



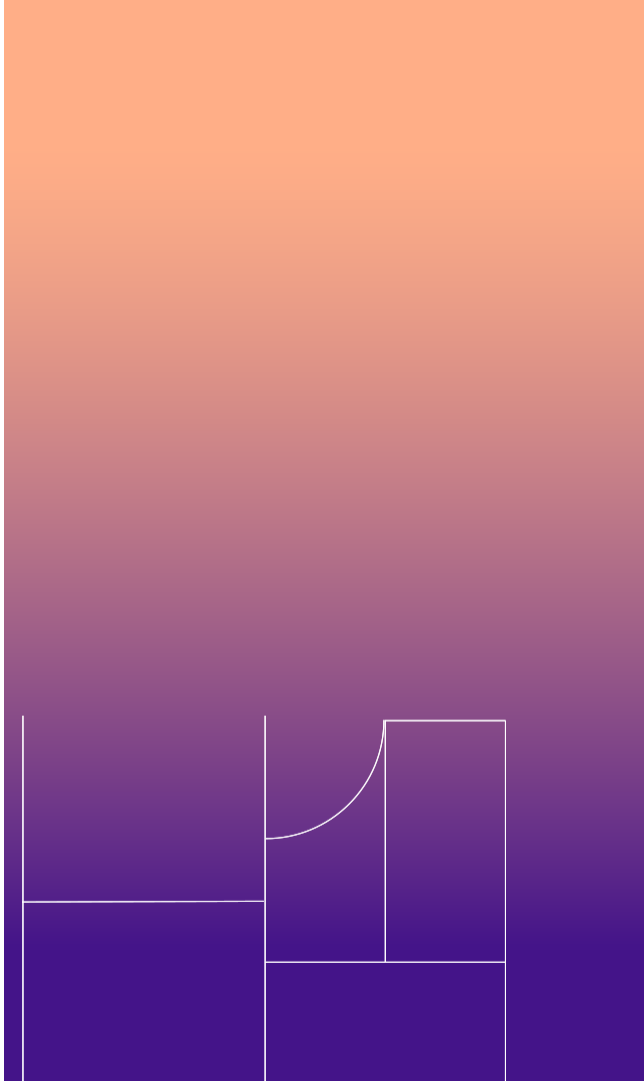
Zalando Q2/24 Earnings Call

6 August, 2024

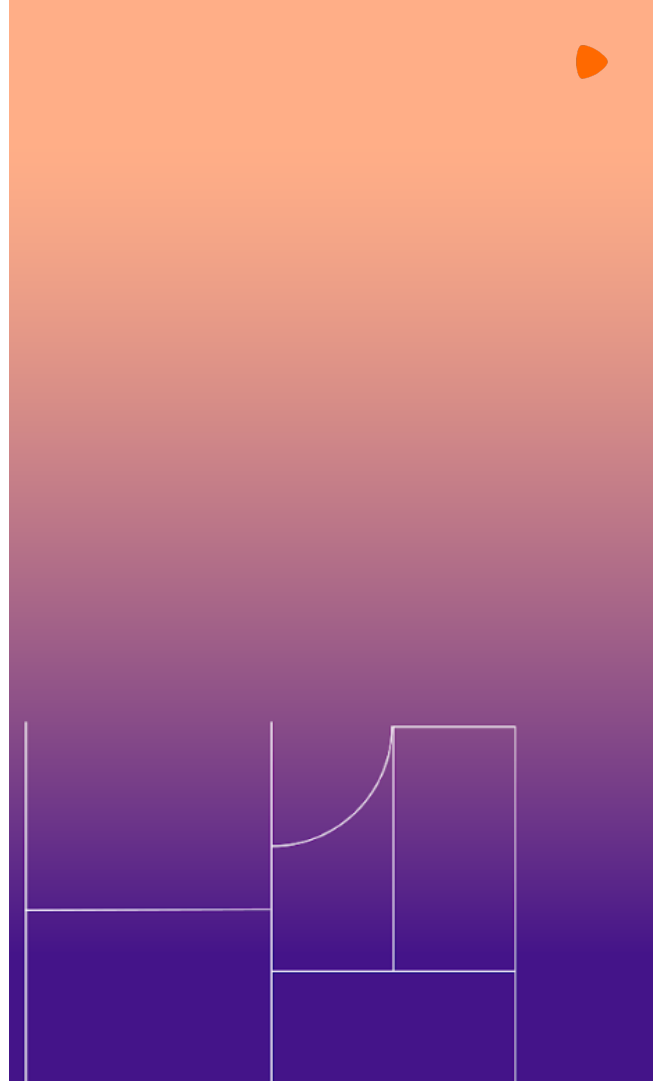
Robert Gentz (Co-CEO)

