

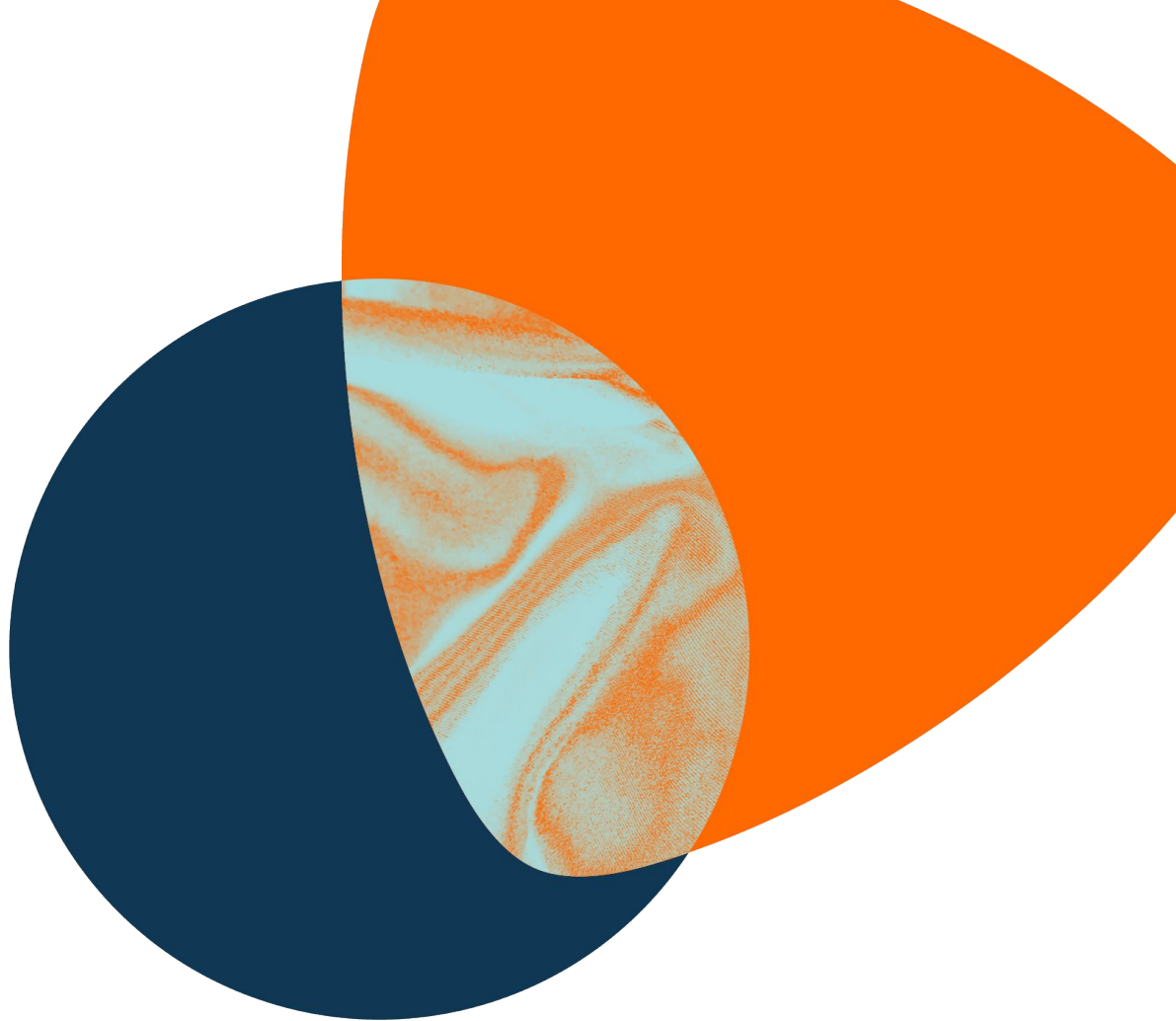
Strategy Update

CMD 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



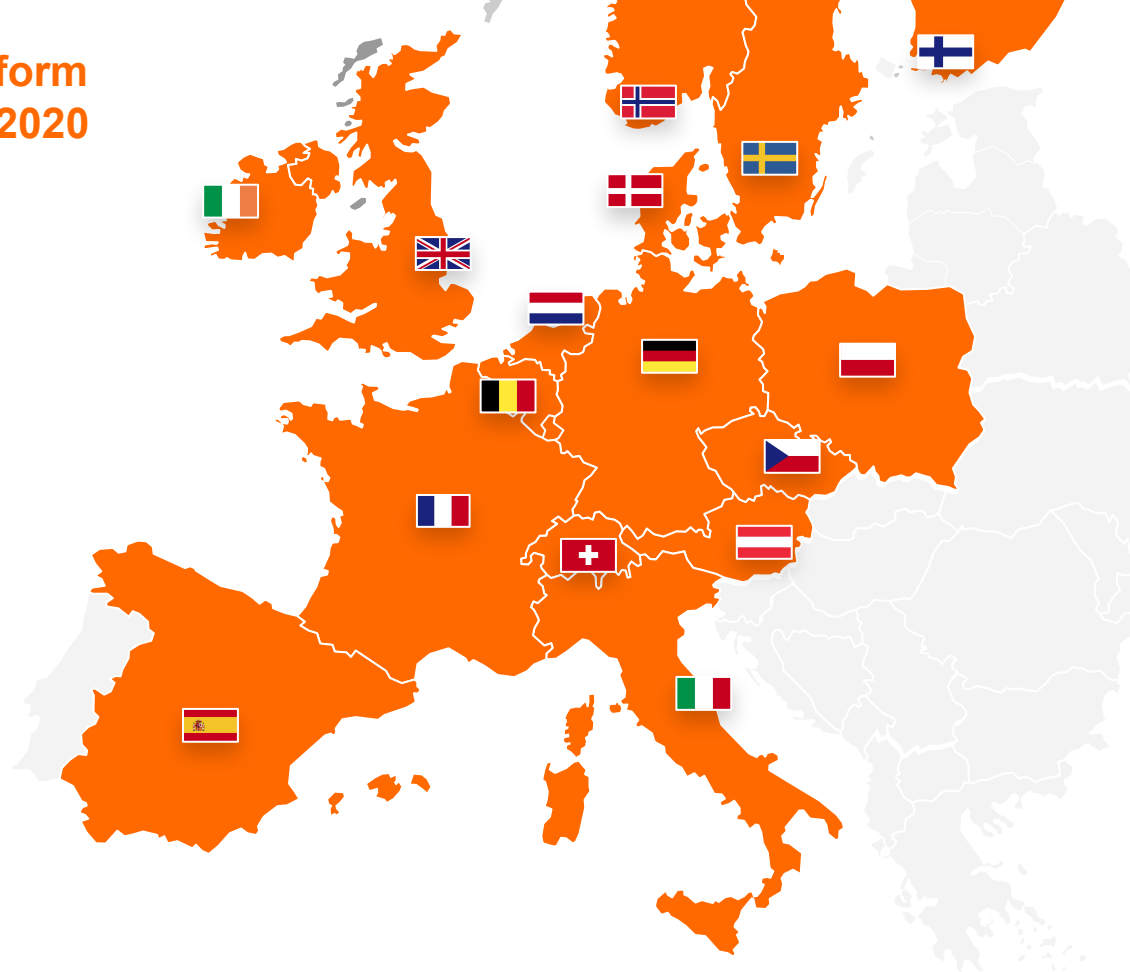
>50% of GMV generated outside of DACH



Exceeded 1bn EUR in GMV in the Nordics

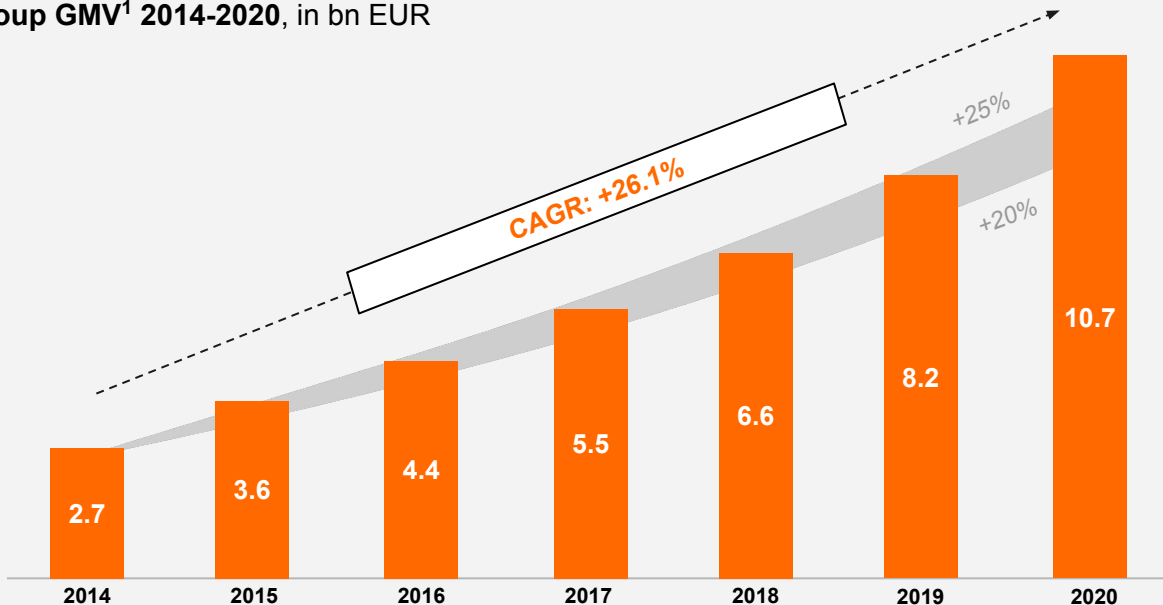


Generated highest active customer growth in Southern Europe



We have a strong and consistent growth track record, growing 4x in 6 years after IPO - clear confirmation of our strategy

Group GMV¹ 2014-2020, in bn EUR



Outgrew European online fashion market by factor of 2-3x²



Exceeded 10bn EUR GMV target set on CMD in 2017



Remained **consistently profitable** with **high re-invest** into growth

1)

Gross Merchandise Volume (GMV) incl. VAT

2)

Source: Euromonitor International, February 2020. 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

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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

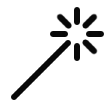
We provide customers a **distinct and compelling fashion proposition** ...



