

# Quarterly Statement Q1 2019



# Zalando at a Glance

## Key Figures

	Jan 1 – Mar 31, 2019	Jan 1 – Mar 31, 2018	Change
<b>Group key performance indicators</b>			
Site visits (in millions)	923.9	713.5	29.5%
Mobile visit share (in %)	82.4	76.6	5.7pp
Active customers (in millions)	27.2	23.9	14.1%
Number of orders (in millions)	31.4	25.4	23.6%
Average orders per active customer (LTM*)	4.5	4.0	11.5%
Average basket size** (LTM, in EUR)	57.1	59.4	-3.9%
<b>Results of operations</b>			
Gross merchandise volume*** (GMV) (in EUR m)	1,756.8	1,426.9	23.1%
Revenue (in EUR m)	1,378.2	1,196.0	15.2%
EBIT (in EUR m)	-18.4	-15.2	21.3%
EBIT (as % of revenue)	-1.3	-1.3	-0.1pp
Adjusted EBIT (in EUR m)	6.4	0.4	>100,0%
Adjusted EBIT (as % of revenue)	0.5	0.0	0.5pp
EBITDA (in EUR m)	24.4	2.7	>100,0%
EBITDA (as % of revenue)	1.8	0.2	1.5pp
Adjusted EBITDA (in EUR m)	49.2	18.3	>100,0%
Adjusted EBITDA (as % of revenue)	3.6	1.5	2.0pp
<b>Financial position</b>			
Net working capital (in EUR m)	-12.4	-84.3****	-85.2%
Equity ratio (as % of balance sheet total)	40.1	47.9****	-7.8pp
Cash flow from operating activities (in EUR m)	-58.6	-75.9	-22.8%
Cash flow from investing activities (in EUR m)	-24.4	-26.3	-7.3%
Free cash flow (in EUR m)	-78.4	-122.2	-35.9%
Capex (in EUR m)	-42.3	-41.8	1.2%
Cash and cash equivalents (in EUR m)	869.8	928.5	-6.3%
<b>Other</b>			
Employees (as of the reporting date)	15,528	15,619****	-0.6%
Basic earnings per share (in EUR)	-0.07	-0.06	17.6%
Diluted earnings per share (in EUR)	-0.07	-0.06	23.5%

pp = percentage points

For an explanation of the performance indicators please refer to the glossary to the annual report 2018 (section 4.1).

Rounding differences may arise in the percentages and numbers shown in this quarterly statement.

\*) Calculated based on the last twelve months (LTM)

\*\*\*) The calculation and definition of the average basket size was changed in 2019. It now consists of the GMV divided by the number of orders. In the prior-year period, it was calculated as transactional revenue divided by the number of orders. In the table above, the new definition and calculation method was applied for both the current and prior-year periods. Average basket size as per the prior-year definition is EUR 58.1 per Q1 2019 (Q1 2018: EUR 60.3).

\*\*\*\*) GMV (gross merchandise volume) is defined as the value of all merchandise sold to customers after cancellations and returns and including VAT, dynamically reported. It does not include B2B revenues (e.g. Partner Program commission, Zalando Marketing Services or Zalando Fulfillment Solutions) and other B2C revenues (e.g. service charges); these are included in revenue only. GMV is recorded based on the time of the customer order.

\*\*\*\*) As of Dec 31, 2018

## Content

- Strong growth across all segments contributes to 23.1% GMV growth
- Revenue growth of 15.2% behind GMV growth mainly due to strong increase in Partner Program as well as revenue recognition effects
- Adjusted EBIT stands at EUR 6.4m, adjusted EBIT margin at 0.5%
- Full-year guidance confirmed: GMV growth at 20% – 25%, revenue growth at the low end of this range; adjusted EBIT expected between EUR 175m and EUR 225m

## 1.1 Financial Performance of the Group

The condensed consolidated income statement for the first quarter of 2019 shows strong growth in GMV and revenue compared to the corresponding prior-year period. We achieved an adjusted EBIT of EUR 6.4m and an adjusted EBIT margin of 0.5%, while we continued to push forward our investments in customer experience, brand partner proposition, technology and operations infrastructure.

