

# Half-Year Report

## H1 2024

zalando

# Zalando at a glance

## Key figures

	Q2/24	Q2/23	Change	H1/24	H1/23	Change
<b>Key performance indicators</b>						
Gross merchandise volume (GMV*) (in m EUR)	3,842.2	3,736.4	2.8%	7,133.2	6,963.3	2.4%
Revenue (in m EUR)	2,643.2	2,556.3	3.4%	4,884.6	4,811.9	1.5%
Adjusted EBIT (in m EUR)**	171.6	144.8	18.5%	199.9	144.1	38.7%
Adjusted EBIT margin (as %)	6.5	5.7	0.8pp	4.1	3.0	1.1pp
EBIT (in m EUR)	154.7	86.8	78.3%	155.5	60.6	>100%
EBIT margin (as %)	5.9	3.4	2.5pp	3.2	1.3	1.9pp
Capex (in m EUR)	-40.6	-39.2	3.6%	-100.1	-76.9	30.2%
Active customers (LTM***) (in millions)	49.8	50.5	-1.3%	49.8	50.5	-1.3%
Number of orders (in millions)	63.4	63.2	0.3%	118.6	119.9	-1.1%
Average GMV per active customer (LTM***) (in EUR)	297.2	293.5	1.3%	297.2	293.5	1.3%
Average orders per active customer (LTM***)	4.9	5.0	-3.2%	4.9	5.0	-3.2%
Average basket size (LTM***) (in EUR)	60.8	58.1	4.6%	60.8	58.1	4.6%
<b>Other key figures</b>						
Net working capital (in m EUR)****	-488.2	-441.8	-10.5%	-488.2	-441.8	-10.5%
Equity ratio (as % of total assets)****	31.1	30.5	0.6pp	31.1	30.5	0.6pp
Cash flow from operating activities (in m EUR)	481.7	371.1	29.8%	379.7	204.4	85.8%
Cash flow from investing activities (in m EUR)	-12.6	-45.3	72.1%	-95.2	-83.5	-13.9%
Free cash flow (in m EUR)	441.1	330.7	33.4%	279.6	125.8	>100%
Cash and cash equivalents (in m EUR)****	2,566.2	2,533.2	1.3%	2,566.2	2,533.2	1.3%
Average number of employees****	15,269	15,793	-3.3%	15,269	15,793	-3.3%
Basic earnings per share (in EUR)	0.37	0.22	69.2%	0.33	0.07	>100%
Diluted earnings per share (in EUR)	0.37	0.22	69.0%	0.33	0.07	>100%

pp = percentage points

For an explanation of the performance indicators please refer to the glossary.

Rounding differences may arise in the percentages and numbers shown in this interim statement.

\*) GMV (gross merchandise volume) is defined as the value of all merchandise sold to customers after cancellations and returns and including VAT, dynamically reported. It neither includes B2B revenues (e.g. ZEOS services) nor other B2C revenues (e.g. Partner business commissions, Zalando Marketing Services and service charges like express delivery fees); these are included in revenue only. GMV is recorded based on the time of the customer order.

\*\*) Adjusted EBIT is defined as EBIT before equity-settled share-based payment expenses, restructuring costs, acquisition-related expenses and other significant non-operating one-time effects.

\*\*\*\*) Calculated based on the last 12 months (LTM).

\*\*\*\*\*) As of 30 Jun, 2024 and 31 Dec, 2023, respectively

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# Interim group management report

## 1.1 Information on our group

The statements made in the annual report 2023 on our business model, group structure and strategy of the group, combined non-financial declaration, management system and research and development in our group remain valid at the time this interim report was issued for publication.

In line with our updated strategy to build the leading pan-European fashion and lifestyle e-commerce ecosystem, we have expanded our capabilities around two sets of customers: B2C (business-to-consumer) and B2B (business-to-business). We have shifted our steering and decision-making from a sales channel view (fashion store and offprice) to a distinction between the B2C and B2B segments. From Q1 2024 our external reporting is adjusted accordingly to reflect these two operating segments.<sup>1</sup>

As a result, co-founder David Schneider will focus on building partner relationships across Zalando's B2C and B2B ambitions and continue positioning the Zalando brand. He therefore will hand over his co-CEO role to David Schröder. David Schröder will focus on building the B2B operating system that enables e-commerce across Europe on and off the Zalando platform and further developing our unique capabilities and infrastructure. Co-founder Robert Gentz will continue in his role as co-CEO and focus on expanding our B2C growth vector to make Zalando the go-to destination for quality fashion, lifestyle shopping and inspiration. These changes will come into effect as of 1 September 2024.

## 1.2 Report on economic position

### 1.2.1 Macroeconomic and sector-specific environment in H1 2024

The global economy is showing signs of improvement with modest growth and a faster-than-expected reduction in inflation boosting private sector confidence. Labour market imbalances are easing, real incomes are rising and trade growth is positive, although outcomes vary across countries, with Europe and low-income nations lagging behind the US and major emerging markets. Risks remain, particularly from geopolitical tensions, slower-than-expected reductions in key interest rates, and potential financial vulnerabilities, while stronger demand growth and labour force expansion could accelerate a reduction in inflation.<sup>2</sup>

Economic activity in Europe recovered in the first quarter of 2024, growing by 0.3% in both the euro area and the EU, and is expected to strengthen further during 2024, supported by rising household incomes, external demand and some recovery in business investment.<sup>3</sup> The EU consumer confidence indicator has continued to improve, reaching -12.9 at the end of June.<sup>4</sup>

<sup>1</sup> For further information please see our annual report 2023 in sections 2.1.2 Group structure and 2.1.3 Group strategy.

<sup>2</sup> OECD Economic Outlook, May 2024

<sup>3</sup> Eurosystem staff macroeconomic projections for the euro area, June 2024

<sup>4</sup> European Commission, EU, 27 June 2024

The German economy is on the road to recovery. After a decline in GDP at the end of 2023, GDP grew by 0.2% in the first quarter of 2024 and is expected to grow slightly again in the second quarter, albeit with a marginally stronger underlying economic trend than in the previous quarter. Despite some challenges, positive indicators are emerging. Industrial production is rising, new orders are stabilising and external demand is improving from a low base. The services sector continues to recover, supported by increased private consumption driven by rising wages and improved consumer sentiment. Survey indicators, such as the ifo Institute's business climate index, suggest an improved business environment and better expectations for the next six months.<sup>5</sup>

In the first half of 2024, German brick-and-mortar fashion sales remained flat, with a 3% decline in sales in the second quarter of the year.<sup>6</sup> The German e-commerce sales in the clothing segment (apparel & shoes) increased by 1.1% in the first half of 2024 to 8.6bn EUR, including VAT, while growing 2.9% in the second quarter of 2024.<sup>7</sup>

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<sup>5</sup> Deutsche Bundesbank: Monthly Report, June 2024  
<sup>6</sup> TextilWirtschaft revenue statistics, July 2024  
<sup>7</sup> BEVH press releases, April and July 2024

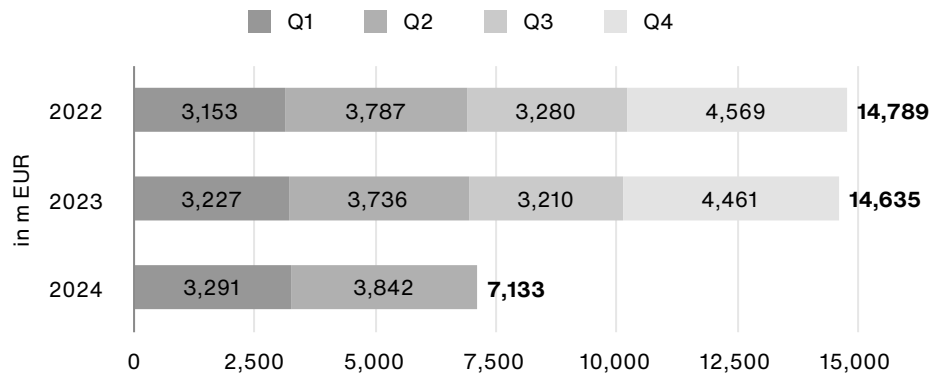
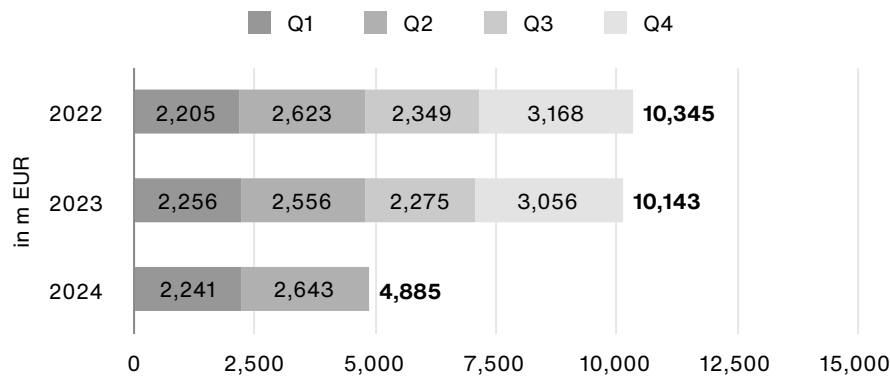
## 1.2.2 Financial performance of the group