Dr. Sandra Dembeck (CFO)

zalando

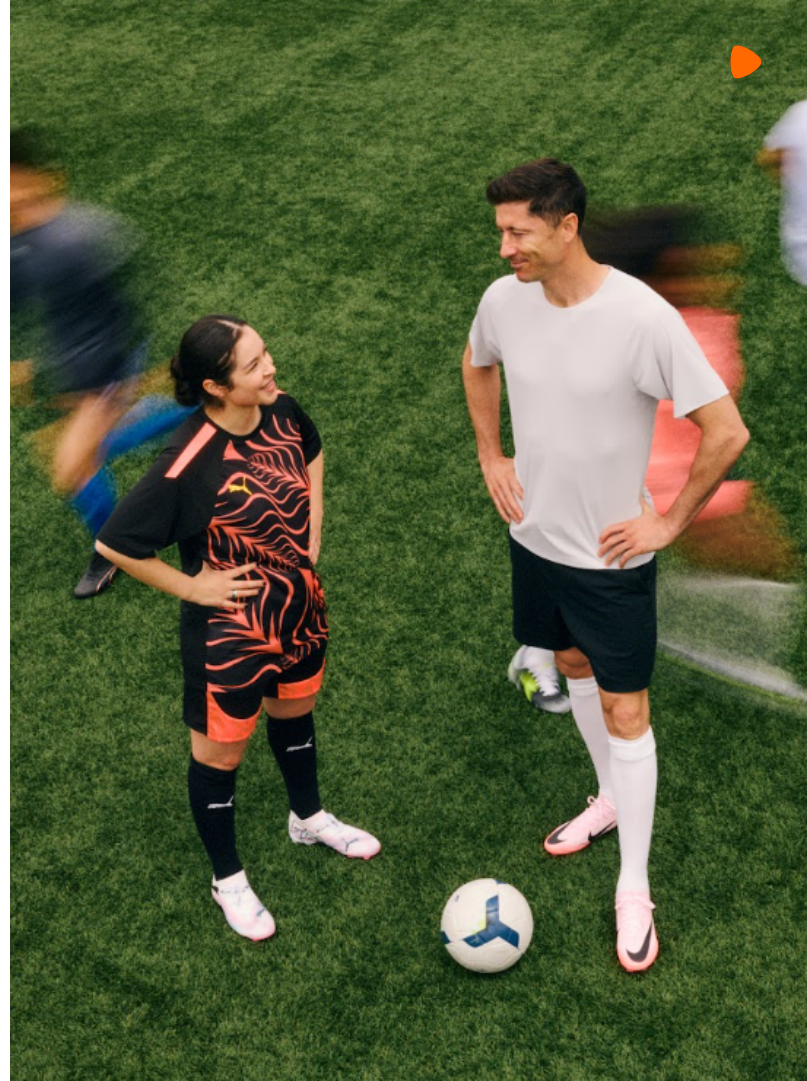


Business update Q2/24



Executive summary

- 01 H1 performance reflects growth acceleration**
GMV growth accelerated to +2.4% and revenue growth with +1.5% back in positive territory supported by successful demand activation across our lifestyle propositions, such as Sports
- 02 Continued adjusted EBIT margin expansion**
Adjusted EBIT margin up +1.1pp to 4.1% in H1 driven by improved gross margin and a reduction in OPEX
- 03 Acceleration in B2C supported by a higher customer base**
Demonstrates the progress in executing our ecosystem strategy with the number of customers growing by 300.000 over the last three months to 49.8 million customers
- 04 B2B with double digit revenue growth driven by ZEOS fulfilment**
ZEOS expanded its reach by enabling Switzerland as a new market and adding one more sales channel
- 05 Reiterating full year 2024 guidance**
Both GMV and revenue growth of 0% - 5%, adjusted EBIT in the range of 380 - 450m EUR, CAPEX of 250 - 350m EUR and negative net working capital





Strong Q2 performance of Sports category confirms that our strategic focus on sports as a lifestyle proposition is relevant and valuable to our customers

Most sought-after assortment of leading sports brands

Elevated experience through engaging content and exclusive stories

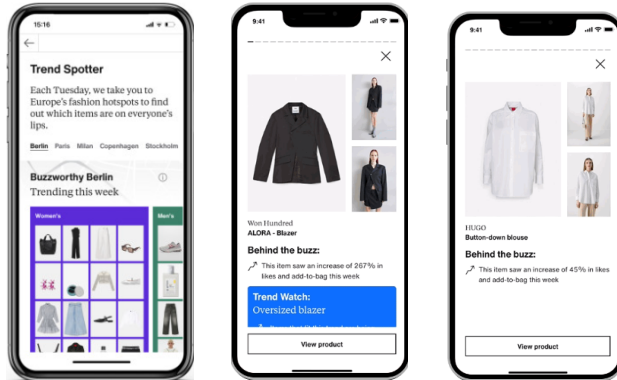
Driving the Zalando brand momentum with dedicated sports campaigns





We launched new AI-powered experiences and content formats to make the customer experience more entertaining and inspiring

On Trend Spotter, customers can explore a data-driven source of inspiration that highlights fashion trends



Customers can discover items based on the latest trends in the iconic fashion hotspots of Europe

