



Zalando FY/2022

Strategy update

March 7, 2023

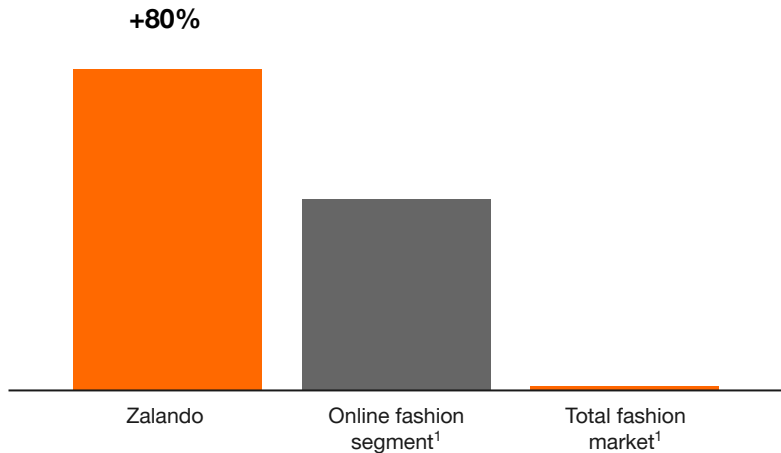
Robert Gentz (Co-CEO)

David Schneider (Co-CEO)



Strong 3-year growth significantly ahead of the online fashion segment

3-year GMV growth in % (2022 over 2019)



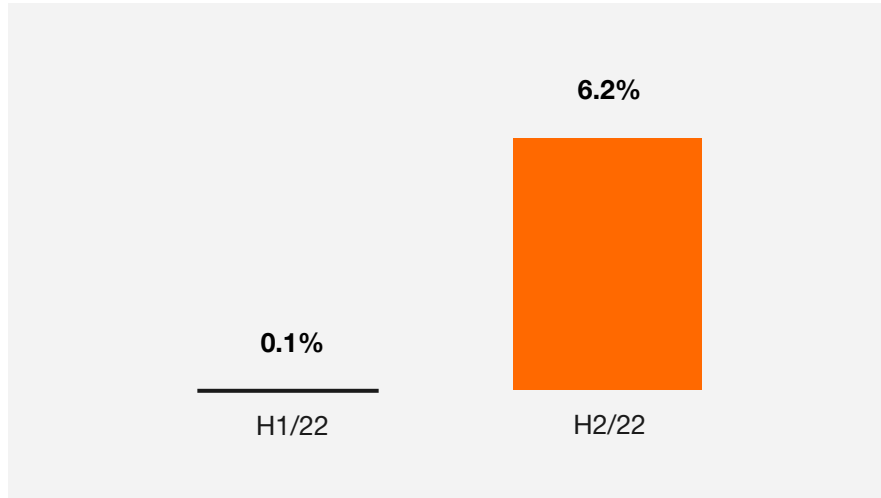
¹ Euromonitor International, February 2023, values based on actuals and estimates; fixed exchange rates. Fashion data incl. apparel and footwear, bags and luggage, jewelry and watches. Data for Europe (excluding Russia) inclusive of sales tax



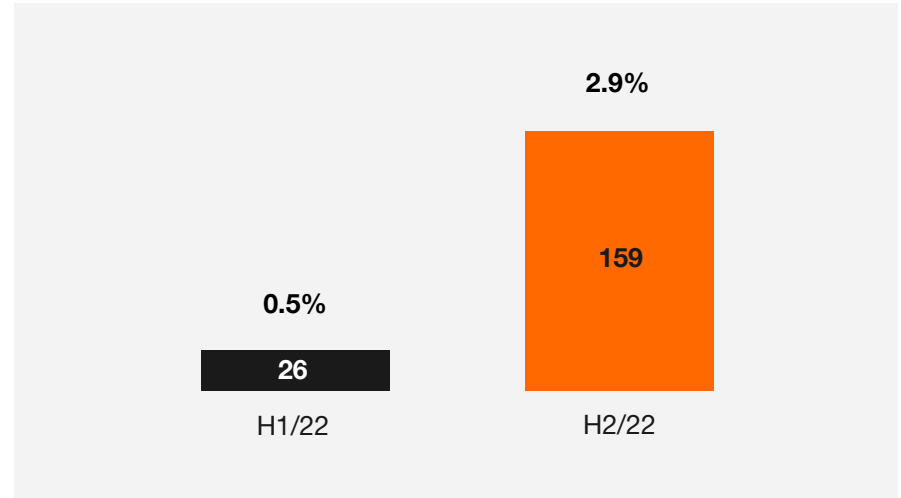


In H2/22, we returned to growth and delivered improved profitability, against a challenging economic backdrop