### Condensed consolidated income statement H1/24

in m EUR	H1/24	As % of revenue	H1/23	As % of revenue	Change
GMV	7,133.2	146.0%	6,963.3	144.7%	1.3pp
Revenue	4,884.6	100.0%	4,811.9	100.0%	0.0pp
Cost of sales	-2,928.6	-60.0%	-2,919.9	-60.7%	0.7pp
<b>Gross profit</b>	<b>1,956.0</b>	<b>40.0%</b>	<b>1,892.0</b>	<b>39.3%</b>	<b>0.7pp</b>
Fulfilment costs	-1,134.0	-23.2%	-1,219.4	-25.3%	2.1pp
Marketing costs	-420.4	-8.6%	-339.0	-7.0%	-1.6pp
Administrative expenses	-249.6	-5.1%	-241.4	-5.0%	-0.1pp
Other operating income	7.7	0.2%	13.4	0.3%	-0.1pp
Other operating expenses	-4.3	-0.1%	-45.0	-0.9%	0.8pp
<b>EBIT</b>	<b>155.5</b>	<b>3.2%</b>	<b>60.6</b>	<b>1.3%</b>	<b>1.9pp</b>
Share-based payments	44.7	0.9%	41.3	0.9%	0.1pp
Acquisition-related expenses	10.3	0.2%	9.2	0.2%	0.0pp
One-time effects	-10.6	-0.2%	0.0	0.0%	-0.2pp
Restructuring costs	0.0	0.0%	33.0	0.7%	-0.7pp
<b>Adjusted EBIT</b>	<b>199.9</b>	<b>4.1%</b>	<b>144.1</b>	<b>3.0%</b>	<b>1.1pp</b>

### Condensed consolidated income statement Q2/24

in m EUR	Q2/24	As % of revenue	Q2/23	As % of revenue	Change
GMV	3,842.2	145.4%	3,736.4	146.2%	-0.8pp
Revenue	2,643.2	100.0%	2,556.3	100.0%	0.0pp
Cost of sales	-1,544.0	-58.4%	-1,518.8	-59.4%	1.0pp
<b>Gross profit</b>	<b>1,099.1</b>	<b>41.6%</b>	<b>1,037.6</b>	<b>40.6%</b>	<b>1.0pp</b>
Fulfilment costs	-583.5	-22.1%	-624.7	-24.4%	2.4pp
Marketing costs	-237.3	-9.0%	-175.0	-6.8%	-2.1pp
Administrative expenses	-126.8	-4.8%	-122.9	-4.8%	0.0pp
Other operating income	2.4	0.1%	8.0	0.3%	-0.2pp
Other operating expenses	0.8	0.0%	-36.2	-1.4%	1.4pp
<b>EBIT</b>	<b>154.7</b>	<b>5.9%</b>	<b>86.8</b>	<b>3.4%</b>	<b>2.5pp</b>
Share-based payments	22.4	0.8%	20.2	0.8%	0.1pp
Acquisition-related expenses	5.0	0.2%	4.8	0.2%	0.0pp
One-time effects	-10.6	-0.4%	0.0	0.0%	-0.4pp
Restructuring costs	0.0	0.0%	33.0	1.3%	-1.3pp
<b>Adjusted EBIT</b>	<b>171.6</b>	<b>6.5%</b>	<b>144.8</b>	<b>5.7%</b>	<b>0.8pp</b>

GMV by quarter (2022–2024)<sup>8</sup>Revenue by quarter (2022–2024)<sup>9</sup>

H1 2024 GMV increased by 2.4% to 7,133.2m EUR (prior-year period: 6,963.3m EUR) driven by a timely start of the spring/summer season and successful demand activation across our lifestyle propositions, such as sports.

As of 30 June 2024, the number of active customers reached 49.8 million, compared to 50.5 million in the prior-year period, attributable to a decline in new customer acquisition. GMV per active customer increased by 1.3% to 297.2 EUR (prior-year period: 293.5 EUR) driven by a 4.6% rise in average basket size to 60.8 EUR (prior-year period: 58.1 EUR), which compensated for lower average orders per active customer of 4.9 at the end of Q2 2024 (prior-year period: 5.0). All KPIs were calculated on the basis of the last 12 months.

Revenue increased by 1.5% to 4,884.6m EUR (prior-year period: 4,811.9m EUR) on the back of a positive development in our retail business<sup>10</sup>, a continuously growing partner business and strong revenue growth of 11.8% in B2B. The difference between GMV and revenue development is inherent in our partner business model where selling prices are fully reflected

<sup>8</sup> The statements on the quarterly development of GMV are unaudited.

<sup>9</sup> The statements on the quarterly development of revenue are unaudited.

<sup>10</sup> Formerly known as wholesale and offprice business



in the GMV metric, while revenue only includes the commission income on the selling price. Furthermore, revenue from our Zalando Marketing Services (ZMS) as well as from our B2B segment, including Zalando Fulfilment Solutions (ZFS) and our newly launched multi-channel offering, are considered in revenue but not in GMV.

Based on the improved gross profit margin and lower fulfilment costs, we generated an adjusted EBIT of 199.9m EUR in H1 2024 (prior-year period: 144.1m EUR). Adjustments comprised expenses for equity-settled share-based payments of 44.7m EUR (prior-year period: 41.3m EUR) and acquisition-related expenses of 10.3m EUR (prior-year period: 9.2m EUR) in H1 2024 as well as one-time income effects of 10.6m EUR relating to the subletting of our warehouse in Bydgoszcz, Poland (prior-year period: 0.0m EUR). The adjusted EBIT margin improved to 4.1% (prior-year period: 3.0%).

Our gross margin increased by 0.7 percentage points to 40.0% in H1 2024 driven by a successful sell-through of our retail inventory and a growing partner business that comes with structurally higher gross profit margins. The partner business share amounted to 34.3% in the first half year of 2024 (prior-year period: 33.5%).

Compared to the prior-year period, fulfilment costs as a percentage of revenue decreased by 2.1 percentage points to 23.2%, attributed to favourable order economics among other things, reflected in a higher average basket size and cost reductions as well as the scaling of our ZEOS fulfilment business.

Marketing expenses rose to 420.4m EUR (prior-year period: 339.0m EUR), with the marketing cost ratio reaching 8.6% of revenue, an increase of 1.6 percentage points from the previous year. We strategically increased investments in performance and brand marketing to capitalise on the timely spring/summer season. Additionally, we launched several key campaigns to drive demand and enhance brand visibility, some of which highlighted the “Summer of Sports”.

Administrative expenses amounted to 249.6m EUR (prior-year period: 241.4m EUR). As a percentage of revenue, administrative expenses remained stable at 5.1% (prior-year period: 5.0%).

Other operating expenses decreased to 4.3m EUR (prior-year period: 45.0m EUR) primarily due to the reshaping programme in 2023 with one-off costs comprising expenses for severance and garden leave payments as well as consulting fees.

The improved financial result of -19.7m EUR (prior-year period: -29.0m EUR) is driven by higher interest income. Considering the financial result and the income taxes of -48.9m EUR in H1 2024 (prior-year period: -13.4m EUR), our net income improved to 86.9m EUR in H1 2024 (prior-year period: 18.2m EUR).

### 1.2.3 Results by segment

Segment results of the group H1/24

in m EUR	B2C	B2B	Total	Recon- ciliation	Total group
GMV	7,133.2	0.0	7,133.2	0.0	7,133.2
<i>(prior year)</i>	<i>(6,963.3)</i>	<i>(0.0)</i>	<i>(6,963.3)</i>	<i>(0.0)</i>	<i>(6,963.3)</i>
Revenue	4,441.1	448.9	4,890.0	-5.4	4,884.6
<i>(prior year)</i>	<i>(4,415.1)</i>	<i>(401.7)</i>	<i>(4,816.8)</i>	<i>(-4.9)</i>	<i>(4,811.9)</i>
thereof intersegment revenue	0.0	5.4	5.4	-5.4	0.0
<i>(prior year)</i>	<i>(0.0)</i>	<i>(4.9)</i>	<i>(4.9)</i>	<i>(-4.9)</i>	<i>(0.0)</i>
Adjusted EBIT	188.1	12.6	200.8	-0.9	199.9
<i>(prior year)</i>	<i>(124.4)</i>	<i>(19.7)</i>	<i>(144.1)</i>	<i>(0.0)</i>	<i>(144.1)</i>
Adjusted EBIT margin (as %)	4.2%	2.8%	4.1%	—	4.1%
<i>(prior year)</i>	<i>(2.8%)</i>	<i>(4.9%)</i>	<i>(3.0%)</i>	—	<i>(3.0%)</i>
Share-based payments	40.4	4.3	44.7	0.0	44.7
<i>(prior year)</i>	<i>(38.2)</i>	<i>(3.1)</i>	<i>(41.3)</i>	<i>(0.0)</i>	<i>(41.3)</i>
Acquisition-related expenses	1.7	8.6	10.3	0.0	10.3
<i>(prior year)</i>	<i>(0.4)</i>	<i>(8.8)</i>	<i>(9.2)</i>	<i>(0.0)</i>	<i>(9.2)</i>
One-time effects	-10.6	0.0	-10.6	0.0	-10.6
<i>(prior year)</i>	<i>(0.0)</i>	<i>(0.0)</i>	<i>(0.0)</i>	<i>(0.0)</i>	<i>(0.0)</i>
Restructuring costs	0.0	0.0	0.0	0.0	0.0
<i>(prior year)</i>	<i>(32.3)</i>	<i>(0.7)</i>	<i>(33.0)</i>	<i>(0.0)</i>	<i>(33.0)</i>
EBIT	156.6	-0.3	156.4	-0.9	155.5
<i>(prior year)</i>	<i>(53.5)</i>	<i>(7.1)</i>	<i>(60.6)</i>	<i>(0.0)</i>	<i>(60.6)</i>

