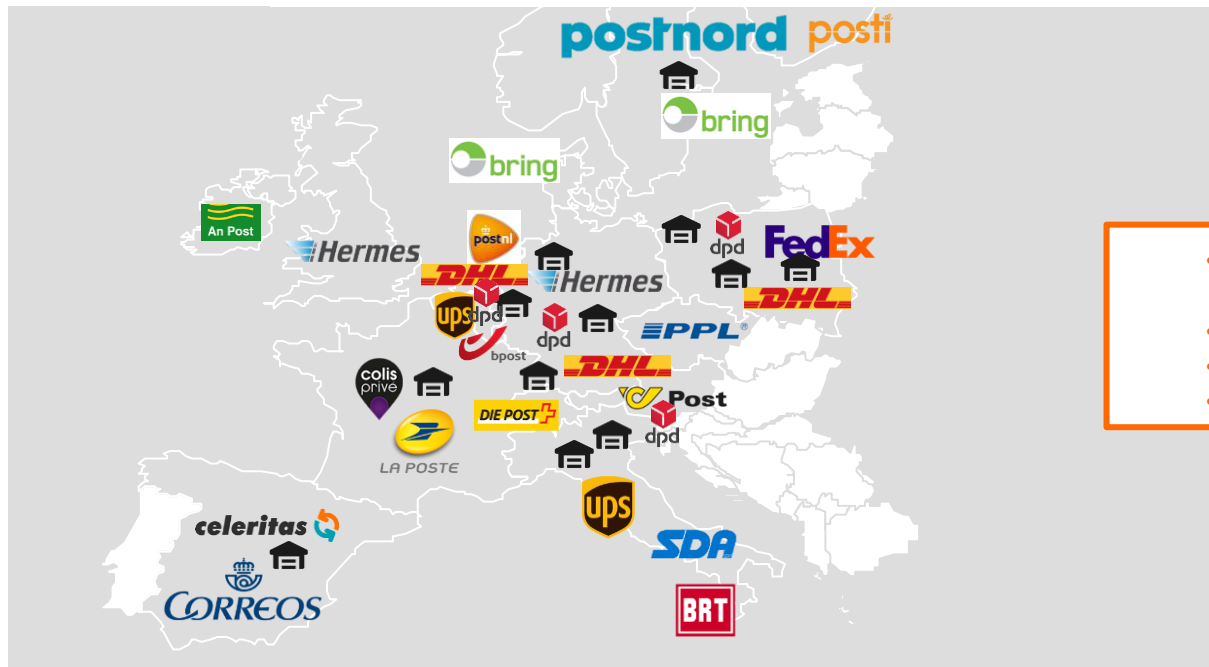


Shuttle technology and bag sorter

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

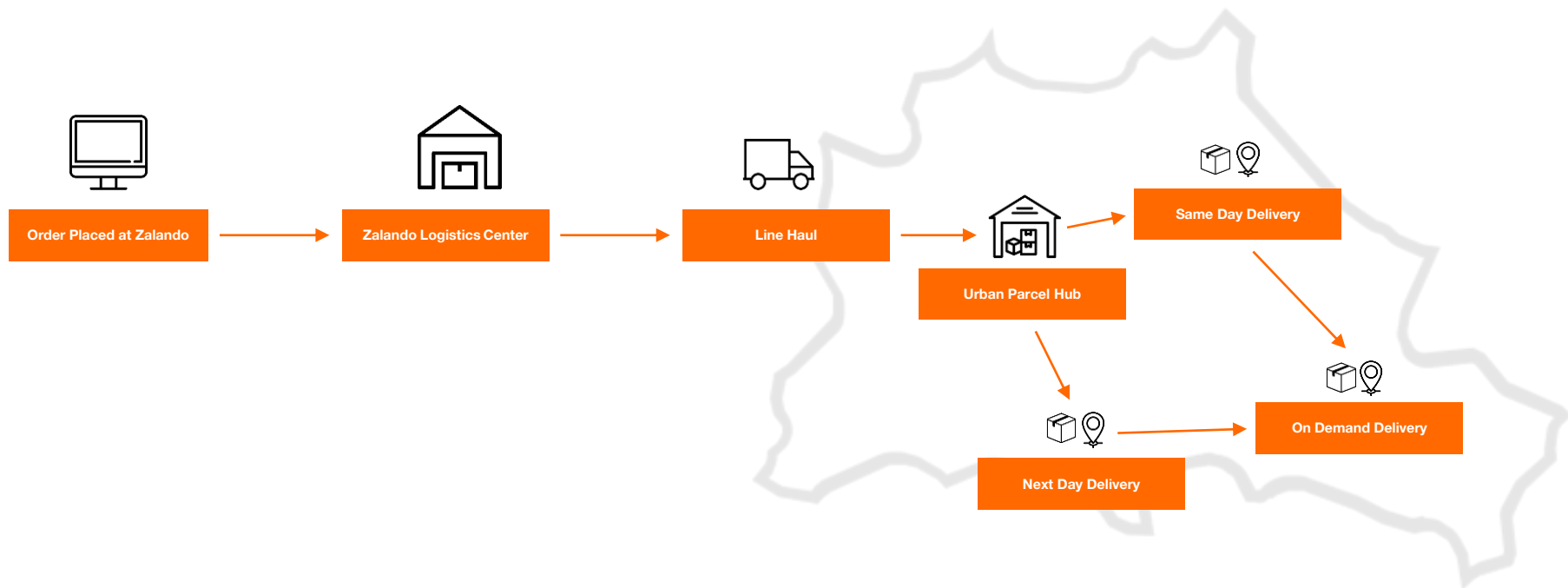




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Partnership models

Platform services

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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)

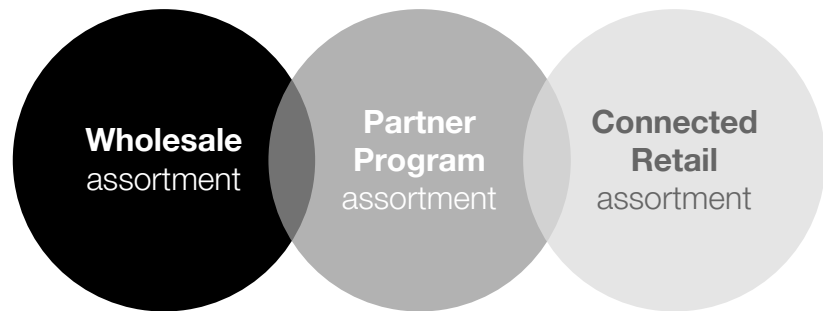
Partner Program

- **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

Customer choice



Direct-to-Consumer

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

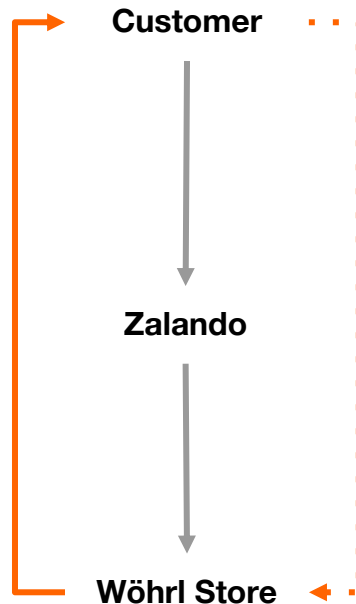




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Zalando enables partners to maximize the benefits of their business on Zalando with its tailor-made services

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

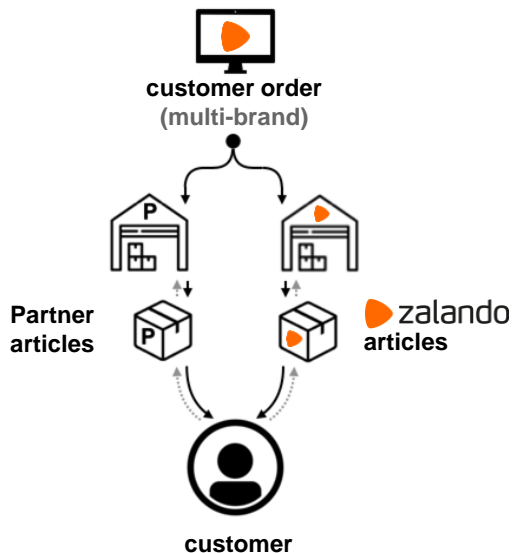
Superior Order Economics

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

Unmatched convenience experience

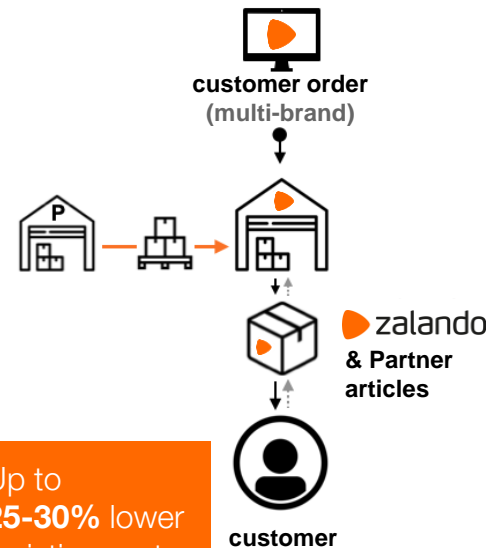
Convenience proposition on par with Zalando wholesale