### Consolidated Income Statement Q1 2019

IN EUR M	Jan 1 – Mar 31, 2019	As % of revenue	Jan 1 – Mar 31, 2018	As % of revenue	Change
Revenue	1,378.2	100.0%	1,196.0	100.0%	0.0pp
Cost of sales	-828.7	-60.1%	-722.0	-60.4%	0.2pp
<b>Gross profit</b>	<b>549.5</b>	<b>39.9%</b>	<b>474.0</b>	<b>39.6%</b>	<b>0.2pp</b>
Selling and distribution costs	-492.8	-35.8%	-429.7	-35.9%	0.2pp
Administrative expenses	-77.8	-5.6%	-61.1	-5.1%	-0.5pp
Other operating income	5.2	0.4%	2.7	0.2%	0.2pp
Other operating expenses	-2.5	-0.2%	-1.1	-0.1%	-0.1pp
<b>Earnings before interest and taxes (EBIT)</b>	<b>-18.4</b>	<b>-1.3%</b>	<b>-15.2</b>	<b>-1.3%</b>	<b>-0.1pp</b>

### Development of GMV and Revenue

In Q1 2019, Zalando increased GMV by EUR 329.9m compared to the prior-year period to EUR 1,756.8m. This corresponds to year-on-year GMV growth of 23.1%. The increase in GMV can be primarily attributed to a higher number of active customers as well as an increase in average orders per active customer. The group had 27.2 million active customers compared to 23.9 million active customers as of March 31, 2018, up 14.1% on the prior-year period. The larger customer base ordered more frequently than in the corresponding prior-year period. Triggered also by an increasing use of mobile devices, the average number of orders per active customer rose by 11.5%. The strong growth of our Partner Program and as such more attractive assortment, led to an increased Partner Program share in GMV and also contributed to the increase in GMV.

Revenue increased by EUR 182.2m compared to the prior-year period to EUR 1,378.2m. This corresponds to year-on-year revenue growth of 15.2%. The increase in GMV was higher than the increase in revenue. This is the result of the strong growth of the Partner Program, as this is fully reflected in the GMV metric while revenue only includes the commission income and service fees from

partners. As GMV and revenue are recorded at different points in time, the different trading calendar compared to last year additionally led to a widening of the gap between these two topline metrics.

### Development of EBIT

The group recorded EBIT of EUR -18.4m in the first quarter of 2019 (prior-year period: EUR -15.2m). The EBIT margin matches the prior-year level at -1.3% (Q1 2018: -1.3%). Increased fulfillment costs (up 0.5 percentage points in proportion to revenue) and administrative expenses (up by 0.5 percentage points) were offset by an improved gross margin of 0.2 percentage points, and a lower marketing cost ratio (improved by 0.7 percentage points).

Cost of sales increased by EUR 106.8m to EUR 828.7m, with gross margin improving by 0.2 percentage points. The improvement in gross margin is mainly due to the lower group discount rate compared to the prior-year period, due to more normalized trading environment compared to last year. The improvement was mostly offset by the restructuring costs incurred in Q1 2019 in connection with the reorganization and integration of the private label business.

Compared to the first quarter of 2018, fulfillment costs as a percentage of revenue continued to rise (up 0.5 percentage points) mainly due to higher logistics costs, as Zalando continues to build its European logistics network and to invest in the customer and brand proposition. Examples include the ramp-up of new fulfillment centers in Sweden and Poland and investments in same and next day delivery capabilities in metropolitan areas to further enhance the customer experience. Logistics costs were also impacted by higher transport costs, which were driven up by increased carrier prices.

The marketing cost ratio improved by 0.7 percentage points compared to the prior-year period, resulting primarily from restructuring costs incurred in the prior-year period in relation to a new setup that was established for the marketing department.

Administrative expenses increased from EUR 61.1m in the prior-year period to EUR 77.8m in Q1 2019, increasing by 0.5 percentage points in proportion to revenue. This was mainly due to increased expenses for share-based compensation and to restructuring costs incurred in Q1 2019 in connection with the reorganization and integration of the private label business as mentioned above.

### Adjusted EBIT

In order to assess the operating performance of the business, Zalando's management also considers adjusted EBIT and the adjusted EBIT margin before expenses for equity-settled share-based payments, restructuring costs and non-operating one-time effects. In Q1 2019, Zalando generated an adjusted EBIT of EUR 6.4m (prior year: EUR 0.4m), or an adjusted EBIT margin of 0.5% (prior year: 0.0%).