Zalando group GMV growth in %



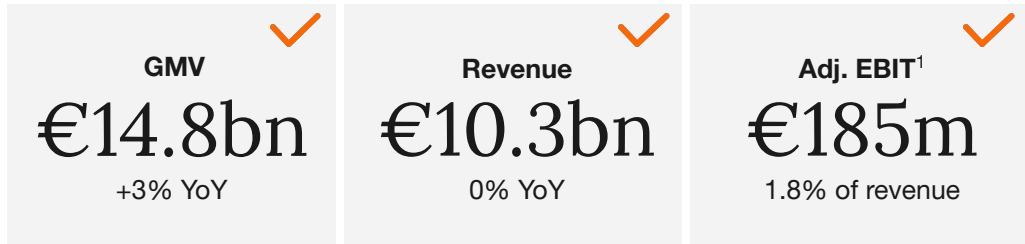
Zalando group adjusted¹ EBIT in EUR m and % of revenue



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

We delivered on our updated 2022 guidance

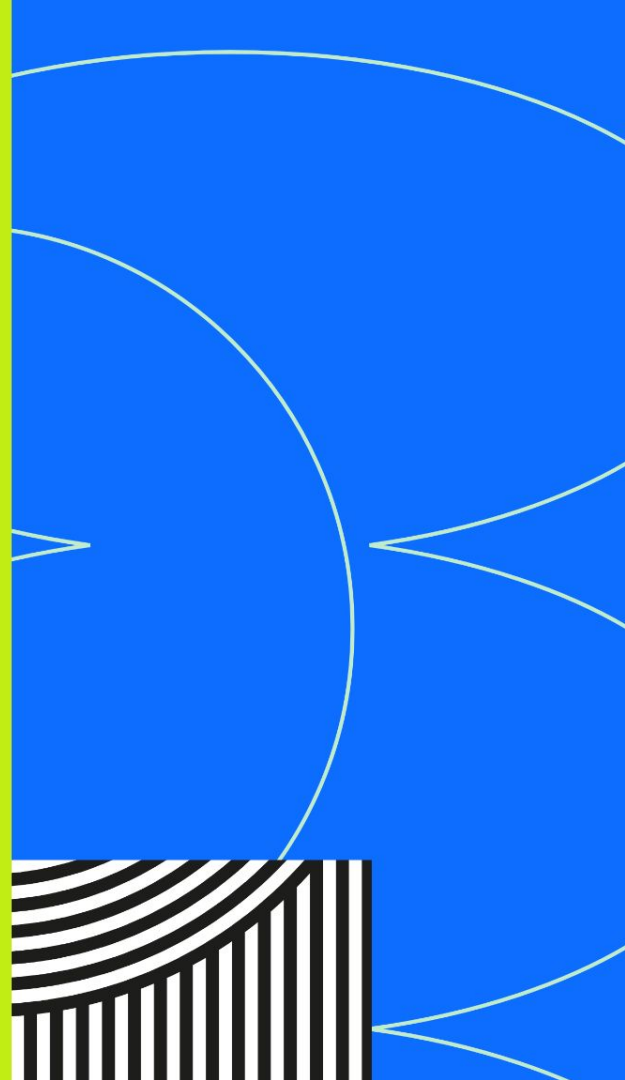
FY/2022 results



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



01 Delivering on our core strategy



**To turn Zalando into the starting point
for every fashion-loving European**
we focus on three strategic dimensions



Customers

We create deep customer
relationships at scale



Partners

We transition towards a
true platform business



People & Planet

We build a
sustainable platform



Customers | Delivered key customer milestones and expanded our service to more markets