Endless choice

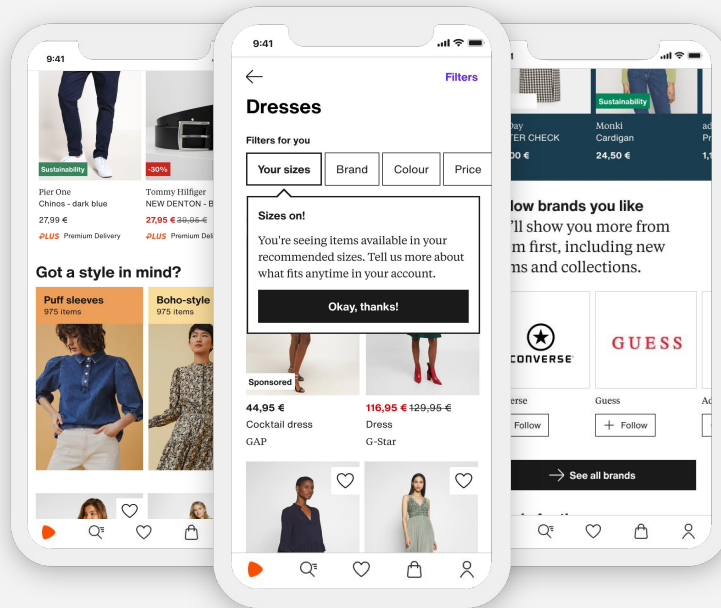


Seamless convenience



Tailored digital experience

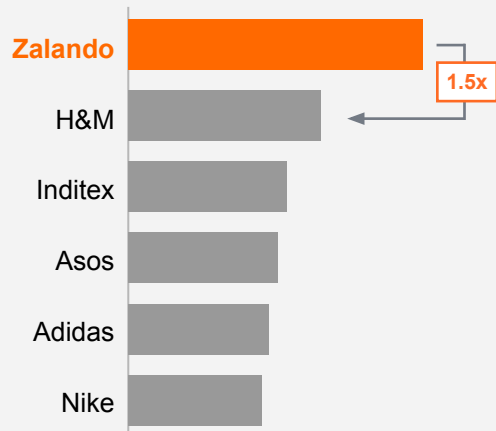
... making Zalando **THE app for fashion**



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

Most visited fashion destination

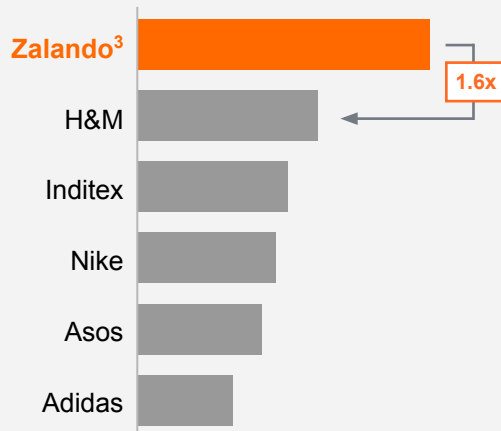
Total unique visitors 2020¹



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

Most downloaded fashion App

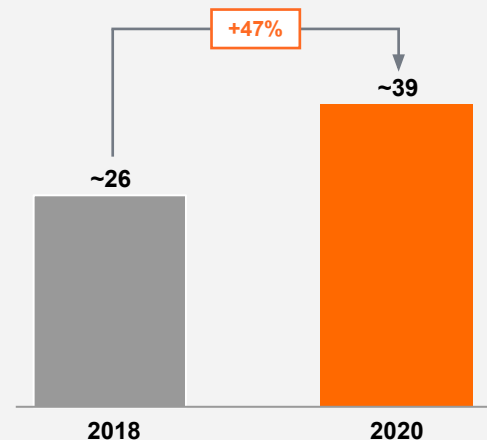
Total App downloads 2020²



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

~39m active customers

Active customers in # m

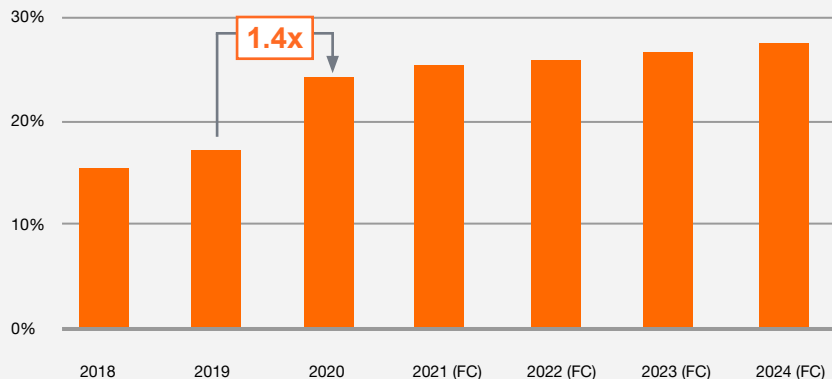


4.8 orders per active customers
(+9% vs. 2018)

- 1) Source: Comscore, February 2021
- 2) Source: SensorTower, February 2021
- 3) Fashion Store only

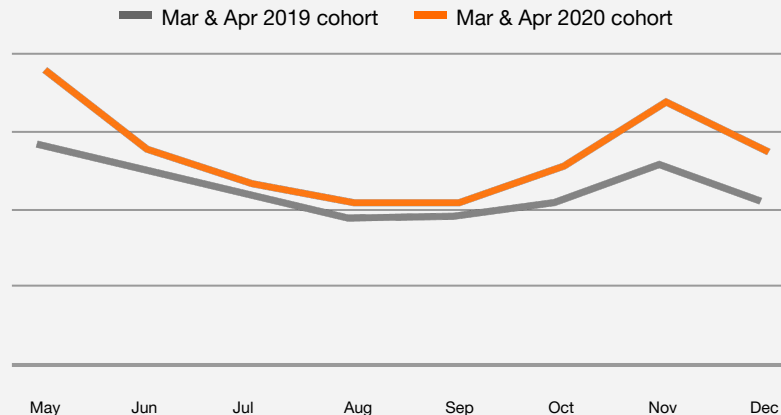
COVID-19 led to a step change in online penetration that substantiated the relevance of being the Starting Point for Fashion