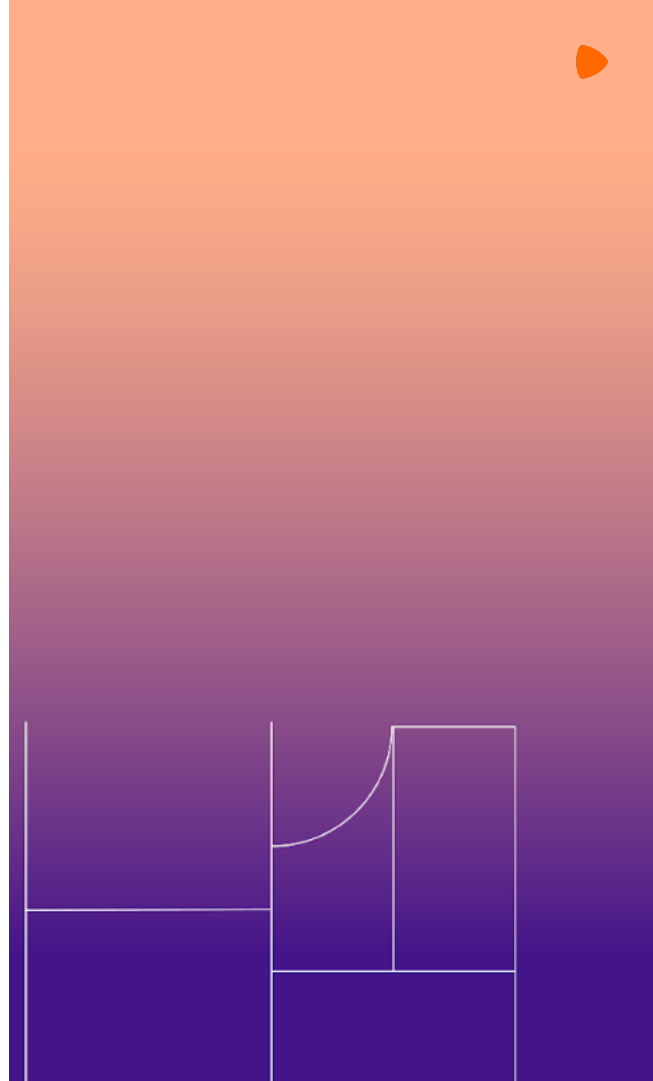
Generative AI allows us to create elevated content at scale to offer our customers a more engaging and inspiring experience



Elevated content has a +10% higher engagement than standard product shots.

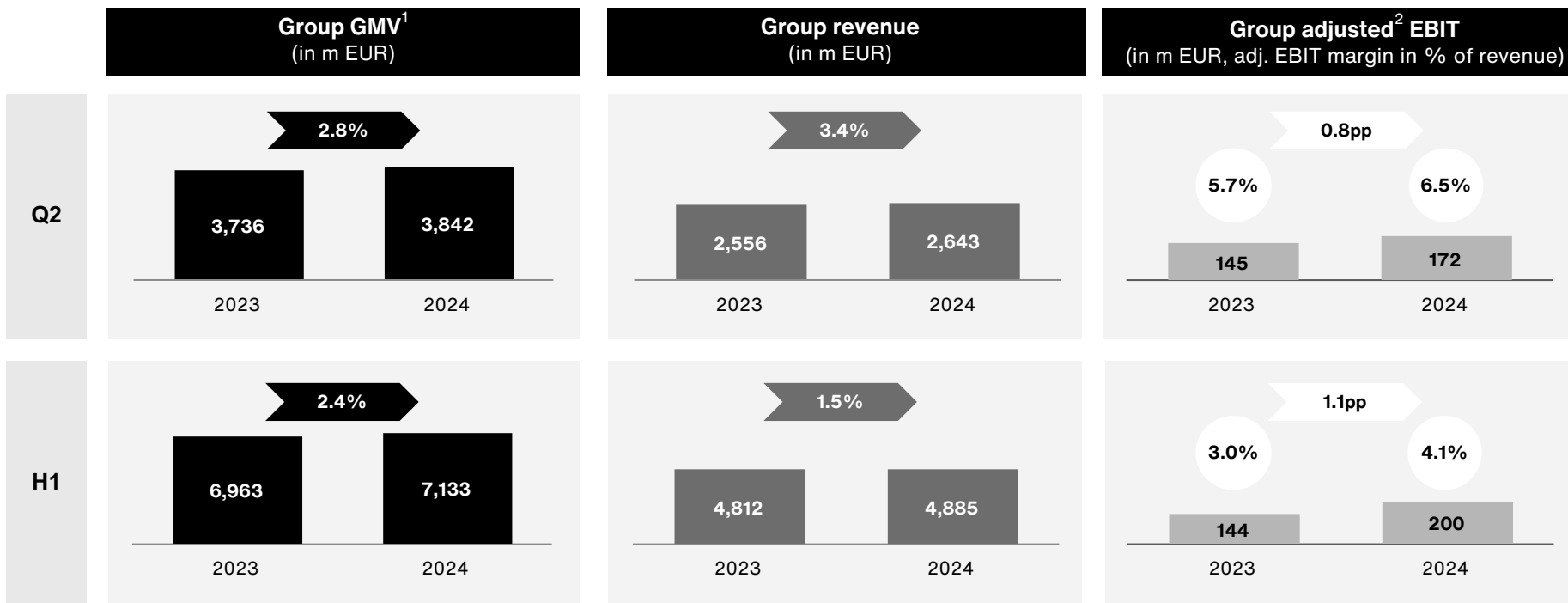
For video content, the impact is even greater: Customers are 3x more likely to buy the product while also returning less

