



## COUNTERMOTION TO TOP 5.1 RE-ELECTION OF THE AUDITOR

**I propose to reject the Supervisory Board's proposal to appoint KPMG AG Wirtschaftsprüfungsgesellschaft as statutory auditor and group auditor for the financial year 2026.**

### EXPLANATION

For several years, management has reported an adjusted EBIT that significantly exceeds reported EBIT. The most material adjustment relates to share-based compensation. In my view, this adjustment is economically misleading: (i) share-based compensation is *recurring*, has *steadily increased* in recent years, and is, according to the company, part of standard *market-based remuneration*. By its nature, it therefore constitutes *personnel expense*; (ii) share-based compensation results in *cash outflows* via regular share buybacks, as these buybacks serve the sole purpose of fulfilling obligations arising from share-based compensation.

I therefore conclude that adjusted EBIT materially distorts our sustainable earning power. This is relevant because adjusted EBIT is used for (i) capital market communication, (ii) internal management, and (iii) executive compensation. It is questionable whether the metric chosen by the company enables users of the financial statements to form an overall accurate view of the company's earning capacity.<sup>1</sup> The fact that our former auditor supported this accounting practice for years, that our current auditor continues to do so, and that the Audit Committee has raised no objections, raises, in my view, concerns regarding the effectiveness of both our external and internal audit functions.

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<sup>1</sup> Highly educated financial analysts may no doubt have the expertise to understand and reverse the economic effect of this adjustment. But what about other audiences, such as the average shareholder or the interested public?

# ttesdorff

The following tables illustrate the economic impact of share-based compensation and form an integral part of my explanation.

**TABLE 1: ADJUSTED VS. REPORTED EBIT**

| € in millions                      | 2019         | 2020         | 2021         | 2022         | 2023         | 2024         | 2025         | Cumul.         |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| <b>Reported EBIT</b>               | <b>€ 166</b> | <b>€ 367</b> | <b>€ 425</b> | <b>€ 81</b>  | <b>€ 191</b> | <b>€ 392</b> | <b>€ 387</b> | <b>€ 2,009</b> |
| + Share-based compensation         | € 46         | € 54         | € 57         | € 73         | € 83         | € 82         | € 92         | € 487          |
| + Acquisition-related expenses     | -            | -            | -            | € 12         | € 19         | € 31         | € 57         | € 118          |
| + One-time effects                 | -            | -            | € -14        | € 20         | € 24         | € 6          | € 12         | € 49           |
| + Restructuring costs              | € 13         | -            | -            | -            | € 32         | -            | € 43         | € 88           |
| <b>Adjusted EBIT</b>               | <b>€ 225</b> | <b>€ 421</b> | <b>€ 468</b> | <b>€ 185</b> | <b>€ 350</b> | <b>€ 511</b> | <b>€ 591</b> | <b>€ 2,750</b> |
| Difference adj. to reported (in €) | € 59         | € 54         | € 43         | € 104        | € 159        | € 119        | € 204        | € 741          |
| Difference adj. to reported (in %) | 36%          | 15%          | 10%          | 128%         | 83%          | 30%          | 53%          | 37%            |

Source: Zalando annual reports

**TABLE 2: CASH EFFECT OF STOCK-BASED COMPENSATION**

| € in millions                        | 2019 | 2020 | 2021  | 2022  | 2023 | 2024  | 2025 | Cumul.       |
|--------------------------------------|------|------|-------|-------|------|-------|------|--------------|
| Share-based compensation per P&L     | € 46 | € 54 | € 57  | € 73  | € 83 | € 82  | € 92 | <b>€ 487</b> |
| Repurchase of treasury stock per CFS | € 39 | € -  | € 200 | € 136 | € -  | € 100 | € 98 | <b>€ 573</b> |

Source: Zalando annual reports, cash flow statement