The condensed segment results for Q2 2024 are shown in the table below:

Segment results of the group Q2/24

in m EUR	B2C	B2B	Total	Recon- ciliation	Total group
GMV	3,842.2	0.0	3,842.2	0.0	3,842.2
<i>(prior year)</i>	<i>(3,736.4)</i>	<i>(0.0)</i>	<i>(3,736.4)</i>	<i>(0.0)</i>	<i>(3,736.4)</i>
Revenue	2,413.1	233.8	2,646.8	-3.7	2,643.2
<i>(prior year)</i>	<i>(2,347.1)</i>	<i>(212.0)</i>	<i>(2,559.1)</i>	<i>(-2.7)</i>	<i>(2,556.3)</i>
thereof intersegment revenue	0.0	3.7	3.7	-3.7	0.0
<i>(prior year)</i>	<i>(0.0)</i>	<i>(2.7)</i>	<i>(2.7)</i>	<i>(-2.7)</i>	<i>(0.0)</i>
Adjusted EBIT	165.2	7.1	172.4	-0.8	171.6
<i>(prior year)</i>	<i>(129.3)</i>	<i>(15.5)</i>	<i>(144.8)</i>	<i>(0.0)</i>	<i>(144.8)</i>
Adjusted EBIT margin (as %)	6.8%	3.1%	6.5%	—	6.5%
<i>(prior year)</i>	<i>(5.5%)</i>	<i>(7.3%)</i>	<i>(5.7%)</i>	—	<i>(5.7%)</i>
Share-based payments	20.1	2.3	22.4	0.0	22.4
<i>(prior year)</i>	<i>(18.8)</i>	<i>(1.4)</i>	<i>(20.2)</i>	<i>(0.0)</i>	<i>(20.2)</i>
Acquisition-related expenses	0.8	4.2	5.0	0.0	5.0
<i>(prior year)</i>	<i>(0.3)</i>	<i>(4.5)</i>	<i>(4.8)</i>	<i>(0.0)</i>	<i>(4.8)</i>
One-time effects	-10.6	0.0	-10.6	0.0	-10.6
<i>(prior year)</i>	<i>(0.0)</i>	<i>(0.0)</i>	<i>(0.0)</i>	<i>(0.0)</i>	<i>(0.0)</i>
Restructuring costs	0.0	0.0	0.0	0.0	0.0
<i>(prior year)</i>	<i>(32.3)</i>	<i>(0.7)</i>	<i>(33.0)</i>	<i>(0.0)</i>	<i>(33.0)</i>
EBIT	154.8	0.7	155.5	-0.8	154.7
<i>(prior year)</i>	<i>(77.9)</i>	<i>(8.9)</i>	<i>(86.8)</i>	<i>(0.0)</i>	<i>(86.8)</i>

In line with our updated strategy to build the leading pan-European fashion and lifestyle e-commerce ecosystem, we are expanding our capabilities around two sets of customers: B2C and B2B. From Q1 2024 onwards our external reporting was adjusted accordingly to reflect these two operating segments.<sup>11</sup>

The B2C segment, which covers the majority of our business, includes our formerly known fashion store, offprice as well as our platform service ZMS.

GMV in the B2C segment, which is equal to group GMV, increased by 2.4% in the first six months of 2024 and reached 7,133.2m EUR (prior-year period: 6,963.3m EUR) driven by the timely start to the spring/summer season and successful demand activation across our lifestyle propositions such as sports.

Revenue in the B2C segment increased by 0.6% in H1 2024, 1.9% below the GMV growth rate, as the partner business share continued to grow.

<sup>11</sup> For further information please see our annual report 2023 in sections 2.1.2 Group structure and 2.1.3 Group strategy.

In H1 2024, our adjusted EBIT in the B2C segment improved and reached 188.1m EUR compared to 124.4m EUR in the prior-year period. The adjusted EBIT margin in the B2C segment was at 4.2% (prior-year period: 2.8%), driven by improved gross margins and lower fulfilment costs which were partially offset by increased marketing spend.

The B2B segment covers our B2B services we offer to our partners on and off our Zalando platform. B2B products contain our recently launched ZEOS brand (including ZFS, our multi-channel offering and Tradebyte) as well as Highsnobiety. As mentioned above, B2B does not contribute to GMV.

Revenues in B2B showed an increase of 11.8%, reaching 448.9m EUR (prior-year period: 401.7m EUR), with ZFS being the major growth driver. The B2B segment recorded an adjusted EBIT of 12.6m EUR in the first six months of 2024 compared to 19.7m EUR in the prior-year period. Adjusted EBIT margin reached 2.8%, down from 4.9% in the prior-year period due to front-loaded investments, including network build-out.

#### 1.2.4 Cash flows

The group's condensed statement of cash flows is presented in the following table:

##### Condensed statement of cash flows

in m EUR	Q2/24	Q2/23	H1/24	H1/23
<b>Cash flow from operating activities</b>	<b>481.7</b>	<b>371.1</b>	<b>379.7</b>	<b>204.4</b>
<b>Cash flow from investing activities</b>	<b>-12.6</b>	<b>-45.3</b>	<b>-95.2</b>	<b>-83.5</b>
<b>Cash flow from financing activities</b>	<b>-205.3</b>	<b>-32.0</b>	<b>-246.0</b>	<b>-61.6</b>
Net change in cash and cash equivalents from cash relevant transactions	263.8	293.7	38.6	59.2
Change in cash and cash equivalents due to exchange rate movements	0.8	-3.0	-5.6	-8.4
Cash and cash equivalents at the beginning of the period	2,301.6	1,784.8	2,533.2	2,024.8
<b>Cash and cash equivalents at the end of the period</b>	<b>2,566.2</b>	<b>2,075.6</b>	<b>2,566.2</b>	<b>2,075.6</b>
<b>Free cash flow</b>	<b>441.1</b>	<b>330.7</b>	<b>279.6</b>	<b>125.8</b>

In the first half year of 2024, we generated a positive cash flow from operating activities of 379.7m EUR. Positive effects arose from our operating income (considering that our net income comprises non-cash expenses like depreciation and share-based payments) and the development of our net working capital in H1 2024.

In comparison to the first half year of 2023 (operating cash flow prior-year period: 204.4m EUR), the improvement in cash flow from operating activities of 175.3m EUR resulted primarily from net working capital, the positive change in the development of our operating income and lower income tax paid less refunds, partly compensated by effects from

the collection of VAT receivables in Poland in H1 2023, which is reflected in other assets and liabilities.

Cash flow from investing activities was mainly impacted by capex amounting to 100.1m EUR (prior-year period: 76.9m EUR) in the first half year of 2024, which predominately consisted of investments in logistics infrastructure related to the fulfilment centres in Germany, Poland and France, as well as capex in internally developed software.

As a result, our free cash flow improved in the first half year of 2024 by 153.8m EUR to 279.6m EUR, from 125.8m EUR in the prior-year period.

In H1 2024, the cash flow from financing activities predominately consisted of payments for the repurchase of treasury shares of 100.0m EUR (prior-year period: 0.0m EUR) in our share buyback programme, the repurchase of convertible bonds of 84.2m EUR (prior-year period: 0.0m EUR) as well as payments of the principal portion of lease liabilities amounting to 64.3m EUR (prior-year period: 63.3m EUR).

Overall, cash and cash equivalents increased by 32.9m EUR during the first half year of 2024 and remained strong at 2,566.2m EUR as of 30 June 2024 (31 December 2023: 2,533.2m EUR).