Financial update Q2/24





In Q2, we delivered accelerated growth on GMV and revenue as well as continued margin expansion

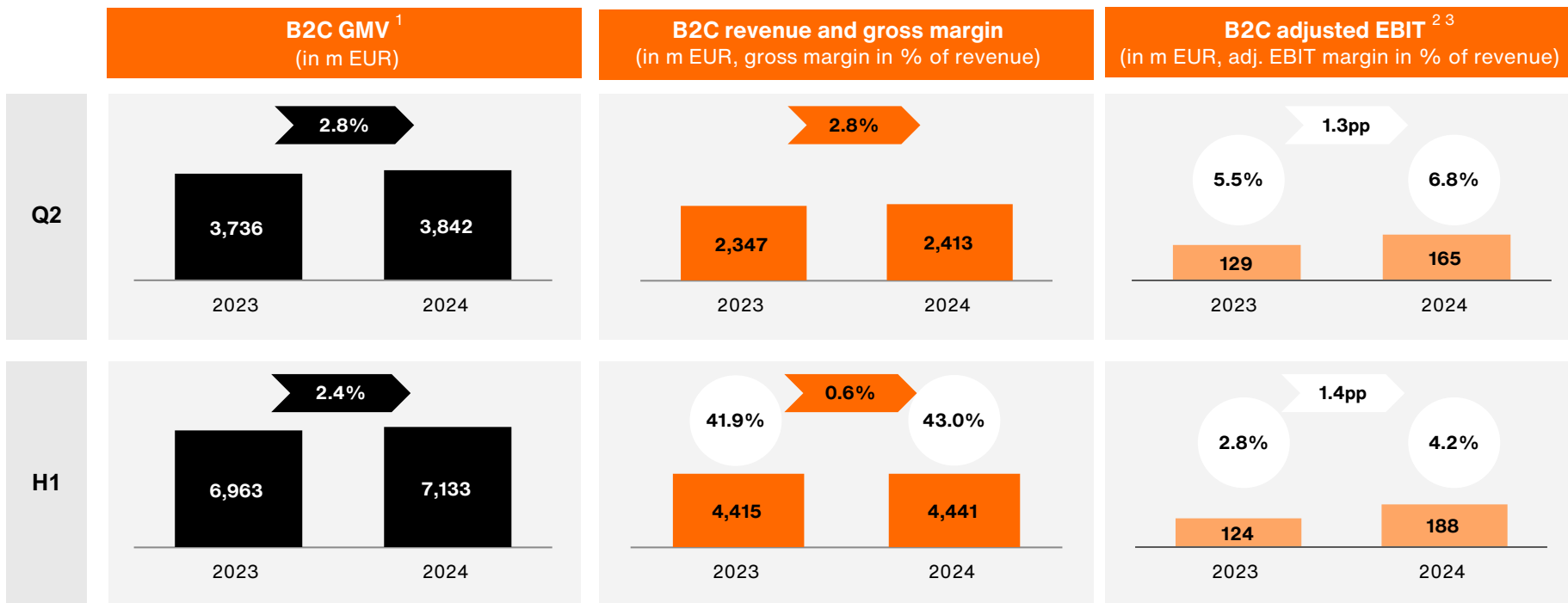


¹ Gross Merchandise Volume after Returns (GMV): dynamically reported

² Excluding equity-settled share-based payment expense ("SBC"), restructuring costs, non-operating one-time effects and acquisition-related expenses