Online penetration Europe 2018 - 2024¹
Share of online fashion in total fashion sales



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

Repurchase rate Mar & Apr 2020 vs. Mar & Apr 2019 cohorts
% of acquired customers repurchasing in upcoming months

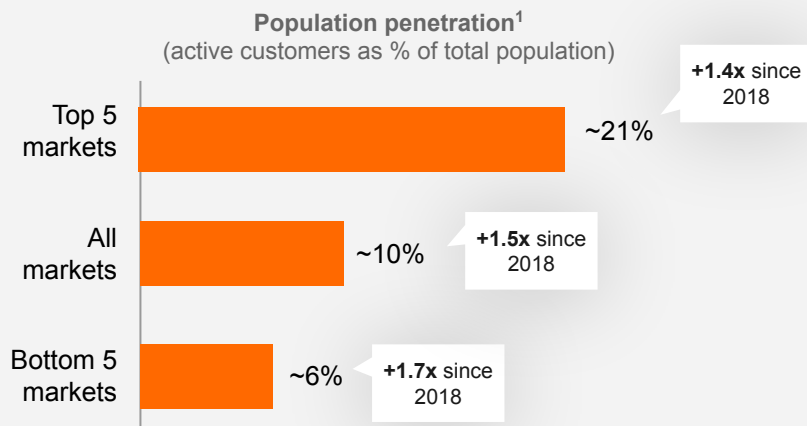


Customers acquired during the first lockdown performed consistently strong, also as stores reopened in the summer

1) Source: Euromonitor International, February 2020. 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

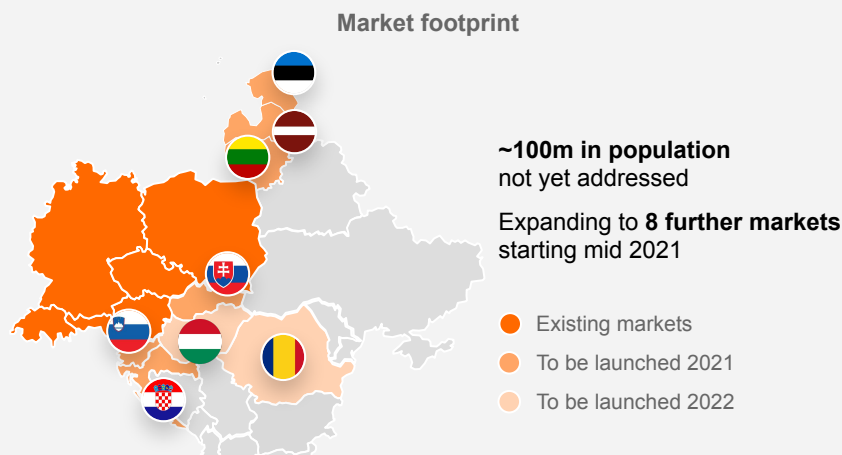
We have substantial leeway to grow active customers in existing markets and will expand our footprint to reach even more customers

Increasing penetration in existing markets



Increasing our overall penetration to the level already achieved in top 5 markets would **double our active customers¹**

Expanding footprint in Europe

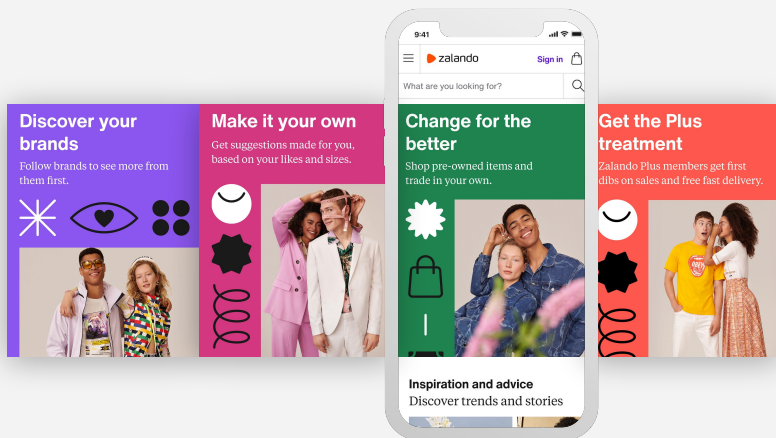


We want to be the **Starting Point for Fashion** across Europe

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

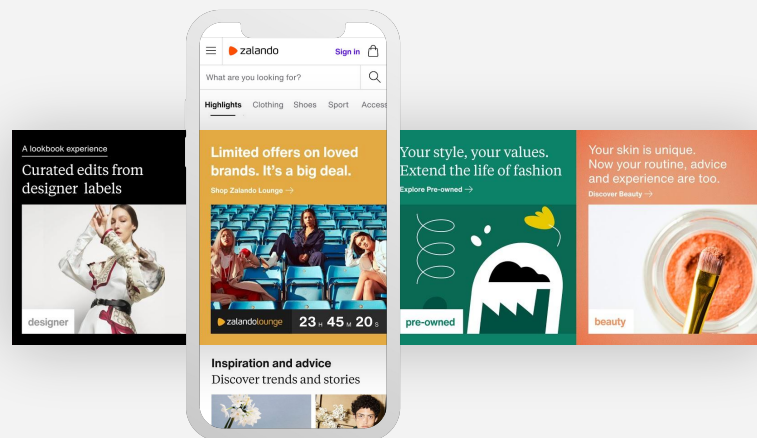
We also continuously innovate the way we engage with our customers to build deeper relationships

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.