### 1.2.5 Financial position

The group's financial position is presented in the following condensed statement of financial position:

#### Assets

in m EUR	30 Jun, 2024		31 Dec, 2023		Change	
Non-current assets	2,510.4	32.0%	2,540.5	32.6%	-30.0	-1.2%
Current assets	5,340.4	68.0%	5,249.2	67.4%	91.2	1.7%
<b>Total assets</b>	<b>7,850.9</b>	<b>100.0%</b>	<b>7,789.7</b>	<b>100.0%</b>	<b>61.2</b>	<b>0.8%</b>

#### Equity and liabilities

in m EUR	30 Jun, 2024		31 Dec, 2023		Change	
Equity	2,442.0	31.1%	2,373.1	30.5%	68.9	2.9%
Non-current liabilities	1,794.7	22.9%	1,890.4	24.3%	-95.7	-5.1%
Current liabilities	3,614.2	46.0%	3,526.2	45.3%	88.1	2.5%
<b>Total equity and liabilities</b>	<b>7,850.9</b>	<b>100.0%</b>	<b>7,789.7</b>	<b>100.0%</b>	<b>61.2</b>	<b>0.8%</b>

Compared to 31 December 2023, our total assets increased slightly by 0.8% to 7,850.9m EUR. The statement of financial position is dominated by property, plant and equipment, net working capital, as well as cash and cash equivalents.

During the first six months of 2024, non-current assets comprised additions to intangible assets amounting to 43.5m EUR (prior-year period: 37.5m EUR). Additions to property, plant and equipment totalled 40.3m EUR (prior-year period: 79.2m EUR), primarily relating to our fulfilment centres in Germany, Poland and France. The effects were compensated by depreciations.

The development of current assets by 91.2m EUR was essentially driven by a slight increase in trade and other receivables as well as by an increase in cash and cash equivalents.

In the first half year of 2024, equity increased by 68.9m EUR to 2,442.0m EUR as of 30 June 2024 (31 December 2023: 2,373.1m EUR), primarily due to our positive total comprehensive income of the period. The development was partly offset by the repurchase of treasury shares (99.5m EUR) in our share buyback programme. The equity ratio increased from 30.5% at the beginning of the year to 31.1% as of 30 June 2024.

The decrease of our non-current liabilities by 95.7m EUR is mainly the result of a partial repurchase of Tranche A convertible bonds. The development of our current liabilities was essentially driven by trade payables and similar liabilities increasing by 98.4m EUR to 2,880.3m EUR as of 30 June 2024. Furthermore, suppliers' claims against Zalando, totalling 637.9m EUR as of 30 June 2024, were transferred to various factoring providers (31 December 2023: 590.1m EUR). These balances were recognised under trade payables and similar liabilities. The development was partially offset by a decrease in other financial liabilities of 71.1m EUR to 162.6m EUR as of 30 June 2024, mainly impacted by the effects of the valuation of our hedging instruments.

Net working capital, consisting of inventories and trade and other receivables less trade payables and similar liabilities, decreased from -441.8m EUR as of 31 December 2023 to -488.2m EUR as of 30 June 2024.

## Overall assessment

The management board looks positively on the business development in the first half of 2024. The macroeconomic environment shows signs of improvement with modest growth and a reduction in inflation. The year 2024 is the first year we started implementing our updated ecosystem strategy by expanding our capabilities around B2C and B2B, and it also marks our return to growth.

In line with the development in the fashion e-commerce sector that is characterised by small-scale improvement, we reported GMV growth of 2.4% and revenue growth of 1.5%. Driven by our focus on margin expansion, our adjusted EBIT increased from 144.1m EUR in H1 2023 to 199.9m EUR in H1 2024, improving the adjusted EBIT margin from 3.0% to 4.1%.

### 1.2.6 Employees

The average headcount decreased by 524 employees from 15,793 employees as of 31 December 2023 to 15,269 employees as of 30 June 2024.

## 1.3 Risk and opportunity report

The results of the H1 2024 risk cycle are in line with the challenges reported in our annual report 2023. Unpredictable weather seasonality and extreme weather events affect consumer demand in impacted regions. Information security remains a top priority with a risk of being targeted directly, or indirectly impacted by cyber threats targeting critical infrastructures. The overall fashion market is highly competitive both in the online and offline segments. The successful execution of our ecosystem strategy is key for delivering continued growth and increased profitability while maintaining a strong market position.

As a pan-European ecosystem for fashion and lifestyle, we continue to face new and more complex regulations at the European and local levels in strategic areas like artificial intelligence (AI), payments, sustainability and platform business. Regulatory pressure significantly raises administrative and compliance requirements and being legally compliant may require us in some cases to adapt business processes. In addition, with the latest developments in AI, we are proactively exploring ways to successfully introduce use cases for AI in Zalando to responsibly leverage innovative solutions and enhance operations with the goal of securing a competitive advantage in the market.

Notwithstanding the challenges described in the previous paragraphs, we are confident in our growth and profitability plans for FY 2024.

## 1.4 Outlook

### 1.4.1 Future macroeconomic and industry-specific situation

The euro area economy began 2024 with a stronger recovery than anticipated, driven by net trade and increased household spending. Incoming data suggests continued short-term growth at a higher pace than previously expected. Real disposable income is set to rise due to robust wage growth, increasing confidence and improved terms of trade, leading to a consumption-driven recovery in 2024. The initial boost from net trade reflects volatility following a temporary decline at the end of 2023, but foreign demand is anticipated to support export growth. Over the medium term, the negative effects of past monetary policy tightening should fade, with activity supported by easing financing conditions. Growth will also benefit from a strong labour market, with unemployment reaching historically low levels. As cyclical factors that previously lowered productivity growth fade, productivity is expected to improve. Annual average real GDP growth is projected at 0.9% in 2024, strengthening to 1.4% in 2025 and 1.6% in 2026.<sup>12</sup>

The table below shows the percentage changes in private consumption for the period 2021 through 2025.

#### Private consumption growth

in %	Historical data			Forecast	
	2021	2022	2023	2024	2025
Euro area	4.4	4.2	0.5	1.1	1.6
Germany	1.5	3.9	-0.6	1.0	1.2
Switzerland	1.8	4.2	2.1	1.2	1.5
Spain	7.1	4.7	1.8	2.0	2.1
France	5.1	2.3	0.7	1.3	1.9
Italy	5.5	4.9	1.2	0.0	1.2

Source: OECD household spending, May 2024

Inflation in Europe is anticipated to remain stable throughout 2024, before decreasing to 2.2% in 2025. It is expected to hover around 2.5% over the next few quarters, with some fluctuations attributable to changes in energy prices. This indicates a reduction in cost pressures, including from the labour sector, and the delayed effect of previous monetary policy tightening gradually influencing consumer prices. Considering that food inflation is also forecast to decrease further and energy inflation is likely to have a benefit, this suggests a decline in core inflation. It is projected to reach the 2% inflation target in the fourth quarter of 2025, one quarter later than previously estimated.<sup>13</sup>

<sup>12</sup> ECB staff macroeconomic projections for the euro area, June 2024

<sup>13</sup> ECB staff macroeconomic projections for the euro area, June 2024



In terms of e-commerce in Germany, there is a noticeable turnaround by mid-year. The initial positive signals from the beginning of the year have been confirmed. However, it is too early to declare an end to the consumption crisis as uncertainties like political destabilisation and geopolitical conflicts could hinder a continued return to growth.<sup>14</sup>

For the coming years, online penetration is expected to increase and we remain convinced that Zalando is well positioned to continue on its profitable growth path going forward.

### 1.4.2 Guidance

The first half of 2024 was characterised by a return to top line growth with GMV of 2.4% and revenue growth of 1.5%. The market continues to show gradual signs of recovery and we expect further acceleration over the course of the year. Therefore, we remain confident with regard to our full-year expectations and confirm our full-year guidance.

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#### Outlook 2024

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GMV	0% to 5%
Revenue	0% to 5%
Adjusted EBIT	380m EUR to 450m EUR
Capex	250m EUR to 350m EUR

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### 1.4.3 Overall assessment by the management board of Zalando SE

Overall, the financial performance and position show that at the time of preparing the half-year report of the fiscal year 2024, the economic condition of the group remains solid.

Berlin, August 5 2024

The management board

Robert Gentz            David Schneider            Dr. Sandra Dembeck  
David Schröder        Dr. Astrid Arndt

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<sup>14</sup> BEVH press releases, July 2024

# Interim consolidated financial statements

## 2.1 Consolidated statement of comprehensive income

### Consolidated income statement

in m EUR	Notes 2.5.2	Q2/24	Q2/23	H1/24	H1/23
Revenue	(1.)	2,643.2	2,556.3	4,884.6	4,811.9
Cost of sales	(2.)	-1,544.0	-1,518.8	-2,928.6	-2,919.9
<b>Gross profit</b>		<b>1,099.1</b>	<b>1,037.6</b>	<b>1,956.0</b>	<b>1,892.0</b>
Fulfillment costs	(3.)	-583.5	-624.7	-1,134.0	-1,219.4
Marketing costs	(3.)	-237.3	-175.0	-420.4	-339.0
Administrative expenses		-126.8	-122.9	-249.6	-241.4
Other operating income		2.4	8.0	7.7	13.4
Other operating expenses		0.8	-36.2	-4.3	-45.0
<b>Earnings before interest and taxes (EBIT)</b>		<b>154.7</b>	<b>86.8</b>	<b>155.5</b>	<b>60.6</b>
Interest and similar income		20.1	9.1	38.2	15.0
Interest and similar expenses		-24.1	-21.8	-46.1	-41.1
Other financial result		-2.8	9.2	-11.8	-2.9
<b>Financial result</b>		<b>-6.7</b>	<b>-3.4</b>	<b>-19.7</b>	<b>-29.0</b>
<b>Earnings before taxes (EBT)</b>		<b>148.0</b>	<b>83.3</b>	<b>135.8</b>	<b>31.6</b>
Income taxes	(4.)	-52.3	-26.7	-48.9	-13.4
<b>Net income/loss for the period</b>		<b>95.7</b>	<b>56.6</b>	<b>86.9</b>	<b>18.2</b>
Net income/loss for the period as percentage of revenue		3.6%	2.2%	1.8%	0.4%
Basic earnings per share (in EUR)	(5.)	0.37	0.22	0.33	0.07
Diluted earnings per share (in EUR)	(5.)	0.37	0.22	0.33	0.07