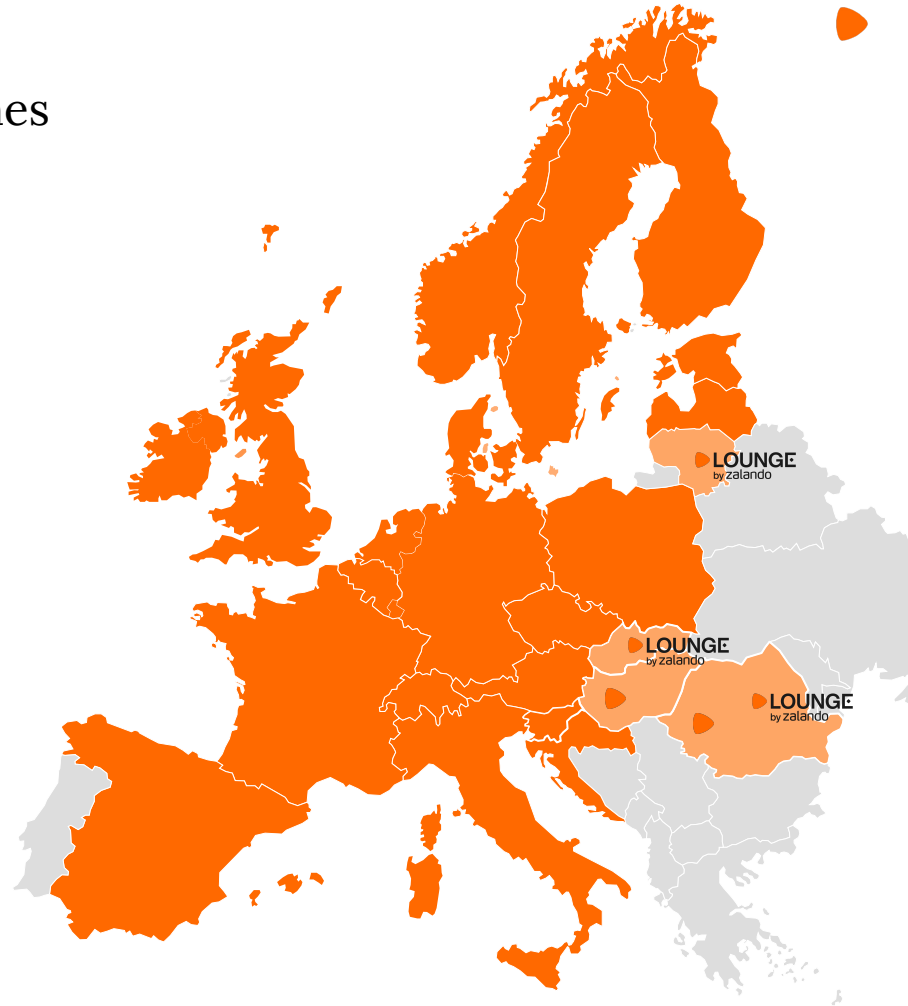
Active customer development

More than
48m $\xrightarrow[YoY]{+5.7\%}$ More than
51m

Fashion Store and Lounge by Zalando markets

Fashion Store **23** $\xrightarrow{+2}$ **25**

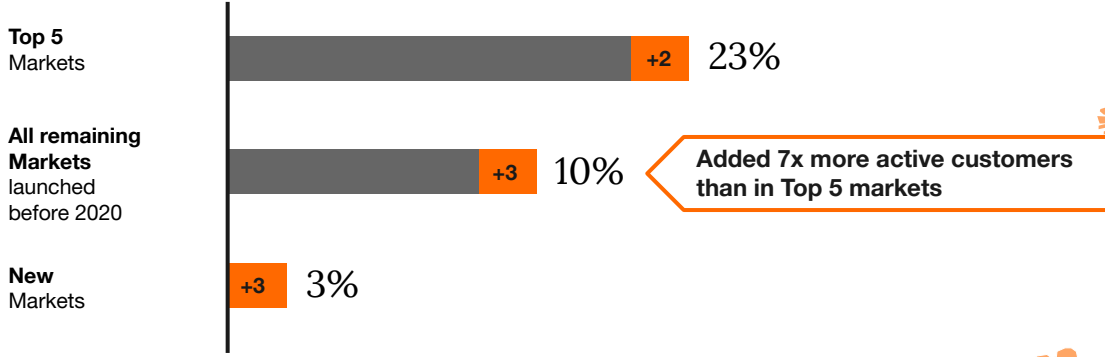
Lounge by Zalando **14** $\xrightarrow[markets]{+3}$ **17**