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:

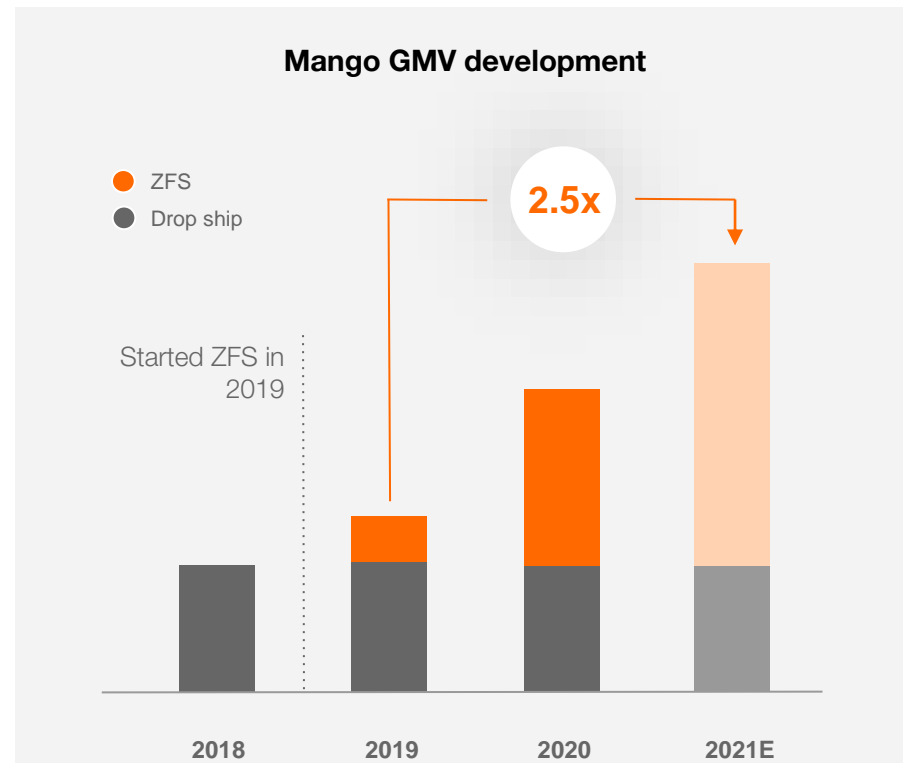
- Unfavorable drop-ship fulfillment cost
- Difficulties to meet Zalando convenience proposition

Platform solution:

- Joined ZFS to leverage our European logistics network

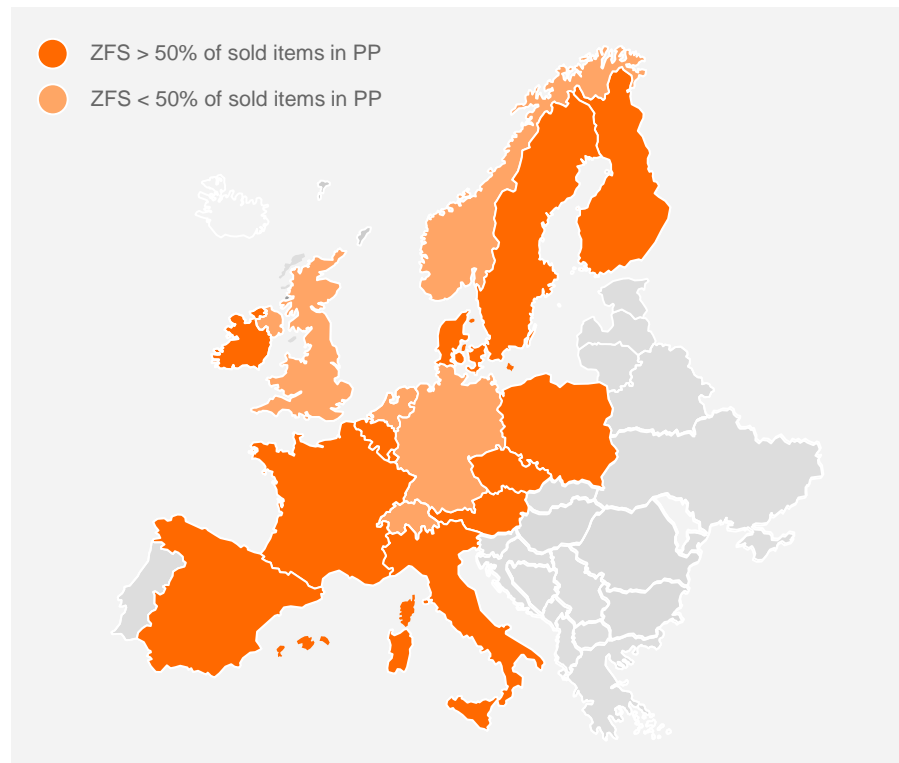
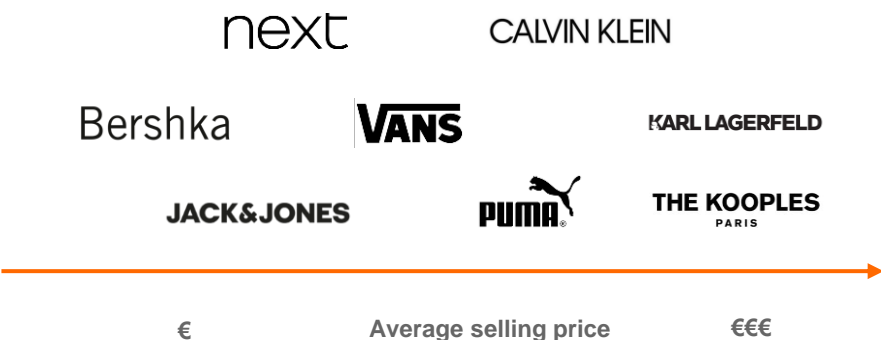
Results:

- 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 Partner leveraging ZFS for their advantage

- ZFS is the **preferred fulfilment option** in **11 of 16 countries**
- In 2020, **more than half of all Partners** in Partner Program used ZFS to some extent
- Resulting in a **51% ZFS items¹** share of all Partner Program items shipped



¹51% ZFS share in Q4 2020

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

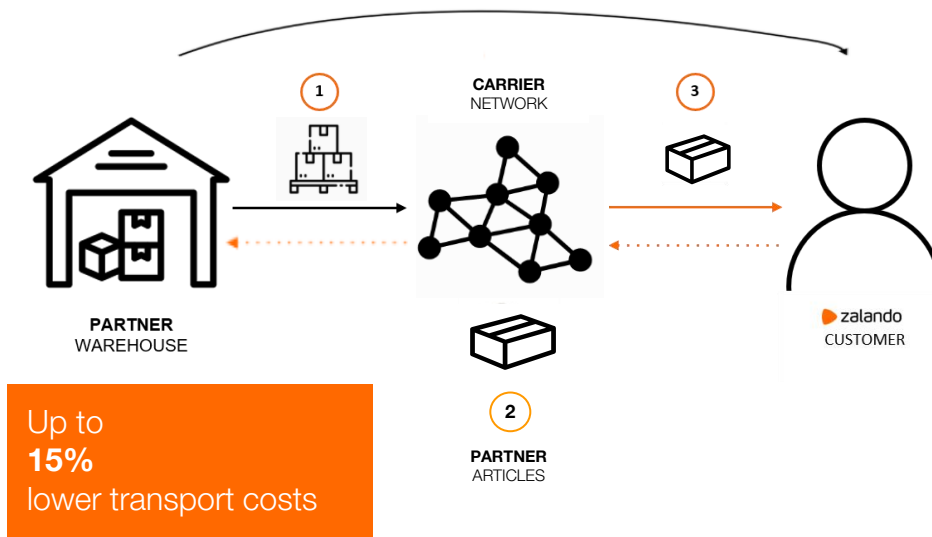
Zalando Shipping Solutions (ZSS)

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			
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) PLUS 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