Zalando benefits

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

Customer benefits

- Desirable and comprehensive assortment (endless choice)
- High availability

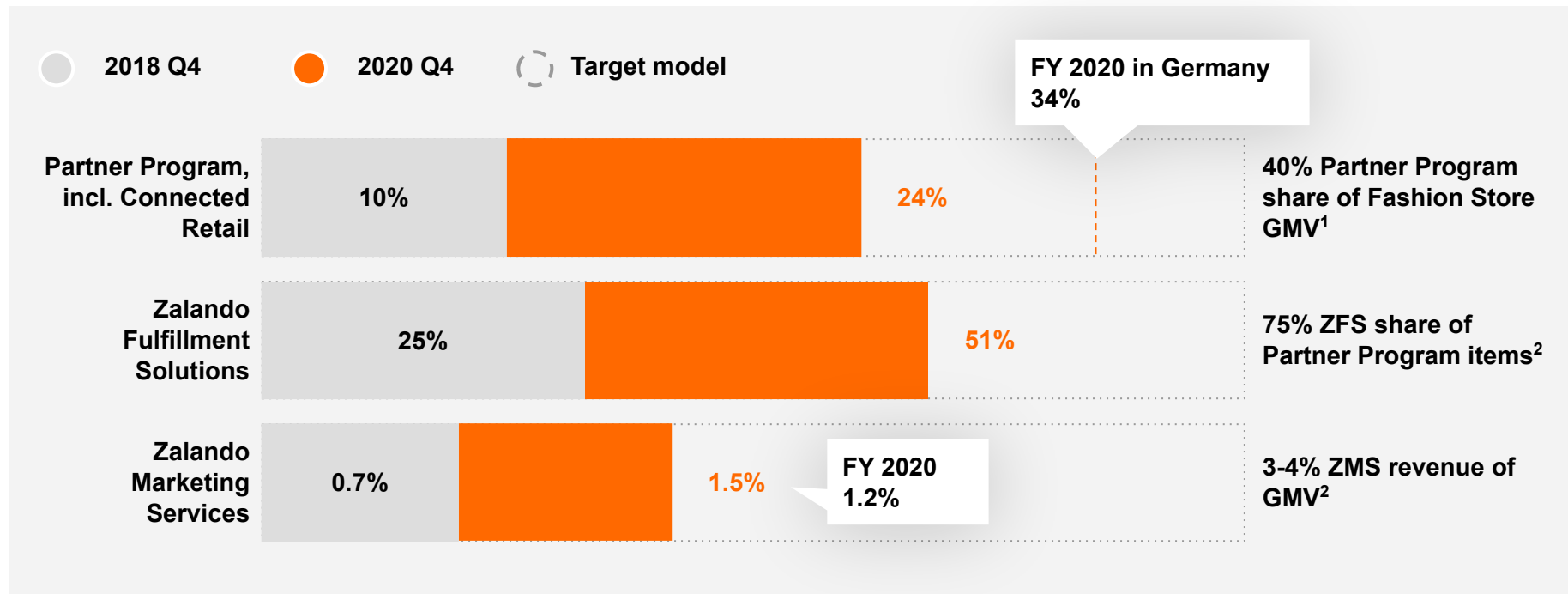
Partner benefits

- Direct access to European digital consumer
- Leverage Zalando capabilities (tech, data, logistics)

Platform
Strategy

We have further accelerated our transition towards a platform business

Progress towards our target model

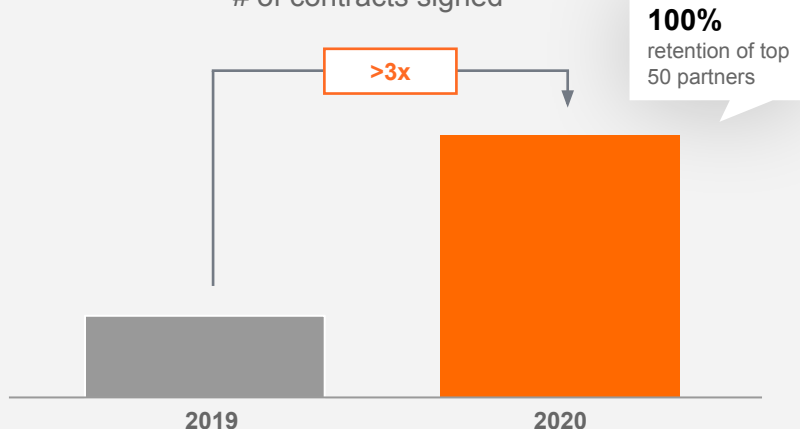


1) Partner Program share of 40% refers to our business model mix ambition for 2023/24. In our long-term target model, we aim for a 50% Partner Program share
2) Refers to our long-term target model ambition

Partners engage with Zalando more deeply than ever to capture the online opportunity