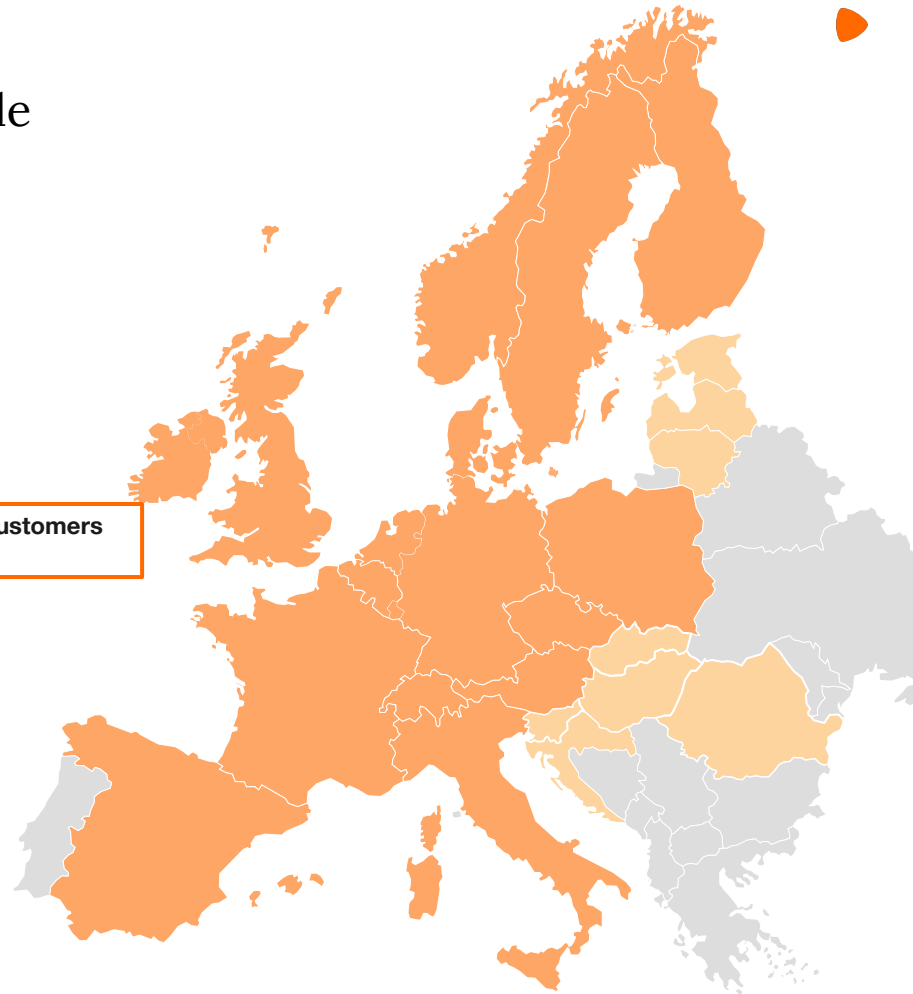
Customers | As a result, we increased our scale in the massive European market

Population penetration¹ (active customers as % of total population)



■ 2020 ■ 2022

launched before 2020 ■
new markets ■

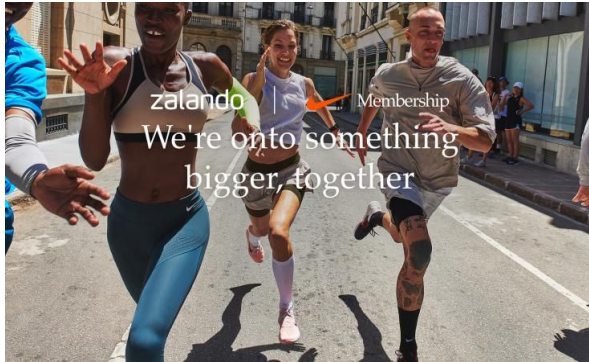


¹ Source: Statista, February 2023



Partners | Building new and deepening existing relationships with key industry partners to engage customers with their most iconic brands

Nike Membership on Zalando



Deepening long-standing partner relationship between Zalando and Nike

Expanding offer to include a differentiated selection of Nike member-only products and assortment, starting in certain markets¹

Sephora on Zalando



Expanding existing partner relationships between Zalando and Sephora

Adding over 50 high-profile prestige beauty brands on the platform and expanding partnership to Italy