### Consolidated statement of other comprehensive income

in m EUR	Q2/24	Q2/23	H1/24	H1/23
<b>Net income/loss for the period</b>	<b>95.7</b>	<b>56.6</b>	<b>86.9</b>	<b>18.2</b>
Items recycled to profit or loss in subsequent periods				
Effective portion of gains/losses from cash flow hedges, net of tax	-9.0	-1.1	29.3	12.9
Exchange differences on translation of foreign financial statements	1.8	15.6	2.5	15.0
<b>Other comprehensive income/loss</b>	<b>-7.2</b>	<b>14.5</b>	<b>31.8</b>	<b>27.9</b>
<b>Total comprehensive income/loss</b>	<b>88.6</b>	<b>71.2</b>	<b>118.7</b>	<b>46.1</b>

## 2.2 Consolidated statement of financial position

Consolidated statement of financial position – assets

in m EUR	Notes 2.5.2	30 Jun, 2024	31 Dec, 2023
<b>Non-current assets</b>			
Intangible assets		400.5	399.2
Property, plant and equipment		1,226.1	1,254.1
Right-of-use assets		786.7	785.5
Financial assets	(14.)	79.2	85.2
Non-financial assets		4.1	3.2
Investments accounted for using the equity method		6.9	6.9
Deferred tax assets		6.9	6.4
		<b>2,510.4</b>	<b>2,540.5</b>
<b>Current assets</b>			
Inventories	(6.)	1,443.9	1,440.9
Trade and other receivables	(7.)	948.2	899.3
Other financial assets	(14.)	116.6	110.5
Other non-financial assets		265.5	265.4
Cash and cash equivalents	(8.)	2,566.2	2,533.2
		<b>5,340.4</b>	<b>5,249.2</b>
<b>Total assets</b>		<b>7,850.9</b>	<b>7,789.7</b>

## Consolidated statement of financial position – equity and liabilities

in m EUR	Notes 2.5.2	30 Jun, 2024	31 Dec, 2023
<b>Equity</b>			
Issued capital		257.6	260.5
Capital reserves		1,274.7	1,323.7
Other reserves		12.0	-21.9
Retained earnings		897.7	810.9
	<b>(9.)</b>	<b>2,442.0</b>	<b>2,373.1</b>
<b>Non-current liabilities</b>			
Provisions		103.1	108.8
Lease liabilities		758.2	780.0
Convertible bonds	(10.)	865.0	939.4
Other financial liabilities		4.8	6.7
Other non-financial liabilities		0.2	0.4
Deferred tax liabilities		63.4	55.1
		<b>1,794.7</b>	<b>1,890.4</b>
<b>Current liabilities</b>			
Provisions		5.4	5.0
Lease liabilities		144.6	132.2
Trade payables and similar liabilities	(11.)	2,880.3	2,782.0
Prepayments received	(11.)	50.3	48.0
Income tax liabilities		34.8	20.6
Other financial liabilities	(12.), (14.)	162.6	233.7
Other non-financial liabilities		336.3	304.6
		<b>3,614.2</b>	<b>3,526.2</b>
<b>Total equity and liabilities</b>		<b>7,850.9</b>	<b>7,789.7</b>

## 2.3 Consolidated statement of changes in equity

### Consolidated statement of changes in equity H1/24

in m EUR	Notes 2.5.2	Issued capital	Capital reserves
<b>As of 1 Jan, 2024</b>		<b>260.5</b>	<b>1,323.7</b>
Net income/loss for the period		0.0	0.0
Other comprehensive income/loss		0.0	0.0
<b>Total comprehensive income/loss</b>		<b>0.0</b>	<b>0.0</b>
Capital increase		0.1	1.5
Issue of treasury shares		1.1	-0.2
Repurchase of treasury shares		-4.1	-95.4
Share-based payments		0.0	45.0
Deferred taxes from share-based payments		0.0	0.1
Removement of cash flow hedge reserve to inventories		0.0	0.0
<b>As of 30 Jun, 2024</b>	<b>(9.)</b>	<b>257.6</b>	<b>1,274.7</b>

### Consolidated statement of changes in equity H1/23

in m EUR	Notes 2.5.2	Issued capital	Capital reserves
<b>As of 1 Jan, 2023</b>		<b>259.0</b>	<b>1,237.8</b>
Net income/loss for the period		0.0	0.0
Other comprehensive income/loss		0.0	0.0
<b>Total comprehensive income/loss</b>		<b>0.0</b>	<b>0.0</b>
Capital increase		0.1	1.2
Issue of treasury shares		0.5	-0.1
Repurchase of treasury shares		0.0	0.0
Share-based payments		0.0	41.3
Deferred taxes from share-based payments		0.0	-1.1
Removement of cash flow hedge reserve to inventories		0.0	0.0
<b>As of 30 Jun, 2023</b>	<b>(9.)</b>	<b>259.6</b>	<b>1,279.2</b>

## Consolidated statement of changes in equity H1/24

Other reserves				
Cash flow hedges	Currency translation	Retained earnings		Total
<b>-33.5</b>	<b>11.5</b>	<b>810.9</b>		<b>2,373.1</b>
0.0	0.0	86.9		86.9
29.3	2.5	0.0		31.8
<b>29.3</b>	<b>2.5</b>	<b>86.9</b>		<b>118.7</b>
0.0	0.0	0.0		1.6
0.0	0.0	0.0		0.9
0.0	0.0	0.0		-99.5
0.0	0.0	0.0		45.0
0.0	0.0	0.0		0.1
2.1	0.0	0.0		2.1
<b>-2.0</b>	<b>14.0</b>	<b>897.7</b>		<b>2,442.0</b>

## Consolidated statement of changes in equity H1/23

Other reserves				
Cash flow hedges	Currency translation	Retained earnings		Total
<b>-14.4</b>	<b>-11.0</b>	<b>727.8</b>		<b>2,199.2</b>
0.0	0.0	18.2		18.2
12.9	15.0	0.0		27.9
<b>12.9</b>	<b>15.0</b>	<b>18.2</b>		<b>46.1</b>
0.0	0.0	0.0		1.3
0.0	0.0	0.0		0.4
0.0	0.0	0.0		0.0
0.0	0.0	0.0		41.3
0.0	0.0	0.0		-1.1
-5.8	0.0	0.0		-5.8
<b>-7.4</b>	<b>4.0</b>	<b>746.1</b>		<b>2,281.5</b>

## 2.4 Consolidated statement of cash flows

### Consolidated statement of cash flows

in m EUR		Notes	Q2/24	Q2/23	H1/24	H1/23
		2.5.2				
1	Net income/loss for the period		95.7	56.6	86.9	18.2
2	+ Non-cash expenses from share-based payments		22.4	20.2	44.7	41.3
3	+ Depreciation of property, plant and equipment, right-of-use assets and amortisation of intangible assets		77.8	75.9	160.5	153.2
4	+/- Income taxes	(4.)	52.3	26.7	48.9	13.4
5	- Income taxes paid, less refunds		-30.0	-21.4	-23.9	-53.5
6	+/- Increase/decrease in provisions		-4.0	29.1	-4.4	31.7
7	-/+ Other non-cash income/expenses		6.3	7.1	11.3	18.1
8	+/- Decrease/increase in inventories	(6.)	140.2	328.1	-3.0	79.4
9	+/- Decrease/increase in trade and other receivables	(7.)	-186.6	-125.6	-49.0	49.8
10	+/- Increase/decrease in trade payables and similar liabilities	(11.)	203.9	-110.5	116.8	-253.8
11	+/- Increase/decrease in other assets/liabilities	(12.)	103.7	85.1	-9.1	106.6
<b>12</b>	<b>= Cash flow from operating activities</b>	<b>(13.)</b>	<b>481.7</b>	<b>371.1</b>	<b>379.7</b>	<b>204.4</b>
13	- Cash paid for investments in property, plant and equipment		-19.2	-22.4	-56.8	-40.1
14	- Cash paid for investments in intangible assets		-21.4	-16.8	-43.3	-36.8
15	- Cash paid for acquisition of shares in associated companies, subsidiaries less cash acquired and other equity investments		0.0	-1.2	0.0	-1.7
16	+/- Cash received from/paid for investments in term deposits		28.0	0.0	0.0	0.0
17	+/- Change in restricted cash		0.0	-4.9	4.9	-4.9
<b>18</b>	<b>= Cash flow from investing activities</b>	<b>(13.)</b>	<b>-12.6</b>	<b>-45.3</b>	<b>-95.2</b>	<b>-83.5</b>
19	+ Cash received from capital increases by the shareholders and stock option exercises less transaction costs		2.0	1.3	2.5	1.7
20	- Cash paid for the repurchase of treasury shares	(9.)	-92.1	0.0	-100.0	0.0
21	- Cash paid for the repurchase of convertible bonds including transaction costs	(10.)	-84.2	0.0	-84.2	0.0
22	- Cash payments for the principal portion of lease liabilities		-31.0	-33.4	-64.3	-63.3
<b>23</b>	<b>= Cash flow from financing activities</b>	<b>(13.)</b>	<b>-205.3</b>	<b>-32.0</b>	<b>-246.0</b>	<b>-61.6</b>
24	= Net change in cash and cash equivalents from cash relevant transactions		263.8	293.7	38.6	59.2
25	+/- Change in cash and cash equivalents due to exchange rate movements		0.8	-3.0	-5.6	-8.4
26	+ Cash and cash equivalents at the beginning of the period		2,301.6	1,784.8	2,533.2	2,024.8
<b>27</b>	<b>= Cash and cash equivalents at the end of the period</b>	<b>(8.)</b>	<b>2,566.2</b>	<b>2,075.6</b>	<b>2,566.2</b>	<b>2,075.6</b>
	<b>Free cash flow</b>	<b>(13.)</b>	<b>441.1</b>	<b>330.7</b>	<b>279.6</b>	<b>125.8</b>