Interest to join Partner Program

of contracts signed



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

Depth of relationship with Partners

2020 vs. 2019 in %

of articles per
brand (top 50)¹

+23%



of markets
launched by
partners²

2x



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

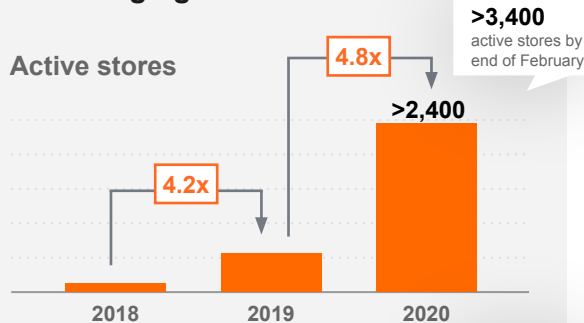
1) Dec 2020 vs. Dec 2019

2) Partner expansions to a market other than Germany

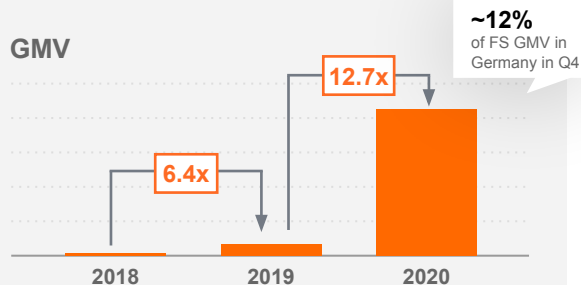
Connected Retail expands the platform model to the offline world

Connected Retail showed high growth in 2020 ...

Active stores



GMV



... 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

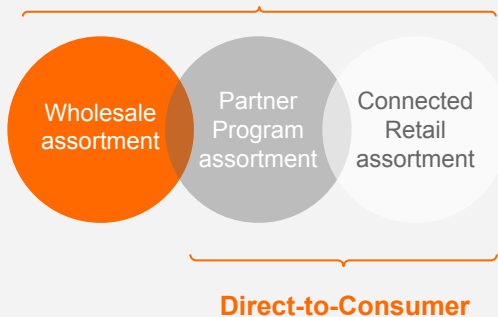
~75% share of total fashion market

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

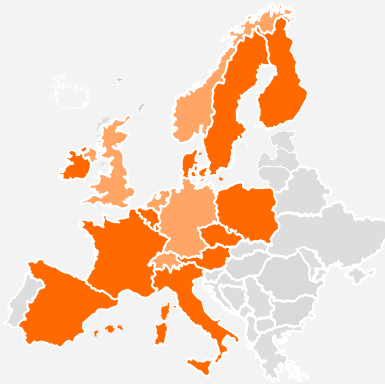
Customer choice



Long-term target: **50% GMV share** from Partner Program & Connected Retail

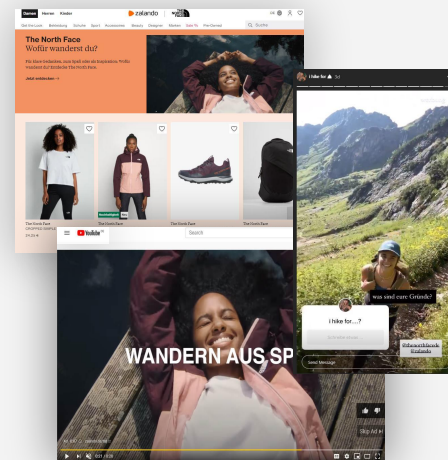
Driving internationalisation

- ZFS > 50% of sold items in PP
- ZFS < 50% of sold items in PP



Long-term target: **~75%** of Partner Program items **shipped by ZFS**

Connecting to consumers



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

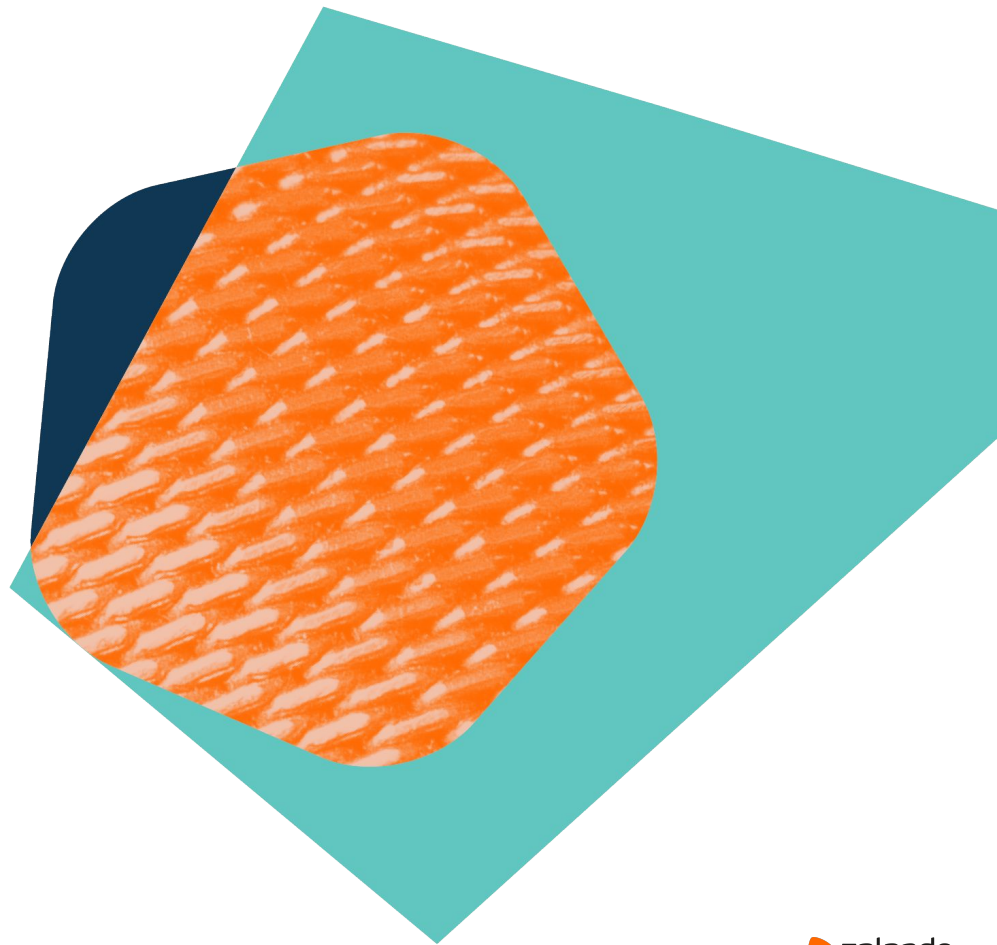
50%

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
- 4) Ellen MacArthur Foundation, "A New Textiles Economy: Redesigning Fashion's Future," Ellen MacArthur Foundation, 2017
- 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