Apple & Beats Products on Zalando



Building new partner relationships between Zalando and Apple

Introduction of Apple Watch, AirPods, HomePods, Apple accessories and Beats headphones in certain markets²

¹ Germany, Austria, the Netherlands, France, Belgium, Denmark, Sweden, Finland, Italy and Poland

² Austria, Germany, France, Italy, and Switzerland



Partners | With our enabling capabilities we further increased the opportunities for our partners on Zalando resulting in all-time high in Partner Business

Enabling Direct-to-Consumer on Zalando

Customer choice

Direct-to-Consumer

Partner business share¹: 36%


Driving internationalisation across Europe

Zalando-fulfilled partner business²: 58%

Connecting to consumers


Zalando Marketing Services

We connect brands to consumers



Powerful performance solutions

Turbo-charge your sales performance, for selected products or your whole assortment. Leverage our powerful performance marketing tools, driven by machine learning and constantly optimized to ensure your success.



Revenue generated through Zalando Marketing Services (in % of GMV)³: 2%

¹ Refers to Partner Program and Connected Retail, Q4/2022, Partner Business GMV expressed as %-share of Fashion Store GMV
² Refers to Zalando Fulfillment Solutions, Q4/2022, ZFS items expressed as %-share of Partner Program items
³ Refers to Zalando Marketing Services, Q4/2022, ZMS revenues expressed as %-share of Fashion Store GMV



People & Planet | Working towards our sustainability targets and driving a diverse and inclusive assortment with products in every category across price, size and style

Carbon Footprint



Partner Engagement

Learning platform to set Science Based Targets

58%

of our suppliers¹ have set science-based targets

¹ By emissions, including brand, packaging, and last-mile-delivery partners



Adaptive Fashion

+ 300 styles launched with Tommy Hilfiger, Nike and within Zalando's own private labels

Product Packaging



Plastic Packaging Reduction

Improved folding techniques & stop of void fill usage

~38% reduction in single-use plastic packaging per item shipped

99% packaging material is recyclable



Genderless

Inspiring customers with a dedicated **fashion hub** and **exclusive collections**



+60%

Inclusive beauty assortment since 2019

Sustainability Assortment



Circular Design Criteria

Private label assortment

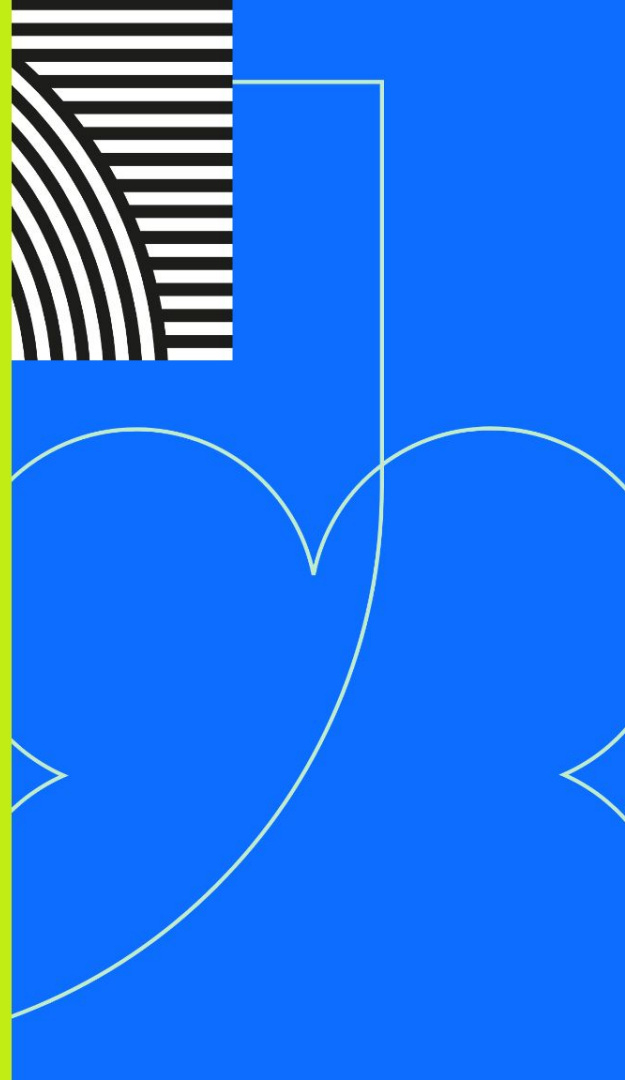
~775,000 products designed and produced with **circular design criteria**