B2C segment with recovering demand supported by “Summer of Sports” activations



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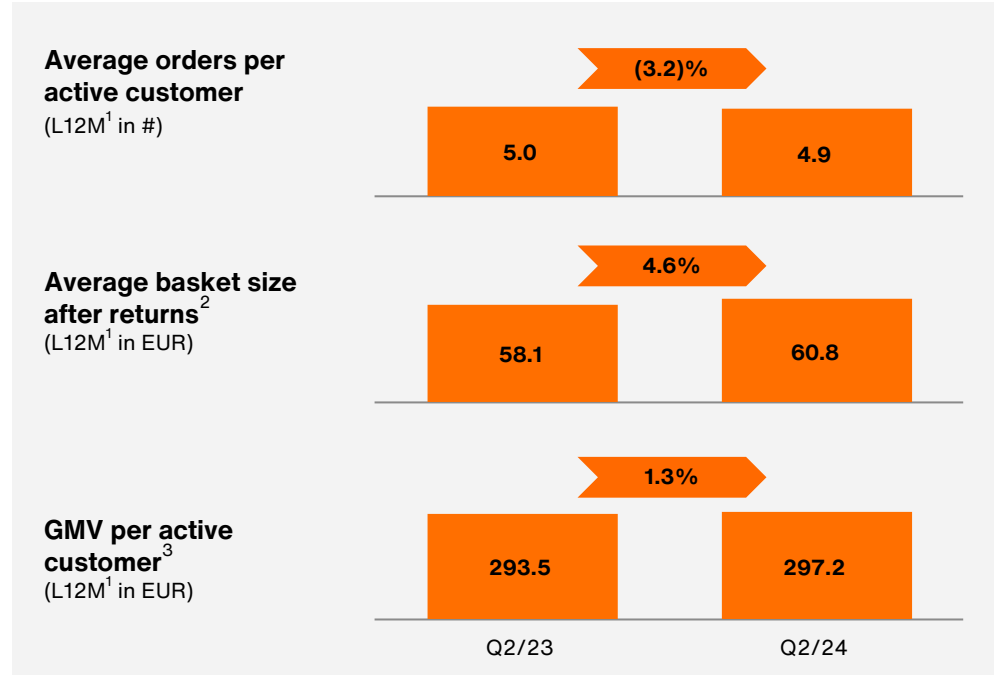
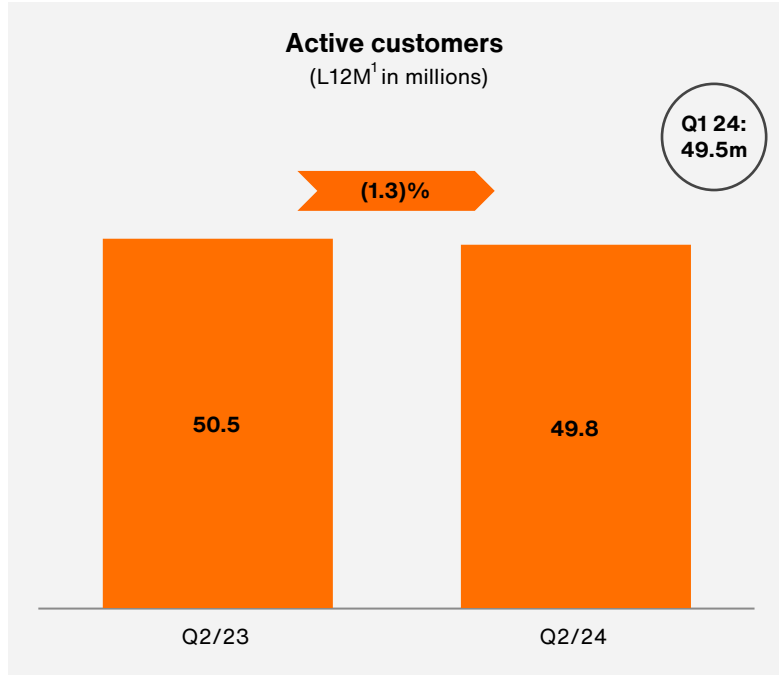
¹ Gross Merchandise Volume after Returns (GMV): dynamically reported

² Excluding equity-settled share-based payment expense (“SBC”), restructuring costs, non-operating one-time effects and acquisition-related expenses

³ Q2/24 contains (0.8)m EUR | Q2/23 EUR 0.0m EUR reconciliation of internal EBIT. H1/24 contains (0.9)m EUR | H1/23 0.0m EUR reconciliation of internal EBIT



Quarter on quarter active customers increased by 300k thereby supporting acceleration in B2C