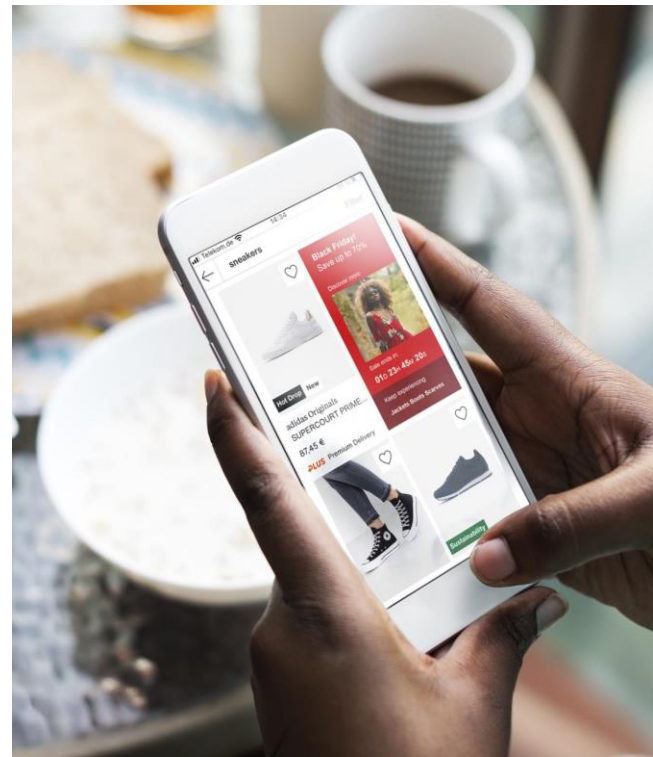
ZMS enables partners to connect their brands to Europe's largest fashion audience at the point of sale and beyond

Zalando Marketing Services (ZMS)

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

Partner benefits:

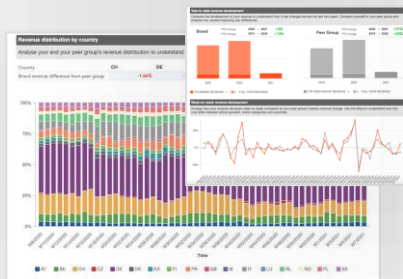
- Partners drive sales by tailor-made campaigns
- Strengthen brand positioning and tell brand stories
- Celebrate product drops across many different channels and all Zalando markets
- Source and distribute authentic content produced by the most inspiring influencers



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

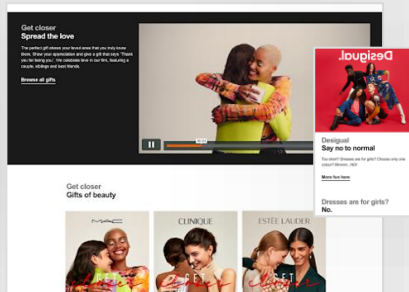
2 Marketing Services

Insights



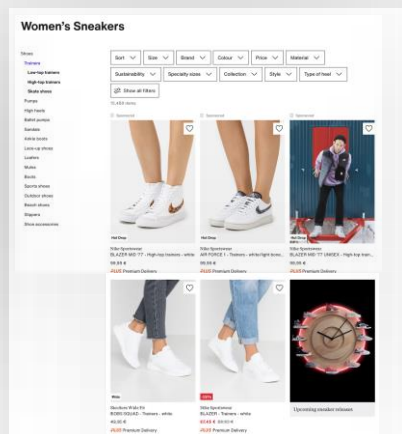
Integration of **customer insights** alongside the Partners' **Go-to-Market Process**

Content



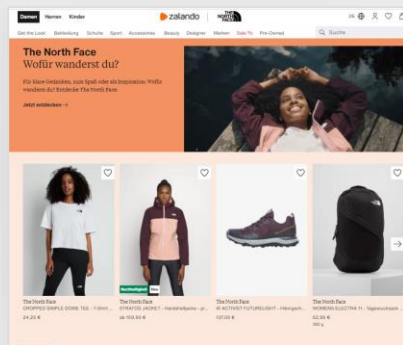
Inspiring and tailored stories through disruptive ideas **powered by data**

Growth



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

Branding

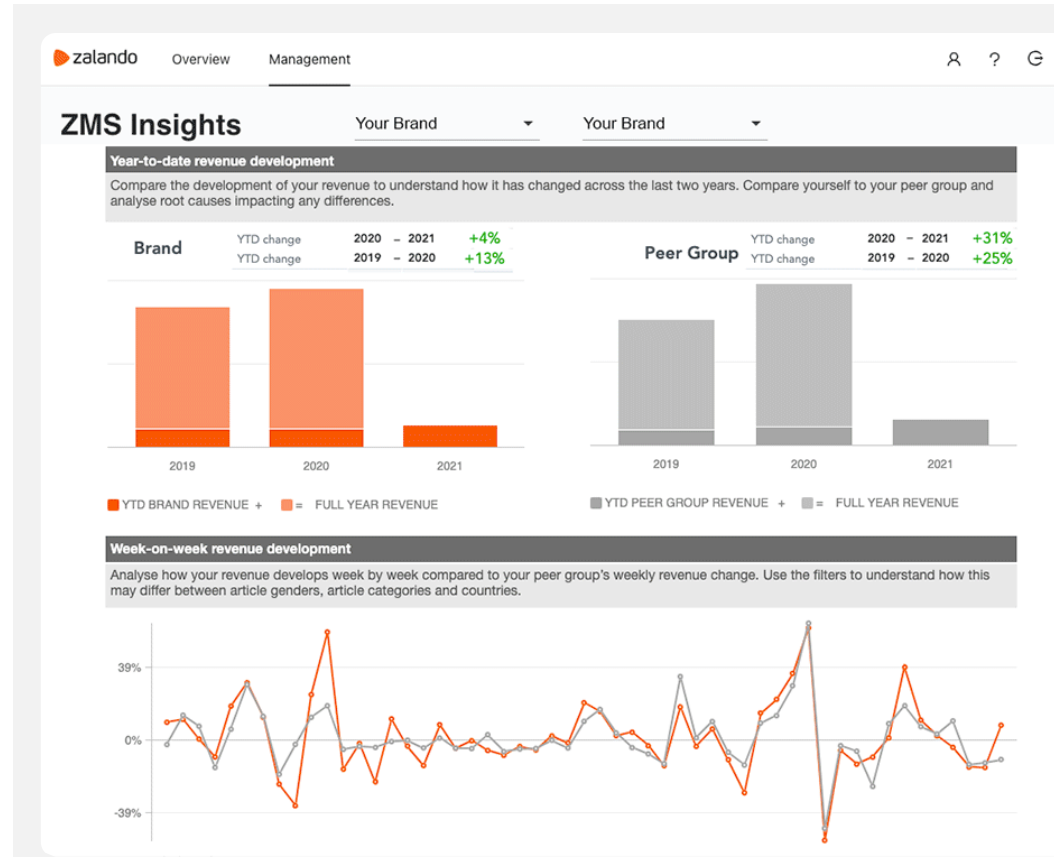


Boosting your **brand visibility across multiple channels** on Zalando and beyond

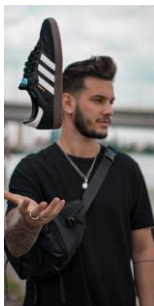
Through ZMS we offer our partners actionable insights to understand customers...

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



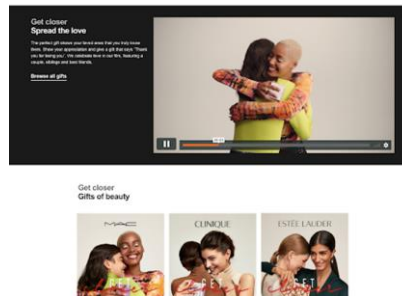
Creative Campaigns

- Creative Strategy
- Ideation
- Execution



Product-Focused Content

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

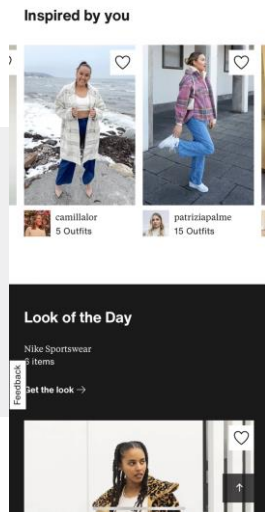


Digital Experiences

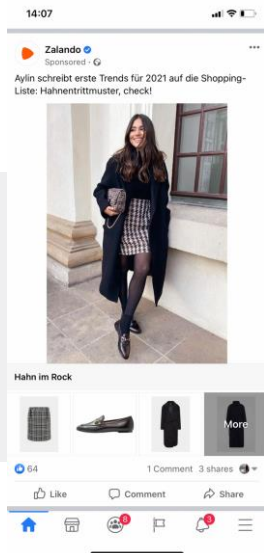
- Landing pages
- Style guides
- Interactive Fit Finder

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

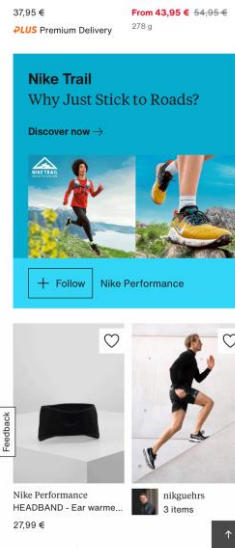
Growth & branding across all relevant touchpoints:



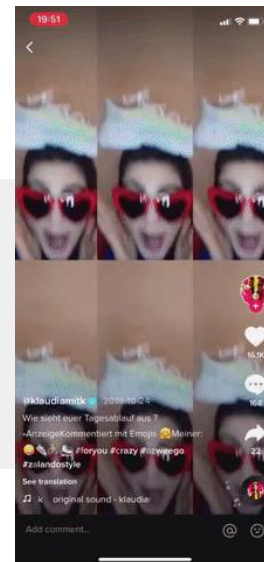
Through **awareness** formats in Zalando's inspiring and content-focused environment



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



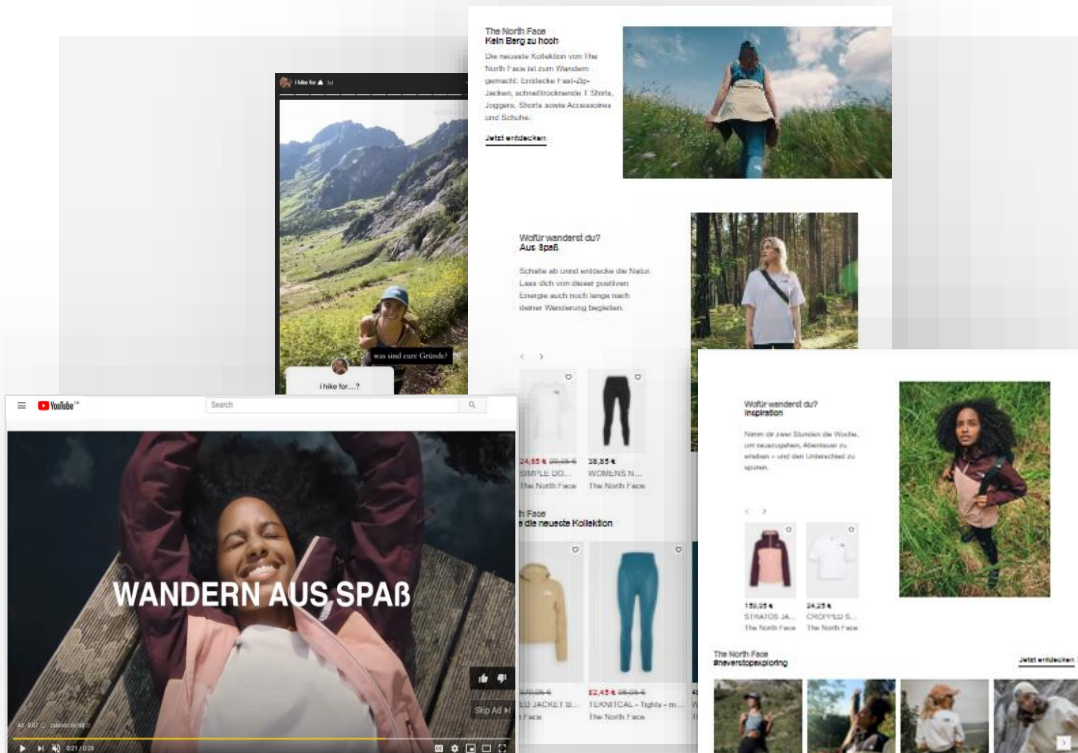
The North Face conveyed their brand story to a new target audience by leveraging ZMS

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





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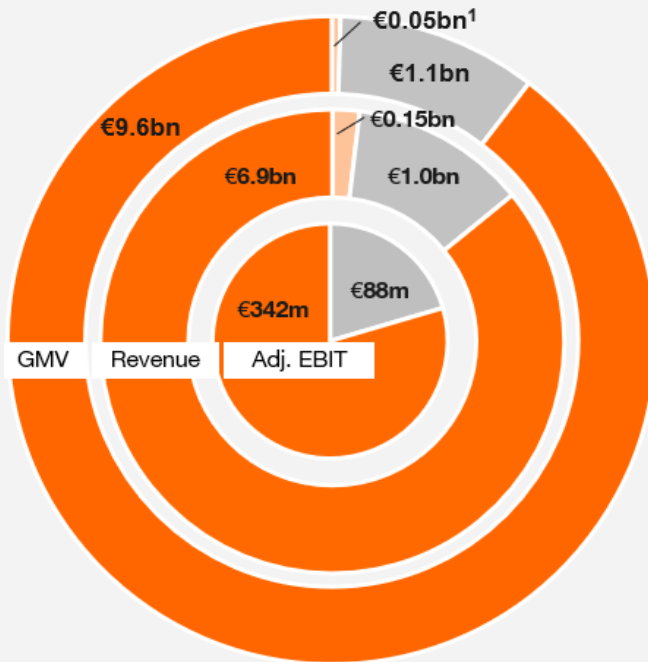
1. The Zalando Group
2. Zalando's value proposition to customers
3. Strategic e-commerce capabilities
4. Zalando's value proposition to partners
5. **Business segments & financials**
6. Share, convertible bond & contact

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



Offprice

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

Others

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

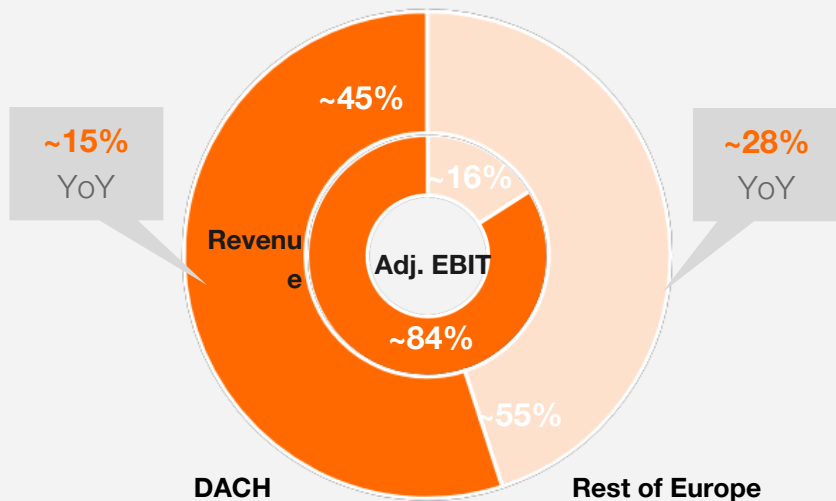
ZALON

ZMS

Tradebyte
Cycle of eCommerce.

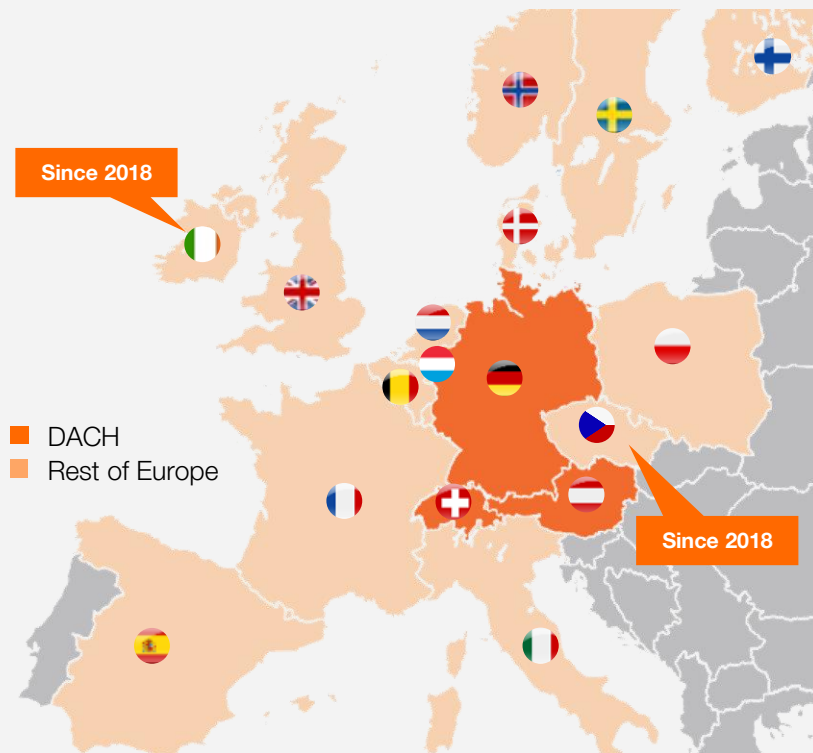
...and report our 17 European markets in two geographical segments