EBIT includes the following expenses from equity-settled share-based payments. More information can be found in the notes to the annual financial statements 2018 (section 3.5.7 (20.)).

## Share-Based Compensation Expenses per Functional Area

IN EUR M	Jan 1 – Mar 31, 2019	Jan 1 – Mar 31, 2018	Change
<b>Expenses for equity-settled share-based payments</b>	<b>11.8</b>	<b>4.7</b>	<b>7.1</b>
Cost of sales	0.8	0.6	0.2
Selling and distribution costs	2.0	1.3	0.7
thereof marketing costs	0.5	0.3	0.2
thereof fulfillment costs	1.5	1.1	0.5
Administrative expenses	8.9	2.7	6.2

In addition to that, EBIT contains the above-mentioned restructuring costs of EUR 13.1m that were incurred in connection with the reorganization and integration of the private label business (thereof EUR 10.3m in cost of sales, EUR 2.4m in administrative expenses, and EUR 0.4m in marketing costs). These costs are also adjusted for in the calculation of adjusted EBIT. In the first quarter of 2018, EBIT contained restructuring costs of EUR 10.9m that were incurred mainly in connection with the implementation of a new setup of the marketing department.

## 1.2 Results by Segment

The condensed segment results for Q1 2019 show a strong improvement in revenue across all segments. EBIT increased in the Fashion Store segment, whereas it decreased in the Offprice segment and in all other segments compared to the prior-year period.

### Segment Results of the Group Q1 2019

IN EUR M	Fashion Store	Offprice	All other segments	Total	Reconciliation	Total Group
Revenue	1,268.5	136.8	102.6	1,507.9	-129.7	1,378.2
thereof intersegment revenue	56.5	0.0	73.3	129.7	-129.7	0.0
Earnings before interest and taxes (EBIT)	-1.0	2.7	-20.5	-18.8	0.4	-18.4
Adjusted EBIT	8.4	3.8	-6.2	6.0	0.4	6.4

### Segment Results of the Group Q1 2018

IN EUR M	Fashion Store	Offprice	All other segments	Total	Reconciliation	Total Group
Revenue	1,093.9	120.4	99.8	1,314.1	-118.1	1,196.0
thereof intersegment revenue	40.4	0.0	77.7	118.1	-118.1	0.0
Earnings before interest and taxes (EBIT)	-14.1	8.1	-9.6	-15.6	0.4	-15.2
Adjusted EBIT	-0.2	8.5	-8.3	0.0	0.4	0.4

Financial information for the Fashion Store segment, including intersegment transactions, breaks down into the regions DACH and Rest of Europe as follows:

### Fashion Store Results by Region Q1 2019

IN EUR M	DACH	Rest of Europe	Fashion Store
Revenue	621.7	646.8	1,268.5
thereof intersegment revenue	28.2	28.2	56.5
Earnings before interest and taxes (EBIT)	21.7	-22.6	-1.0
Adjusted EBIT	26.3	-18.0	8.4

## Fashion Store Results by Region Q1 2018

IN EUR M	DACH	Rest of Europe	Fashion Store
Revenue	552.0	541.9	1,093.9
thereof intersegment revenue	20.9	19.5	40.4
Earnings before interest and taxes (EBIT)	10.1	-24.2	-14.1
Adjusted EBIT	16.6	-16.8	-0.2

In Q1 2019, revenue in the Fashion Store segment grew by 16.0%, in the Offprice segment by 13.6% and in all other segments by 2.8%, compared to the prior-year period. The Fashion Store segment generated the highest absolute level of revenue, as well as the highest percentage increase of revenue. The revenue increase in the Fashion Store is mainly due to a strong growth in active customers and average orders per active customer. The comparatively low revenue increase in all other segments of 2.8% primarily resulted from the private label business, that is included here and which recorded a decrease in revenue, which was partly offset by a revenue increase in our emerging businesses.

With an EBIT margin of -0.1% in Q1 2019, the Fashion Store segment showed a slightly negative profitability. Year on year, however, the EBIT margin increased by 1.2 percentage points, mainly due to a higher gross margin and a lower marketing cost ratio in comparison to the prior-year period.