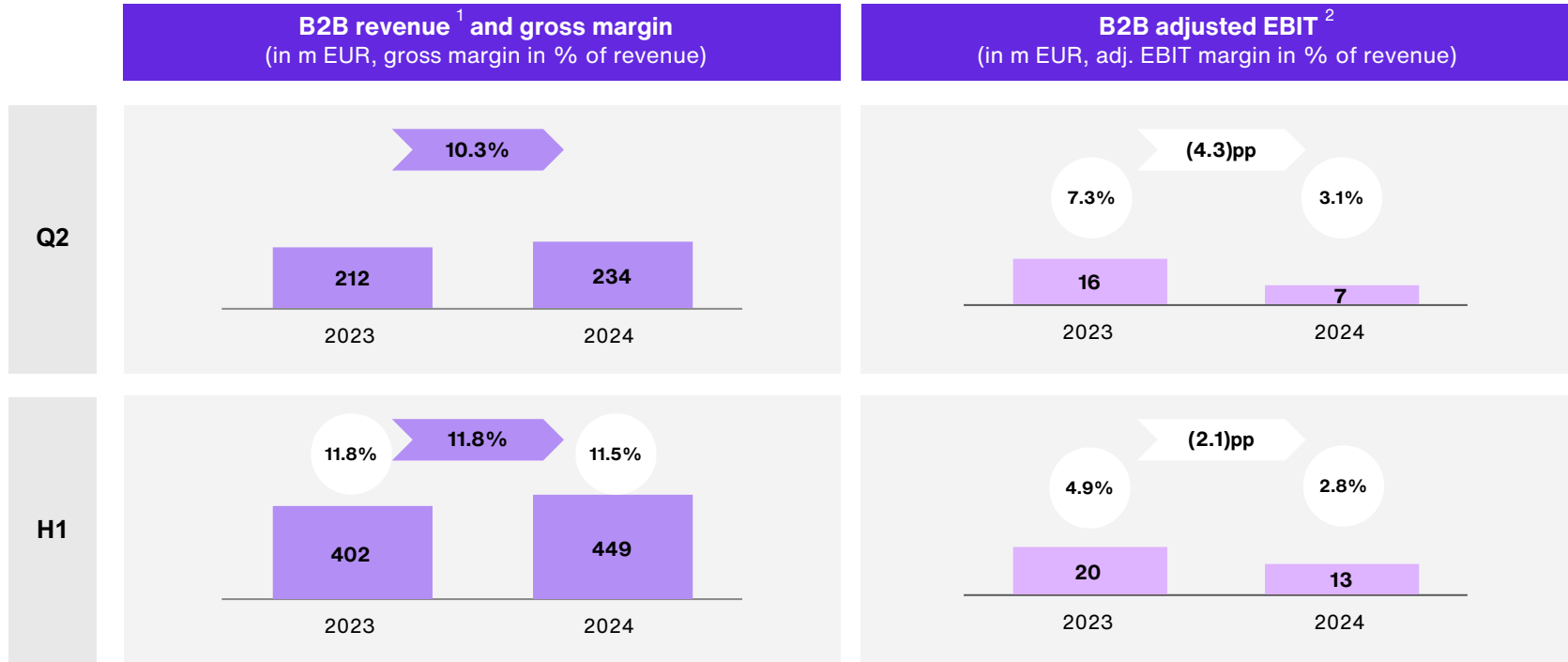
9 ¹ L12M = last twelve months

² Defined as GMV divided by the number of orders

³ Defined as GMV divided by the number of active customers



B2B with double digit revenue growth driven by ZEOS fulfilment



¹ Q2/24 contains (3.7)m EUR | Q2/23 (2.7)m EUR reconciliation of intersegment revenue. H1/24 contains (5.4)m EUR | H1/23 (4.9)m EUR reconciliation of intersegment revenue

² Excluding equity-settled share-based payment expense ("SBC"), restructuring costs, non-operating one-time effects and acquisition-related expenses



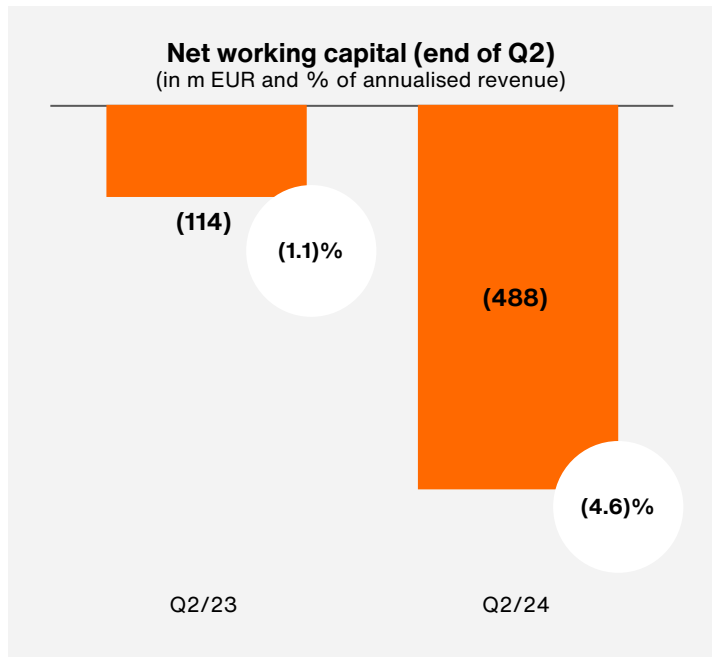
Continued margin expansion on adjusted EBIT level, bolstered by higher gross profit and lower fulfilment cost more than offsetting increase in marketing costs

Costs and margin (in % of revenue)	HY/23	HY/24	YoY Δ	Q2/23	Q2/24	YoY Δ	
Gross profit	39.3%	40.0%	0.7pp	40.6%	41.6%	1.0pp	Improved sell-through rates in our retail business
Fulfilment costs	(25.3)%	(23.2)%	2.1pp	(24.4)%	(22.1)%	2.4pp	Favourable order economics reflected in higher average basket sizes, cost reductions and scaling of our ZEOS fulfilment business
Marketing costs	(7.0)%	(8.6)%	(1.6)pp	(6.8)%	(9.0)%	(2.1)pp	Investments in performance marketing for demand generation as well as brand building with dedicated Sports campaigns in light of the “Summer of Sports”
Administrative expenses & Other	(5.7)%	(5.0)%	0.6pp	(5.9)%	(4.7)%	1.2pp	
EBIT	1.3%	3.2%	1.9pp	3.4%	5.9%	2.5pp	
Adjusted EBIT ¹	3.0%	4.1%	1.1pp	5.7%	6.5%	0.8pp	

11 ¹ Excluding equity-settled share-based payment expense (“SBC”), restructuring costs, non-operating one-time effects and acquisition-related expenses



Continued improved inventory management main driver for better net working capital