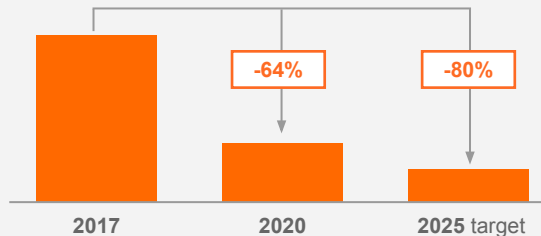


Our aspiration:

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



As of 2019, we offset all remaining emissions, making us **carbon neutral in our own operations, deliveries & returns**

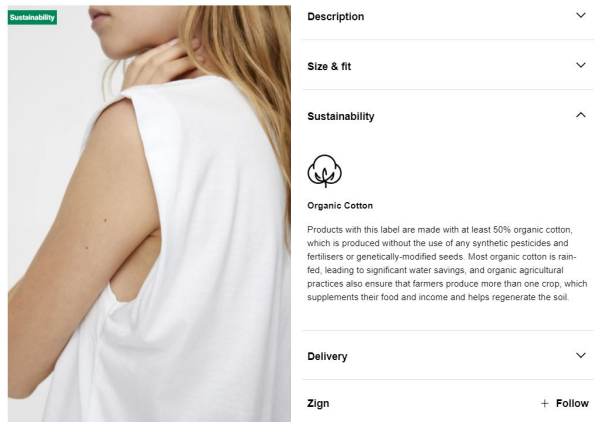
Our supply chain (Scope 3)

Our Science Based Target:

Zalando commits that 90% of our suppliers will have set Science Based Targets by 2025

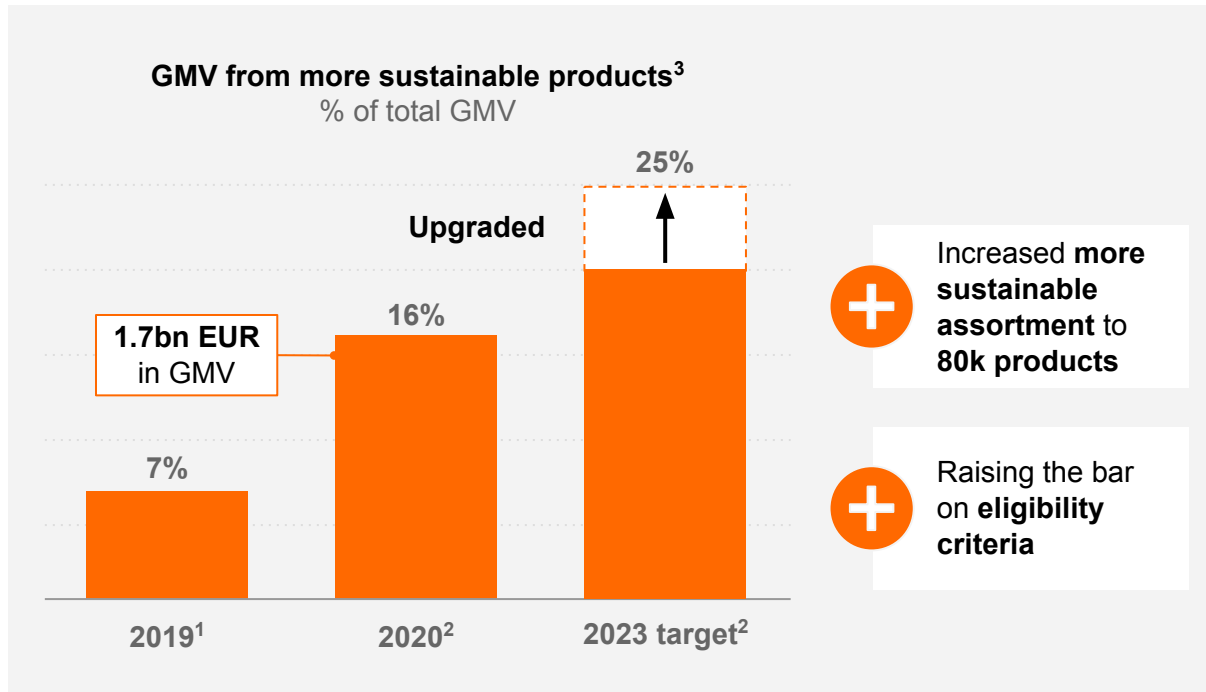


We encourage brands to produce and customers to choose more sustainable products



Our aspiration:
We enable customers to make more sustainable choices

Organic Cotton
Products with this label are made with at least 50% organic cotton, which is produced without the use of any synthetic pesticides and fertilisers or genetically-modified seeds. Most organic cotton is rain-fed, leading to significant water savings, and organic agricultural practices also ensure that farmers produce more than one crop, which supplements their food and income and helps regenerate the soil.