The Offprice segment recorded EBIT of EUR 2.7m with the EBIT margin decreasing from 6.7% in the prior-year period to 2.0% in Q1 2019. The decrease was mainly caused by higher fulfillment costs and administrative expenses. All other segments recorded a decrease in EBIT margin of 10.4 percentage points, resulting in an EBIT margin of -20.0% in Q1 2019. This development mainly resulted from restructuring costs that were incurred in connection with the reorganization and integration of the private label business in Q1 2019.

**Adjusted EBIT**

EBIT comprises the following expenses from equity-settled share-based payments:

## Share-Based Compensation Expenses per Segment

IN EUR M	Jan 1 – Mar 31, 2019	Jan 1 – Mar 31, 2018	Change
<b>Equity-settled share-based compensation expenses</b>	<b>11.8</b>	<b>4.7</b>	<b>7.1</b>
Fashion Store	9.3	3.9	5.4
Offprice	1.1	0.3	0.8
All other segments	1.3	0.5	0.8

EBIT furthermore includes the above-mentioned restructuring costs that were incurred in Q1 2019 with EUR 13.1m in all other segments. In the prior-year period, EBIT contained restructuring costs of EUR 10.0m in the Fashion Store segment, EUR 0.1m in the Offprice segment and EUR 0.8m in all other segments.

The Fashion Store segment generated an adjusted EBIT margin of 0.7% in Q1 2019. Compared to the prior-year period, the adjusted EBIT margin increased by 0.7 percentage points. The Offprice segment recorded a decrease in the adjusted EBIT margin of 4.3 percentage points from 7.1% in the prior-year period to 2.8% in Q1 2019. All other segments recorded an increase of 2.3 percentage points, resulting in an adjusted EBIT margin of -6.0% in the first quarter of 2019.



## 1.3 Cash Flows

The liquidity and financial development of the Zalando group are presented in the following condensed statement of cash flows:

### Condensed Statement of Cash Flows

IN EUR M	Jan 1 – Mar 31, 2019	Jan 1 – Mar 31, 2018
<b>Cash flow from operating activities</b>	<b>-58.6</b>	<b>-75.9</b>
<b>Cash flow from investing activities</b>	<b>-24.4</b>	<b>-26.3</b>
<b>Cash flow from financing activities</b>	<b>-42.6</b>	<b>-33.6</b>
Change in cash and cash equivalents	-125.5	-135.9
Exchange-rate related and other changes in cash and cash equivalents	0.4	-1.2
Cash and cash equivalents at the beginning of the period	995.0	1,065.5
<b>Cash and cash equivalents as of March 31</b>	<b>869.8</b>	<b>928.5</b>

In the first quarter of 2019, Zalando generated a negative cash flow from operating activities of EUR -58.6m (prior year: EUR -75.9m). The increase compared to the prior-year period of EUR 17.3m was mainly due to an increase in the earnings before depreciation and taxes (which increased from EUR -0.7m in the prior-year period to EUR 21.6m in Q1 2019). This includes the effect from the partial reclassification of lease payments. According to the new accounting standard on leases (IFRS 16), cash payments for lease contracts are disclosed in the cash flow from financing activities with the amount used for the repayment of the principal portion of lease liabilities (Q1 2019: EUR 10.0m) and in the operating cash flow with the interest portion on lease liabilities (Q1 2019: EUR 2.7m). In prior periods, lease payments were entirely included in the operating cash flow.

Cash outflow from investing activities is mainly impacted by capex, being the sum of the payments for investments in fixed and intangible assets excluding payments for acquisitions, amounting to EUR 42.3m (prior year: EUR 41.8m). Capex mainly included investments in the logistics infrastructure relating primarily to the fulfillment centers in Olsztynek, Lodz (Gluchow), Verona (Nogarole Rocca), and Szczecin (Gryfino) as well as capital expenditures on internally developed software. Cash flow from investing activities also contains payments received for the interest in the proceeds from the sale of developed land owned by third parties of EUR 21.8m. This resulted from the participation in the increase in sales price of the Zalando Campus property. The amount had been recognized in the income statement over several years beginning in 2015.