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



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

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



Group Key Figures¹

	Year FY/14	Year FY/15	Year FY/16	Year FY/17	Year FY/18	Year FY/19	Quarter Q1/20	Quarter Q2/20	Half-Year H1/20	Quarter Q3/20	Quarter Q4/20	Year FY/20
Group Key Performance Indicators												
Site Visits (m) ¹	1,363.8	1,656.4	1,991.6	2,563.5	3,137.2	4,178.1	1,137.5	1,296.2	2,433.7	1,268.5	1,691.5	5,393.6
Mobile Visit Share (in % of Site Visits) ¹	42.3%	57.1%	65.6%	70.7%	79.3%	83.7%	84.6%	85.9%	85.3%	87.2%	87.1%	86.3%
Active Customers (m)	14.7	17.9	19.9	23.1	26.4	31.0	31.9	34.1	34.1	35.6	38.7	38.7
Number of Orders (m)	41.4	55.3	69.2	90.5	116.2	144.9	37.0	46.5	83.5	44.0	58.0	185.5
Average Order per Active Customer (LTM)	2.82x	3.08x	3.48x	3.92x	4.40x	4.68x	4.72x	4.72x	4.72x	4.78x	4.79x	4.79x
Average Basket Size (in €) (LTM)	-	-	-	60.6	57.2	56.6	56.4	56.9	56.9	57.2	57.7	57.7
Results of Operations												
Gross merchandise volume (GMV) (in €bn)	-	-	-	5.48	6.64	8.20	2.03	2.71	4.72	2.46	3.50	10.70
Revenue (in €m)	2,214.0	2,958.2	3,639.0	4,489.0	5,387.9	6,482.5	1,524.2	2,034.7	3,558.9	1,849.8	2,573.3	7,982.0
EBIT (in €m)	62.1	89.6	207.0	187.6	119.2	165.8	(113.1)	198.4	85.3	105.1	176.6	367.0
EBIT (as % of revenue)	2.8%	3.0%	5.7%	4.2%	2.2%	2.6%	(7.4%)	9.8%	2.4%	5.7%	6.9%	4.6%
Adjusted EBIT (in €m)	82.0	107.5	216.3	215.1	173.4	224.9	(98.6)	211.9	113.3	118.2	189.3	420.8
Adjusted EBIT (as % of revenue)	3.7%	3.6%	5.9%	4.8%	3.2%	3.5%	(6.5%)	10.4%	3.2%	6.4%	7.4%	5.3%
EBITDA (in €m)	88.0	123.8	255.2	246.4	205.7	360.7	(62.5)	250.7	188.2	156.9	236.4	581.5
EBITDA (as % of revenue)	4.0%	4.2%	7.0%	5.5%	3.8%	5.6%	(4.1%)	12.3%	5.3%	8.5%	9.2%	7.3%
Adjusted EBITDA (in €m)	107.8	141.7	264.5	273.8	259.9	419.7	(48.0)	264.1	216.1	170.1	249.1	635.3
Adjusted EBITDA (as % of revenue)	4.9%	4.8%	7.3%	6.1%	4.8%	6.5%	(3.2%)	13.0%	6.1%	9.2%	9.7%	8.0%
Financial Position (in €m)												
Net working capital	(3.6)	(2.6)	(127.6)	(62.4)	(84.3)	(147.7)	41.3	(31.2)	(31.2)	(222.6)	(87.4)	(87.4)
Cash flow from operating activities	174.9	119.4	275.8	193.7	212.8	327.2	(260.8)	385.8	124.9	212.2	190.1	527.4
Cash flow from investing activities	(51.9)	(196.5)	(277.1)	(88.3)	(207.0)	(290.3)	(41.8)	(43.3)	(85.1)	0.8	(133.6)	(217.8)
Free cash flow	123.8	42.6	63.7	(85.0)	(78.4)	41.6	(302.6)	342.5	39.9	213.1	31.5	284.5
Capex	(51.1)	(60.0)	(181.7)	(243.9)	(278.4)	(306.5)	(47.8)	(43.3)	(91.1)	(31.9)	(127.1)	(250.0)
Cash and cash equivalents	1,051.0	976.2	972.6	1,065.5	995.0	976.5	1,034.0	1,377.50	1,377.50	2,596.1	2,644.0	2,644.0
Other												
Employees (as of reporting date)	7,588	9,987	11,998	15,091	15,619	13,763	13,825	13,744	13,744	13,709	14,194	14,194
Basic earnings per share (in €)	0.2	0.5	0.5	0.4	0.2	0.4	(0.4)	0.5	0.1	0.2	0.9	0.9

Income statement¹²

	Year FY/14	Year FY/15	Year FY/16	Year FY/17	Year FY/18	Year FY/19	Quarter Q1/20	Quarter Q2/20	Half-Year H1/20	Quarter Q3/20	Quarter Q4/20	Year FY/20
Revenue	2,214.0	2,958.2	3,639.0	4,489.0	5,387.9	6,482.5	1,524.2	2,034.7	3,558.9	1,849.8	2,573.3	7,982.0
% growth	25.7%	33.6%	23.0%	23.4%	20.0%	20.3%	10.6%	27.4%	19.6%	21.6%	29.6%	23.1%
Cost of Sales	(1255.3)	(1624.0)	(2029.6)	(2529.6)	(3107.0)	(3724.3)	(986.2)	(1131.4)	(2117.6)	(1029.2)	(1441.1)	(4587.8)
Gross Profit	958.7	1,334.1	1,609.4	1,959.4	2,280.9	2,758.2	538.0	903.3	1,441.3	820.7	1,132.2	3,394.2
% margin	43.3%	45.1%	44.2%	43.6%	42.3%	42.5%	35.3%	44.4%	40.5%	44.4%	44.0%	42.5%
Selling and Distribution Costs	(793.8)	(1,118.9)	(1,223.7)	(1,530.8)	(1,899.2)	(2,295.1)	(579.7)	(622.5)	(1,202.1)	(638.4)	(875.5)	(2,716.0)
Administrative Expenses	(109.1)	(129.0)	(191.3)	(242.9)	(268.9)	(298.9)	(84.2)	(81.5)	(165.7)	(80.1)	(73.3)	(319.2)
Other Operating Income	12.2	10.2	16.7	11.8	18.7	18.2	14.1	1.5	15.6	3.7	7.4	26.7
Other Operating Expenses	(5.8)	(7.0)	(4.1)	(9.9)	(12.3)	(16.6)	(1.3)	(2.3)	(3.7)	(0.9)	(14.2)	(18.7)
EBIT	62.1	89.6	207.0	187.6	119.2	165.8	(113.1)	198.4	85.3	105.1	176.6	367.0
% margin	2.8%	3.0%	5.7%	4.2%	2.2%	2.6%	(7.4%)	9.8%	2.4%	5.7%	6.9%	4.6%
Net Financial Result	(4.5)	(3.0)	(14.1)	(12.4)	(13.6)	(20.9)	(20.7)	(0.7)	(21.4)	(14.3)	(12.9)	(48.6)
EBT	57.7	86.6	192.9	175.2	105.6	144.9	(133.8)	197.7	64.0	90.8	163.7	318.5
% margin	2.6%	2.9%	5.3%	3.9%	2.0%	2.2%	(8.8%)	9.7%	1.8%	4.9%	6.4%	4.0%
Income and Other Tax	(10.5)	34.9	(72.5)	(73.6)	(54.4)	(45.2)	47.3	(75.1)	(27.8)	(32.3)	(32.3)	(92.4)
Net Income	47.2	121.5	120.5	101.6	51.2	99.7	(86.4)	122.6	36.2	58.5	131.4	226.1
% margin	2.1%	4.1%	3.3%	2.3%	0.9%	1.5%	(5.7%)	6.0%	1.0%	3.2%	5.1%	2.8%
Depreciation & Amortization	25.8	34.2	48.2	58.7	86.5	194.8	50.6	52.2	102.8	51.8	59.8	214.5
EBITDA	88.0	123.8	255.2	246.4	205.7	360.6	(62.5)	250.7	188.2	156.9	236.4	581.5
% margin	4.0%	4.2%	7.0%	5.5%	3.8%	5.6%	(4.1%)	12.3%	5.3%	8.5%	9.2%	7.3%
Share Based Compensation (SBC)	19.8	17.9	19.9	27.5	43.3	46.0	14.5	13.5	27.9	13.2	12.7	53.8
Restructuring costs / non-operating one-time effects	0.0	0.0	(10.6)	0.0	10.9	13.1	0.0	0.0	0.0	0	0	0
Adj. EBIT	82.0	107.5	216.3	215.1	173.4	224.9	(98.6)	211.9	113.3	118.2	189.3	420.8
% margin	3.7%	3.6%	5.9%	4.8%	3.2%	3.5%	(6.5%)	10.4%	3.2%	6.4%	7.4%	5.3%
Adj. EBITDA	107.8	141.7	264.5	273.8	259.9	419.7	(48.0)	264.1	216.1	170.1	249.1	635.3
% margin	4.9%	4.8%	7.3%	6.1%	4.8%	6.5%	(3.2%)	13.0%	6.1%	9.2%	9.7%	8.0%

