Annual Press Conference 2021

Rubin Ritter, co-CEO
David Schneider, co-CEO
Robert Gentz, co-CEO
Agenda

Looking back
Strategy update
Capturing our long-term opportunity
2020 was a year like no other and we responded decisively to challenges posed by the COVID-19 pandemic

Prio #1
Ensure safety of our people

Prio #2
Safeguard financial success

Prio #3
Be part of the solution
We are a truly European fashion platform and have reached key milestones in 2020

- >50% of GMV generated outside of DACH
- Exceeded 1bn EUR in GMV in the Nordics
- Generated highest active customer growth in Southern Europe
We have a strong and consistent growth track record, growing 4x in 6 years after IPO - clear confirmation of our strategy.

Group GMV\(^1\) 2014-2020, in bn EUR

<table>
<thead>
<tr>
<th>Year</th>
<th>GMV (bn EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2.7</td>
</tr>
<tr>
<td>2015</td>
<td>3.6</td>
</tr>
<tr>
<td>2016</td>
<td>4.4</td>
</tr>
<tr>
<td>2017</td>
<td>5.5</td>
</tr>
<tr>
<td>2018</td>
<td>6.6</td>
</tr>
<tr>
<td>2019</td>
<td>8.2</td>
</tr>
<tr>
<td>2020</td>
<td>10.7</td>
</tr>
</tbody>
</table>

CAGR: +26.1%

- Outgrew European online fashion market by factor of 2-3x\(^2\)
- Exceeded 10bn EUR GMV target set on CMD in 2017
- Remained consistently profitable with high reinvest into growth

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1) Gross Merchandise Volume (GMV) incl. VAT
Agenda

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

**Most visited fashion destination**
Total unique visitors 2020¹

- Zalando
- H&M
- Inditex
- Asos
- Adidas
- Nike

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

**Most downloaded fashion App**
Total App downloads 2020²

- Zalando³
- H&M
- Inditex
- Nike
- Asos
- Adidas

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

~39m active customers  
(+47% vs. 2018)

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

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1) Source: Comscore, February 2021
2) Source: SensorTower, February 2021
3) Fashion Store only
COVID-19 led to a step change in online penetration that substantiated the relevance of being the Starting Point for Fashion

**Online penetration Europe 2018 - 2024**

<table>
<thead>
<tr>
<th>Year</th>
<th>Share of online fashion in total fashion sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>10%</td>
</tr>
<tr>
<td>2019</td>
<td>20%</td>
</tr>
<tr>
<td>2020</td>
<td>30%</td>
</tr>
<tr>
<td>2021 (FC)</td>
<td>40%</td>
</tr>
<tr>
<td>2022 (FC)</td>
<td>50%</td>
</tr>
<tr>
<td>2023 (FC)</td>
<td>60%</td>
</tr>
<tr>
<td>2024 (FC)</td>
<td>70%</td>
</tr>
</tbody>
</table>

**Repurchase rate Mar & Apr 2020 vs. Mar & Apr 2019 cohorts**

<table>
<thead>
<tr>
<th>Month</th>
<th>Mar &amp; Apr 2019 cohort</th>
<th>Mar &amp; Apr 2020 cohort</th>
</tr>
</thead>
<tbody>
<tr>
<td>May</td>
<td></td>
<td></td>
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<tr>
<td>Jun</td>
<td></td>
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<tr>
<td>Jul</td>
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<td>Aug</td>
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<td>Sep</td>
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<td>Oct</td>
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<tr>
<td>Nov</td>
<td></td>
<td></td>
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<tr>
<td>Dec</td>
<td></td>
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</tbody>
</table>

Step change in online penetration in 2020 that is expected to continue to increase from its higher base.

Customers acquired during the first lockdown performed consistently strong, also as stores reopened in the summer.

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

**Increasing penetration in existing markets**

<table>
<thead>
<tr>
<th>Market Category</th>
<th>Population Penetration</th>
<th>Change since 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 5 markets</td>
<td>~21%</td>
<td>+1.4x since 2018</td>
</tr>
<tr>
<td>All markets</td>
<td>~10%</td>
<td>+1.5x since 2018</td>
</tr>
<tr>
<td>Bottom 5 markets</td>
<td>~6%</td>
<td>+1.7x since 2018</td>
</tr>
</tbody>
</table>

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

**Expanding footprint in Europe**

- ~100m in population not yet addressed
- Expanding to 8 further markets starting mid 2021
- We want to be the Starting Point for Fashion across Europe

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1) Existing markets
2) To be launched 2021
3) To be launched 2022
We also continuously innovate the way we engage with our customers to build deeper relationships.

**Improving the core experience**

Customers who follow brands on Zalando visit our platform 2.3x more often.

**Elevating distinct propositions**

Customers who shop on Fashion Store and Lounge order 2.6x more often.
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.