+66

Onboarded **black-owned brands** across beauty, jewelry and fashion in 2022

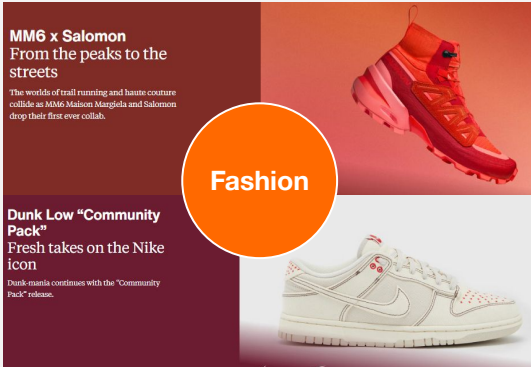
02 Evolving our approach





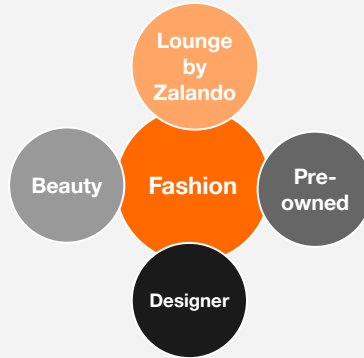
Customers | Leveraging our portfolio of propositions for frequent and relevant engagement with customers to unlock our full growth potential

Improve core fashion experience



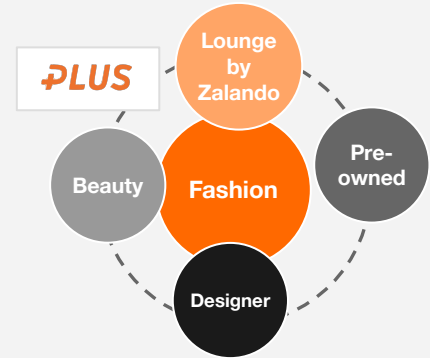
Increased engagement through elevated storytelling

Elevate distinct propositions



~20% of customers are active in 2+ propositions

Connect all our propositions



Over two million Zalando Plus members

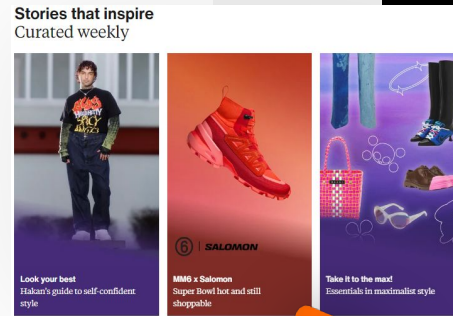


Customers | Highsnobiety collaboration is gaining momentum and is bolstering our approach to turn customers to us when looking for fashion inspiration

>7.1m Number of unique viewers of curated product drops since start of Highsnobiety collaboration

>3x Higher click-through rate when compared to normal product drops

▶ Further build a fashion discovery experience to engage customers with a regular cadence of inspirational stories and exciting product releases




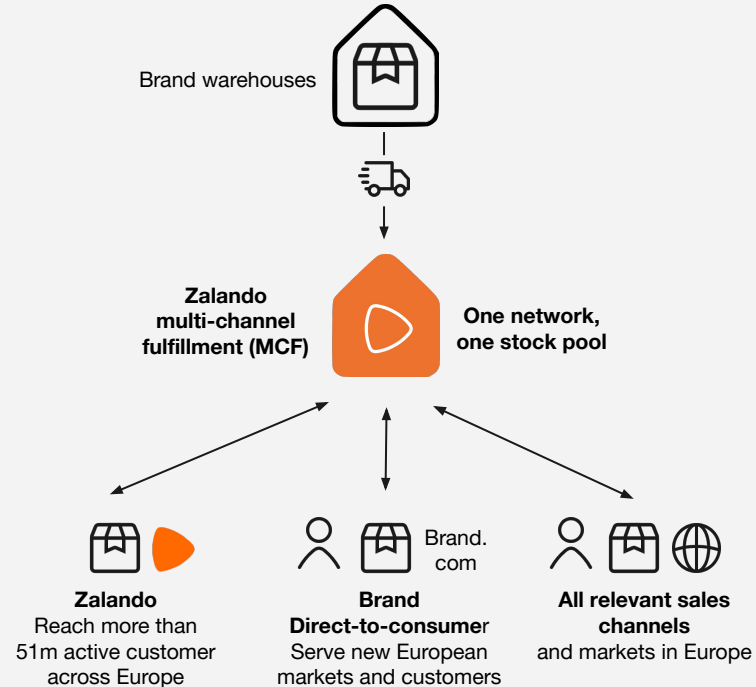


Partners | In less than six months we turned an idea into a new capability that enables multi-channel fulfilment for our partners