Segments¹²

	Year FY/14	Year FY/15	Year FY/16	Year FY/17	Year FY/18	Year FY/19	Quarter Q1/20	Quarter Q2/20	Half-Year H1/20	Quarter Q3/20	Quarter Q4/20	Year FY/20
Revenue (in €m)	2,214.0	2,958.2	3,639.0	4,489.0	5,387.9	6,482.5	1,524.2	2,034.7	3,558.9	1,849.8	2,573.3	7,982.0
Fashion Store	-	-	-	4,150.5	4,967.7	5,964.9	1,391.6	1,870.2	3,261.8	1,664.3	2,331.6	7,257.7
thereof DACH	-	1,580.1	1,813.8	2,150.0	2,483.7	2,897.2	663.6	863.4	1,527.0	764.5	1,027.5	3,319.0
thereof Rest of Europe	-	1,211.6	1,570.2	2,000.4	2,484.0	3,067.7	728.0	1,006.8	1,734.8	899.8	1,304.0	3,938.7
Offprice	-	-	-	345.3	497.5	659.4	184.7	252.2	437.0	260.5	280.6	978.1
Other	-	166.5	255.1	345.3	444.8	252.3	37.4	40.1	77.5	43.2	75.3	196.0
Reconciliation	-	-	-	(352.0)	(522.0)	(394.1)	(89.6)	(127.8)	(217.4)	(118.2)	(114.2)	(449.8)
Adjusted EBIT (in €m)	82.0	107.5	216.3	215.1	173.4	224.9	(98.6)	211.9	113.3	118.2	189.3	420.8
Fashion Store	-	-	-	213.7	162.0	219.9	(99.6)	198.1	98.5	89.0	154.2	341.7
thereof DACH	-	101.9	226.3	193.5	139.9	219.5	(11.6)	124.4	112.8	68.7	106.9	288.4
thereof Rest of Europe	-	(3.3)	(3.3)	20.3	22.0	0.4	(88.0)	73.7	(14.3)	20.2	47.3	53.3
Offprice	-	-	-	27.6	35.2	27.7	7.8	15.8	23.6	28.3	36.1	88.0
Other	-	8.9	(6.7)	(26.3)	(24.4)	(23.3)	(6.8)	(1.3)	(8.1)	(3.9)	2.9	(9.1)
Reconciliation	-	-	-	(0.0)	0.7	0.6	(0.0)	(0.7)	(0.7)	4.8	(3.9)	0.2
Adjusted EBIT margin (in %)	3.7%	3.6%	5.9%	4.8%	3.2%	3.5%	(6.5%)	10.4%	3.2%	6.4%	7.4%	5.3%
Fashion Store	-	-	-	5.2%	3.3%	3.7%	(7.2%)	10.6%	3.0%	5.3%	6.6%	4.7%
Fashion Store – DACH	-	6.4%	12.5%	9.0%	5.6%	7.6%	(1.7%)	14.4%	7.4%	9.0%	10.4%	8.7%
Fashion Store – Rest of Europe	-	(0.3%)	(0.2%)	1.0%	0.9%	0.0%	(12.1%)	7.3%	(0.8%)	2.2%	3.6%	1.4%
Offprice	-	-	-	8.0%	7.1%	4.2%	4.2%	6.3%	5.4%	10.9%	12.80%	9.00%
Other	-	-	5.3%	(7.6%)	(5.5%)	(9.2%)	(18.2%)	(3.3%)	(10.5%)	(9.0%)	3.9%	(4.6%)
Reconciliation	-	-	-	(0.4%)	3.4%	(0.2%)	0.0%	0.6%	0.3%	(4.1%)	3.4%	(0.1%)

Zalando Group adjusted cost lines

	Year FY/14	Year FY/15	Year FY/16	Year FY/17	Year FY/18	Year FY/19	Quarter Q1/20	Quarter Q2/20	Half-Year H1/20	Quarter Q3/20	Quarter Q4/20	Year FY/20
Revenue (in €m)	2,214.0	2,958.2	3,639.0	4,489.0	5,387.9	6,482.5	1,524.2	2,034.7	3,558.9	1,849.8	2,573.3	7,982.0
Cost of Sales (in €m)	(1,250.9)	(1,619.6)	(2,024.6)	(2,522.7)	(3,103.4)	(3,710.9)	(985.2)	(1,130.6)	(2,115.7)	(1,028.3)	(1,440.2)	(4,584.2)
Cost of Sales (in % of revenue)	(56.5%)	(54.7%)	(55.6%)	(56.2%)	(57.6%)	(57.2%)	(64.6%)	(55.6%)	(59.4%)	(55.6%)	(56.0%)	(57.4%)
Gross Profit (in €m)	963.1	1,338.6	1,614.4	1,966.3	2,284.5	2,771.6	539.0	904.1	1,443.1	821.5	1,133.1	3,397.8
Gross Profit (in % of revenue)	43.5%	45.3%	44.4%	43.8%	42.4%	42.8%	35.4%	44.4%	40.6%	44.4%	44.0%	42.6%
Fulfillment Cost Ratio (in €m)	(492.7)	(762.5)	(842.8)	(1,161.4)	(1,493.5)	(1,766.6)	(454.1)	(514.9)	(969.0)	(491.3)	(586.5)	(2,046.8)
Fulfillment Cost Ratio (in % of revenue)	(22.3%)	(25.8%)	(23.2%)	(25.9%)	(27.7%)	(27.3%)	(29.8%)	(25.3%)	(27.2%)	(26.6%)	(22.8%)	(25.6%)
Marketing Cost Ratio (in €m)	(291.5)	(347.4)	(371.0)	(355.7)	(385.8)	(519.8)	(122.9)	(104.9)	(227.8)	(145.0)	(286.4)	(659.2)
Marketing Cost Ratio (in % of revenue)	(13.2%)	(11.7%)	(10.2%)	(7.9%)	(7.2%)	(8.0%)	(8.1%)	(5.2%)	(6.4%)	(7.8%)	(11.1%)	(8.3%)
Selling and Distribution Costs (in €m)	(784.2)	(1109.9)	(1213.7)	(1517.0)	(1879.3)	(2286.4)	(576.9)	(619.8)	(1196.8)	(636.3)	(872.9)	(2706.0)
Selling and Distribution Costs (in % of rev)	(35.4%)	(37.5%)	(33.4%)	(33.8%)	(34.9%)	(35.3%)	(37.9%)	(30.5%)	(33.6%)	(34.4%)	(33.9%)	(33.9%)
Administrative Expenses & Other (in €m)	(96.9)	(121.2)	(184.3)	(234.2)	(231.8)	(260.3)	(60.7)	(72.4)	(133.1)	(67.0)	(70.9)	(271.0)
Administrative Expenses & Other (in % of rev)	4.4%	4.1%	5.1%	5.3%	4.4%	(4.0%)	(4.0%)	(3.6%)	(3.7%)	(3.6%)	(2.8%)	(3.4%)
Adj. EBIT (in €m)	82.0	107.5	216.3	215.1	173.4	224.9	(98.6)	211.9	113.3	118.2	189.3	420.8
Adj. EBIT (in % of revenue)	3.7%	3.6%	5.9%	4.8%	3.2%	3.5%	(6.5%)	10.4%	3.2%	6.4%	7.4%	5.3%
SBC per Income Statement Line Item (in €m)												
Cost of Sales	4.4	4.5	5.0	6.9	3.6	3.1	1.0	0.9	1.8	0.8	0.9	3.6
Selling and Distribution Costs	9.6	9.0	9.9	13.7	10.1	8.4	2.7	2.6	5.4	2.1	2.6	10.0
Administrative Expenses	5.8	4.5	5.0	6.9	29.5	34.5	10.8	10.0	20.7	10.3	9.3	40.2
Share Based Compensation	19.8	17.9	19.9	27.5	43.3	46.0	14.5	13.5	27.9	13.2	12.7	53.8
Restructuring costs / non-operating one-time effects	0.0	0.0	(10.6)	0.0	10.9	13.1	0.0	0.0	0.0	0.0	0.0	0.0
Total adjustments	19.8	17.9	9.3	27.5	54.2	59.1	14.5	13.5	27.9	13.2	12.7	53.8