As a result, free cash flow increased by EUR 43.8m from EUR -122.2m to EUR -78.4m compared to the prior year. Part of this increase (EUR 10.0m) is due to the changed classification of lease payments in connection with the initial application of IFRS 16 (see above). Free cash flow of Q1 2019 furthermore contains the above mentioned payments received for the interest in the proceeds from the sale of developed land owned by third parties of EUR 21.8m.

Cash flow from investing activities further consists of cash invested in term deposits which have an original term of more than three months and are therefore presented in cash flow from investing activities. In Q1 2019 cash outflows into investments in term deposits amounted to EUR 5.0m, compared to the cash inflows of EUR 20.0m seen in the prior-year period. As of March 31, 2019, an amount of EUR 25.0m was invested in such term deposits (December 31, 2018: EUR 20.0m).

Cash flow from financing activities mainly includes payments for the repurchase of treasury shares of EUR 38.8m (prior year: EUR 33.2m). Furthermore, it includes cash outflows for the repayment of the principal portion of lease liabilities (EUR 10.0m). In the prior-year period, all lease payments were included in the operating cash flow (see above).

Overall, cash and cash equivalents decreased by EUR 125.1m during the first quarter of 2019, resulting in Zalando carrying cash and cash equivalents of EUR 869.8m as of March 31, 2019.

## 1.4 Financial Position

The group's financial position is shown in the following condensed statement of financial position:

### Assets

IN EUR M	Mar 31, 2019		Dec 31, 2018		Change	
Non-current assets	1,266.9	33.7%	760.2	23.5%	506.7	66.6%
Current assets	2,491.6	66.3%	2,473.5	76.5%	18.1	0.7%
<b>Total assets</b>	<b>3,758.5</b>	<b>100.0%</b>	<b>3,233.7</b>	<b>100.0%</b>	<b>524.7</b>	<b>16.2%</b>

### Equity and Liabilities

IN EUR M	Mar 31, 2019		Dec 31, 2018		Change	
Equity	1,508.4	40.1%	1,549.1	47.9%	-40.7	-2.6%
Non-current liabilities	504.6	13.4%	70.9	2.2%	433.7	611.5%
Current liabilities	1,745.5	46.4%	1,613.7	49.9%	131.8	8.2%
<b>Total equity and liabilities</b>	<b>3,758.5</b>	<b>100.0%</b>	<b>3,233.7</b>	<b>100.0%</b>	<b>524.7</b>	<b>16.2%</b>

In the first quarter of 2019, total assets increased by 16.2%. The statement of financial position is dominated by non-current assets, working capital, cash and cash equivalents, as well as equity. The accounting treatment for leases was changed in Q1 2019 according to the new accounting standard for leases (IFRS 16). This had a major impact on the statement of financial position, resulting in the recognition of a right-of-use asset of EUR 490.6m and a total lease liability (current and non-current) of EUR 505.2m per end of Q1 2019. More information can be found in the notes to the annual financial statements 2018 (section 3.5.3). Lease assets mainly relate to lease contracts for fulfillment centers and office buildings.

During the first quarter, additions to intangible assets amounted to EUR 14.8m (prior year: EUR 13.5m) while additions to property, plant and equipment totaled EUR 29.2 (prior year: EUR 37.8m).

Inventories mainly comprise goods required for Zalando's wholesale business. The 20.2% increase in inventories to EUR 985.4m mainly resulted from the delivery peak with respect to the spring / summer collection.

Equity decreased from EUR 1,549.1m to EUR 1,508.4m in the first three months of the fiscal year. The EUR 40.7m decrease primarily stems from the share buy-back of own shares and from the negative net income for the quarter. Thus, the equity ratio fell from 47.9% at the beginning of the year to 40.1% as of March 31, 2019.

Lease liabilities of EUR 505.2m were recognized per Q1 2019, thereof EUR 442.0m as non-current, and EUR 63.2m as current. They represent the discounted financial obligations resulting from lease contracts as per IFRS 16.

Current liabilities increased by EUR 131.8m in the reporting period. This increase is mainly attributable to trade payables and similar liabilities, which rose by EUR 75.5m, climbing from EUR 1,298.9m to EUR 1,374.4m in the reporting period. The increase is largely due to recent deliveries of the spring / summer collection. Under reverse factoring agreements, suppliers' claims against Zalando totaling EUR 348.9m as of March 31, 2019 were transferred to various factoring providers (December 31, 2018: EUR 374.6m). These items were recognized in the statement of financial position under trade payables and similar liabilities.