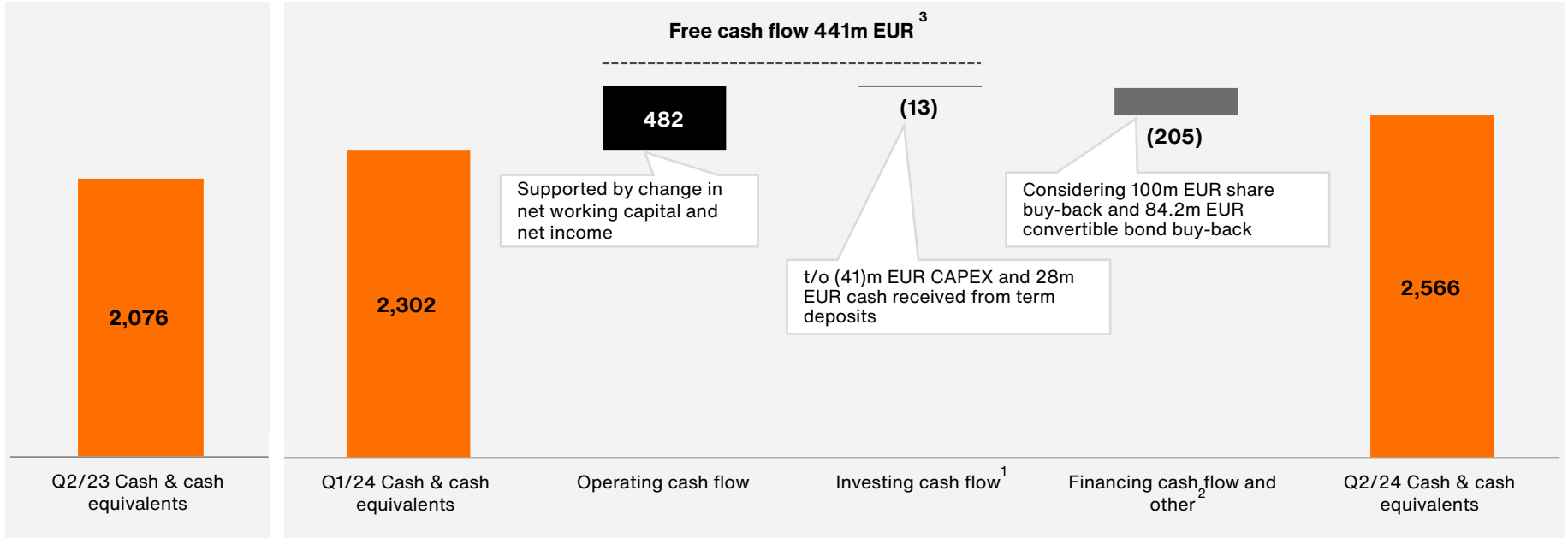
EUR m	Q2/23	Q2/24	YoY Δ
Inventories	1,730	1,444	(16.5)%
Trade receivables	863	948	9.9%
Trade payables	2,707	2,880	6.4%
Net working capital	(114)	(488)	

Lower inbounds in previous quarters and improved sell-through rates



Strong cash and cash equivalents at ~2.6 billion EUR

in m EUR



¹ Includes investments in fixed assets of (19.2)m EUR and intangible assets of (21.4)m EUR and cash received from investments in term deposits of 28.0m EUR

² Includes financing cash flow of (205.3)m EUR and effect of exchange rate on cash and cash equivalents of 0.8m EUR, 100m EUR convertible bond buy-back was completed on 18th of July

³ Includes operating cash flow of 481.7m EUR, payments for investments in fixed assets of (19.2)m EUR and payments for investments in intangible assets of (21.4)m EUR

Reiterating our full year 2024 guidance

In 2024 we return to growth, continue to increase profitability and invest in future growth

		H1 2024	Guidance 2024
Growth	GMV	2.4%	0% - 5%
	Revenue	1.5%	0% - 5%
Profitability	Adjusted ¹ EBIT (in m EUR)	200	380 - 450
Cash	Capex (in m EUR)	100	250 - 350
	Net working capital (in m EUR)	negative	negative