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

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

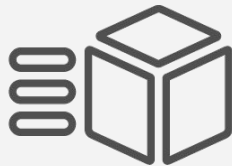


Our Starting Point Strategy



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**

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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**

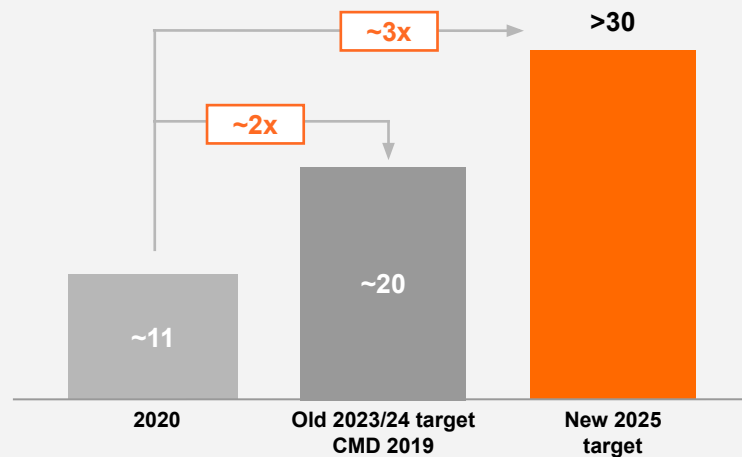
Our **platform strategy** allows us to **play an even bigger role in fashion** for customers and partners



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

GMV¹ growth ambition 2025
in bn EUR



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

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



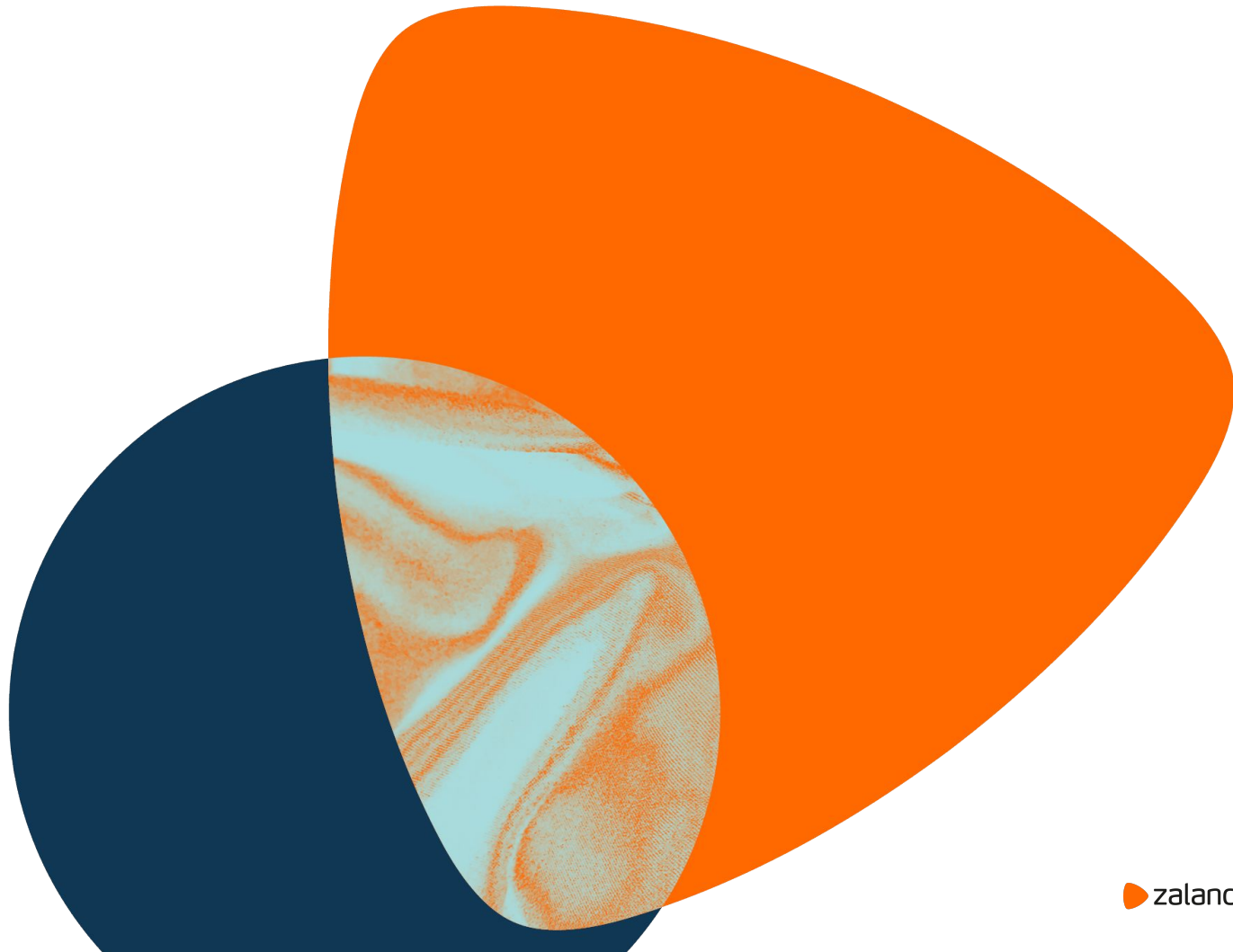
David Schröder
Chief Financial Officer

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**
- 03 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**
- 04 We continue to **drive investments that will catalyze long-term growth** for our business



Q&A



Disclaimer

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You should not rely on these forward-looking statements as predictions of future events and we undertake no obligation to update or revise these statements.

Our actual results may differ materially and adversely from any forward-looking statements discussed in this communication 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.