Balance Sheet¹

	Year FY/14	Year FY/15	Year FY/16	Year FY/17	Year FY/18	Year FY/19	Quarter Q1/20	Quarter Q2/20	Half-Year H1/20	Quarter Q3/20	Quarter Q4/20	Year FY/20
Total Non-Current Assets	194.0	253.1	392.6	569.6	760.2	1,455.1	1,500.5	1,451.0	1,451.0	1,482.1	1,560.0	1,560.0
Thereof: Property, Plant and Equipment	111.0	128.2	243.0	350.5	546.4	708.4	704.1	713.3	713.3	749.2	810.1	810.1
Lease Assets						525.6	519.4	509.8	509.8	498.5	479.8	479.8
Other Financial Assets	49.4	25.0	44.1	31.8	18.7	11.7	27.0	14.6	14.6	18.3	13.6	13.6
Non-Financial Assets	3.7	3.5	3.0	3.5	3.8	7.3	10.3	7.7	7.7	6.2	5.1	5.1
Other Non-Current Assets	29.9	96.3	102.5	183.8	191.4	202.0	239.7	205.5	205.5	210.0	251.4	251.4
Total Current Assets	1,591.6	1,863.5	2,145.6	2,410.7	2,473.5	2,878.0	3,094.5	3,229.5	3,229.5	4,947.8	4,934.8	4,934.8
Thereof: Inventories	348.4	493.5	576.9	778.9	819.5	1,098.3	1,312.3	1,017.7	1,017.7	1,476.2	1,361.2	1,361.2
Trade and Other Receivables	140.1	149.7	216.0	278.7	395.1	462.3	360.7	475.9	475.9	469.1	601.9	601.9
Other Assets	52.1	244.0	380.0	287.6	263.9	340.9	387.5	358.4	358.4	406.4	327.7	327.7
Cash and Cash Equivalents	1,051.0	976.2	972.6	1,065.5	995.0	976.5	1,034.0	1,377.5	1,377.5	2,596.1	2,644.0	2,644.0
Total Assets	1,785.5	2,116.5	2,538.2	2,980.3	3,233.7	4,333.1	4,595.0	4,680.5	4,680.5	6,429.9	6,494.8	6,494.8
Total Equity	1,126.7	1,271.4	1,407.5	1,538.9	1,549.1	1,683.8	1,638.1	1,775.2	1,775.2	1,988.9	2,151.1	2,151.1
Thereof: Issued Capital	244.8	247.0	247.2	247.2	247.9	248.7	248.7	250.1	250.1	252.8	253.1	253.1
Capital Reserves	1,120.4	1,140.9	1,161.0	1,182.4	1,155.6	1,200.5	1,215.5	1,245.8	1,245.8	1,376.5	1,428.9	1,428.9
Retained earnings	0.9	1.4	(2.4)	8.7	(4.9)	(15.6)	10.2	(6.9)	(6.9)	14.8	(13.7)	(13.7)
Accumulated Loss	(239.4)	(118.0)	1.6	100.7	150.7	250.4	163.8	286.4	286.4	345.0	483.0	483.0
Minority Interests				(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Total Non-Current Liabilities	30.9	31.3	32.5	71.9	70.9	542.6	919.3	920.5	920.5	1,805.5	1,404.2	1,404.2
Thereof: Non-current Lease Liabilities	17.6	14.4	11.2	8.4	5.6	481.4	477.5	471.1	471.1	461.8	443.0	443.0
Financial Liabilities						2.7	377.0	376.3	376.3	375.6	0.0	0.0
Other Non-Current Liabilities	7.5	7.8	8.8	63.5	65.3	58.5	64.8	73.1	73.1	968.1	961.2	961.2
Total Current Liabilities	627.9	813.8	1,098.2	1,369.5	1,613.7	2,106.7	2,037.6	1,984.7	1,984.7	2,635.4	2,939.5	2,939.5
Thereof: Trade Payables and Similar Obligations	492.1	645.8	920.5	1,120.0	1,298.9	1,708.3	1,631.7	1,524.9	1,524.9	2,167.9	2,050.5	2,050.5
Other Current Liabilities	132.1	164.8	172.7	249.5	314.8	398.4	405.9	459.9	459.9	467.5	889.0	889.0
Total Equity & Liabilities	1,785.5	2,116.5	2,538.2	2,980.3	3,233.7	4,333.1	4,595.0	4,680.5	4,680.5	6,429.9	6,494.8	6,494.8
Net Working Capital	(3.6)	(2.6)	(127.6)	(62.4)	(84.3)	(147.7)	41.3	(31.2)	(31.2)	(222.6)	(87.4)	(87.4)

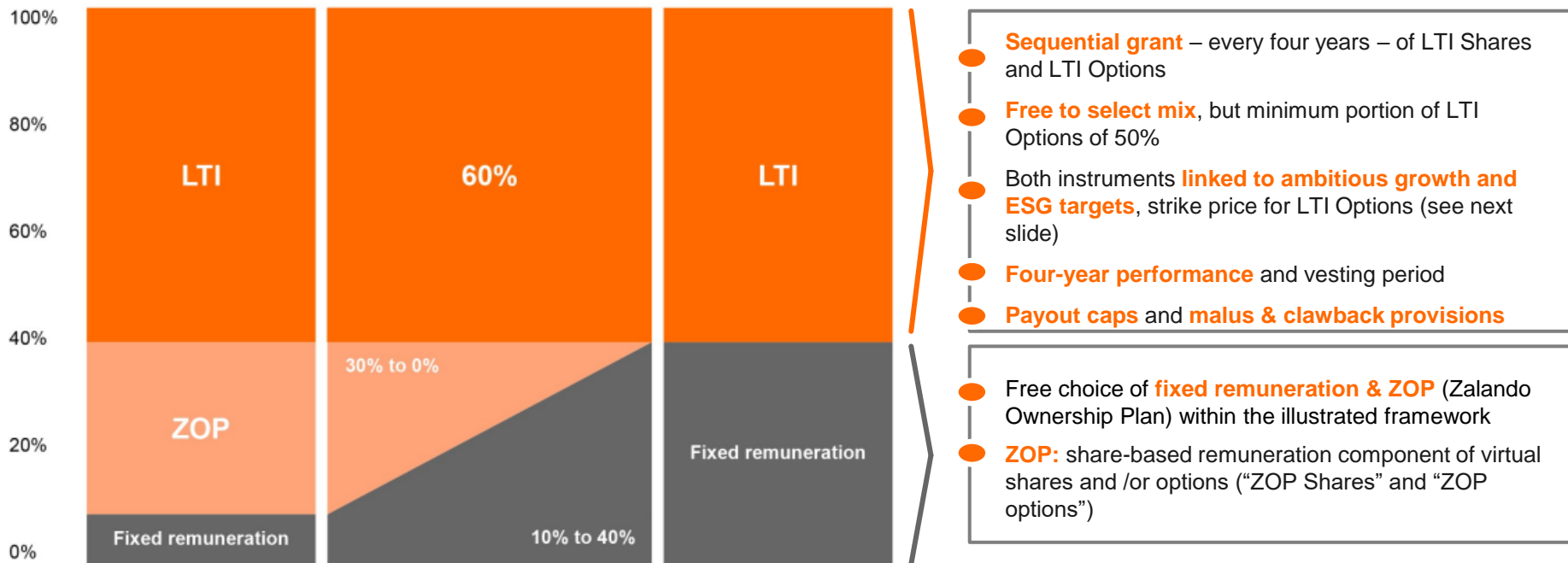
99 1) Other assets includes investments into short-term deposits of €20m, which are not listed under Cash and Cash Equivalents due to their maturity of more than 3 but less than 12 months.

