

tesdorff

COUNTERMOTION TO TOP 2 UTILISATION OF RETAINED EARNINGS

I propose that a portion of the retained earnings be used to pay a dividend of €1.00 per dividend-entitled share. The remaining amount shall be carried forward.

EXPLANATION

Between 2014 and 2025, our Group generated cumulative free cash flow (pre-M&A) of approximately €3 billion, equivalent to more than €11 per share. Even after the recent significant cash outflow for the ABOUT YOU acquisition, we hold cash and cash equivalents of €1.9 billion on the balance sheet (as of year-end 2025). After deducting financial liabilities from the convertible bond, this results in a net cash position of €1.4 billion as of year-end 2025, or more than €5 per share. Maintaining such a level of cash on the balance sheet is inefficient, as it increases our cost of capital.¹ It may also have a softening effect on management's capital allocation discipline.² To date, management has not deployed this substantial cash position in a value-accretive manner.³ It should therefore be gradually reduced and returned to us shareholders. As shareholders, we bear the economic risk of the company. However, as of year-end 2025, we—unlike management, which regularly receives shares and options, or the shareholders of ABOUT YOU—have not participated in our company's success. The recently initiated first structural share buyback of up to €300 million is a step in the right direction. However, we should not limit ourselves to the discretionary and opportunistic buybacks proposed by management, but instead actively call for a more stringent capital allocation and dividend policy—also to restore the attractiveness of our company in the capital markets.

¹ In this context, it is noteworthy that the WACC assumption used in the goodwill impairment test has decreased compared to the prior year. Management may provide further explanation on this point.

² Would we have paid a 107% premium to VWAP for ABOUT YOU if a portion of the purchase price had needed to be financed—particularly under more stringent (third-party) financing conditions? As Milton Friedman observed: "Nobody spends somebody else's money as carefully as he spends his own."

³ This is clearly reflected in our share price.

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The following tables present selected cash flows and our cash position at the end of the period. They form an integral part of my explanation.

TABLE 1: CASHFLOW

In million € (in € per share)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Cumul.	p. share ²
Free cashflow (pre M&A)	124 €	59 €	94 €	-50 €	-7 €	43 €	316 €	283 €	108 €	690 €	447 €	904 €	3,012 €	11.40 €
Cash outflow for M&A	- €	-17 €	-30 €	-35 €	-7 €	-2 €	-32 €	- €	-127 €	-6 €	-68 €	-907 €	-1,230 €	-4.66 €
Cash outflow for share-based comp. ¹	- €	-2 €	-1 €	-7 €	-11 €	-39 €	- €	-200 €	-136 €	- €	-100 €	-98 €	-693 €	-2.62 €
Cash payments to shareholders	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €

Source: Zalando annual reports, ¹ Outflows for share buy-back programs to fulfill obligations under under Zalando's share-based remuneration programmes to employees of Zalando group and to members of the management board of Zalando SE. ² On the basis of the current number of 264 million shares.

TABLE 2: CASH AND NET CASH

In million €	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	p. share ²
Cash & cash equivalents	1,051 €	976 €	973 €	1,066 €	995 €	977 €	2,644 €	2,288 €	2,025 €	2,533 €	2,588 €	1,877 €	7.10 €
Financial debt ¹	-21 €	-18 €	-14 €	-11 €	-6 €	-3 €	-1,251 €	-895 €	-916 €	-939 €	-864 €	-481 €	-1.82 €
Net cash position	1,030 €	958 €	959 €	1,055 €	989 €	974 €	1,393 €	1,393 €	1,108 €	1,594 €	1,724 €	1,396 €	5.28 €

Source: Zalando annual reports, ¹ Contains short-term and long-term financial liabilities / convertible bond. ² On the basis of the current number of 264 million shares