## 2.5 Condensed notes to the interim consolidated financial statements

### 2.5.1 Corporate information

Zalando SE is a publicly listed European stock corporation with registered office in Berlin, Germany. Zalando SE, Berlin, is the parent of the Zalando group (hereinafter referred to as “Zalando” or the “group”).

The interim condensed consolidated financial statements as of 30 June 2024 were prepared in accordance with IAS 34 Interim Financial Reporting in conjunction with IAS 1 Presentation of Financial Statements as adopted by the EU. The requirements of the WpHG (“Wertpapierhandelsgesetz”: German Securities Trading Act) were also complied with. The interim condensed consolidated financial statements do not include all of the information and disclosures required for consolidated financial statements and must therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2023.

### Accounting and measurement principles

The accounting policies and recognition and measurement methods applied in the consolidated financial statements as of 31 December 2023 have been applied without change.

The first-time application of amendments to IFRS accounting standards as issued by the IASB and applicable in the EU in fiscal year 2024 did not have any material impact on the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements are presented in euros. Due to rounding, it is possible that figures may not add up exactly to the total stated, and the percentages presented may not precisely reflect the figures to which they correspond.

### Basis of consolidation

The number of subsidiaries included in the basis of consolidation remains unchanged and was 58 as of 31 December 2023 and as of 30 June 2024.

## 2.5.2 Selected notes to the consolidated statement of comprehensive income and statement of financial position

### (1.) Revenue

Revenue

in m EUR	Q2/24	Q2/23	H1/24	H1/23
Revenue from the sale of merchandise	2,116.5	2,059.0	3,899.3	3,864.5
Revenue from other services	526.7	497.4	985.3	947.4
<b>Total</b>	<b>2,643.2</b>	<b>2,556.3</b>	<b>4,884.6</b>	<b>4,811.9</b>

Revenue from the sale of merchandise comprised sales of merchandise to our customers within the retail business<sup>15</sup> and is therefore entirely allocated to the B2C segment. Revenue from other services mainly comprised revenues from the Partner Programme, Zalando Payment Services, ZMS, ZEOS (including ZFS, our multi-channel offering and Tradebyte) and Highsnobiety. These revenues are allocated to the B2C and B2B segments.

Further information on revenue can be found in 2.5.3 (2.) Segment reporting.

### (2.) Cost of sales

Cost of sales

in m EUR	Q2/24	Q2/23	H1/24	H1/23
Non-personnel costs	1,460.4	1,442.5	2,764.6	2,767.3
Personnel costs	83.6	76.2	164.0	152.6
<b>Total</b>	<b>1,544.0</b>	<b>1,518.8</b>	<b>2,928.6</b>	<b>2,919.9</b>

Cost of sales mainly consisted of cost of materials, personnel costs, allowances on inventories, depreciation, third-party services and infrastructure costs.

Cost of sales

in m EUR	Q2/24	Q2/23	Change	H1/24	H1/23	Change
<b>Total</b>	<b>1,544.0</b>	<b>1,518.8</b>	<b>25.3</b>	<b>2,928.6</b>	<b>2,919.9</b>	<b>8.7</b>
thereof historical acquisition costs	1,345.8	1,292.6	53.2	2,474.8	2,470.4	4.5
thereof changes of allowances	-51.3	11.6	-63.0	-30.1	15.8	-45.9
thereof fulfilment services	188.4	164.5	23.9	363.0	317.5	45.5
thereof other	61.1	50.0	11.1	120.9	116.2	4.7

'Other' comprised mainly of Partner Programme, Highsnobiety and ZMS.

<sup>15</sup> Formerly known as wholesale and offprice business

**(3.) Selling and distribution costs**

Selling and distribution costs

in m EUR	Q2/24	Q2/23	H1/24	H1/23
Non-personnel costs	682.7	673.0	1,287.7	1,317.1
Personnel costs	138.2	126.7	266.6	241.2
<b>Total</b>	<b>820.8</b>	<b>799.7</b>	<b>1,554.3</b>	<b>1,558.4</b>

In H1 2024, selling and distribution costs comprised fulfilment costs of 1,134.0m EUR (prior-year period: 1,219.4m EUR) and marketing costs of 420.4m EUR (prior-year period: 339.0m EUR).

The non-personnel costs predominately comprised marketing costs, logistic outbound expenses and depreciation of fixed assets. Furthermore, fulfilment costs also include net bad debt expenses. Improved debtors management had a positive impact of 25.8m EUR to our net bad debt expenses.

**(4.) Income taxes**

Income taxes

in m EUR	Q2/24	Q2/23	H1/24	H1/23
Deferred taxes	-6.4	-10.8	6.3	8.2
Current taxes	-45.9	-15.8	-55.1	-21.6
<b>Total</b>	<b>-52.3</b>	<b>-26.7</b>	<b>-48.9</b>	<b>-13.4</b>

Income taxes included income tax expenses for prior years of 0.2m EUR (prior-year period: 0.9m EUR).

Income tax expenses are recognised based on the estimate of the weighted average annual income tax rate for the full fiscal year. The tax rate for the interim period ended 30 June 2024 is 36.0% (prior-year period: 42.4%).

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions Zalando operates. The group is in scope of the Pillar Two legislation and the assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the entities of the group. Based on this assessment, the Pillar Two effective tax rates in most of the jurisdictions in which we operate are above 15%. There is only a limited number of jurisdictions where the transitional safe harbour relief potentially does not apply and the Pillar Two effective tax rate is close to 15%. We do not expect a material exposure to Pillar Two income taxes because only a minor portion of our taxable profits is attributable to jurisdictions in which the tax rate is lower than 15%.

**(5.) Earnings per share**

The basic earnings per share is determined by dividing the net income/loss for the period attributable to the shareholders of Zalando SE by the basic weighted average number of shares.

## Basic earnings per share (EPS)

	Q2/24	Q2/23	H1/24	H1/23
Net income/loss for the period attributable to the shareholders of Zalando SE (in m EUR)	95.7	56.6	86.9	18.2
Basic weighted average number of shares (in millions)	259.1	259.4	259.8	259.2
<b>Total (in EUR)</b>	<b>0.37</b>	<b>0.22</b>	<b>0.33</b>	<b>0.07</b>

The diluted earnings per share is determined by dividing the net income/loss for the period attributable to the shareholders of Zalando SE by the diluted weighted average number of shares.

## Diluted earnings per share (EPS)

	Q2/24	Q2/23	H1/24	H1/23
Net income/loss for the period attributable to the shareholders of Zalando SE (in m EUR)	95.7	56.6	86.9	18.2
Diluted weighted average number of shares (in millions)	261.6	261.6	262.1	261.6
<b>Total (in EUR)</b>	<b>0.37</b>	<b>0.22</b>	<b>0.33</b>	<b>0.07</b>

The dilutive effect basically stemmed from equity-settled share-based payment awards granted to employees. All employee options were considered in the calculation of the diluted earnings per share, except for those equity-settled share-based payments containing performance conditions that had not yet been met as of the reporting date. As in the prior-year period, this means that options granted within the scope of LTI 2021 were mostly not taken into account in the calculation of diluted earnings. Furthermore, options that were out of the money in the respective reporting period were likewise excluded from the calculation. Hence, only some options under EIP, LTI and ZOP (mainly those with a strike price of 1.00 EUR) were included in diluted earnings per share.