>50k Number of items processed since October as part of pilot phase across six major European markets

10 Number of partners signed

 Further invest into our highly differentiated fashion fulfillment capability to enhance and extend our role in the industry



People & Planet | We accelerate climate action, circularity and D&I together with our partners and the industry

Focus 2023

Reduce ✓

Carbon

emissions of private label supply chain & partner brands

Enhance ✓

Circularity

broaden assortment & build networks within industry

Enhance ✓

D&I

specific action plan & expansion of inclusive assortment

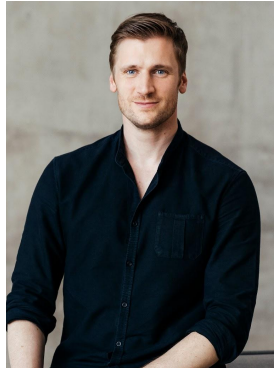




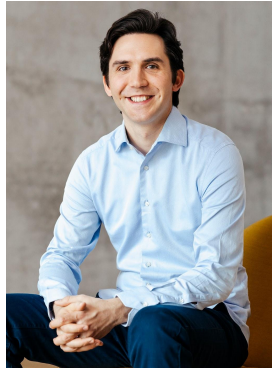
We further deliver on our strategic ambitions and create long-term value for customers, partners, and shareholders



Robert Gentz
Founder & Co-CEO



David Schneider
Founder & Co-CEO



David Schröder
COO



Astrid Arndt
CPO



Sandra Dembeck
CFO

03 Outlook



2023 outlook

GMV	1% - 7%
Revenue	(1)% - 4%
Adj. EBIT¹	EUR 280 - 350m

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



Confident to return to a double-digit growth trajectory in the medium term

	Mid-term	Long-term
Growth	<ul style="list-style-type: none"> Return to double digit GMV growth rates 	<ul style="list-style-type: none"> Long-term goal to serve 10% of European fashion market Deliver EUR 30bn GMV on the way to get there
Profitability	<ul style="list-style-type: none"> Deliver margin progression towards our adj. EBIT margin corridor of 3-6% Approaching high-end of corridor by 2025 	<ul style="list-style-type: none"> Double digit adj. EBIT margin ambition remains unchanged

Total fashion
~450bn EUR¹

10%



¹ Source: Company estimates and Euromonitor International forecasts, February 2023, 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

Key takeaways

- 01 **Zalando outgrew the online fashion segment**
in a sustained period of significant disruption
- 02 **Further increased our scale across the European market**
Achieved key customer milestone of >50m active customers and increasing partner business share of 36%
- 03 **Delivered on our updated 2022 guidance**
Returned to growth and improved profitability in the second half of 2022 with financial discipline remaining a priority in 2023
- 04 **Driving profitable growth in 2023**
FY/2023 guidance: adj. EBIT in the range of EUR 280m - 350m with GMV and revenue growth of 1% - 7% and (1)% - 4% YoY, respectively
- 05 **Remain laser focused on our long-term opportunities**
and continue to selectively invest through the cycle across the core dimensions of our strategy





Zalando Investor Relations Team



Patrick Kofler

Director Investor Relations

Patrick.Kofler@zalando.de



Dorothee Schultz

Manager ESG IR

Dorothee.Schultz@zalando.de



Andrea Frese

Senior Manager IR

Andrea.Frese@zalando.de



Nils Pöppinghaus

Senior Manager IR

Nils.Poeppinghaus@zalando.de



Ignacio Azpitarte Garay

Junior Manager IR

Ignacio.Azpitarte.Garay@zalando.de

Team contact

T: +49 3020 9681 584

ZALANDO SE

Valeska-Gert-Straße 5

10243 Berlin

investor.relations@zalando.de

<https://corporate.zalando.com/en>



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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.