**The Starting Point for Fashion.**

**Customer benefits**
- Desirable and comprehensive assortment (endless choice)
- High availability

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

**Partner benefits**
- Direct access to European digital consumer
- Leverage Zalando capabilities (tech, data, logistics)
We have further accelerated our transition towards a platform business

Progress towards our target model

- **Partner Program, incl. Connected Retail**
  - 2018 Q4: 10%
  - 2020 Q4: 24%
  - Target model: 40%

- **Zalando Fulfillment Solutions**
  - 2018 Q4: 25%
  - 2020 Q4: 51%
  - Target model: 75%

- **Zalando Marketing Services**
  - 2018 Q4: 0.7%
  - 2020 Q4: 1.5%
  - Target model: 3-4%

- **Germany**
  - 2020 Q4: 34%

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

2) Refers to our long-term target model ambition.
Partners engage with Zalando more deeply than ever to capture the online opportunity

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

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

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1) Dec 2020 vs. Dec 2019
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**
  - 4.2x in 2019 vs. 2018
  - 4.8x in 2020 vs. 2019
  - >2,400 active stores by end of February

- **GMV**
  - 6.4x in 2019 vs. 2018
  - 12.7x in 2020 vs. 2019
  - >3,400 active stores by end of February

... 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
We are building a platform that provides a scalable solution for brands, retailers and stores and thereby allows us to serve an increasing number of active customers.

**Enabling Direct-to-Consumer**
- Customer choice
  - Wholesale assortment
  - Partner Program assortment
  - Connected Retail assortment

**Driving internationalisation**
- ZFS > 50% of sold items in PP
- ZFS < 50% of sold items in PP

**Connecting to consumers**
- Long-term target: 50% GMV share from Partner Program & Connected Retail
- Long-term target: ~75% of Partner Program items shipped by ZFS
- Long-term target: 3-4% GMV share from ZMS
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
5) The influence of woke consumers on fashion, McKinsey, February 2019
We want to be part of the solution

Our sustainability vision:
To be a sustainable fashion platform with a net-positive impact for people and the planet.
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

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2020</th>
<th>2025 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emissions</td>
<td></td>
<td>-64%</td>
<td>-80%</td>
</tr>
</tbody>
</table>

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

### GMV from more sustainable products

<table>
<thead>
<tr>
<th>Year</th>
<th>% of total GMV</th>
<th>2023 target²</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019¹</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>2020²</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>Upgraded</td>
<td>25%</td>
<td></td>
</tr>
</tbody>
</table>

1.7bn EUR in GMV

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1) Zalando Fashion Store
2) Zalando Group
3) Products carrying the sustainability flag. Does not include Pre-Owned

Increased more sustainable assortment to 80k products
Raising the bar on eligibility criteria
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

Products are collected for recycling or other end-of-use technologies

Products are designed for circularity and last longer, or consist of recycled and/or recyclable materials

Products are used for as long as possible within original intended purpose (through restyling, care, or repair)

Products are re-used and their lives extended
Our Starting Point Strategy

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

Partners
To achieve our vision, we are transitioning towards a true platform business

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

Looking back
Strategy update
Capturing our long-term opportunity
We are confident that we can capture more than 10% of the total European fashion market long-term by further executing on our vision and strategy.

The COVID-19 pandemic has accelerated change in the fashion industry that has long been in progress and blurred the boundaries between offline and online.

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

Total fashion
>450bn EUR\(^1\)

\(^1\) Source: Company estimates and Euromonitor International forecasts, February 2020. Euromonitor forecasts the overall European Fashion Market to grow to roughly 450bn EUR over the next 5-10 years. Values based on actuals and estimates; fixed exchange rates. Fashion data incl. apparel and footwear, bags and luggage, jewelry and watches. Data for Europe (excluding Russia) inclusive of sales tax.
We significantly upgrade our 2025 GMV ambition to more than 30bn EUR

GMV\(^1\) growth ambition 2025 in bn EUR

- 2020: ~11
- Old 2023/24 target CMD 2019: ~20
- New 2025 target: >30

CAGR: 20-25%

Margin trajectory

Primary focus is on capturing the immense growth opportunity

Coming years therefore marked by continued growth investments

Long term double digit profitability ambitions are unchanged, but on a higher level of scale

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1) Gross Merchandise Volume (GMV) incl. VAT
We are distinctly positioned to capitalize on this tremendous growth opportunity.

Focus on continued organic investments, supported by selective M&A.
Management responsibilities following the Annual General Meeting

Robert Gentz
Co-CEO

David Schneider
Co-CEO

Astrid Arndt
Chief People Officer

Jim Freeman
Chief Business and Product Officer

David Schröder
Chief Financial Officer
Key takeaways Keynote

01  We have a clear vision and strategy and our number one priority is growth

02  We are making tremendous progress and have consistently delivered on our targets

The opportunity for Zalando is immense, making us confident that we can reach >30bn EUR GMV by 2025 and capture >10% of the fashion market long-term

03  

04  We continue to drive investments that will catalyze long-term growth for our business
Q&A