**(6.) Inventories**

Inventories of merchandise, mainly consisting of footwear and textiles, are presented in the following table:

Inventories			
in m EUR	30 Jun, 2024	31 Dec, 2023	Change
<b>Inventories</b>	<b>1,443.9</b>	<b>1,440.9</b>	<b>3.0</b>
thereof historical acquisition costs	1,749.6	1,776.8	-27.1
thereof allowances	-305.8	-335.9	30.1

Based on an improved successful sell-through of our retail inventory<sup>16</sup> we have lowered the allowances on our inventory stock on hand.

**(7.) Trade and other receivables**

As of the reporting date, trade and other receivables comprised of the following:

Trade and other receivables			
in m EUR	30 Jun, 2024	31 Dec, 2023	Change
<b>Trade and other receivables</b>	<b>948.2</b>	<b>899.3</b>	<b>49.0</b>
thereof trade receivables	596.4	596.6	-0.2
thereof other receivables	351.9	302.7	49.2

Trade receivables are due from customers of Zalando SE, whereas other receivables are due from customers of our partners for sales concluded on our platform. The entire portfolio of receivables was reduced by bad debt allowances.

The bad debt allowances amount to 53.3m EUR as of 30 June 2024 (31 December 2023: 68.6m EUR).

**(8.) Cash and cash equivalents**

Cash and cash equivalents increased by 32.9m EUR in the first half year of 2024.

For more information regarding the change in cash and cash equivalents, please refer to [2.5.2 \(13.\) Notes to the statement of cash flows](#).

**(9.) Equity**

In the first half year of 2024, the 68.9m EUR increase in equity primarily stemmed from our positive total comprehensive income of the period partly offset by the repurchase of treasury shares (99.5m EUR) in our share buyback programme.

<sup>16</sup> Formerly known as wholesale and offprice inventory

**(10.) Convertible bonds**

On 7 May 2024 we started a partial repurchase of our Tranche A convertible bonds which will become due on 6 August 2025. Until 30 June 2024, we repurchased convertible bonds with a principal amount of 88.2m EUR for a purchase price of 84.2m EUR. The planned transaction was completed on 18 July 2024. The total principal amount repurchased was 100m EUR with an average price of 95.50 EUR (total purchase price: EUR 95,545,494.89).

**(11.) Trade payables and similar liabilities and prepayments received**

Trade payables and similar liabilities rose by 98.4m EUR in the first six months of 2024. As of 30 June 2024, suppliers' claims against Zalando totalling 637.9m EUR were transferred to various reverse factoring providers (31 December 2023: 590.1m EUR). These balances were recognised under current liabilities, i.e. trade payables and similar liabilities.

Prepayments received pertain to advance payments received from customers for orders.

**(12.) Other current financial liabilities**

As of the reporting date, other current financial liabilities have decreased by 71.1m EUR to 162.6m EUR (31 December 2023: 233.7m EUR). This was mainly due to the decrease in derivative financial instruments and decreased obligations to reimburse customers for returns.

**(13.) Notes to the statement of cash flows**

In the first half of 2024, we generated positive cash flows from operating activities of 379.7m EUR (prior-year period: 204.4m EUR).

All interest paid and received included in the cash flow are from operating activities:

## Cash-effective interest

in m EUR	Q2/24	Q2/23	H1/24	H1/23
Interest paid	-17.1	-13.3	-35.0	-25.0
Interest received	18.6	5.0	36.5	7.9
<b>Total</b>	<b>1.5</b>	<b>-8.3</b>	<b>1.5</b>	<b>-17.1</b>

In the first half of the year 2024, interest paid included cash payments for the interest portion of the lease liabilities of 13.3m EUR (prior-year period: 8.5m EUR) classified as cash flow from operating activities.

The table below shows the calculation of the free cash flow based on the cash flow from operating activities.

## Free cash flow

in m EUR	Q2/24	Q2/23	H1/24	H1/23
Cash flow from operating activities	481.7	371.1	379.7	204.4
Cash paid for investments in property, plant and equipment	-19.2	-22.4	-56.8	-40.1
Cash paid for investments in intangible assets	-21.4	-16.8	-43.3	-36.8
Cash paid for acquisition of shares in associated companies, subsidiaries less cash acquired and other equity investments	0.0	-1.2	0.0	-1.7
<b>Free cash flow</b>	<b>441.1</b>	<b>330.7</b>	<b>279.6</b>	<b>125.8</b>

**(14.) Financial instruments**

The fair value of the convertible bonds (level 1 of the fair value hierarchy) as at 30 June 2024 was 833.3m EUR, which is in contrast to a carrying amount of 865.0m EUR. There were no further major differences between the carrying amount and the fair value of other financial instruments.

Corporate investments and derivative financial instruments are measured at fair value (level 2 of the fair value hierarchy). The fair value of corporate investments is 25.0m EUR (31 December 2023: 29.0m EUR), of derivative financial instruments assets is 8.1m EUR (31 December 2023: 2.5m EUR) and of derivative financial instruments liabilities is 10.6m EUR (31 December 2023: 55.0m EUR).

With regard to the fair value of financial instruments, the valuation methods and inputs as well as the categorisation of the fair value hierarchy levels remain unchanged to 31 December 2023.

### 2.5.3 Other selected notes

#### (1.) Information about related parties

Transactions with related parties were carried out in the reporting period in the ordinary course of business. These transactions were carried out in accordance with the arm's length principle. All transactions with related parties concern the key management personnel of Zalando, i.e. were carried out with our members of the management board or supervisory board, their close family members or with entities controlled or jointly controlled by those persons.

Transactions with entities controlled or jointly controlled by our key management personnel resulting from the purchase of goods and services gave rise to liabilities of 140.5m EUR as of the reporting date (31 December 2023: 169.2m EUR). Of this amount, 139.8m EUR (31 December 2023: 169.1m EUR) was due to a reverse factoring provider on account of reverse factoring agreements between us and related parties. As a result, there were trade payables or similar liabilities due directly to related parties totalling 0.6m EUR (31 December 2023: 0.2m EUR). Trade receivables from related parties amounted to 0.1m EUR (31 December 2023: 0.0m EUR). Furthermore, we provided services to related parties of 13.1m EUR (prior-year period: 14.6m EUR).

Merchandise of 121.8m EUR was ordered from these related parties in the reporting period. The order volume for merchandise totalled 119.2m EUR in the prior-year period. In addition, goods totalling 1.7m EUR were sold to related parties (prior-year period: 1.1m EUR). As in the prior-year period, we received no services from related parties in the reporting period.

In contrast, transactions with our key management personnel only related to the exercise of options under our share-based payment awards granted to the members and former members of the management board as part of the management board remuneration. In the reporting period, no options have been exercised by our key management personnel. In the prior-year period, one member of the management board exercised 6,754 options under ZOP 2021 and one former member of the management board exercised 42,814 options under LTI 2019.

#### (2.) Segment reporting

At the beginning of 2024, we communicated our updated strategy to build the leading pan-European fashion and lifestyle e-commerce ecosystem aiming at leveraging our platform capabilities around two sets of customers: B2C (business-to-consumer) and B2B (business-to-business). Accordingly, in 2024 our management steering shifted from our former sales channel view (fashion store and offprice) to a customer-focused distinction between B2C and B2B. Please also refer to the corresponding description in section 2.1.2 Group structure of our annual report 2023.

In line with the revised internal management approach, we have adjusted our external reporting from Q1 2024 to reflect our new operating segments of B2C and B2B. Our external reporting is in line with our internal reporting, which in general corresponds to the principles of financial reporting in accordance with IFRS (refer to section 3.5.2 General principles in our annual report 2023).



The B2C segment comprises the majority of our fashion and lifestyle business, i.e. our former fashion store (including wholesale and partner business), offprice (Lounge by Zalando and outlets), as well as our platform service ZMS. The B2B segment includes services that provide B2B products we offer our partners both on and off our Zalando platform to meet their business needs, i.e. ZEOS (including ZFS, our multi-channel offering and Tradebyte) as well as Highsnobility.

Revenue and profitability generated with external business partners as well as internal transactions between segments of Zalando are reported to the chief operating decision maker as required by IFRS 8. Due to this, the segment reporting continues to comprise a reconciliation column to reconcile the segment figures (including internal and external transactions) to the consolidated group figures (showing only external transactions). The internal transactions relate to the exchange of goods and services between segments.

The management board measures the performance of the segments on the basis of revenue and adjusted EBIT, which for segment reporting purposes are defined in the same way as for the consolidated financial statements of the group. No information on segment assets or liabilities is available or relevant for decision-making.