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

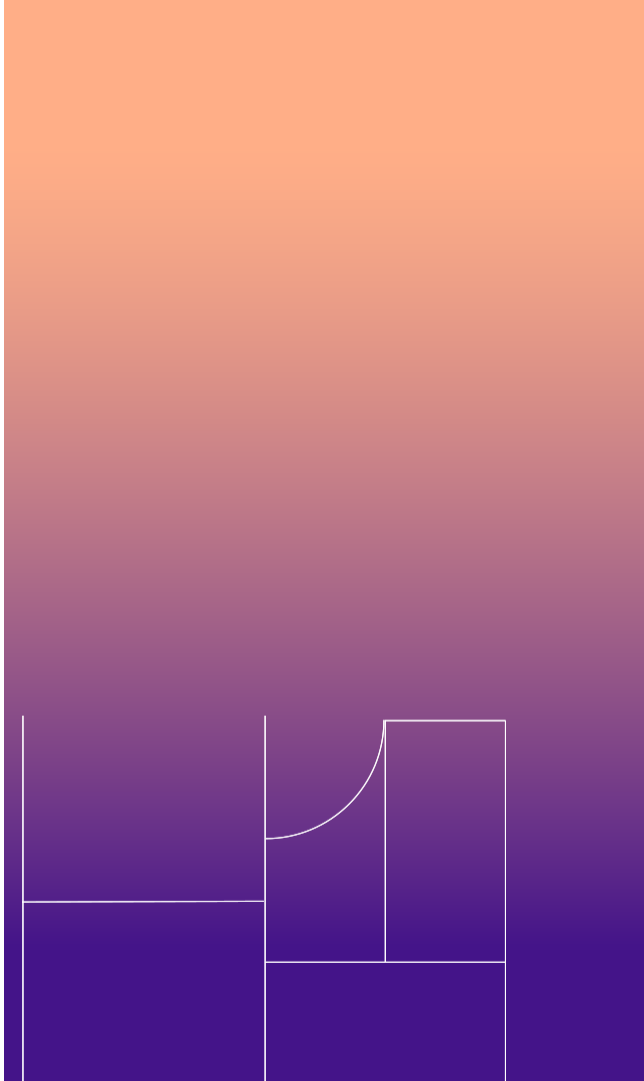


Key takeaways

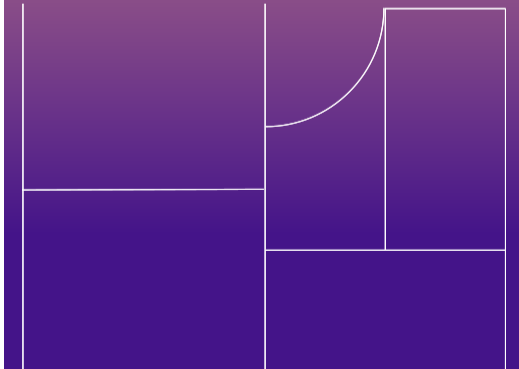
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Q&A



Appendix





P&L Overview - new segment reporting

	HY 23 ¹			HY 24 ¹		
	Group	B2C segment	B2B segment	Group	B2C segment	B2B segment
GMV² (in EURm)	6,963	6,963	No GMV contribution	7,133	7,133	No GMV contribution
Revenue (in EURm)	4,812	4,415	402	4,885	4,441	449
Gross margin (in %)	39.3%	41.9%	11.8%	40.0%	43.0%	11.5%
Adj. EBIT (in EURm)	144	124	20	200	188	13
Adj. EBIT margin (in %)	3.0%	2.8%	4.9%	4.1%	4.2%	2.8%

18 ¹Please note that Group figures exclude reconciliations

²GMV is recorded based on the time of the customer order. Due to the dynamically reporting of GMV figures may deviate from former published reports

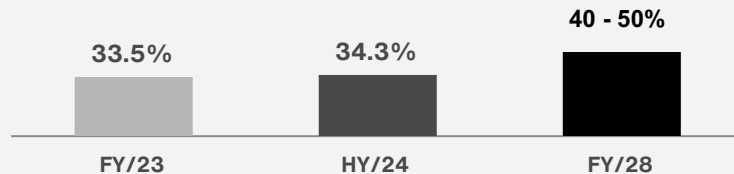


Our progress on platform services - Partner Business share and ZMS marketing intensity today and in the mid-term

Partner Business

- The Partner Program allows brands and retailers to list their products directly on the Zalando platform
- This enables Zalando to offer a more extensive selection of fashion and lifestyle products
- Partners can use Zalando Fulfilment Services (ZFS) getting logistical support via Zalando's warehouses and shipping services

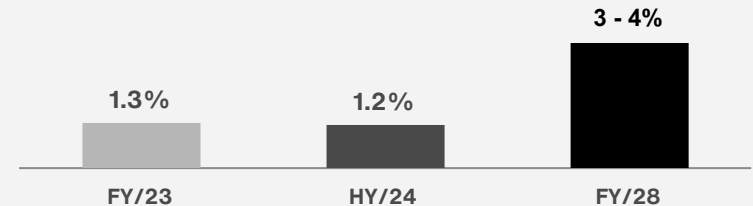
Partner Business share as % of B2C GMV



Zalando Marketing Services

- Holistic data-driven marketing service for fashion and lifestyle brands
- Offering impactful solutions along the entire marketing and sales channel
- Enabling our partners to connect their brand to around 50 million active customers
- Access to aggregated consumer insights

ZMS revenue as % of B2C GMV





Issued share capital

Share information

(as of Jun 30, 2024)

Type of shares	Ordinary bearer shares with no-par value (Stückaktien)
Stock exchange	Frankfurt Stock Exchange
Market segment	Regulated Market (Prime Standard)
Index listings	DAX
Total number of shares outstanding	263,888,671
Issued capital	263,888,671 EUR

Stock options programs Management Board (as of Jun 30, 2024)

Program	# Options outstanding	Weighted average exercise price (EUR)
LTI 2018 ²	4,296,949	47.44
LTI 2019	296,442	24.38
LTI 2021	2,596,413	24.80
ZOP 2021	202,307	14.44
Total	7,392,111	37.66

Stock options programs Senior Management (as of Jun 30, 2024)

Program	# Options outstanding	Weighted average exercise price (EUR)
SOP 2014 ¹	182,925	31.43
EIP ¹	2,356,403	40.25
ZOP 2019	7,085,267	25.12
Total	9,624,595	28.94

20 ¹ Settled with new shares

² Only to 35% to be settled with new shares, remaining backed by treasury shares



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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 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.