Net working capital, consisting of inventories and trade and other receivables less trade payables and similar liabilities, increased from EUR -84.3m as of December 31, 2018 to EUR -12.4m as of March 31, 2019. The increase mainly results from the increase in inventories of EUR 165.9m, which was not fully compensated by the increase in trade payables of EUR 75.5m. This reflects the higher business volume and the holding of larger amounts of inventory in stock in order to improve availability and thus customer satisfaction.

## 1.5 Outlook

There are no changes compared to the guidance for 2019 contained in the 2018 annual report. Zalando confirms its full-year guidance of GMV growth of 20% to 25%, revenue growth at the low end of this range, an adjusted EBIT between EUR 175m and EUR 225m and a capex volume of around EUR 300m.

Berlin, April 30, 2019

The Management Board

Robert Gentz

David Schneider

Rubin Ritter

James Freeman II

David Schröder

## 2.1 Consolidated Income Statement

### Consolidated Income Statement

IN EUR M	Jan 1 – Mar 31, 2019	Jan 1 – Mar 31, 2018
Revenue	1,378.2	1,196.0
Cost of sales	-828.7	-722.0
<b>Gross profit</b>	<b>549.5</b>	<b>474.0</b>
Selling and distribution costs	-492.8	-429.7
Administrative expenses	-77.8	-61.1
Other operating income	5.2	2.7
Other operating expenses	-2.5	-1.1
<b>Earnings before interest and taxes (EBIT)</b>	<b>-18.4</b>	<b>-15.2</b>
Interest and similar income	2.5	1.3
Interest and similar expenses	-6.2	-3.5
Result of investments accounted for using the equity method	-0.6	0.0
Other financial result	1.6	-1.3
<b>Financial result</b>	<b>-2.8</b>	<b>-3.4</b>
<b>Earnings before taxes (EBT)</b>	<b>-21.2</b>	<b>-18.6</b>
Income taxes	3.6	3.5
<b>Net income for the period</b>	<b>-17.6</b>	<b>-15.1</b>
Thereof net income attributable to shareholders of ZALANDO SE	-17.6	-15.0
Thereof net income attributable to non-controlling interests	0.0	-0.1

## 2.2 Consolidated Statement of Financial Position

### Consolidated Statement of Financial Position – Assets

IN EUR M	Mar 31, 2019	Dec 31, 2018
<b>Non-current assets</b>		
Intangible assets	189.9	189.1
Property, plant and equipment	562.0	546.4
Financial assets	14.0	13.7
Lease assets	490.6	0.0
Deferred tax assets	2.4	2.3
Non-financial assets	3.6	3.8
Investments accounted for using the equity method	4.4	5.0
	<b>1,266.9</b>	<b>760.2</b>
<b>Current assets</b>		
Inventories	985.4	819.5
Prepayments	13.3	13.2
Trade and other receivables	376.6	395.1
Other financial assets	47.1	59.3
Other non-financial assets	199.4	191.4
Cash and cash equivalents	869.8	995.0
	<b>2,491.6</b>	<b>2,473.5</b>
<b>Total assets</b>	<b>3,758.5</b>	<b>3,233.7</b>

## 2.2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## Consolidated Statement of Financial Position – Equity and Liabilities

IN EUR M	Mar 31, 2019	Dec 31, 2018
<b>Equity</b>		
Issued capital	246.8	247.9
Capital reserves	1,136.2	1,155.6
Other reserves	-7.6	-4.9
Retained earnings	133.1	150.7
<b>Equity of shareholders of ZALANDO SE</b>	<b>1,508.5</b>	<b>1,549.2</b>
Non-controlling interest	-0.1	-0.1
	<b>1,508.4</b>	<b>1,549.1</b>
<b>Non-current liabilities</b>		
Provisions	34.1	34.0
Lease liabilities	442.0	0.0
Borrowings	4.8	5.6
Other financial liabilities	4.4	2.4
Other non-financial liabilities	1.3	5.5
Deferred tax liabilities	18.0	23.5
	<b>504.6</b>	<b>70.9</b>
<b>Current liabilities</b>		
Provisions	0.3	0.1
Lease liabilities	63.2	0.0
Borrowings	3.1	2.8
Trade payables and similar liabilities	1,374.4	1,298.9
Prepayments received	28.3	36.1
Income tax liabilities	24.8	27.7
Other financial liabilities	119.3	104.6
Other non-financial liabilities	132.1	143.5
	<b>1,745.5</b>	<b>1,613.7</b>
<b>Total equity and liabilities</b>	<b>3,758.5</b>	<b>3,233.7</b>