The condensed segment results for the first six months of 2024 are presented in the table below:

#### Segment results of the group H1/24

in m EUR	B2C	B2B	Total	Recon- ciliation	Total group
Revenue	4,441.1	448.9	4,890.0	-5.4	4,884.6
<i>(prior year)</i>	<i>(4,415.1)</i>	<i>(401.7)</i>	<i>(4,816.8)</i>	<i>(-4.9)</i>	<i>(4,811.9)</i>
thereof intersegment revenue	0.0	5.4	5.4	-5.4	0.0
<i>(prior year)</i>	<i>(0.0)</i>	<i>(4.9)</i>	<i>(4.9)</i>	<i>(-4.9)</i>	<i>(0.0)</i>
Adjusted EBIT	188.1	12.6	200.8	-0.9	199.9
<i>(prior year)</i>	<i>(124.4)</i>	<i>(19.7)</i>	<i>(144.1)</i>	<i>(0.0)</i>	<i>(144.1)</i>
Adjusted EBIT margin (as %)	4.2%	2.8%	4.1%	—	4.1%
<i>(prior year)</i>	<i>(2.8%)</i>	<i>(4.9%)</i>	<i>(3.0%)</i>	—	<i>(3.0%)</i>
Share-based payments	40.4	4.3	44.7	0.0	44.7
<i>(prior year)</i>	<i>(38.2)</i>	<i>(3.1)</i>	<i>(41.3)</i>	<i>(0.0)</i>	<i>(41.3)</i>
Acquisition-related expenses	1.7	8.6	10.3	0.0	10.3
<i>(prior year)</i>	<i>(0.4)</i>	<i>(8.8)</i>	<i>(9.2)</i>	<i>(0.0)</i>	<i>(9.2)</i>
One-time effects	-10.6	0.0	-10.6	0.0	-10.6
<i>(prior year)</i>	<i>(0.0)</i>	<i>(0.0)</i>	<i>(0.0)</i>	<i>(0.0)</i>	<i>(0.0)</i>
Restructuring costs	0.0	0.0	0.0	0.0	0.0
<i>(prior year)</i>	<i>(32.3)</i>	<i>(0.7)</i>	<i>(33.0)</i>	<i>(0.0)</i>	<i>(33.0)</i>
EBIT	156.6	-0.3	156.4	-0.9	155.5
<i>(prior year)</i>	<i>(53.5)</i>	<i>(7.1)</i>	<i>(60.6)</i>	<i>(0.0)</i>	<i>(60.6)</i>

The condensed segment results for Q2 2024 are shown in the table below:

Segment results of the group Q2/24

in m EUR	B2C	B2B	Total	Recon- ciliation	Total group
Revenue	2,413.1	233.8	2,646.8	-3.7	2,643.2
<i>(prior year)</i>	<i>(2,347.1)</i>	<i>(212.0)</i>	<i>(2,559.1)</i>	<i>(-2.7)</i>	<i>(2,556.3)</i>
thereof intersegment revenue	0.0	3.7	3.7	-3.7	0.0
<i>(prior year)</i>	<i>(0.0)</i>	<i>(2.7)</i>	<i>(2.7)</i>	<i>(-2.7)</i>	<i>(0.0)</i>
Adjusted EBIT	165.2	7.1	172.4	-0.8	171.6
<i>(prior year)</i>	<i>(129.3)</i>	<i>(15.5)</i>	<i>(144.8)</i>	<i>(0.0)</i>	<i>(144.8)</i>
Adjusted EBIT margin (as %)	6.8%	3.1%	6.5%	–	6.5%
<i>(prior year)</i>	<i>(5.5%)</i>	<i>(7.3%)</i>	<i>(5.7%)</i>	–	<i>(5.7%)</i>
Share-based payments	20.1	2.3	22.4	0.0	22.4
<i>(prior year)</i>	<i>(18.8)</i>	<i>(1.4)</i>	<i>(20.2)</i>	<i>(0.0)</i>	<i>(20.2)</i>
Acquisition-related expenses	0.8	4.2	5.0	0.0	5.0
<i>(prior year)</i>	<i>(0.3)</i>	<i>(4.5)</i>	<i>(4.8)</i>	<i>(0.0)</i>	<i>(4.8)</i>
One-time effects	-10.6	0.0	-10.6	0.0	-10.6
<i>(prior year)</i>	<i>(0.0)</i>	<i>(0.0)</i>	<i>(0.0)</i>	<i>(0.0)</i>	<i>(0.0)</i>
Restructuring costs	0.0	0.0	0.0	0.0	0.0
<i>(prior year)</i>	<i>(32.3)</i>	<i>(0.7)</i>	<i>(33.0)</i>	<i>(0.0)</i>	<i>(33.0)</i>
EBIT	154.8	0.7	155.5	-0.8	154.7
<i>(prior year)</i>	<i>(77.9)</i>	<i>(8.9)</i>	<i>(86.8)</i>	<i>(0.0)</i>	<i>(86.8)</i>

### (3.) Subsequent events

No significant events occurred between the reporting date (30 June 2024) and the date the interim consolidated financial statements and the interim group management report were authorised for issue by the management board (5 August 2024) which could materially affect the presentation of the financial performance and position of the group.

Berlin, 5 August 2024

The management board

Robert Gentz            David Schneider            Dr. Sandra Dembeck  
David Schröder        Dr. Astrid Arndt

## 2.6 Responsibility statement by the management board

To the best of our knowledge and in accordance with the applicable reporting principles for half-yearly financial reporting, we assure that the interim condensed consolidated financial statements give a true and fair view of the assets, financial and earnings position of the group, and that the interim group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the fiscal year.

Berlin, 5 August 2024

The management board

Robert Gentz	David Schneider	Dr. Sandra Dembeck
David Schröder	Dr. Astrid Arndt	

## 2.7 Review report

To Zalando SE, Berlin

We have reviewed the condensed interim consolidated financial statements of the Zalando SE, Berlin, – comprising the consolidated interim statement of financial position as of 30 June 2024, the consolidated interim income statement, the consolidated interim statement of comprehensive income, consolidated interim statement of cash flows, and the consolidated interim statement of changes in equity for the period from 1 January to 30 June 2024, and selected explanatory notes to the condensed interim consolidated financial statements – together with the interim group management report of Zalando SE, Berlin, for the period from 1 January 2024 to 30 June 2024 that are part of the half-year financial report according to § 115 WpHG [“Wertpapierhandelsgesetz”: “German Securities Trading Act”]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting” as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Berlin, 5 August 2024

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Schmidt  
Wirtschaftsprüfer  
[German Public Auditor]

Sternberg  
Wirtschaftsprüfer  
[German Public Auditor]

# Service

## 3.1 Glossary

### **Active customers**

Active customers is the number of customers who have placed at least one order in the last 12 months during the reporting period, irrespective of returns. The number of customers who have completely cancelled their orders is excluded.

### **Adjusted EBIT**

Adjusted EBIT is EBIT before equity-settled share-based payment expenses, restructuring costs, acquisition-related expenses and significant non-operating one-time effects.

### **Average basket size**

Average basket size is the gross merchandise volume (including the gross merchandise volume from our Partner Programme) after cancellations and returns and including VAT, divided by the number of orders in the last 12 months of the reporting period. The gross merchandise volume is defined as the total amount spent by our customers (including VAT) less cancellations and returns during the last 12 months.

### **Average GMV per active customer**

Average gross merchandise volume (GMV) per active customer is the average value of all merchandise sold to active customers after cancellations and returns and including VAT in the last 12 months of the reporting period.

### **Average orders per active customer**

Average orders per active customer is the number of orders in the last 12 months of the reporting period, divided by the number of active customers.

### **Capex**

Capex is the sum of the payments for investments in fixed assets and intangible assets excluding payments for the acquisition of companies.

### **EBIT**

EBIT is the earnings before interest and taxes.

### **EBIT margin**

EBIT margin is EBIT as a percentage of revenue.

### **Free cash flow**

Free cash flow is the cash flow from operating activities plus cash flow from investment activities (excluding investments in time deposits and restricted cash).

**GMV**

GMV (gross merchandise volume) is defined as the value of all merchandise sold to customers after cancellations and returns and including VAT, dynamically reported. It neither includes B2B revenues (e.g. ZEOS services) nor other B2C revenues (e.g. Partner business commissions, Zalando Marketing Services and service charges like express delivery fees); these are included in revenue only. GMV is recorded based on the time of the customer order.

**Net working capital**

Net working capital is the sum of inventories and trade and other receivables less trade payables and similar liabilities.

**Number of orders**

Number of orders is the number of orders placed by customers during the reporting period, irrespective of cancellations or returns. An order is counted on the day the customer places the order. The number of orders placed may differ from the number of orders delivered because the orders at the end of the reporting period may still be in transit or may have been cancelled.



## 3.2 Financial calendar 2024

Financial calendar

Date	Event
Tuesday, 5 November	Publication of the third quarter results 2024

## 3.3 Imprint

### Contact

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#### Disclaimer

This interim report contains statements that relate to the future and are based on assumptions and estimates made by the management of Zalando SE. Even if the management is of the opinion that these assumptions and estimates are appropriate, the actual development and the actual future results may vary from these assumptions and estimates as a result of a variety of factors. These factors include, for example, changes to the overall economic environment, the statutory and regulatory conditions in Germany and the EU and changes in the industry. Zalando SE makes no guarantee and accepts no liability for future development and the actual results achieved in the future matching the assumptions and estimates stated in this interim report. It is neither the intention of Zalando SE nor does Zalando SE accept a special obligation to update statements related to the future in order to align them with events or developments that take place after this interim report is published.

The interim report is also available in German. If there are variances, the German version has priority over the English translation. It is available for download in both languages at <https://corporate.zalando.com/en/investor-relations>.