Cash Flow Statement

	Year FY/14	Year FY/15	Year FY/16	Year FY/17	Year FY/18	Year FY/19	Quarter Q1/20	Quarter Q2/20	Half-Year H1/20	Quarter Q3/20	Quarter Q4/20	Year FY/20
Net Income	47.2	121.5	120.5	101.6	51.2	99.7	(86.4)	122.6	36.2	58.5	131.4	226.1
Non-Cash Expenses from Share-Based Payments	19.8	17.9	19.9	27.5	43.3	46.0	14.4	13.5	27.9	13.2	12.7	53.8
Cash Settlement of Claims from Share-Based Pay	0.0	(2.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(3.5)	(3.5)
Depreciation & Amortization	25.8	34.2	48.2	58.7	86.5	194.8	50.6	52.2	102.8	51.8	59.8	214.4
Income Taxes	10.5	(34.9)	72.5	73.6	54.4	45.2	(47.3)	75.1	27.8	32.3	32.3	92.4
Income Taxes Paid, Less Refunds	0.0	(0.0)	(33.8)	(49.4)	(42.2)	(96.5)	(21.4)	(10.5)	(31.9)	(3.1)	(81.8)	(116.7)
Change in Provisions	1.0	(0.5)	0.1	(1.5)	0.3	6.1	(1.6)	(1.1)	(2.7)	(3.6)	4.1	(2.1)
Other Non-Cash Income	(0.2)	(1.0)	1.2	6.5	4.2	5.0	1.9	0.6	2.5	2.3	(0.5)	4.3
Change in Inventories and Receivables	(68.7)	(154.2)	(147.4)	(251.0)	(157.0)	(346.0)	(112.4)	179.3	67.0	(451.7)	(17.8)	(402.5)
Change in Trade Liabilities	94.9	154.9	264.3	198.4	180.6	403.6	(70.9)	(104.4)	(175.3)	606.4	(101.9)	329.2
Change in Other Assets/Other Liabilities	44.6	(16.2)	(69.7)	29.2	(8.5)	(30.7)	12.3	58.5	70.7	(93.8)	155.2	132.1
Cash Flow from Operating Activities	174.9	119.4	275.8	193.7	212.8	327.2	(260.8)	385.8	124.9	212.3	190.1	527.4
Payments received from the sale of fixed assets	0.0	0.0	0.0	0.0	58.9	22.5	6.0	0.0	6.0	32.7	0.0	38.7
Payments for Investments in Fixed and Intangible Assets	(51.1)	(60.0)	(181.7)	(243.9)	(278.4)	(306.5)	(47.8)	(43.3)	(91.1)	(31.9)	(127.1)	(250.0)
Payments for Acquisitions	0.0	(16.8)	(30.4)	(34.9)	(7.1)	(1.7)	0.0	0.0	0.0	0.0	(31.5)	(31.5)
Cash Paid for Investments in Term Deposits	0.0	(155.0)	(65.0)	180.0	20.0	5.0	0.0	0.0	0.0	0.0	25.0	25.0
Change in Restricted Cash	(0.8)	35.3	0.0	10.4	(0.4)	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Cash Flow from Investing Activities	(51.9)	(196.5)	(277.1)	(88.3)	(207.0)	(290.3)	(41.8)	(43.3)	(85.1)	0.8	(133.6)	(217.8)
Free Cash Flow	123.8	42.6	63.7	(85.0)	(13.8)	41.6	(302.6)	342.5	39.9	213.1	31.5	284.5
Payments Received from Capital Increases	510.1	6.4	1.1	3.9	38.2	38.5	0.6	20.5	21.1	23.0	11.0	55.1
Cash Received from Loans	3.9	0.0	0.0	0.0	0.0	0.0	375.0	0.0	375.0	0.0	0.0	375.0
Repurchase of treasury shares	0.0	(1.7)	0.0	(11.3)	(111.3)	(38.8)	0.0	0.0	0.0	0.0	0.0	0.0
Cash payments for the principle portion of leasing l	0.0	0.0	0.0	0.0	0.0	(54.2)	(15.3)	(17.5)	(32.8)	(17.3)	(17.0)	(67.2)
Cash Repayments of Loans	(3.2)	(3.2)	(3.2)	(3.2)	(2.8)	(2.8)	(0.7)	(0.7)	(1.4)	(0.7)	(0.7)	(2.8)
Cash received from the issue of convertible bonds										999.2	(5.2)	994.0
Cash Flow from Financing Activities	510.8	1.5	(2.9)	(10.6)	(75.9)	(57.3)	359.6	2.2	361.8	1,004.2	(11.9)	1,354.1
Change in Cash & Cash Equivalents	633.8	(75.6)	(4.1)	94.8	(70.1)	(20.4)	57.0	344.7	401.7	1,217.3	44.6	1,663.6
Effects of Exchange Rate on Cash & Cash Equivalents	0.0	0.9	0.5	(1.9)	0.3	1.9	0.5	(1.3)	(0.8)	1.1	3.6	3.9

Management Board Remuneration Scheme 2021 - Overview (1/2)¹

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)¹

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)

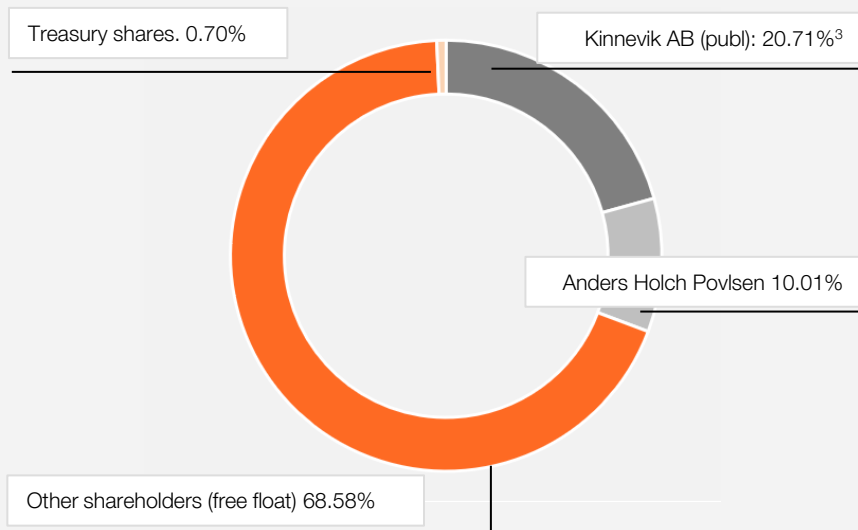


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The Zalando Share

Shareholder structure¹²

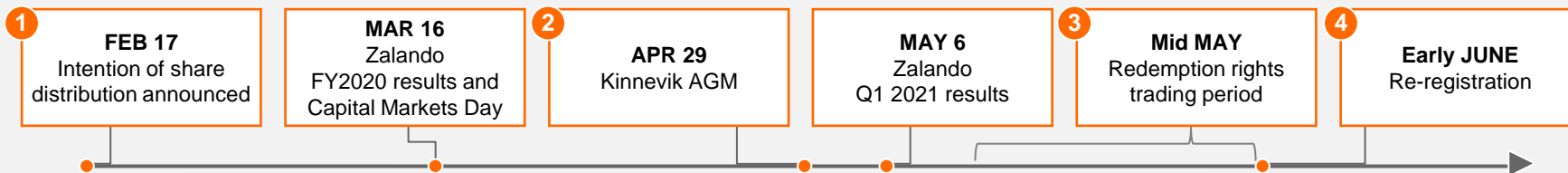


Share information¹

Type of Shares	Ordinary bearer shares with no-par value (<i>Stückaktien</i>)
Stock Exchange	Frankfurt Stock Exchange
Market Segment	Regulated Market (<i>Prime Standard</i>)
Index Listings	MDAX, STOXX600, FTSE4Goods
First day of trading	October 1, 2014
Issue price	EUR 21.50
Total Number of Shares Outstanding	260,939,349
Issued Share capital	EUR 260,939,349
ISIN	DE000ZAL1111
WKN	ZAL111
Ticker Symbol	ZAL
Common Code	111189528
Thomson Reuters	ZALG.F
Bloomberg	ZAL.GR

Overview on Kinnevik's share distribution

Transaction timeline



Transaction details

1	Share Distribution	<ul style="list-style-type: none"> Kinnevik intends to distribute its shareholding in Zalando of 54.0m shares through an automatic redemption program The distribution is subject to the approval of Kinnevik's shareholders at the AGM on April 29, 2021
2	Share Split	<ul style="list-style-type: none"> Every Kinnevik share is split into 2 new shares <ul style="list-style-type: none"> One redemption share reflecting the value of Kinnevik's ownership in Zalando One ordinary share reflecting the value of Kinnevik excluding the ownership in Zalando
3	Redemption rights trading	<ul style="list-style-type: none"> Redemption shares trade for ~3 weeks on Stockholm Stock Exchange Kinnevik shareholders have 2 options: <ul style="list-style-type: none"> Keep redemption shares and receive Swedish Zalando shares for every redemption shares Sell redemption shares during the trading period
4	Re-registration	<ul style="list-style-type: none"> Swedish Zalando shares can be re-registered into German Zalando shares that can be traded on the Frankfurt Stock Exchange

















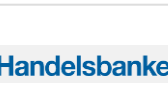















Benefits

Liquidity	<ul style="list-style-type: none"> Substantially increases Zalando's free float from currently ~67%¹ to up to 88% and thus improving the liquidity in the stock
Index	<ul style="list-style-type: none"> Expected increase in the weighting of current indices and thus triggering of additional passive demand Timing of re-weighting and hence emergence of passive demand will depend on each individual index Larger free float clearly positions Zalando as DAX candidate
Direct exposure	<ul style="list-style-type: none"> Opportunity to grant Kinnevik shareholders direct exposure to Zalando and gain renewed support for its vision and strategy going forward

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	 Aneesha Sherman	 Clement Genelot
 José Rito	 Catherine O'Neill	 Andreas Riemann	 Simon Irwin	 Nizla Naizer	 Thomas Maul	 Konrad Grygo
 Charlie Muir-Sands	 Richard Edwards	 Geoff Ruddell	 Paul Rossington	 Christian Salis	 Georgina Johanan	 Jürgen Kolb
 Wayne Brown	 Benjamin Kohnke	 Anne Critchlow	 Olivia Townsend	 Jörg Philipp Frey	 Ralf Marinoni	 Sherri Malek
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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.