## 2.3 CONSOLIDATED STATEMENT OF CASH FLOWS

## 2.3 Consolidated Statement of Cash Flows

## Consolidated Statement of Cash Flows

IN EUR M	Jan 1 – Mar 31, 2019	Jan 1 – Mar 31, 2018
1. Net income for the period	-17.6	-15.1
2. + Non-cash expenses from share-based payments	11.8	4.7
3. + Depreciation of property, plant and equipment, lease assets and amortization of intangible assets	42.8	17.9
4. +/- Income taxes	-3.6	-3.5
5. - Income taxes paid, less refunds	-13.3	-10.4
6. +/- Increase/decrease in provisions	0.2	0.1
7. +/- Other non-cash income/expenses	0.3	1.0
8. +/- Decrease/increase in inventories	-165.9	-112.2
9. +/- Decrease/increase in trade and other receivables	18.5	-16.0
10. +/- Increase/decrease in trade payables and similar liabilities	75.0	92.4
11. +/- Increase/decrease in other assets/liabilities	-6.7	-34.8
<b>12. = Cash flow from operating activities</b>	<b>-58.6</b>	<b>-75.9</b>
13. + Proceeds from disposal of non-current assets	22.5	0.0
14. - Cash paid for investments in property, plant and equipment	-28.6	-29.3
15. - Cash paid for investments in intangible assets	-13.7	-12.5
16. - Cash paid for acquisitions of shares in associated companies and acquisition of companies and prepayments for such acquisitions	0.0	-4.5
17. +/- Cash received/paid for investments in term deposits	-5.0	20.0
18. + Change in restricted cash	0.4	0.0
<b>19. = Cash flow from investing activities</b>	<b>-24.4</b>	<b>-26.3</b>
20. + Cash received from capital increases by the shareholders less transaction costs	6.7	0.0
21. - Repurchase of treasury shares	-38.8	-33.2
22. - Cash repayments of loans	-0.4	-0.4
23. - Cash payments for the principal portion of lease liabilities	-10.0	0.0
<b>24. = Cash flow from financing activities</b>	<b>-42.6</b>	<b>-33.6</b>
25. = Net change in cash and cash equivalents from cash relevant transactions	-125.5	-135.9
26. +/- Change in cash and cash equivalents due to exchange rate movements	0.4	-1.2
27. + Cash and cash equivalents at the beginning of the period	995.0	1,065.5
<b>28. = Cash and cash equivalents as of March 31</b>	<b>869.8</b>	<b>928.5</b>
<b>Free cash flow</b>	<b>-78.4</b>	<b>-122.2</b>



## 3.1 Financial Calendar 2019

### Financial Calendar

Date	Event
Wednesday, May 22	Annual general meeting 2019
Thursday, August 1	Publication of the second quarter results 2019
Thursday, October 31	Publication of the third quarter results 2019

## 3.2 Imprint

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**Statement Relating to the Future**

This quarterly statement contains statements that relate to the future and are based on assumptions and estimates made by the management of ZALANDO SE. Even if the management is of the opinion that these assumptions and estimates are appropriate, the actual development and the actual future results may vary from these assumptions and estimates as a result of a variety of factors. These factors include, for example, changes to the overall economic environment, the statutory and regulatory conditions in Germany and the EU and changes in the industry. ZALANDO SE makes no guarantee and accepts no liability for future development and the actual results achieved in the future matching the assumptions and estimates stated in this quarterly statement. It is neither the intention of ZALANDO SE nor does ZALANDO SE accept a special obligation to update statements related to the future in order to align them with events or developments that take place after this quarterly statement is published.

The quarterly statement is available in English. If there are variances, the German version has priority over the English translation. It is available for download in both languages at <https://corporate.zalando.com/en/investor-relations>.

